

TOWN OF BLACKSTONE, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

TOWN OF BLACKSTONE, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

THIS PAGE LEFT BLANK INTENTIONALLY

TOWN OF BLACKSTONE, VIRGINIA

TOWN COUNCIL

L. Benjamin Green
Eric M. Nash
Barbara Thompson

William D. Coleburn, Mayor

Wade Hammer
Alfred V. Tucker
Sam Moncure
Lee F. Scott, Jr.

OTHER OFFICIALS

Town Manager
Town Clerk
Chief of Police
Town Attorney

Philip Vannoorbeeck
Jennifer Daniel
Nicholas C. Kuzmiak
Tessie O. Barnes Bacon

THIS PAGE LEFT BLANK INTENTIONALLY

TOWN OF BLACKSTONE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

Independent Auditors' Report		<u>Page</u> 1-3
	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	4
Statement of Activities	2	5
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	5	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	9
Statement of Net Position - Proprietary Funds	7	10
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	11
Statement of Cash Flows - Proprietary Funds	9	12
Notes to Financial Statements		13-58
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
General Fund	10	59
Special Revenue Fund	11	60
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	12	61
Schedule of Employer Contributions	13	62
Notes to Required Supplementary Information	14	63
Other Supplementary Information:		
Individual Fund Financial Statement and Schedule:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
Capital Projects Fund	15	64
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	65-68
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	69-70

TOWN OF BLACKSTONE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS (CONTINUED)

	<u>Table</u>	<u>Page</u>
Other Statistical Information:		
Government-wide Expenses by Function	1	71
Government-wide Revenues	2	72
General Governmental Expenditures by Function	3	73
General Governmental Revenues by Source	4	74
Property Tax Levies and Collections	5	75
Assessed Value of Taxable Property	6	76
Property Tax Rates	7	77
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	78
Computation of Legal Debt Margin	9	79
Compliance:		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		80-81

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of the Town Council
Town of Blackstone
Blackstone, 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 Town of Blackstone, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Blackstone, Virginia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension funding on pages 59-60 and 61-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Blackstone, Virginia's basic financial statements. The individual fund financial statement and schedule, supporting schedules and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The individual fund financial statement and schedule and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 individual fund financial statement and schedule, and supporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2017, on our consideration of Town of Blackstone, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Blackstone, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
September 19, 2017

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

Town of Blackstone, Virginia
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and cash equivalents	\$ 999,547	\$ 2,863,030	\$ 3,862,577
Receivables (net of allowance for uncollectibles):			
Taxes receivable	81,491	-	81,491
Accounts receivable	116,465	549,905	666,370
Due from other governmental units	182,445	137,566	320,011
Prepaid items	52,283	-	52,283
Restricted assets:			
Cash and cash equivalents - unspent bond proceeds	-	2,253,953	2,253,953
Net pension asset	19,250	9,009	28,259
Capital assets (net of accumulated depreciation):			
Land	1,192,822	249,575	1,442,397
Buildings and improvements	5,747,481	-	5,747,481
Utility plant in service	-	11,026,269	11,026,269
Machinery and equipment	1,367,263	146,736	1,513,999
Infrastructure	820,549	-	820,549
Construction in progress	493,837	181,994	675,831
Total assets	<u>\$ 11,073,433</u>	<u>\$ 17,418,037</u>	<u>\$ 28,491,470</u>
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of interest rate swap agreement	\$ 9,996	\$ -	\$ 9,996
Pension contribution subsequent to measurement date	50,003	23,400	73,403
Items related to measurement of net pension asset	58,515	27,383	85,898
Total deferred outflow of resources	<u>\$ 118,514</u>	<u>\$ 50,783</u>	<u>\$ 169,297</u>
LIABILITIES			
Accounts payable	\$ 380,159	\$ 293,859	\$ 674,018
Accrued interest payable	-	86,026	86,026
Customer deposits payable	-	174,055	174,055
Long-term liabilities:			
Due within one year	292,459	573,260	865,719
Due in more than one year	516,552	9,540,892	10,057,444
Total liabilities	<u>\$ 1,189,170</u>	<u>\$ 10,668,092</u>	<u>\$ 11,857,262</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 3,374	\$ -	\$ 3,374
Items related to measurement of net pension asset	128,146	59,970	188,116
Total deferred inflow of resources	<u>\$ 131,520</u>	<u>\$ 59,970</u>	<u>\$ 191,490</u>
NET POSITION			
Net investment in capital assets	\$ 8,914,062	\$ 3,807,084	\$ 12,721,146
Unrestricted	957,195	2,933,674	3,890,869
Total net position	<u>\$ 9,871,257</u>	<u>\$ 6,740,758</u>	<u>\$ 16,612,015</u>

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

Town of Blackstone, Virginia
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 342,731	\$ -	\$ 15,662	\$ -	\$ (327,069)		\$ (327,069)
Public safety	1,345,450	39,178	130,202	-	(1,176,070)		(1,176,070)
Public works	1,955,439	754,842	1,219,821	-	19,224		19,224
Health and welfare	63,637	-	14,700	-	(48,937)		(48,937)
Parks, recreation, and cultural	13,563	-	-	-	(13,563)		(13,563)
Community development	1,065,627	40,021	347,974	118,021	(559,611)		(559,611)
Interest on long-term debt	41,852	-	-	-	(41,852)		(41,852)
Total governmental activities	\$ 4,828,299	\$ 834,041	\$ 1,728,359	\$ 118,021	\$ (2,147,878)		\$ (2,147,878)
Business-type activities:							
Electric Fund	\$ 3,819,457	\$ 4,403,966	\$ -	\$ -		\$ 584,509	\$ 584,509
Water and Sewer Fund	2,122,717	2,475,893	-	-		353,176	353,176
Total business-type activities	\$ 5,942,174	\$ 6,879,859	\$ -	\$ -		\$ 937,685	\$ 937,685
Total primary government	\$ 10,770,473	\$ 7,713,900	\$ 1,728,359	\$ 118,021			\$ (1,210,193)
General revenues:							
General property taxes					\$ 489,439	\$ -	\$ 489,439
Other local taxes:							
Local sales and use tax					194,469	-	194,469
Business license tax					175,844	-	175,844
Restaurant food tax					606,157	-	606,157
Other local taxes					317,317	-	317,317
Unrestricted revenues from use of money and property					307,841	9,259	317,100
Miscellaneous					158,246	12,765	171,011
Grants and contributions not restricted to specific programs					71,531	-	71,531
Total general revenues					\$ 2,320,844	\$ 22,024	\$ 2,342,868
Change in net position					\$ 172,966	\$ 959,709	\$ 1,132,675
Net position - beginning					9,698,291	5,781,049	15,479,340
Net position - ending					\$ 9,871,257	\$ 6,740,758	\$ 16,612,015

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

FUND FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

Town of Blackstone, Virginia
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 306,358	\$ 309,701	\$ 383,488	\$ 999,547
Receivables (net of allowance for uncollectibles):				
Taxes receivable	81,491	-	-	81,491
Accounts receivable	116,465	-	-	116,465
Due from other governmental units	81,156	100,203	1,086	182,445
Prepaid items	-	52,283	-	52,283
Total assets	<u>\$ 585,470</u>	<u>\$ 462,187</u>	<u>\$ 384,574</u>	<u>\$ 1,432,231</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 187,993	\$ 187,643	\$ 4,523	\$ 380,159
Total liabilities	<u>\$ 187,993</u>	<u>\$ 187,643</u>	<u>\$ 4,523</u>	<u>\$ 380,159</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 81,954	\$ -	\$ -	\$ 81,954
Total deferred inflows of resources	<u>\$ 81,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,954</u>
Fund balances:				
Nonspendable	\$ -	\$ 52,283	\$ 224,078	\$ 276,361
Restricted	25,272	-	155,973	181,245
Committed	-	222,261	-	222,261
Assigned	112,183	-	-	112,183
Unassigned	178,068	-	-	178,068
Total fund balances	<u>\$ 315,523</u>	<u>\$ 274,544</u>	<u>\$ 380,051</u>	<u>\$ 970,118</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 585,470</u>	<u>\$ 462,187</u>	<u>\$ 384,574</u>	<u>\$ 1,432,231</u>

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

Town of Blackstone, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	970,118
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			9,621,952
The net pension asset is not an available resource and, therefore, is not reported in the funds.			19,250
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	78,580	
Items related to measurement of net pension asset		(128,146)	(49,566)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.			50,003
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:			
Compensated absences	\$	(91,125)	
General obligation bond and USDA loan		(633,125)	
Capital leases		(74,765)	
Deferred outflows related to measurement of net pension asset		58,515	(740,500)
Net position of governmental activities			<u>\$ 9,871,257</u>

