

TOWN OF BLACKSTONE, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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TOWN OF BLACKSTONE, VIRGINIA

TOWN COUNCIL

Barbara Thompson
Lonnie Morgan
Eric M. Nash

William D. Coleburn, Mayor

Nathaniel Miller
Christine Hasbrouck
Tom Wilkinson
Sheila Jones

OTHER OFFICIALS

Town Manager
Town Clerk
Finance Director
Town Treasurer
Chief of Police
Town Attorney

Philip Vannoorbeeck
Jennifer Daniel
Jennifer L. Hardy
Brittany Harris
Nicholas C. Kuzmiak
Tessie O. Barnes Bacon

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FOR THE YEAR ENDED JUNE 30, 2021

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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, 2021, 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, 2021, 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 management's discussion and analysis, budgetary comparison information and schedules related to pension and OPEB funding on pages 4-13, 63-64 and 65-71 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Blackstone, Virginia's basic financial statements. The combining and individual fund financial statements and schedules, supporting schedules and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The 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 October 26, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Blackstone, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Blackstone, Virginia's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Richmond, Virginia
October 26, 2021

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Management's Discussion and Analysis

Fiscal Year July 1, 2020 – June 30, 2021

This section of the Town of Blackstone's (the Town's) annual financial report presents an overall synopsis of the Town's financial activities for the fiscal year ended June 30, 2021. To enhance readers' understanding of the Town's financial performance, this discussion and analysis should be read in conjunction with the transmittal letter in the front of this report, the Town's basic financial statements, and supplementary information following this section.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The assets and deferred outflows of resources of the Town of Blackstone exceeded the Town's liabilities and deferred outflows of resources at the close of fiscal year 2021 by \$21.4 million (net position). Of this amount, \$6.6 million represents an unrestricted net position, which may be used to meet the Town's ongoing obligations; \$14.4 million represents a restricted net position related to net investment in capital assets, \$406,680 represents the restricted net position for the cemetery, bus, and police department all of which are nonexpendable and not available for expenditure (Exhibit 1).
- The Town's total net position increased by \$817,081 from the prior year. Of this amount, the business-type activities net position increased \$403,682 while governmental activities net position increased by \$413,399 (Exhibit 2).
- The Town's total outstanding general obligation debt (leases & bonds) at June 30, 2021, was \$10.9 million. This includes \$10.4 million in business-activity debt and \$586,746 million in general government activities (details provided in Note 6 – Notes to the Financial Statements). The Town issued the following debt in FY21; \$67,000 USDA loan for police cars, \$21,000 USDA loan for mini-ex, and \$107,000 USDA loan for skid steer.

Fund Financial Statements

- General Fund revenues (less transfers and debt proceeds) increased by \$288,364 from FY 2020, primarily due to revenue increases from intergovernmental grants and other local taxes.
- Expenditures in the general fund decreased by \$318,122, largely due to a reduction in capital projects.
- At the close of FY 2021, unassigned fund balance for the General Fund was \$638,035 which was an increase from FY 2020 of \$443,345.
- Assigned fund balance reported in the General Fund represents equity generated through operation of the airport fuel farm, which management has assigned for operation of the airport. Restricted fund balances include donations and grant funding for various community functions of the police department and bus transit system.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Financial Report consists of four sections: introductory, financial, statistical and financial compliance reports for federal funds. The financial section consists of three (3) sections: *management discussion and analysis*, basic financial statements and supplementary information. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The Town's financial statements present two kinds of statements, each with a different snapshot of the Town's finances. The government-wide financial statements include both long-term and short-term financial information. The fund financial statements focus on the individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements, but with a short-term focus. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The *Statement of Net Position* (Exhibit 1) presents information on all Town assets, deferred outflows of resources, liabilities, and deferred inflows of resource with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. However, other non-financial factors will need to be considered, such as changes in the Town's property tax base and condition of the Town's infrastructure. The *Statement of Activities* (Exhibit 2) presents information identifying how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid.

In the *Statement of Net Position* (Exhibit 1) and the *Statement of Activities* (Exhibit 2), the Town is divided into the following:

- Governmental activities - The Town's basic municipal services are reported here and include general government, public safety, highways and streets, airport, community development, and cultural and recreation. These activities are mainly supported by taxes and intergovernmental revenue.
- Business-type activities - The Town charges user fees to customers to help offset all or most of the cost of the services provided. The business-type activities of the Town reported in this section include Water and Sewer Utility and Electric Utility operations. The Water & Sewer and Electric Utility Funds are self-supporting, meaning that charges for services and other entity-generated revenue fully support the expenses of the operation.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. In the Basic Financial Statements, the emphasis is on major funds. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The focus here is on (1) inflows and outflows of cash and other financial resources that can be readily converted into cash and (2) the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating whether there are more or fewer resources that can be spent in the short term to finance Town operations. Because this information does not address the long-term financial information like the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation between the government-wide financial statements and the fund financial statements is included as part of the basic financial statements (Exhibits 4 and 6).

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

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

The governmental funds financial statements can be found on Exhibits 3 through 6 of this report. The Town adopts an annual budget for its various funds. To demonstrate compliance with this budget, budgetary comparison statements have been provided on Exhibits 10 and 11 of this report.

Proprietary Funds – The Town maintains proprietary funds to account for enterprise fund operations that report the same functions as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer, and electrical, operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on each fund and can be found in Exhibits 7, 8 and 9 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after Exhibit 9 in this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary and other supplementary information concerning the Town. Supplementary information can be found in Exhibits 10 - 18 of this report.

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OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Government-Wide Financial Statements Analysis

Over time, net position may serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$21,443,285.

SUMMARY STATEMENT OF NET POSITION (Exhibit 1) June 30, 2021

		Governmental Activities		Business-type Activities		Total	
		FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Current and other assets	\$	3,606,243	\$ 1,313,828	\$ 6,784,760	\$ 6,178,951	\$ 10,391,003	\$ 7,492,779
Capital assets		9,677,599	9,785,524	14,839,241	14,635,004	24,516,840	24,420,528
Deferred outflow of resources		400,359	270,342	255,448	140,837	655,807	411,179
Total assets & deferred outflow of resources	\$	13,684,201	\$ 11,369,694	\$ 21,879,449	\$ 20,954,792	\$ 35,563,650	\$ 32,324,486
							-
Current and other liabilities	\$	2,081,389	\$ 321,926	\$ 1,025,061	\$ 762,867	\$ 3,106,450	\$ 1,084,793
Long-term liabilities		586,746	333,160	10,444,034	10,091,151	11,030,780	10,424,311
Deferred inflow of resources		16,815	128,756	18,459	37,794	35,274	166,550
Total liabilities & deferred inflow of resources	\$	2,684,950	\$ 783,842	\$ 11,487,554	\$ 10,891,812	\$ 14,172,504	\$ 11,675,654
							-
Net position:							-
Net investment in capital assets	\$	9,586,280	\$ 9,665,451	\$ 4,815,405	\$ 4,665,987	\$ 14,401,685	\$ 14,331,438
Restricted-Nonexpendable		406,680	303,662			406,680	303,662
Unrestricted net position		1,006,291	616,739	5,628,629	5,374,365	6,634,920	5,991,104
Total Net position	\$	10,999,251	\$ 10,585,852	\$ 10,444,034	\$ 10,040,352	\$ 21,443,285	\$ 20,626,204

The largest portion of the Town's total net position of \$21,443,285 is its \$14,401,685 investment in capital assets (e.g. land, buildings and improvements, machinery and equipment), less any related debt used to acquire or construct those assets that are still outstanding. The Town uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. The remaining net position is \$7,041,600. Governmental activities have \$1,006,291 in unrestricted net position, and business-type activities have \$5,628,629 in unrestricted net position. The remaining \$406,680 are restricted cemetery, bus, and police department funds.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Statement of Activities

The following table indicates the changes in the net position of the governmental and business-type activities:

SUMMARY STATEMENT OF CHANGES IN NET POSITION (Exhibit 2) For the Fiscal Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenues						
Program Revenues:						
Charges for Services	\$ 731,202	\$ 672,666	\$ 6,812,940	\$ 6,877,832	\$ 7,544,142	\$ 7,550,498
Operating grants & contributions	2,723,798	2,322,243			2,723,798	2,322,243
Capital grants & contributions	12,771	263,999	310,065	426,850		
General Revenues:						
Real estate & personal property taxes	510,858	511,745			510,858	511,745
Other local taxes	1,321,644	1,272,034			1,321,644	1,272,034
Use of money & property	88,381	96,556	64,854	47,764	153,235	144,320
Miscellaneous	212,009	221,988	63,549	75,662	275,558	297,650
Grants & gifts-non-restricted	63,218	63,787			63,218	63,787
Total Revenues	\$ 5,663,881	\$ 5,425,018	\$ 7,251,408	\$ 7,428,108	\$ 12,915,289	\$ 12,853,126
Expenses						
General government	\$ 453,699	\$ 534,715			\$ 453,699	\$ 534,715
Public safety	1,669,370	1,428,089			1,669,370	1,428,089
Public works	2,175,799	2,517,171			2,175,799	2,517,171
Health and welfare	63,637	63,637			63,637	63,637
Parks, recreation, cultural	50,530	77,227			50,530	77,227
Community development	1,234,139	1,579,398			1,234,139	1,579,398
Interest & fees on long-term debt	4,748	23,749			4,748	23,749
Electric			3,849,409	3,817,861	3,849,409	3,817,861
Water & Sewer			2,596,877	2,557,213	2,596,877	2,557,213
Total Expenses	\$ 5,651,922	\$ 6,223,986	\$ 6,446,286	\$ 6,375,074	\$ 12,098,208	\$ 12,599,060
Excess of revenue over expenses	11,959	(798,968)	805,122	1,053,034	817,081	254,066
Transfers	401,440	299,584	(401,440)	(299,584)	-	-
Increase (decrease) in net position	413,399	(499,384)	403,682	753,450	817,081	254,066
Net position-beginning of year-restated	10,585,852	11,085,236	10,040,352	9,286,902	20,626,204	20,372,138
Net position-ending of year	10,999,251	10,585,852	10,444,034	10,040,352	21,443,285	20,626,204