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

Town of Blackstone, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 485,746	\$ -	\$ -	\$ 485,746
Other local taxes	1,293,787	-	-	1,293,787
Permits, privilege fees, and regulatory licenses	3,810	-	-	3,810
Fines and forfeitures	18,974	-	-	18,974
Revenue from the use of money and property	26,469	279,977	1,395	307,841
Charges for services	771,236	-	40,021	811,257
Miscellaneous	86,800	65,742	5,704	158,246
Recovered costs	698,032	53,181	78,264	829,477
Intergovernmental:				
Commonwealth	1,263,948	155,798	96,456	1,516,202
Federal	53,170	118,021	230,518	401,709
Total revenues	<u>\$ 4,701,972</u>	<u>\$ 672,719</u>	<u>\$ 452,358</u>	<u>\$ 5,827,049</u>
EXPENDITURES				
Current:				
General government administration	\$ 792,224	\$ -	\$ -	\$ 792,224
Public safety	1,211,708	-	-	1,211,708
Public works	2,332,880	-	-	2,332,880
Parks, recreation, and cultural	20,480	-	-	20,480
Community development	33,761	-	506,068	539,829
Capital projects	231,738	538,207	-	769,945
Debt service:				
Principal retirement	38,160	230,000	-	268,160
Interest and other fiscal charges	6,896	34,956	-	41,852
Total expenditures	<u>\$ 4,667,847</u>	<u>\$ 803,163</u>	<u>\$ 506,068</u>	<u>\$ 5,977,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 34,125</u>	<u>\$ (130,444)</u>	<u>\$ (53,710)</u>	<u>\$ (150,029)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 37,259	\$ -	\$ 37,259
Transfers out	(37,259)	-	-	(37,259)
Issuance of USDA loan	18,000	-	-	18,000
Total other financing sources (uses)	<u>\$ (19,259)</u>	<u>\$ 37,259</u>	<u>\$ -</u>	<u>\$ 18,000</u>
Net change in fund balances	\$ 14,866	\$ (93,185)	\$ (53,710)	\$ (132,029)
Fund balances - beginning	300,657	367,729	433,761	1,102,147
Fund balances - ending	<u>\$ 315,523</u>	<u>\$ 274,544</u>	<u>\$ 380,051</u>	<u>\$ 970,118</u>

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

Town of Blackstone, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds \$ (132,029)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 792,049	
Depreciation expense	<u>(633,589)</u>	158,460

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable property taxes	\$ 3,693	
Increase (decrease) in deferred inflows related to the measurement of net pension liability/asset	<u>47,175</u>	50,868

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. A summary of items supporting this adjustment is as follows:

Principal retirement on capital leases	\$ 27,125	
Issuance of USDA loan	(18,000)	
Principal retirement on USDA loan	11,035	
Principal retirement on general obligation bond	<u>230,000</u>	250,160

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ 13,505	
Increase (decrease) in net pension asset	(190,737)	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	(35,776)	
Increase (decrease) in deferred outflows related to measurement of net pension asset	<u>58,515</u>	(154,493)

Change in net position of governmental activities	<u><u>\$ 172,966</u></u>
---	--------------------------

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

Town of Blackstone, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2017

	Enterprise Funds		
	Water and		
	Electric	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,429,698	\$ 433,332	\$ 2,863,030
Accounts receivables, net of allowance for uncollectibles	381,014	168,891	549,905
Due from other governmental units	-	137,566	137,566
Total current assets	<u>\$ 2,810,712</u>	<u>\$ 739,789</u>	<u>\$ 3,550,501</u>
Other assets:			
Net pension asset	\$ 4,721	\$ 4,288	\$ 9,009
Total other assets	<u>\$ 4,721</u>	<u>\$ 4,288</u>	<u>\$ 9,009</u>
Noncurrent assets:			
Restricted current assets:			
Cash and cash equivalents - unspent bond proceeds	\$ -	\$ 2,253,953	\$ 2,253,953
Total restricted current assets	<u>\$ -</u>	<u>\$ 2,253,953</u>	<u>\$ 2,253,953</u>
Capital assets:			
Land	\$ 238,213	\$ 11,362	\$ 249,575
Utility plant in service	713,564	10,312,705	11,026,269
Machinery and equipment	42,244	104,492	146,736
Construction in progress	-	181,994	181,994
Total capital assets	<u>\$ 994,021</u>	<u>\$ 10,610,553</u>	<u>\$ 11,604,574</u>
Total noncurrent assets	<u>\$ 994,021</u>	<u>\$ 12,864,506</u>	<u>\$ 13,858,527</u>
Total assets	<u>\$ 3,809,454</u>	<u>\$ 13,608,583</u>	<u>\$ 17,418,037</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 12,262	\$ 11,138	\$ 23,400
Items related to measurement of net pension asset	14,349	13,034	27,383
Total deferred outflows of resources	<u>\$ 26,611</u>	<u>\$ 24,172</u>	<u>\$ 50,783</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 231,695	\$ 62,164	\$ 293,859
Accrued interest payable	-	86,026	86,026
Customer deposits payable	-	174,055	174,055
Compensated absences - current portion	1,569	4,702	6,271
Bonds payable - current portion	-	566,989	566,989
Total current liabilities	<u>\$ 233,264</u>	<u>\$ 893,936</u>	<u>\$ 1,127,200</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ -	\$ 9,484,454	\$ 9,484,454
Compensated absences - net of current portion	14,118	42,320	56,438
Total noncurrent liabilities	<u>\$ 14,118</u>	<u>\$ 9,526,774</u>	<u>\$ 9,540,892</u>
Total liabilities	<u>\$ 247,382</u>	<u>\$ 10,420,710</u>	<u>\$ 10,668,092</u>
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension asset	\$ 31,425	\$ 28,545	\$ 59,970
NET POSITION			
Net investment in capital assets	\$ 994,021	\$ 2,813,063	\$ 3,807,084
Unrestricted	2,563,237	370,437	2,933,674
Total net position	<u>\$ 3,557,258</u>	<u>\$ 3,183,500</u>	<u>\$ 6,740,758</u>

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

Town of Blackstone, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water and		
	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ -	\$ 2,449,353	\$ 2,449,353
Electricity	4,395,126	-	4,395,126
Miscellaneous	6,139	6,626	12,765
Total operating revenues	<u>\$ 4,401,265</u>	<u>\$ 2,455,979</u>	<u>\$ 6,857,244</u>
OPERATING EXPENSES			
Personnel services	\$ 334,740	\$ 340,516	\$ 675,256
Fringe benefits	125,160	141,395	266,555
Contractual services	53,465	156,343	209,808
Electric power purchased	2,086,383	-	2,086,383
Other supplies and expenses	1,094,919	618,599	1,713,518
Depreciation	124,790	658,210	783,000
Total operating expenses	<u>\$ 3,819,457</u>	<u>\$ 1,915,063</u>	<u>\$ 5,734,520</u>
Operating income (loss)	<u>\$ 581,808</u>	<u>\$ 540,916</u>	<u>\$ 1,122,724</u>
NONOPERATING REVENUES (EXPENSES)			
Connection/reconnection fees	\$ 8,840	\$ 26,540	\$ 35,380
Interest income	-	9,259	9,259
Interest expense	-	(207,654)	(207,654)
Total nonoperating revenues (expenses)	<u>\$ 8,840</u>	<u>\$ (171,855)</u>	<u>\$ (163,015)</u>
Change in net position	<u>\$ 590,648</u>	<u>\$ 369,061</u>	<u>\$ 959,709</u>
Total net position - beginning	2,966,610	2,814,439	5,781,049
Total net position - ending	<u>\$ 3,557,258</u>	<u>\$ 3,183,500</u>	<u>\$ 6,740,758</u>

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

Town of Blackstone, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Enterprise Funds		
	Electric	Water and Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,377,454	\$ 2,448,607	\$ 6,826,061
Payments for operating expenses	(3,228,087)	(775,455)	(4,003,542)
Payments to and for employees	(462,402)	(468,261)	(930,663)
Net cash provided by (used for) operating activities	\$ 686,965	\$ 1,204,891	\$ 1,891,856
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (5,869)	\$ (231,840)	\$ (237,709)
Principal payments on bonds and capital leases	-	(577,989)	(577,989)
Connection fees	8,840	26,540	35,380
Capital contributions and construction grants	-	(26,442)	(26,442)
Proceeds from indebtedness	-	2,421,000	2,421,000
Interest payments	-	(186,378)	(186,378)
Net cash provided by (used for) capital and related financing activities	\$ 2,971	\$ 1,424,891	\$ 1,427,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ -	\$ 9,259	\$ 9,259
Net cash provided (used) by investing activities	\$ -	\$ 9,259	\$ 9,259
Net increase (decrease) in cash and cash equivalents	\$ 689,936	\$ 2,639,041	\$ 3,328,977
Cash and cash equivalents - beginning	1,739,762	48,244	1,788,006
Cash and cash equivalents - ending	\$ 2,429,698	\$ 2,687,285	\$ 5,116,983
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 581,808	\$ 540,916	\$ 1,122,724
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	124,790	658,210	783,000
(Increase) decrease in accounts receivable	(23,811)	(18,043)	(41,854)
(Increase) decrease in net pension asset	30,831	34,568	65,399
(Increase) decrease in deferred outflows of resources	(10,074)	(6,065)	(16,139)
Increase (decrease) in customer deposits payable	-	10,671	10,671
Increase (decrease) in accounts payable	(20,478)	(513)	(20,991)
Increase (decrease) in deferred inflows of resources	6,401	1,744	8,145
Increase (decrease) in compensated absences	(2,502)	(16,597)	(19,099)
Total adjustments	\$ 105,157	\$ 663,975	\$ 769,132
Net cash provided by (used for) operating activities	\$ 686,965	\$ 1,204,891	\$ 1,891,856

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

THIS PAGE LEFT BLANK INTENTIONALLY

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Note 1—Summary of Significant Accounting Policies:

Town of Blackstone, Virginia (the "Town") is governed by an elected seven member Council and an elected Mayor. The Town provides a full range of services for its citizens. These services include police and fire protection, sanitation services, utilities, and bus services.

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

Financial Statement Presentation - The Town's financial report is prepared in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). The Town has chosen not to present a Management's Discussion and Analysis.

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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 and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

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

Government-wide and Fund Financial Statements (Continued)

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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 funds are reported as separate columns in the fund financial statements.

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present Town of Blackstone (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

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

B. Individual Component Unit Disclosures

Blended Component Units. The Town has no blended component units at June 30, 2017.

Discretely Presented Component Units. The Town has no discretely presented component units at June 30, 2017.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. 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.

The Town's fiduciary fund is presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utility and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. The General Fund is considered a major fund for reporting purposes.

b. Special Revenue Fund

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The operations of the cemetery and the Bus Program are reported in the Special Revenue Fund. The Special Revenue Fund is considered a major fund.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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

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

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

a. Enterprise Funds

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Electric Fund and the Water and Sewer Fund.

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 consist of charges to customers for sales and services. Operating expenses include the costs 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. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date within three months of the date acquired by the Town.

E. Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

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

F. Prepaid Items

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

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$403,461 at June 30, 2017 and is comprised of property taxes of \$3,868, electric revenues of \$276,867, and water and sewer charges of \$122,726.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 15	December 15
Lien Date	January 1	January 1

The Town bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activity column in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

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

H. Capital Assets (Continued)

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

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

Property, plant and equipment and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Machinery and Equipment	5-10
Infrastructure	20-40
Utility Plant	20-40

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. Use of Estimates

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

K. Net Position

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

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

L. Net Position Flow Assumption

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

M. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Fund Equity

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

- Nonspendable fund balance amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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

N. Fund Equity (Continued)

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

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

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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

N. Fund Equity (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General	Capital Projects	Special Revenue	Total
Fund balances:				
Nonspendable:				
Cemetery perpetual care	\$ -	\$ -	\$ 224,078	\$ 224,078
Prepaid items	-	52,283	-	52,283
Total nonspendable fund balance	<u>\$ -</u>	<u>\$ 52,283</u>	<u>\$ 224,078</u>	<u>\$ 276,361</u>
Restricted:				
Cemetery	\$ -	\$ -	\$ 65,621	\$ 65,621
Bus	-	-	90,352	90,352
Asset forfeiture	8,299	-	-	8,299
Youth donations	4,341	-	-	4,341
National night out	89	-	-	89
Special donations	2,241	-	-	2,241
Neighborhood cookouts	292	-	-	292
Benefit bass tournament	4,275	-	-	4,275
Shop with a Cop Program	5,735	-	-	5,735
Total restricted fund balance	<u>\$ 25,272</u>	<u>\$ -</u>	<u>\$ 155,973</u>	<u>\$ 181,245</u>
Committed:				
Capital projects	\$ -	\$ 222,261	\$ -	\$ 222,261
Total committed fund balance	<u>\$ -</u>	<u>\$ 222,261</u>	<u>\$ -</u>	<u>\$ 222,261</u>
Assigned:				
Airport fuel farm	\$ 112,183	\$ -	\$ -	\$ 112,183
Total assigned fund balance	<u>\$ 112,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,183</u>
Unassigned	\$ 178,068	\$ -	\$ -	\$ 178,068
Total fund balances	<u><u>\$ 315,523</u></u>	<u><u>\$ 274,544</u></u>	<u><u>\$ 380,051</u></u>	<u><u>\$ 970,118</u></u>

The remainder of this page left blank intentionally

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

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. One is the accumulated decrease in the fair market value of the interest rate swap agreement in the government-wide statement of net position. The fair market value of the interest rate swap agreement is adjusted annually. The other item is comprised of certain items related to the measurement of the net pension liability (asset). These include the differences between expected and actual earnings on pension plan investments and contributions to the pension plan made during the current year and subsequent to the net pension liability (asset) measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis amounts prepaid are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability (asset) are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

Note 2—Stewardship, Compliance, and Accounting:

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

1. Prior to June 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

Note 2—Stewardship, Compliance, and Accounting: (Continued)

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, every year.
7. All budgetary data presented in the accompanying financial statements is from the revised budget as of June 30, 2017, as adopted, appropriated and legally amended.

Expenditures and Appropriations

Expenditures did not exceed appropriations in in any fund at June 30, 2017.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2017 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

Town's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
First American Treasury Obligations Fund	<u>\$ 172,224</u>
Total	<u><u>\$ 172,224</u></u>

Interest Rate Risk

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
First American Treasury Obligations Fund	<u>\$ 172,224</u>	<u>\$ 172,224</u>
Total	<u><u>\$ 172,224</u></u>	<u><u>\$ 172,224</u></u>

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 4—Due to/from Other Governments:

At June 30, 2017, the Town has receivables from other governments as follows:

	Governmental Activities	Business-type Activities
Other Local Governments:		
County of Nottoway	\$ 102,604	\$ -
County of Lunenburg	1,086	-
Commonwealth of Virginia:		
Rolling stock tax	5,820	-
DMV	3,433	-
Communications tax	2,765	-
Fort Pickett water and sewer payment	-	137,566
VDOT revenue sharing reimbursement	52,037	-
Federal Government:		
USDA grant	14,700	-
Total due from other governments	<u>\$ 182,445</u>	<u>\$ 137,566</u>

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,192,822	\$ -	\$ -	\$ 1,192,822
Construction in progress	24,479	469,358	-	493,837
Total capital assets not subject to depreciation	\$ 1,217,301	\$ 469,358	\$ -	\$ 1,686,659
Capital assets subject to depreciation:				
Buildings and improvements	\$ 8,461,640	\$ -	\$ -	\$ 8,461,640
Infrastructure	1,133,110	58,870	-	1,191,980
Machinery and equipment	4,389,639	263,821	6,500	4,646,960
Total capital assets subject to depreciation	\$ 13,984,389	\$ 322,691	\$ 6,500	\$ 14,300,580
Accumulated depreciation:				
Buildings and improvements	\$ 2,499,547	\$ 214,612	\$ -	\$ 2,714,159
Infrastructure	315,016	56,415	-	371,431
Machinery and equipment	2,923,635	362,562	6,500	3,279,697
Total accumulated depreciation	\$ 5,738,198	\$ 633,589	\$ 6,500	\$ 6,365,287
Total capital assets subject to depreciation, net	\$ 8,246,191	\$ (310,898)	\$ -	\$ 7,935,293
Governmental activities capital assets, net	\$ 9,463,492	\$ 158,460	\$ -	\$ 9,621,952

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 249,575	\$ -	\$ -	\$ 249,575
Construction in progress	17,673	164,321	-	181,994
Total capital assets not subject to depreciation	\$ 267,248	\$ 164,321	\$ -	\$ 431,569
Capital assets subject to depreciation:				
Utility plant in service	\$ 25,496,890	\$ 41,060	\$ -	\$ 25,537,950
Buildings	24,852	-	-	24,852
Machinery and equipment	1,218,864	32,328	-	1,251,192
Total capital assets subject to depreciation	\$ 26,740,606	\$ 73,388	\$ -	\$ 26,813,994
Accumulated depreciation:				
Utility plant in service	\$ 13,771,642	\$ 740,039	\$ -	\$ 14,511,681
Buildings	24,852	-	-	24,852
Machinery and equipment	1,061,495	42,961	-	1,104,456
Total accumulated depreciation	\$ 14,857,989	\$ 783,000	\$ -	\$ 15,640,989
Total capital assets subject to depreciation, net	\$ 11,882,617	\$ (709,612)	\$ -	\$ 11,173,005
Business-type activities capital assets, net	\$ 12,149,865	\$ (545,291)	\$ -	\$ 11,604,574