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

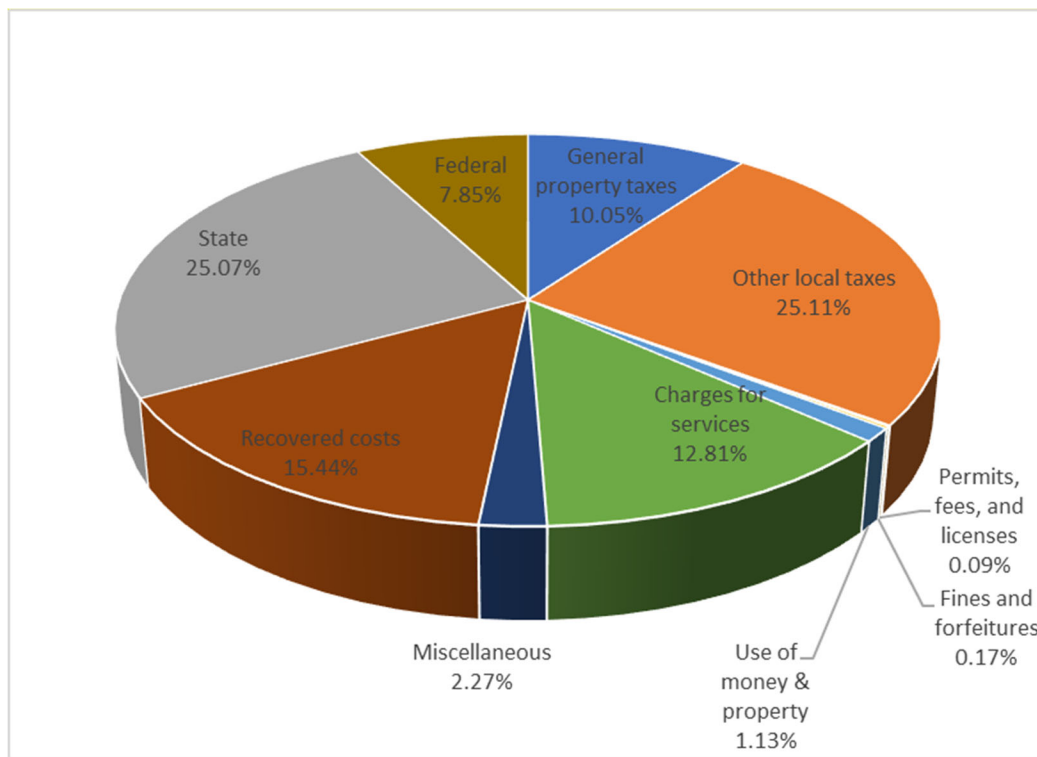
Governmental Funds

Other local tax revenues, which totaled \$1,321,644, are the largest source of income to the Town and consist primarily of local option sales taxes, business licenses, motor vehicle license, lodging, and meals taxes. The Town received \$49,610 or 3.9% more revenue in FY 2021 from these sources than in FY 2020. The increase in revenue is still 6.1% less than what was collected in FY19 due to the continued strain of the COVID-19 pandemic on meals and sales tax revenue.

State revenues are the second largest source of revenue, the largest portion of which are street maintenance funds from the Commonwealth. Charges for services represent revenue received primarily from waste collection and from certain General Fund costs of the Enterprise Funds.

The chart below denotes the major sources of revenue for the governmental funds.

REVENUES BY SOURCE GENERAL FUND

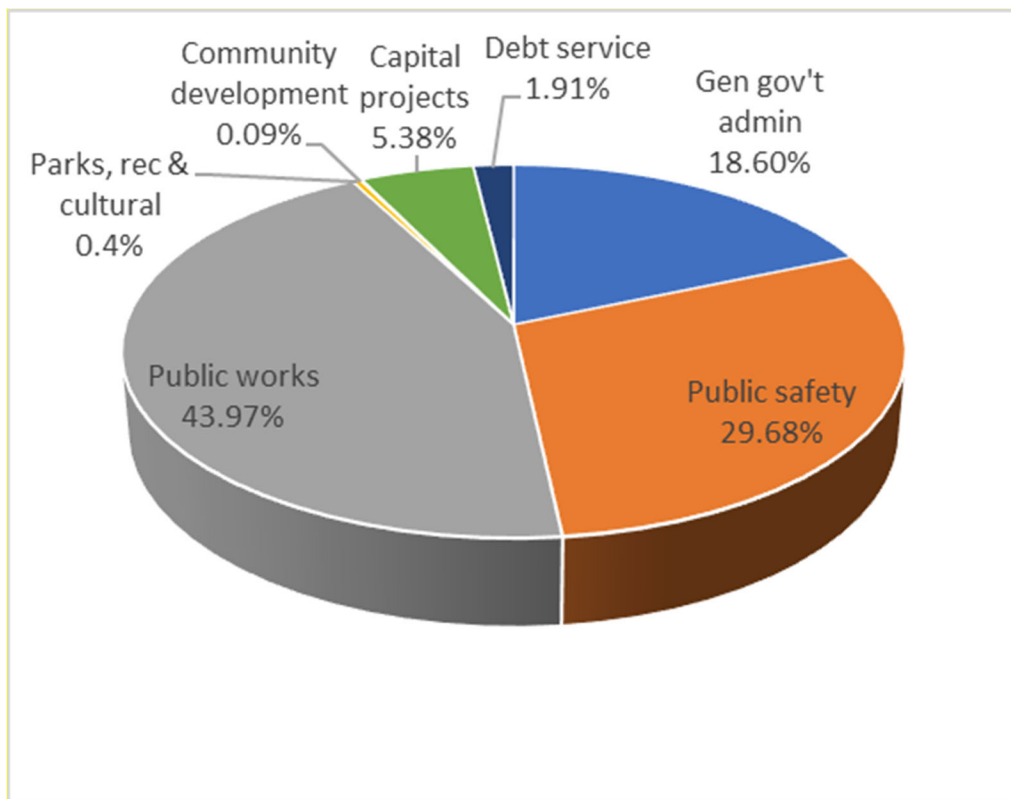


OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Governmental Funds (Continued)

The Town's expenses for governmental activities cover a wide range of services, with \$2.3 million or 44% related to public works, \$1.56 million or 30% for public safety and \$980,164 or 19% for general government. The chart below provides an overview of general fund expenditures as reflected in Exhibit 5, the Statement of Revenue, Expenditure, and Changes in Fund Balance.

GENERAL FUND EXPENDITURES
BY PROGRAM



Business-type Activities

Business-type Activities are made up of Electric and Water & Sewer activities.

Business-type activities are shown in detail on Exhibit 7. The ending net position of both enterprise funds increased in comparison with the prior fiscal year, with the net position of the electric fund increasing from \$5.9 million to \$6 million. The ending net position of the water & sewer fund increased from \$4.1 million to \$4.3 million.

Operating revenues for both enterprise funds totaled \$6.8 million in FY2020 and \$6.7 FY2021. Operating expenses for both funds increased in FY2021, increasing from \$6.1 million to \$6.3 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,463,083 compared to \$837,797 last year. The various components are discussed below.