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 2,070
Public safety	160,877
Public works	250,120
Health and welfare	63,637
Parks, recreation and cultural	32,238
Community development	124,647
Total depreciation expense - governmental activities	<u>\$ 633,589</u>
Business-type activities:	
Electric fund	\$ 124,790
Water and Sewer fund	658,210
Total depreciation expense - business-type activities	<u>\$ 783,000</u>
Total depreciation expense - primary government	<u><u>\$ 1,416,589</u></u>

Note 6—Long-term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year-ended June 30, 2017:

	Balance at July 1, 2016	Increases	Decreases	Balance at June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 104,630	\$ 10,463	\$ 23,968	\$ 91,125	\$ 9,113
Capital leases (Note 7)	101,890	-	27,125	74,765	23,549
USDA loans	121,160	18,000	11,035	128,125	14,797
General obligation bond	735,000	-	230,000	505,000	245,000
Derivative instrument liability	31,130	-	21,134	9,996	-
Total Governmental Activities	<u>\$ 1,093,810</u>	<u>\$ 28,463</u>	<u>\$ 313,262</u>	<u>\$ 809,011</u>	<u>\$ 292,459</u>
Business-type Activities:					
Compensated absences	\$ 81,808	\$ 8,181	\$ 27,280	\$ 62,709	\$ 6,271
General obligation bonds	5,180,000	2,421,000	319,500	7,281,500	308,500
Revenue bonds	3,028,432	-	258,489	2,769,943	258,489
Total Business-type Activities	<u>\$ 8,290,240</u>	<u>\$ 2,429,181</u>	<u>\$ 605,269</u>	<u>\$ 10,114,152</u>	<u>\$ 573,260</u>
Total Primary Government	<u><u>\$ 9,384,050</u></u>	<u><u>\$ 2,457,644</u></u>	<u><u>\$ 918,531</u></u>	<u><u>\$ 10,923,163</u></u>	<u><u>\$ 865,719</u></u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 6—Long-term Obligations: (Continued)

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

Year Ending June 30	Governmental Activities					
	General Obligation Bond		USDA Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 245,000	\$ 25,039	\$ 14,797	\$ 3,731	\$ 23,549	\$ 2,347
2019	260,000	12,315	15,253	3,275	24,438	1,458
2020	-	-	15,722	2,806	21,065	572
2021	-	-	16,207	2,321	5,713	43
2022	-	-	16,671	1,857	-	-
2023	-	-	13,307	1,357	-	-
2024	-	-	13,729	935	-	-
2025	-	-	14,164	500	-	-
2026	-	-	8,275	85	-	-
Total	<u>\$ 505,000</u>	<u>\$ 37,354</u>	<u>\$ 128,125</u>	<u>\$ 16,867</u>	<u>\$ 74,765</u>	<u>\$ 4,420</u>

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 6—Long-term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30	Business-type Activities			
	Revenue Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest
2018	\$ 258,489	\$ -	\$ 308,500	\$ 203,282
2019	258,489	-	315,000	194,468
2020	230,947	-	326,000	185,399
2021	203,407	-	332,000	176,098
2022	203,412	-	343,500	166,545
2023	134,637	-	354,000	156,673
2024	134,637	-	363,500	146,514
2025	134,637	-	373,500	136,085
2026	134,637	-	383,500	125,370
2027	134,637	-	398,000	114,296
2028	134,637	-	407,500	102,890
2029	134,637	-	421,500	91,141
2030	134,637	-	434,500	79,005
2031	134,637	-	447,500	66,493
2032	134,637	-	461,000	53,607
2033	134,637	-	473,000	40,350
2034	134,192	-	489,500	26,687
2035	-	-	500,000	12,638
2036	-	-	149,500	3,708
Total	<u>\$ 2,769,943</u>	<u>\$ -</u>	<u>\$ 7,281,500</u>	<u>\$ 2,081,249</u>

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	Total Amount
<u>Governmental Activities:</u>	
Capital Leases (Note 7)	\$ 74,765
<u>General Obligation Bond:</u>	
\$2,055,000 general obligation bond issued May 21, 2009, due in annual principal installments ranging from \$160,000 to \$260,000 through May 1, 2019 with interest due monthly at varying rates.	\$ 505,000
<u>USDA Loans:</u>	
\$125,657 USDA loan issued January 19, 2016, due in monthly installments of \$1,222 through January 19, 2026 with interest due at 3.125%.	\$ 110,125
\$18,000 USDA loan issued June 6, 2017, due in monthly installments of \$322 through June 6, 2022 with interest due at 2.75%.	18,000
Total USDA Loans	\$ 128,125
Derivative instrument liability	\$ 9,996
Compensated absences (payable from General Fund)	\$ 91,125
Total Long-term Obligations, Governmental Activities	\$ 809,011

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 6—Long-term Obligations: (Continued)

Business-type Activities:

Revenue Bonds:

\$1,107,095 Utility Revenue Bond, issued February 1, 2000, due in semi-annual installments of \$27,541 through August 1, 2019; interest at 0%	\$ 137,704
\$1,386,875 Utility Revenue Bond, issued April 17, 2002, due in semi-annual installments of \$34,385 through April 1, 2022; interest at 0%	343,855
\$2,692,743 VRA Revolving Fund, issued September 2012, due in annual installments of \$67,618 through March 3, 2033; interest at 0%	<u>2,288,384</u>
Total Revenue Bonds	<u>\$ 2,769,943</u>

General Obligation Bonds:

\$5,580,000 Refunding General Obligation Bond, issued February 27, 2014, due in annual principal installments through August 1, 2034; interest payable semi-annually at rate of 3.00%	\$ 4,977,000
\$2,421,000 Refunding General Obligation Bond, issued July 7, 2016, due in annual principal installments through February 1, 2036; interest payable semi-annually at rate of 2.48%	<u>2,304,500</u>
Total General Obligation Bonds	<u>\$ 7,281,500</u>
Compensated absences (payable from Enterprise Fund)	<u>\$ 62,709</u>
Total Long-term Obligations, Business-type Activities	<u>\$ 10,114,152</u>
Total Long-term Obligations, Primary Government	<u><u>\$ 10,923,163</u></u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

Note 6—Long-term Obligations: (Continued)

Interest rate swap

Objective of the interest rate swap. As a means to lower its borrowing costs, when compared against fixed-rate loans at the time of issuance in May 2009, the Town entered into an interest rate swap in connection with its \$2,055,000 variable rate demand general obligation bonds. The intention of the swap was to effectively change the Town's variable interest rate on the bonds to a synthetic fixed rate of 4.87 percent. Utilizing the synthetic instrument method, the Town has determined that the swap is an effective hedging derivative instrument and hedge accounting applies.

Terms. The bonds and the related swap agreement mature on May 1, 2019. The swap's notional value of \$514,996 is more than the balance outstanding on the bonds payable of \$505,000. The difference of \$9,996 is reported in these financial statements as a derivative instrument liability within the long-term obligations of the Town.

A corresponding deferred outflow of resources is reported on the statement of net position as a reduction to total liabilities before computing net position. The swap was entered into at the same time as the bonds were issued. Under the swap, the Town pays the counterparty a fixed payment of 4.87 percent and receives a variable payment computed as 100 percent of the London Interbank Offered Rate (LIBOR). Annual amounts required to amortize the Town loan using the fixed rate provided by the swap agreement which is not significantly different from the variable rate are referenced above under "Governmental Activities Obligations - General Obligation Bonds."

Fair Value. The fair values and changes in fair values of the swap are as follows:

	As of and for the year ended June 30, 2017	
Fair value	\$	(9,996)
Change in fair value		(21,134)

Note 7—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of five (5) police cars and a garbage truck. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 7—Capital Leases: (Continued)

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 215,963
Less: accumulated depreciation	(155,569)
Total	<u>\$ 60,394</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year Ended June 30	Governmental Activities
2018	\$ 25,896
2019	25,896
2020	21,637
2021	<u>5,756</u>
Total minimum lease payments	\$ 79,185
Less: amount representing interest	<u>(4,420)</u>
Present value of minimum lease payments	<u>\$ 74,765</u>

Note 8—Deferred/Unavailable Revenue:

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

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$78,580 at June 30, 2017.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2017 but paid in advance by the taxpayers totaled \$3,374 at June 30, 2017.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 9—Litigation:

At June 30, 2017, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

Note 10—Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of worker's compensation and public officials' liability. The Town pays an annual premium to the pools for its general insurance through member premiums. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

Note 11—Pension Plan:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component:</u> (Cont.) <ul style="list-style-type: none"> • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1. <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Disability Coverage (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	18
Inactive members:	
Vested inactive members	12
Non-vested inactive members	14
Inactive members active elsewhere in VRS	31
Total inactive members	57
Active members	57
Total covered employees	132

Contributions

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

The Town's contractually required contribution rate for the year ended June 30, 2017 was 3.65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$73,403 and \$119,272 for the years ended June 30, 2017 and June 30, 2016, respectively.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Net Pension Liability (Asset)

The Town's net pension liability (asset) was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

All Others (Non 10 Largest) - Non-LEOS: (Continued)

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, 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 return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2015	\$ 6,728,641	\$ 7,013,036	\$ (284,395)
Changes for the year:			
Service cost	\$ 205,442	\$ -	\$ 205,442
Interest	464,412	-	464,412
Benefit changes			
Differences between expected and actual experience	(70,416)	-	(70,416)
Contributions - employer	-	119,272	(119,272)
Contributions - employee	-	103,383	(103,383)
Net investment income	-	125,007	(125,007)
Benefit payments, including refunds			
Refunds of employee contributions	(188,378)	(188,378)	-
Administrative expenses	-	(4,308)	4,308
Other changes	-	(52)	52
Net changes	\$ 411,060	\$ 154,924	\$ 256,136
Balances at June 30, 2016	\$ 7,139,701	\$ 7,167,960	\$ (28,259)

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town			
Net Pension Liability (Asset)	\$ 1,011,608	\$ (28,259)	\$ (878,547)

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

For the year ended June 30, 2017, the Town recognized pension expense of \$46,044. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 85,898
Change in assumptions		
Net difference between projected and actual earnings on pension plan investments	188,116	-
Employer contributions subsequent to the measurement date	73,403	-
Total	\$ 261,519	\$ 85,898

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11—Pension Plan: (Continued)

\$73,403 reported as deferred outflows of resources related to pensions resulting from the Town's contributions, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2018	\$ (32,827)
2019	(29,241)
2020	90,897
2021	73,389

The remainder of this page left blank intentionally

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

Note 12—Surety Bonds:

	Amount
Virginia Municipal Group:	
Town employees - blanket bond	\$ 500,000 per occurrence

Note 13—Interfund Transfers:

Interfund transfers for the year ended June 30, 2017 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General	\$ -	\$ 37,259
Capital projects	37,259	-
Total	\$ 37,259	\$ 37,259

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 14—Fair Value Measurement:

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

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 14—Fair Value Measurement: (Continued)

The Town has the following recurring fair value measurements as of June 30, 2017:

Investment type	Balance June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
Investments in derivative instruments:				
Interest rate swap liability	\$ 9,996	\$ -	\$ 9,996	\$ -
Money market fund:				
First American Treasury Obligations Fund	172,224	172,224	-	-
	<u>\$ 182,220</u>	<u>\$ 172,224</u>	<u>\$ 9,996</u>	<u>\$ -</u>

Note 15—Upcoming Pronouncements:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017

Note 15—Upcoming Pronouncements: (Continued)

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

Statement No. 86, Certain Debt Extinguishment Issues, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

Town of Blackstone, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 441,500	\$ 495,289	\$ 485,746	\$ (9,543)
Other local taxes	1,164,000	1,206,000	1,293,787	87,787
Permits, privilege fees, and regulatory licenses	2,400	2,400	3,810	1,410
Fines and forfeitures	30,000	30,000	18,974	(11,026)
Revenue from the use of money and property	22,200	22,200	26,469	4,269
Charges for services	795,300	795,300	771,236	(24,064)
Miscellaneous	7,000	7,000	86,800	79,800
Recovered costs	636,594	636,594	698,032	61,438
Intergovernmental:				
Commonwealth	1,170,987	1,192,467	1,263,948	71,481
Federal	132,000	132,000	53,170	(78,830)
Total revenues	<u>\$ 4,401,981</u>	<u>\$ 4,519,250</u>	<u>\$ 4,701,972</u>	<u>\$ 182,722</u>
EXPENDITURES				
Current:				
General government administration	\$ 799,278	\$ 805,925	\$ 792,224	\$ 13,701
Public safety	1,301,455	1,211,708	1,211,708	-
Public works	1,884,758	2,425,349	2,332,880	92,469
Parks, recreation, and cultural	19,515	20,480	20,480	-
Community development	27,000	33,761	33,761	-
Capital projects	380,400	220,893	231,738	(10,845)
Debt service:				
Principal retirement	47,862	47,862	38,160	9,702
Interest and other fiscal charges	6,903	6,903	6,896	7
Total expenditures	<u>\$ 4,467,171</u>	<u>\$ 4,772,881</u>	<u>\$ 4,667,847</u>	<u>\$ 105,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (65,190)</u>	<u>\$ (253,631)</u>	<u>\$ 34,125</u>	<u>\$ 287,756</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 155,000	\$ 155,000	\$ -	\$ (155,000)
Transfers out	(229,810)	(41,369)	(37,259)	4,110
Issuance of USDA loan	140,000	140,000	18,000	(122,000)
Total other financing sources (uses)	<u>\$ 65,190</u>	<u>\$ 253,631</u>	<u>\$ (19,259)</u>	<u>\$ (272,890)</u>
Net change in fund balances	\$ -	\$ -	\$ 14,866	\$ 14,866
Fund balances - beginning	-	-	300,657	300,657
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,523</u>	<u>\$ 315,523</u>

Town of Blackstone, Virginia
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 1,395	\$ 395
Charges for services	26,500	26,500	40,021	13,521
Miscellaneous	-	-	5,704	5,704
Recovered costs	94,925	94,925	78,264	(16,661)
Intergovernmental:				
Commonwealth	112,901	112,901	96,456	(16,445)
Federal	330,025	330,025	230,518	(99,507)
Total revenues	<u>\$ 565,351</u>	<u>\$ 565,351</u>	<u>\$ 452,358</u>	<u>\$ (112,993)</u>
EXPENDITURES				
Current:				
Community development	\$ 642,361	\$ 675,904	\$ 506,068	\$ 169,836
Total expenditures	<u>\$ 642,361</u>	<u>\$ 675,904</u>	<u>\$ 506,068</u>	<u>\$ 169,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (77,010)</u>	<u>\$ (110,553)</u>	<u>\$ (53,710)</u>	<u>\$ 56,843</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 44,810	\$ 44,810	\$ -	\$ (44,810)
Total other financing sources (uses)	<u>\$ 44,810</u>	<u>\$ 44,810</u>	<u>\$ -</u>	<u>\$ (44,810)</u>
Net change in fund balances	\$ (32,200)	\$ (65,743)	\$ (53,710)	\$ 12,033
Fund balances - beginning	32,200	65,743	433,761	368,018
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,051</u>	<u>\$ 380,051</u>

Town of Blackstone, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 205,442	\$ 202,800	\$ 202,242
Interest	464,412	436,936	405,478
Differences between expected and actual experience	(70,416)	(71,906)	-
Benefit payments, including refunds of employee contributions	(188,378)	(162,254)	(154,388)
Net change in total pension liability	\$ 411,060	\$ 405,576	\$ 453,332
Total pension liability - beginning	6,728,641	6,323,065	5,869,733
Total pension liability - ending (a)	<u>\$ 7,139,701</u>	<u>\$ 6,728,641</u>	<u>\$ 6,323,065</u>
Plan fiduciary net position			
Contributions - employer	\$ 119,272	\$ 121,223	\$ 182,650
Contributions - employee	103,383	105,159	101,458
Net investment income	125,007	307,829	900,522
Benefit payments, including refunds of employee contributions	(188,378)	(162,254)	(154,388)
Administrative expense	(4,308)	(4,089)	(4,700)
Other	(52)	(64)	47
Net change in plan fiduciary net position	\$ 154,924	\$ 367,804	\$ 1,025,589
Plan fiduciary net position - beginning	7,013,036	6,645,232	5,619,643
Plan fiduciary net position - ending (b)	<u>\$ 7,167,960</u>	<u>\$ 7,013,036</u>	<u>\$ 6,645,232</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ (28,259)	\$ (284,395)	\$ (322,167)
Plan fiduciary net position as a percentage of the total pension liability	100.40%	104.23%	105.10%
Covered payroll	\$ 2,090,676	\$ 2,113,608	\$ 2,032,098
Town's net pension liability (asset) as a percentage of covered payroll	-1.35%	-13.46%	-15.85%