General fund. The general fund is the chief operating fund of the Town. At the conclusion of the current fiscal year, the combined fund balance totaled \$748,884, which reflects a \$472,208 increase from the prior year ending fund balance of \$276,676. Of the \$748,884 balance, \$30,727 represents PD restricted fund balances to be used by the for various community outreach programs, and \$80,122 assigned to the airport fuel farm, the remaining \$638,035 is unassigned.

Capital projects fund. The capital projects fund accounts for all general government construction projects, excluding capital projects related to business-type activities which are accounted for elsewhere. At the end of the current fiscal year, the restricted fund balance totaled \$102,254, which is related to specific community development projects.

Special revenue fund. The Town's cemetery and bus operations are accounted for in the special revenue fund. The special revenue fund has nonspendable fund balance of \$235,992, which represents funds in a permanent endowment for the operation of the cemetery. The restricted portion of the fund balance of \$375,953 is shared between the operating funds of the cemetery and the bus system.

Proprietary funds. The Town's Propriety Funds (Enterprise Funds) provide the same type of information found in the government-wide financial statements, but in more detail. The Town's enterprise funds account for its municipal electric and water and sewer. Total net position of the enterprise funds at the end of the current fiscal year totaled \$10,444,034, an increase of \$403,682 over the prior balance of \$10,040,352. Information supporting the analysis of the proprietary funds was discussed previously.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's annual budget, which is prepared on a cash basis, includes estimated revenues and annual appropriations. Annual operating budgets are adopted by resolution for the General Fund, Capital Projects Funds, Water & Sewer Fund, Electric Fund, and Special Revenue Funds.

GENERAL FUND BUDGETARY HIGHLIGHTS: (CONTINUED)

During the year, Town Council revises the budget as needed. Actual expenditures varied significantly from the final budgeted amount for the General Fund. Expenditures for General Government Administration and Public Works were \$44,959 and \$227,723, above budget, respectively. General Government expenditures were more than budgeted primarily due to short staffing issues which caused overtime pay and professional services. Public Works saw an increase as a result of overtime and various contractual expenses related to an severe ice storm that cause significant damage and debris collection efforts by the Town.

The difference between the original budget and the final amended budget for the Town's General Fund expenditures was approximately \$450,100 representing an increase in appropriations. The variance is mainly due to the following appropriations and anticipated expenditures made during FY 2021:

\$	92,000.00	POLICE CARS
\$	13,535.00	PHONES
\$	10,000.00	JUNETEENTH/CHAMBER DONATIONS
\$	1,000.00	INCREASE COUNCIL COMMUNICATIONS
\$	9,500.00	PARK REPAIRS
\$	215,666.00	ICE STORM DEBRIS CONTRACTOR
\$	2,600.00	HELP BUILDING/OLD SCHOOL
\$	11,946.00	DUMPSTERS
\$	5,400.00	TAVERN CONCRETE/TRASH CANS
\$	31,621.00	CARRIAGE MUSEUM PARKING LOT
\$	15,000.00	GARAGE CONCRETE
\$	9,500.00	FUND VUMAC FINANCIAL SERVICES
\$	11,907.00	PURCHASE GATOR BLEACHERS
\$	17,925.00	ICE STORM TREE DAMAGE
\$	2,500.00	ADDITIONAL PD EDUCATION STIPEND
\$	450,100.00	

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$24,516,840 net of accumulated depreciation. Investment in capital assets includes land and easements, buildings, infrastructure, machinery and equipment, and construction in progress. Business-type capital assets increased overall during FY 2021, due in large part to bond-funded construction in progress for water and sewer projects.

The following table summarizes capital assets, net of depreciation:

		Governmental Activities		Business-type Activities		Total	
		FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Land	\$	1,192,822	\$ 1,192,822	\$ 249,575	\$ 249,575	\$ 1,442,397	\$ 1,442,397
Construction in progress		102,971	101,593	590,205	42,142	693,176	143,735
Buildings		4,977,108	5,103,645	-	-	4,977,108	5,103,645
Machinery and equipemnt		1,246,976	1,393,412	587,956	246,109	1,834,932	1,639,521
Infrastructure		2,157,722	1,994,052	13,411,505	14,097,178	15,569,227	16,091,230
TOTAL	\$	9,677,599	\$ 9,785,524	\$ 14,839,241	\$ 14,635,004	\$ 24,516,840	\$ 24,420,528

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration. The Town's total outstanding general obligation debt at June 30, 2021 was \$8,274,000. This debt is related to Enterprise Fund (water & sewer and electric,) debt, which is directly supported by revenues generated from operations and not supported by taxes. The Town's total outstanding USDA capital leases totaled \$116,819 as of June 30, 2021. Additional details on the long-term debt activity can be located in Note 6, Long-Term Obligations.

State statutes limit the amount of general obligation debt a government may issue to 10% of its total assessed valuation of real estate, personal property and public service corporations. The Town's ratio of net bonded debt to assessed value totals 0.00% (see Table 8).