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

Town of Blackstone, Virginia
Schedule of Employer Contributions
For the Years Ended June 30, 2008 through June 30, 2017

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2017	\$ 73,403	\$ 73,403	\$ -	\$ 2,011,054	3.65%
2016	119,272	119,272	-	2,090,676	5.70%
2015	121,223	121,223	-	2,113,608	5.74%
2014	182,279	182,279	-	2,032,098	8.97%
2013	177,115	177,115	-	1,974,531	8.97%
2012	168,301	168,301	-	2,042,484	8.24%
2011	164,103	164,103	-	1,991,544	8.24%
2010	163,283	163,283	-	1,894,234	8.62%
2009	173,775	173,775	-	2,015,949	8.62%
2008	245,825	245,825	-	2,090,348	11.76%

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

Town of Blackstone, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

THIS PAGE LEFT BLANK INTENTIONALLY

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

*INDIVIDUAL FUND FINANCIAL
STATEMENT AND SCHEDULE*

THIS PAGE LEFT BLANK INTENTIONALLY

Town of Blackstone, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Revenue from the use of money and property	\$ 279,977	\$ 279,977	\$ 279,977	\$ -
Miscellaneous	41,420	41,420	65,742	24,322
Recovered costs	66,742	66,742	53,181	(13,561)
Intergovernmental:				
Commonwealth	419,213	419,213	155,798	(263,415)
Federal	346,332	346,332	118,021	(228,311)
Total revenues	<u>\$ 1,153,684</u>	<u>\$ 1,153,684</u>	<u>\$ 672,719</u>	<u>\$ (480,965)</u>
EXPENDITURES				
Capital projects	\$ 1,154,492	\$ 1,154,492	\$ 538,207	\$ 616,285
Debt service:				
Principal retirement	172,210	172,210	230,000	(57,790)
Interest and other fiscal charges	93,790	93,790	34,956	58,834
Total expenditures	<u>\$ 1,420,492</u>	<u>\$ 1,420,492</u>	<u>\$ 803,163</u>	<u>\$ 617,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (266,808)</u>	<u>\$ (266,808)</u>	<u>\$ (130,444)</u>	<u>\$ 136,364</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 190,000	\$ 190,000	\$ 37,259	\$ (152,741)
Total other financing sources (uses)	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 37,259</u>	<u>\$ (152,741)</u>
Net change in fund balances	\$ (76,808)	\$ (76,808)	\$ (93,185)	\$ (16,377)
Fund balances - beginning	76,808	76,808	367,729	290,921
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,544</u>	<u>\$ 274,544</u>

THIS PAGE LEFT BLANK INTENTIONALLY

SUPPORTING SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 351,000	\$ 376,000	\$ 376,302	\$ 302
Personal property taxes	82,000	110,789	88,834	(21,955)
Penalties	5,500	5,500	8,750	3,250
Interest	3,000	3,000	11,860	8,860
Total general property taxes	<u>\$ 441,500</u>	<u>\$ 495,289</u>	<u>\$ 485,746</u>	<u>\$ (9,543)</u>
Other local taxes:				
Local sales and use taxes	\$ 170,000	\$ 170,000	\$ 194,469	\$ 24,469
Consumption tax	10,000	10,000	14,954	4,954
Business license taxes	163,000	175,000	175,844	844
Motor vehicle licenses	50,000	50,000	48,991	(1,009)
Bank stock taxes	100,000	130,000	133,072	3,072
Cigarette taxes	100,000	100,000	90,552	(9,448)
Hotel and motel room taxes	30,000	30,000	29,748	(252)
Restaurant food taxes	541,000	541,000	606,157	65,157
Total other local taxes	<u>\$ 1,164,000</u>	<u>\$ 1,206,000</u>	<u>\$ 1,293,787</u>	<u>\$ 87,787</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 2,400	\$ 2,400	\$ 3,810	\$ 1,410
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 18,974	\$ (11,026)
Revenue from use of money and property:				
Revenue from use of money	\$ 4,000	\$ 4,000	\$ 7,052	\$ 3,052
Revenue from use of property	18,200	18,200	19,417	1,217
Total revenue from use of money and property	<u>\$ 22,200</u>	<u>\$ 22,200</u>	<u>\$ 26,469</u>	<u>\$ 4,269</u>
Charges for services:				
Charges for fire service	\$ 10,000	\$ 10,000	\$ 16,394	\$ 6,394
Charges for sanitation and waste removal	395,000	395,000	406,492	11,492
Charges for aviation fuel	390,300	390,300	348,350	(41,950)
Total charges for services	<u>\$ 795,300</u>	<u>\$ 795,300</u>	<u>\$ 771,236</u>	<u>\$ (24,064)</u>
Miscellaneous:				
Miscellaneous	\$ 7,000	\$ 7,000	\$ 86,800	\$ 79,800

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
General administration allocation	\$ 434,094	\$ 434,094	\$ 434,094	\$ -
DMV	30,000	30,000	36,193	6,193
Garage labor	40,000	40,000	81,255	41,255
Grant administration	-	-	400	400
Recovered costs	70,000	70,000	59,983	(10,017)
County fire and rescue	27,500	27,500	27,029	(471)
County recreation	2,000	2,000	4,000	2,000
Nottaway Ave contribution	-	-	1,066	1,066
Fire contribution	33,000	33,000	36,478	3,478
Excise tax refund	-	-	17,534	17,534
Total recovered costs	<u>\$ 636,594</u>	<u>\$ 636,594</u>	<u>\$ 698,032</u>	<u>\$ 61,438</u>
 Total revenue from local sources	 <u>\$ 3,098,994</u>	 <u>\$ 3,194,783</u>	 <u>\$ 3,384,854</u>	 <u>\$ 190,071</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ -	\$ -	\$ 75	\$ 75
Rolling stock tax	6,600	6,600	11,650	5,050
Communications tax	17,000	17,000	16,820	(180)
Personal property tax relief funds	42,986	42,986	42,986	-
Total noncategorical aid	<u>\$ 66,586</u>	<u>\$ 66,586</u>	<u>\$ 71,531</u>	<u>\$ 4,945</u>
Categorical aid:				
Other categorical aid:				
Streets and highway maintenance	\$ 1,005,000	\$ 1,005,000	\$ 1,064,531	\$ 59,531
DJCP grants for law enforcement	88,283	88,283	88,284	1
Litter control	2,118	2,118	2,060	(58)
Revenue share grant	-	-	13,094	13,094
Fire programs and grants	9,000	30,480	23,227	(7,253)
Asset forfeiture funds	-	-	1,221	1,221
Total other categorical aid	<u>\$ 1,104,401</u>	<u>\$ 1,125,881</u>	<u>\$ 1,192,417</u>	<u>\$ 66,536</u>
 Total categorical aid	 <u>\$ 1,104,401</u>	 <u>\$ 1,125,881</u>	 <u>\$ 1,192,417</u>	 <u>\$ 66,536</u>
 Total revenue from the Commonwealth	 <u>\$ 1,170,987</u>	 <u>\$ 1,192,467</u>	 <u>\$ 1,263,948</u>	 <u>\$ 71,481</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Other categorical aid:				
East end planning grant	\$ 27,000	\$ 27,000	\$ 21,000	\$ (6,000)
Transportation safety	-	-	11,182	11,182
USDA grant	-	-	14,700	14,700
FEMA grant	105,000	105,000	-	(105,000)
Department of Justice grant	-	-	6,288	6,288
Total other categorical aid	\$ 132,000	\$ 132,000	\$ 53,170	\$ (78,830)
Total revenue from the federal government	\$ 132,000	\$ 132,000	\$ 53,170	\$ (78,830)
Total General Fund	\$ 4,401,981	\$ 4,519,250	\$ 4,701,972	\$ 182,722
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ 1,395	\$ 395
Charges for services:				
Charges for cemetery care	\$ 1,000	\$ 1,000	\$ 2,005	\$ 1,005
Cemetery lot sales	2,000	2,000	16,995	14,995
Charges for bus fares	23,500	23,500	21,021	(2,479)
Total charges for services	\$ 26,500	\$ 26,500	\$ 40,021	\$ 13,521
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 5,704	\$ 5,704
Total miscellaneous	\$ -	\$ -	\$ 5,704	\$ 5,704
Recovered costs:				
Reimbursement from localities	\$ 94,925	\$ 94,925	\$ 78,264	\$ (16,661)
Total recovered costs	\$ 94,925	\$ 94,925	\$ 78,264	\$ (16,661)
Total revenue from local sources	\$ 122,425	\$ 122,425	\$ 125,384	\$ 2,959
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grant	\$ 112,901	\$ 112,901	\$ 96,456	\$ (16,445)
Total revenue from the Commonwealth	\$ 112,901	\$ 112,901	\$ 96,456	\$ (16,445)