		FY 2021	FY 2020
General Government Activities:	\$		\$
Bonded Debt-Government			
Bonded Debt-Enterprise		8,274,000	7,947,000
Total Long-Term Debt	\$	8,274,000	\$ 7,947,000
Per Capita Governmental			-
Total Per Capita Debt	\$	2,468	\$ 2,195
<i>*Census Figure Updated from 3621 for FY20 to 3352 for FY21</i>			

ECONOMIC FACTORS

- The 2020 unemployment rate for Nottoway County, which includes the Town of Blackstone, was 5.6% compared to 5.6% for Virginia and the national rate of 6.7%. It is important to note this is due to the economic situation caused by COVID-19.
- The Town sustained significant damages during the 2021 Winter Storm Uri which cause over \$809,495 in damages, of which \$334,052 was related to debris cleanup, \$174,722 was related to emergency services, and \$300,721 was related to the Town's electrical system.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, 100 W. Elm St., Blackstone, Virginia 23824.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Town of Blackstone, Virginia
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,947,784	\$ 5,656,317	\$ 8,604,101
Cash in custody of others	-	57,938	57,938
Receivables (net of allowance for uncollectibles):			
Taxes receivable	59,965	-	59,965
Accounts receivable	179,143	760,467	939,610
Due from other governmental units	419,351	310,038	729,389
Capital assets (net of accumulated depreciation):			
Land	1,192,822	249,575	1,442,397
Buildings and improvements	4,977,108	-	4,977,108
Utility plant in service	-	13,411,505	13,411,505
Machinery and equipment	1,246,976	587,956	1,834,932
Infrastructure	2,157,722	-	2,157,722
Construction in progress	102,971	590,205	693,176
Total assets	\$ 13,283,842	\$ 21,624,001	\$ 34,907,843
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 370,990	\$ 161,110	\$ 532,100
OPEB related items	29,369	13,338	42,707
Deferred amount on refunding	-	81,000	81,000
Total deferred outflows of resources	\$ 400,359	\$ 255,448	\$ 655,807
LIABILITIES			
Accounts payable	\$ 354,443	\$ 662,420	\$ 1,016,863
Accrued interest payable	-	66,478	66,478
Customer deposits payable	-	296,163	296,163
Unearned revenue	1,726,946	-	1,726,946
Long-term liabilities:			
Due within one year	34,728	2,494,007	2,528,735
Due in more than one year	552,018	7,897,888	8,449,906
Total liabilities	\$ 2,668,135	\$ 11,416,956	\$ 14,085,091
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 6,132	\$ -	\$ 6,132
Pension related items	-	13,549	13,549
OPEB related items	10,683	4,910	15,593
Total deferred inflows of resources	\$ 16,815	\$ 18,459	\$ 35,274
NET POSITION			
Net investment in capital assets	\$ 9,586,280	\$ 4,698,586	\$ 14,284,866
Restricted:			
Nonexpendable	406,680	-	406,680
Unrestricted	1,006,291	5,745,448	6,751,739
Total net position	\$ 10,999,251	\$ 10,444,034	\$ 21,443,285

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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 453,699	\$ -	\$ 126,383	\$ -	\$ (327,316)		\$ (327,316)
Public safety	1,669,370	22,137	386,240	-	(1,260,993)		(1,260,993)
Public works	2,175,799	666,270	1,153,745	-	(355,784)		(355,784)
Health and welfare	63,637	-	25,000	-	(38,637)		(38,637)
Parks, recreation, and cultural	50,530	-	-	-	(50,530)		(50,530)
Community development	1,234,139	42,795	1,032,430	12,771	(146,143)		(146,143)
Interest on long-term debt	4,748	-	-	-	(4,748)		(4,748)
Total governmental activities	\$ 5,651,922	\$ 731,202	\$ 2,723,798	\$ 12,771	\$ (2,184,151)		\$ (2,184,151)
Business-type activities:							
Electric Fund	\$ 3,849,409	\$ 4,147,451	\$ -	\$ 225,065		\$ 523,107	\$ 523,107
Water and Sewer Fund	2,596,877	2,665,489	-	85,000		153,612	153,612
Total business-type activities	\$ 6,446,286	\$ 6,812,940	\$ -	\$ 310,065		\$ 676,719	\$ 676,719
Total primary government	\$ 12,098,208	\$ 7,544,142	\$ 2,723,798	\$ 322,836			\$ (1,507,432)
General revenues:							
General property taxes					\$ 510,858	\$ -	\$ 510,858
Other local taxes:							
Local sales and use tax					219,620	-	219,620
Business license tax					179,886	-	179,886
Restaurant food tax					610,070	-	610,070
Other local taxes					312,068	-	312,068
Unrestricted revenues from use of money and property					88,381	64,854	153,235
Miscellaneous					212,009	63,549	275,558
Grants and contributions not restricted to specific programs					63,218	-	63,218
Transfers					401,440	(401,440)	-
Total general revenues and transfers					\$ 2,597,550	\$ (273,037)	\$ 2,324,513
Change in net position					\$ 413,399	\$ 403,682	\$ 817,081
Net position - beginning					10,585,852	10,040,352	20,626,204
Net position - ending					\$ 10,999,251	\$ 10,444,034	\$ 21,443,285

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

FUND FINANCIAL STATEMENTS

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Town of Blackstone, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,326,748	86,210	\$ 534,826	\$ 2,947,784
Receivables (net of allowance for uncollectibles):				
Taxes receivable	59,965	-	-	59,965
Accounts receivable	162,328	16,815	-	179,143
Due from other governmental units	330,109	13	89,229	419,351
Total assets	<u>\$ 2,879,150</u>	<u>\$ 103,038</u>	<u>\$ 624,055</u>	<u>\$ 3,606,243</u>
LIABILITIES				
Accounts payable	\$ 341,549	\$ 784	\$ 12,110	\$ 354,443
Unearned revenue	1,726,946	-	-	1,726,946
Total liabilities	<u>\$ 2,068,495</u>	<u>\$ 784</u>	<u>\$ 12,110</u>	<u>\$ 2,081,389</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 61,771	\$ -	\$ -	\$ 61,771
Total deferred inflows of resources	<u>\$ 61,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,771</u>
FUND BALANCES				
Nonspendable	\$ -	\$ -	\$ 235,992	\$ 235,992
Restricted	30,727	-	375,953	406,680
Committed	-	102,254	-	102,254
Assigned	80,122	-	-	80,122
Unassigned	638,035	-	-	638,035
Total fund balances	<u>\$ 748,884</u>	<u>\$ 102,254</u>	<u>\$ 611,945</u>	<u>\$ 1,463,083</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,879,150</u>	<u>\$ 103,038</u>	<u>\$ 624,055</u>	<u>\$ 3,606,243</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,463,083
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		9,677,599
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		55,639