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 1
Page 4 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Transportation grant	\$ 330,025	\$ 330,025	\$ 230,518	\$ (99,507)
Total revenue from the federal government	\$ 330,025	\$ 330,025	\$ 230,518	\$ (99,507)
Total Special Revenue Fund	\$ 565,351	\$ 565,351	\$ 452,358	\$ (112,993)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 279,977	\$ 279,977	\$ 279,977	\$ -
Total revenue from use of money and property	\$ 279,977	\$ 279,977	\$ 279,977	\$ -
Miscellaneous:				
Miscellaneous	\$ 41,420	\$ 41,420	\$ 65,742	\$ 24,322
Recovered costs:				
Nottoway County	\$ 66,742	\$ 66,742	\$ 53,181	\$ (13,561)
Total revenue from local sources	\$ 388,139	\$ 388,139	\$ 398,900	\$ 10,761
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Airport grant	\$ 20,000	\$ 20,000	\$ 15,662	\$ (4,338)
Downtown revitalization	110,662	110,662	-	(110,662)
VDOT revenue sharing	288,551	288,551	140,136	(148,415)
Total categorical aid	\$ 419,213	\$ 419,213	\$ 155,798	\$ (263,415)
Total revenue from the Commonwealth	\$ 419,213	\$ 419,213	\$ 155,798	\$ (263,415)
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ 346,332	\$ 346,332	\$ 118,021	\$ (228,311)
Total revenue from the federal government	\$ 346,332	\$ 346,332	\$ 118,021	\$ (228,311)
Total Capital Projects Fund	\$ 1,153,684	\$ 1,153,684	\$ 672,719	\$ (480,965)
Total Revenues -- Primary Government	\$ 6,121,016	\$ 6,238,285	\$ 5,827,049	\$ (411,236)

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 2
Page 1 of 2

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 51,456	\$ 32,216	\$ 18,525	\$ 13,691
General and financial administration:				
Town Manager and financial administration	\$ 727,222	\$ 753,109	\$ 753,099	\$ 10
Independent Auditor	20,600	20,600	20,600	-
Total general and financial administration	\$ 747,822	\$ 773,709	\$ 773,699	\$ 10
Total general government administration	\$ 799,278	\$ 805,925	\$ 792,224	\$ 13,701
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,077,950	\$ 990,398	\$ 990,398	\$ -
Fire and rescue services:				
Fire department	\$ 223,505	\$ 221,310	\$ 221,310	\$ -
Total public safety	\$ 1,301,455	\$ 1,211,708	\$ 1,211,708	\$ -
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street maintenance	\$ 861,374	\$ 1,351,814	\$ 1,370,032	\$ (18,218)
Traffic lights	3,400	4,292	4,292	-
Total maintenance of highways, streets, bridges and sidewalks	\$ 864,774	\$ 1,356,106	\$ 1,374,324	\$ (18,218)
Sanitation and waste removal:				
Refuse collection	\$ 317,739	\$ 321,610	\$ 321,610	\$ -
Maintenance of general buildings and grounds:				
General properties	\$ 480,245	\$ 513,870	\$ 403,183	\$ 110,687
Garage department	222,000	233,763	233,763	-
Total maintenance of general buildings and grounds	\$ 702,245	\$ 747,633	\$ 636,946	\$ 110,687
Total public works	\$ 1,884,758	\$ 2,425,349	\$ 2,332,880	\$ 92,469
Parks, recreation, and cultural:				
Cultural enrichment:				
Museum	\$ 9,850	\$ 10,954	\$ 10,954	\$ -
Library:				
Contribution to library	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Library administration	7,665	7,526	7,526	-
Total library	\$ 9,665	\$ 9,526	\$ 9,526	\$ -
Total parks, recreation, and cultural	\$ 19,515	\$ 20,480	\$ 20,480	\$ -

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Schedule 2
Page 2 of 2

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Community Development	\$ 27,000	\$ 33,761	\$ 33,761	\$ -
Total community development	\$ 27,000	\$ 33,761	\$ 33,761	\$ -
Capital projects:				
Administration	\$ 21,500	\$ 13,442	\$ 13,442	\$ -
Police department	59,900	15,008	15,020	(12)
Street maintenance	-	-	9,135	(9,135)
Garbage department	155,500	140,288	141,984	(1,696)
Fire department	141,000	52,155	52,157	(2)
Library	2,500	-	-	-
Total capital projects	\$ 380,400	\$ 220,893	\$ 231,738	\$ (10,845)
Debt service:				
Principal retirement	\$ 47,862	\$ 47,862	\$ 38,160	\$ 9,702
Interest and other fiscal charges	6,903	6,903	6,896	7
Total debt service	\$ 54,765	\$ 54,765	\$ 45,056	\$ 9,709
Total General Fund	\$ 4,467,171	\$ 4,772,881	\$ 4,667,847	\$ 105,034
Special Revenue Fund:				
Community Development:				
Planning and community development:				
Bus program	\$ 605,551	\$ 605,551	\$ 465,586	\$ 139,965
Cemetery	36,810	70,353	40,482	29,871
Total planning and community development	\$ 642,361	\$ 675,904	\$ 506,068	\$ 169,836
Total Special Revenue Fund	\$ 642,361	\$ 675,904	\$ 506,068	\$ 169,836
Capital Projects Funds:				
Capital Projects Fund:				
Capital projects:				
Church Street project	\$ 361,452	\$ 361,452	\$ 81,161	\$ 280,291
Castle trailer park	6,600	6,600	-	6,600
Medical center	31,977	31,977	16,522	15,455
CDBG projects	1,200	1,200	-	1,200
Airport grant	25,000	25,000	21,885	3,115
Downtown revitalization	150,662	150,662	-	150,662
Carriage museum	500	500	-	500
Capital improvement	577,101	577,101	418,639	158,462
Total capital projects	\$ 1,154,492	\$ 1,154,492	\$ 538,207	\$ 616,285
Debt service:				
Principal retirement	\$ 172,210	\$ 172,210	\$ 230,000	\$ (57,790)
Interest and other fiscal charges	93,790	93,790	34,956	58,834
Total debt service	\$ 266,000	\$ 266,000	\$ 264,956	\$ 1,044
Total Capital Projects Fund	\$ 1,420,492	\$ 1,420,492	\$ 803,163	\$ 617,329
Total Primary Government	\$ 6,530,024	\$ 6,869,277	\$ 5,977,078	\$ 892,199

OTHER STATISTICAL INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

Town of Blackstone, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt	Enterprise Funds	Total
2007-08	\$ 765,509	\$ 1,564,640	\$ 3,126,359	\$ 47,121	\$ 25,640	\$ 472,599	\$ 21,556	\$ 6,659,667	\$ 12,683,091
2008-09	273,519	1,317,646	1,389,844	100,000	31,555	233,371	100,989	6,579,703	10,026,627
2009-10	720,992	1,132,805	2,674,742	63,787	31,664	117,731	105,556	5,600,173	10,447,450
2010-11	595,710	1,431,174	1,721,599	63,637	70,165	979,646	106,279	6,558,636	11,526,846
2011-12	521,580	1,333,146	1,358,171	66,112	56,315	1,019,675	93,037	7,026,437	11,474,473
2012-13	329,954	1,264,552	1,643,590	63,637	46,604	901,498	76,411	6,358,400	10,684,646
2013-14	394,002	1,417,354	2,455,263	63,637	77,746	740,463	74,059	6,590,681	11,813,205
2014-15	279,462	1,459,714	2,262,961	63,637	72,641	740,701	78,686	6,556,738	11,514,540
2015-16	281,371	1,360,570	2,449,110	63,637	68,554	1,104,329	29,863	6,000,066	11,357,500
2016-17	342,731	1,345,450	1,955,439	63,637	13,563	1,065,627	41,852	5,942,174	10,770,473

Table 2

Town of Blackstone, Virginia
Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2007-08	\$ 7,098,916	\$ 1,131,351	\$ 3,183,061	\$	382,855	864,671	\$ 78,049	\$ 252,156	\$ 52,425	\$ 13,043,484
2008-09	7,029,526	1,718,438	1,996,751		398,720	1,094,802	48,291	131,022	48,633	12,466,183
2009-10	6,656,870	1,315,904	681,243		413,321	1,155,000	296,502	396,473	61,821	10,977,134
2010-11	7,130,890	2,097,298	265,785		399,600	1,167,131	406,865	228,476	67,248	11,763,293
2011-12	7,215,069	1,421,850	130,435		384,286	1,234,668	288,911	268,797	66,729	11,010,745
2012-13	7,316,769	1,441,142	922,371		396,805	1,185,004	300,519	235,640	74,226	11,872,476
2013-14	7,940,599	1,520,869	261,239		396,882	1,211,102	301,730	254,845	61,343	11,948,609
2014-15	7,721,456	1,498,272	290,811		406,988	1,184,214	301,133	245,989	67,234	11,716,097
2015-16	7,623,381	1,580,312	531,195		478,623	1,267,456	301,529	137,946	66,773	11,987,215
2016-17	7,713,900	1,728,359	118,021		489,439	1,293,787	317,100	171,011	71,531	11,903,148

Table 3

Town of Blackstone, Virginia
General Governmental Expenditures by Function (1,2)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2008	\$ 881,308	\$ 1,366,326	\$ 2,508,697	\$ 11,000	\$ 238,804	\$ 120,218	\$ 5,126,353
2009	864,999	1,183,054	1,655,405	10,499	318,784	787,675	4,820,416
2010	1,144,515	1,185,585	2,090,957	19,024	465,277	362,361	5,267,719
2011	961,268	1,247,469	2,260,429	55,525	1,148,834	364,815	6,038,340
2012	918,135	1,256,031	1,936,704	44,177	606,722	348,342	5,110,111
2013	765,294	1,315,433	1,880,862	34,069	512,445	291,652	4,799,755
2014	816,634	1,234,279	2,864,976	49,014	454,775	282,960	5,702,638
2015	824,748	1,340,444	2,249,838	42,585	454,935	311,354	5,223,904
2016	805,130	1,595,748	2,412,202	25,484	501,801	281,431	5,621,796
2017	792,224	1,211,708	2,332,880	20,480	539,829	310,012	5,207,133

(1) Includes General, Capital Projects, and Special Revenue Funds of the Primary Government.

(2) Excludes expenditures for capital projects.

Table 4

Town of Blackstone, Virginia
General Governmental Revenues by Source (1,2)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2008	\$ 388,355	\$ 864,671	\$ 1,805	\$ 30,142	\$ 36,621	\$ 1,115,387	\$ 236,096	\$ 1,062,803	\$ 4,142,053	\$ 7,877,933
2009	378,692	1,094,802	670	32,406	48,153	744,923	98,258	1,356,787	2,049,443	5,804,134
2010	384,442	1,155,000	955	20,980	46,004	878,722	90,939	1,465,876	1,605,230	5,648,148
2011	383,061	1,167,131	3,595	34,384	146,483	603,232	133,678	1,388,455	2,089,816	5,949,835
2012	383,182	1,234,668	2,810	36,549	6,928	997,210	153,861	1,403,957	1,488,579	5,707,744
2013	405,650	1,185,004	3,610	22,459	20,542	851,774	177,322	968,894	1,515,368	5,150,623
2014	403,667	1,211,102	4,345	30,916	21,753	1,134,812	156,308	680,400	1,582,212	5,225,515
2015	403,928	1,184,214	3,140	32,238	20,806	682,330	177,724	819,305	1,565,506	4,889,191
2016	474,365	1,267,456	2,740	26,281	21,552	958,113	65,015	769,239	1,645,239	5,230,000
2017	485,746	1,293,787	3,810	18,974	27,864	811,257	92,504	776,296	1,644,092	5,154,330

(1) Includes General and Special Revenue funds of the Primary Government.

(2) Excludes Capital projects fund.

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2008	\$ 427,249	\$ 420,649	98.46%	\$ 757	\$ 421,406	98.63%	\$ 31,204	7.30%
2009	423,708	406,576	95.96%	8,463	415,039	97.95%	36,635	8.65%
2010	417,968	410,236	98.15%	8,201	418,437	100.11%	59,502	14.24%
2011	417,800	405,130	96.97%	11,169	416,299	99.64%	68,833	16.48%
2012	416,716	403,244	96.77%	12,848	416,092	99.85%	69,712	16.73%
2013	424,152	417,836	98.51%	16,801	434,637	102.47%	57,766	13.62%
2014	440,704	426,248	96.72%	7,942	434,190	98.52%	54,561	12.38%
2015	435,685	414,839	95.22%	19,661	434,500	99.73%	60,880	13.97%
2016	502,356	492,940	98.13%	10,593	503,533	100.23%	60,058	11.96%
2017	500,778	496,872	99.22%	11,250	508,122	101.47%	67,346	13.45%

(1) Exclusive of penalties, interest and land redemptions.

(2) Tax levy and collections include the Commonwealth's personal property tax relief revenues.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Mobile Homes	Public Service (2)	Total
2008	\$ 152,806,641	\$ 15,309,035	\$ 1,739,285	\$ 453,044	\$ 4,946,755	\$ 175,254,760
2009	153,148,654	15,082,778	1,662,745	374,435	3,814,016	174,082,628
2010	153,997,331	13,790,012	1,867,357	314,950	3,706,860	173,676,510
2011	155,688,423	13,283,866	1,776,616	296,735	3,897,480	174,943,120
2012	156,165,542	13,174,066	1,411,581	246,305	4,442,078	175,439,572
2013	157,806,241	14,539,977	1,064,449	255,501	3,061,884	176,728,052
2014	160,190,541	12,712,449	1,295,547	219,921	4,737,411	179,155,869
2015	164,124,609	13,474,069	1,543,514	195,505	4,746,566	184,084,263
2016	163,462,415	13,687,055	1,881,247	177,018	4,456,508	183,664,243
2017	165,478,656	14,196,225	660,810	157,796	4,441,082	184,934,569

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

Town of Blackstone, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property		Machinery and Tools		Mobile Homes		Public Utility	
									Real Estate	Personal Property
2008	\$	0.20	\$	0.65	\$	0.65	\$	0.20	\$ 0.20	\$ 0.65
2009		0.20		0.65		0.65		0.20	0.20	0.65
2010		0.20		0.65		0.65		0.20	0.20	0.65
2011		0.20		0.65		0.65		0.20	0.20	0.65
2012		0.20		0.65		0.65		0.20	0.20	0.65
2013		0.20		0.65		0.65		0.20	0.20	0.65
2014		0.20		0.65		0.65		0.20	0.20	0.65
2015		0.20		0.65		0.65		0.20	0.20	0.65
2016		0.22		0.85		0.85		0.22	0.22	0.85
2017		0.22		0.85		0.85		0.22	0.22	0.85

(1) Per \$100 of assessed value.

Table 8

Town of Blackstone, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Payable from Enterprise Revenue	Debt			
2008	3,675	175,254,760	6,760,000	6,280,000	480,000	0.27%		131
2009	3,675	174,082,628	8,200,000	6,145,000	2,055,000	1.18%		559
2010	3,621	173,676,510	7,900,000	6,005,000	1,895,000	1.09%		523
2011	3,621	174,943,120	7,585,000	5,860,000	1,725,000	0.99%		476
2012	3,621	175,439,572	7,260,000	5,715,000	1,545,000	0.88%		427
2013	3,621	176,728,052	6,925,000	5,565,000	1,360,000	0.77%		376
2014	3,621	179,155,869	6,750,000	5,585,000	1,165,000	0.65%		322
2015	3,621	184,084,263	6,334,000	5,379,000	955,000	0.52%		264
2016	3,621	183,664,243	5,915,000	5,180,000	735,000	0.40%		203
2017	3,621	184,934,569	7,786,500	7,281,500	505,000	0.27%		139

(1) Weldon Cooper Center for Public Service, 2000 and 2010 Census counts.

(2) From Table 6

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans of the Governmental Activities. Excludes revenue bonds, capital leases, and compensated absences.

Table 9

Town of Blackstone, Virginia
Computation of Legal Debt Margin
June 30, 2017

Assessed value of real property, January 1, 2016 (1)	<u>\$ 169,869,026</u>
Debt limit: 10% of assessed value	\$ 16,986,903
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 10,556,443
Less: Revenue bonds	<u>(2,769,943)</u>
Net general obligation bonds and loans	<u>\$ 7,786,500</u>
Legal debt limit	<u>\$ 9,200,403</u>

(1) Assessed value of real property, including public service corporations as of January 1, 2016.

(2) Includes bonded debt and long-term notes payable.

THIS PAGE LEFT BLANK INTENTIONALLY

COMPLIANCE

THIS PAGE LEFT BLANK INTENTIONALLY

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Blackstone Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Blackstone, Virginia's basic financial statements and have issued our report thereon dated September 19, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
September 19, 2017