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 370,990	
OPEB related items	<u>29,369</u>	400,359

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	\$ (104,026)	
Net OPEB liability	(122,221)	
Net pension liability	(269,180)	
USDA loan	(57,421)	
Capital leases	<u>(33,898)</u>	(586,746)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
OPEB related items		(10,683)

Net position of governmental activities		<u><u>\$ 10,999,251</u></u>
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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, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 528,924	\$ -	\$ -	\$ 528,924
Other local taxes	1,321,644	-	-	1,321,644
Permits, privilege fees, and regulatory licenses	4,775	-	-	4,775
Fines and forfeitures	9,149	-	-	9,149
Revenue from the use of money and property	59,546	23,750	5,085	88,381
Charges for services	674,483	-	42,795	717,278
Miscellaneous	119,750	71,404	20,855	212,009
Recovered costs	812,561	-	58,000	870,561
Intergovernmental:				
Commonwealth	1,319,766	21,564	58,775	1,400,105
Federal	413,256	503,121	483,305	1,399,682
Total revenues	<u>\$ 5,263,854</u>	<u>\$ 619,839</u>	<u>\$ 668,815</u>	<u>\$ 6,552,508</u>
EXPENDITURES				
Current:				
General government administration	\$ 980,164	\$ -	\$ -	\$ 980,164
Public safety	1,564,104	-	-	1,564,104
Public works	2,317,299	-	-	2,317,299
Parks, recreation, and cultural	19,780	-	-	19,780
Community development	4,750	-	561,207	565,957
Capital projects	283,437	564,419	-	847,856
Debt service:				
Principal retirement	95,754	-	-	95,754
Interest and other fiscal charges	4,748	-	-	4,748
Total expenditures	<u>\$ 5,270,036</u>	<u>\$ 564,419</u>	<u>\$ 561,207</u>	<u>\$ 6,395,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,182)</u>	<u>\$ 55,420</u>	<u>\$ 107,608</u>	<u>\$ 156,846</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 411,390	\$ -	\$ -	\$ 411,390
Transfers out	-	(9,950)	-	(9,950)
Issuance of USDA loan	67,000	-	-	67,000
Total other financing sources (uses)	<u>\$ 478,390</u>	<u>\$ (9,950)</u>	<u>\$ -</u>	<u>\$ 468,440</u>
Net change in fund balances	\$ 472,208	\$ 45,470	\$ 107,608	\$ 625,286
Fund balances - beginning	276,676	56,784	504,337	837,797
Fund balances - ending	<u>\$ 748,884</u>	<u>\$ 102,254</u>	<u>\$ 611,945</u>	<u>\$ 1,463,083</u>

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

Town of Blackstone, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	625,286
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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	\$ 567,863	
Depreciation expense	<u>(675,788)</u>	(107,925)

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

Property taxes		(18,066)
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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:

Issuance of USDA loan	\$ (67,000)	
Principal retirement on capital leases	11,299	
Principal retirement on USDA loans	<u>84,455</u>	28,754

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	\$ (24,275)	
Pension expense	(96,389)	
OPEB expense	<u>6,014</u>	(114,650)

Change in net position of governmental activities	\$	<u><u>413,399</u></u>
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The notes to financial statements are an integral part of this statement.

Town of Blackstone, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds		
	Electric	Water and Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,725,414	\$ 930,903	\$ 5,656,317
Cash in custody of others	-	57,938	57,938
Accounts receivables, net of allowance for uncollectibles	578,889	181,578	760,467
Due from other governmental units	225,065	84,973	310,038
Total current assets	\$ 5,529,368	\$ 1,255,392	\$ 6,784,760
Noncurrent assets:			
Capital assets (net of depreciation):			
Land	\$ 238,213	\$ 11,362	\$ 249,575
Utility plant in service	434,434	12,977,071	13,411,505
Machinery and equipment	303,612	284,344	587,956
Construction in progress	-	590,205	590,205
Total capital assets	\$ 976,259	\$ 13,862,982	\$ 14,839,241
Total noncurrent assets	\$ 976,259	\$ 13,862,982	\$ 14,839,241
Total assets	\$ 6,505,627	\$ 15,118,374	\$ 21,624,001
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 68,103	\$ 93,007	\$ 161,110
OPEB related items	6,656	6,682	13,338
Deferred amount on refunding	-	81,000	81,000
Total deferred outflows of resources	\$ 74,759	\$ 180,689	\$ 255,448
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 392,454	\$ 269,966	\$ 662,420
Accrued interest payable	-	66,478	66,478
Customer deposits payable	-	296,163	296,163
Compensated absences - current portion	3,499	4,959	8,458
USDA loans - current portion	-	13,931	13,931
Bonds payable - current portion	-	2,471,618	2,471,618
Total current liabilities	\$ 395,953	\$ 3,123,115	\$ 3,519,068
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 31,494	\$ 44,629	\$ 76,123
USDA loans - net of current portion	-	102,888	102,888
Bonds payable - net of current portion	-	7,552,218	7,552,218
Net pension liability	42,219	68,262	110,481
Net OPEB liability	29,115	27,063	56,178
Total noncurrent liabilities	\$ 102,828	\$ 7,795,060	\$ 7,897,888
Total liabilities	\$ 498,781	\$ 10,918,175	\$ 11,416,956
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 11,706	\$ 1,843	\$ 13,549
OPEB related items	2,545	2,365	4,910
Total deferred inflows of resources	\$ 14,251	\$ 4,208	\$ 18,459
NET POSITION			
Net investment in capital assets	\$ 976,259	\$ 3,722,327	\$ 4,698,586
Unrestricted	5,091,095	654,353	5,745,448
Total net position	\$ 6,067,354	\$ 4,376,680	\$ 10,444,034

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, 2021

	Enterprise Funds		
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ -	\$ 2,634,359	\$ 2,634,359
Electricity	4,097,033	-	4,097,033
Miscellaneous	16,530	47,019	63,549
Total operating revenues	<u>\$ 4,113,563</u>	<u>\$ 2,681,378</u>	<u>\$ 6,794,941</u>
OPERATING EXPENSES			
Personnel services	\$ 316,677	\$ 508,111	\$ 824,788
Fringe benefits	140,001	215,412	355,413
Contractual services	251,271	237,658	488,929
Electric power purchased	2,277,124	-	2,277,124
Other supplies and expenses	698,837	679,541	1,378,378
Depreciation	165,499	820,709	986,208
Total operating expenses	<u>\$ 3,849,409</u>	<u>\$ 2,461,431</u>	<u>\$ 6,310,840</u>
Operating income (loss)	<u>\$ 264,154</u>	<u>\$ 219,947</u>	<u>\$ 484,101</u>
NONOPERATING REVENUES (EXPENSES)			
Connection/reconnection fees	\$ 7,398	\$ 31,130	\$ 38,528
Pole attachment fees	43,020	-	43,020
Federal grant	225,065	85,000	310,065
Interest income	33,528	31,326	64,854
Interest expense	-	(135,446)	(135,446)
Total nonoperating revenues (expenses)	<u>\$ 309,011</u>	<u>\$ 12,010</u>	<u>\$ 321,021</u>
Income before transfers	<u>\$ 573,165</u>	<u>\$ 231,957</u>	<u>\$ 805,122</u>
Transfers out	<u>\$ (401,440)</u>	<u>\$ -</u>	<u>\$ (401,440)</u>
Change in net position	<u>\$ 171,725</u>	<u>\$ 231,957</u>	<u>\$ 403,682</u>
Total net position - beginning	5,895,629	4,144,723	10,040,352
Total net position - ending	<u>\$ 6,067,354</u>	<u>\$ 4,376,680</u>	<u>\$ 10,444,034</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, 2021

	Enterprise Funds		
	Electric	Water and Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,060,260	\$ 2,666,233	\$ 6,726,493
Payments for operating expenses	(3,113,990)	(808,394)	(3,922,384)
Payments to and for employees	(406,194)	(694,045)	(1,100,239)
Net cash provided by (used for) operating activities	\$ 540,076	\$ 1,163,794	\$ 1,703,870
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (401,440)	\$ -	\$ (401,440)
Net cash provided by (used for) noncapital financing activities	\$ (401,440)	\$ -	\$ (401,440)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (273,132)	\$ (917,313)	\$ (1,190,445)
Principal payments on bonds and USDA loans	-	(4,711,362)	(4,711,362)
Connection fees	7,398	31,130	38,528
Pole attachment fees	43,020	-	43,020
Capital contributions and construction grants	-	43,462	43,462
Issuance of USDA loans	-	128,000	128,000
Proceeds from indebtedness	-	4,755,000	4,755,000
Interest payments	-	(224,869)	(224,869)
Net cash provided by (used for) capital and related financing activities	\$ (222,714)	\$ (895,952)	\$ (1,118,666)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 33,528	\$ 31,326	\$ 64,854
Net cash provided by (used for) investing activities	\$ 33,528	\$ 31,326	\$ 64,854
Net increase (decrease) in cash and cash equivalents	\$ (50,550)	\$ 299,168	\$ 248,618
Cash and cash equivalents - beginning	4,775,964	631,735	5,407,699
Cash and cash equivalents - ending	\$ 4,725,414	\$ 930,903	\$ 5,656,317
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 264,154	\$ 219,947	\$ 484,101
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	165,499	820,709	986,208
(Increase) decrease in cash in custody of others	-	(57,938)	(57,938)
(Increase) decrease in accounts receivable	(53,303)	(5,777)	(59,080)
(Increase) decrease in net pension asset/liability	11,591	14,839	26,430
(Increase) decrease in deferred outflows of resources	313	(33,924)	(33,611)
Increase (decrease) in customer deposits payable	-	48,570	48,570
Increase (decrease) in accounts payable	113,242	108,805	222,047
Increase (decrease) in deferred inflows of resources	(15,856)	(26,107)	(41,963)
Increase (decrease) in net OPEB liability	1,549	1,439	2,988
Increase (decrease) in compensated absences	10,668	4,969	15,637
Total adjustments	\$ 275,922	\$ 943,847	\$ 1,219,769
Net cash provided by (used for) operating activities	\$ 540,076	\$ 1,163,794	\$ 1,703,870

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

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

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, 2021

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. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

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, 2021

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, 2021.

Discretely Presented Component Units. The Town has no discretely presented component units at June 30, 2021.

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 when they have been earned and 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 principle and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

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

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.

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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

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

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 cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

E. Investments

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

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

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 \$403,370 at June 30, 2021 and is comprised of property taxes of \$15,003, electric revenues of \$295,467, and water and sewer charges of \$92,900.

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.

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

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. 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

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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.

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

L. 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.

M. Fund Balance

The following classifications of fund balance 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 that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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 OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

M. Fund Balance (Continued)

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 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	\$ -	\$ -	\$ 235,992	\$ 235,992
Total nonspendable fund balance	\$ -	\$ -	\$ 235,992	\$ 235,992
Restricted:				
Cemetery	\$ -	\$ -	\$ 47,637	\$ 47,637
Bus	-	-	328,316	328,316
Asset forfeiture	7,865	-	-	7,865
Youth donations	3,312	-	-	3,312
Vending	1,458	-	-	1,458
Special donations	2,241	-	-	2,241
Benefit bass tournament	2,257	-	-	2,257
National night out	89	-	-	89
Neighborhood cookouts	54	-	-	54
S. Wray donation	9,796	-	-	9,796
Shop with a Cop Program	3,655	-	-	3,655
Total restricted fund balance	\$ 30,727	\$ -	\$ 375,953	\$ 406,680
Committed:				
Capital projects	\$ -	\$ 102,254	\$ -	\$ 102,254
Total committed fund balance	\$ -	\$ 102,254	\$ -	\$ 102,254
Assigned:				
Airport fuel farm	\$ 80,122	\$ -	\$ -	\$ 80,122
Total assigned fund balance	\$ 80,122	\$ -	\$ -	\$ 80,122
Unassigned	\$ 638,035	\$ -	\$ -	\$ 638,035
Total fund balances	\$ 748,884	\$ 102,254	\$ 611,945	\$ 1,463,083

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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 one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability/asset and net OPEB liability and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple 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 asset and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

P. Pensions

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

Q. Other Postemployment Benefits

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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.
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, 2021, as adopted, appropriated and legally amended.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2021.

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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 4—Due from Other Governments:

At June 30, 2021, the Town has receivables from other governments as follows:

	Governmental Activities	Business-type Activities
Other Local Governments:		
County of Nottoway	\$ 70,099	\$ -
Commonwealth of Virginia:		
Rolling stock tax	5,468	-
DMV	2,058	-
Communications tax	2,046	-
Fort Pickett water and sewer payment	-	84,973
VDOT revenue sharing reimbursement	13	-
FEMA grant	250,438	225,065
Transportation grant	31,577	-
Federal Government:		
Transportation grant	57,652	-
Total due from other governments	<u>\$ 419,351</u>	<u>\$ 310,038</u>

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Governmental activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 1,192,822	\$ -	\$ -	\$ 1,192,822
Construction in progress	101,593	65,117	63,739	102,971
Total capital assets not subject to depreciation	<u>\$ 1,294,415</u>	<u>\$ 65,117</u>	<u>\$ 63,739</u>	<u>\$ 1,295,793</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 8,461,640	\$ 91,111	\$ 119,333	\$ 8,433,418
Infrastructure	2,574,836	243,543	-	2,818,379
Machinery and equipment	4,801,478	231,831	31,197	5,002,112
Total capital assets subject to depreciation	<u>\$ 15,837,954</u>	<u>\$ 566,485</u>	<u>\$ 150,530</u>	<u>\$ 16,253,909</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,357,995	\$ 217,648	\$ 119,333	\$ 3,456,310
Infrastructure	580,784	79,873	-	660,657
Machinery and equipment	3,408,066	378,267	31,197	3,755,136
Total accumulated depreciation	<u>\$ 7,346,845</u>	<u>\$ 675,788</u>	<u>\$ 150,530</u>	<u>\$ 7,872,103</u>
Total capital assets subject to depreciation, net	<u>\$ 8,491,109</u>	<u>\$ (109,303)</u>	<u>\$ -</u>	<u>\$ 8,381,806</u>
Governmental activities capital assets, net	<u><u>\$ 9,785,524</u></u>	<u><u>\$ (44,186)</u></u>	<u><u>\$ 63,739</u></u>	<u><u>\$ 9,677,599</u></u>

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 249,575	\$ -	\$ -	\$ 249,575
Construction in progress	42,142	548,063	-	590,205
Total capital assets not subject to depreciation	\$ 291,717	\$ 548,063	\$ -	\$ 839,780
Capital assets subject to depreciation:				
Utility plant in service	\$ 30,959,822	\$ 204,177	\$ -	\$ 31,163,999
Buildings	24,852	-	-	24,852
Machinery and equipment	1,432,536	438,205	-	1,870,741
Total capital assets subject to depreciation	\$ 32,417,210	\$ 642,382	\$ -	\$ 33,059,592
Accumulated depreciation:				
Utility plant in service	\$ 16,862,644	\$ 889,850	\$ -	\$ 17,752,494
Buildings	24,852	-	-	24,852
Machinery and equipment	1,186,427	96,358	-	1,282,785
Total accumulated depreciation	\$ 18,073,923	\$ 986,208	\$ -	\$ 19,060,131
Total capital assets subject to depreciation, net	\$ 14,343,287	\$ (343,826)	\$ -	\$ 13,999,461
Business-type activities capital assets, net	\$ 14,635,004	\$ 204,237	\$ -	\$ 14,839,241

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 40,723
Public safety	223,625
Public works	107,214
Health and welfare	63,637
Parks, recreation and cultural	32,750
Community development	207,839
Total depreciation expense - governmental activities	<u>\$ 675,788</u>
Business-type activities:	
Electric fund	\$ 165,499
Water and Sewer fund	820,709
Total depreciation expense - business-type activities	<u>\$ 986,208</u>
Total depreciation expense - primary government	<u><u>\$ 1,661,996</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, 2021:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 79,751	\$ 32,250	\$ 7,975	\$ 104,026	\$ 10,403
Net OPEB liability	115,720	40,041	33,540	122,221	-
Net pension liability	-	521,905	252,725	269,180	-
Capital leases (Note 7)	45,197	-	11,299	33,898	11,299
Direct borrowings:					
USDA loans	74,876	67,000	84,455	57,421	13,026
Total Governmental Activities	<u>\$ 315,544</u>	<u>\$ 661,196</u>	<u>\$ 389,994</u>	<u>\$ 586,746</u>	<u>\$ 34,728</u>
Business-type Activities:					
Compensated absences	\$ 68,944	\$ 22,531	\$ 6,894	\$ 84,581	\$ 8,458
Net OPEB liability	53,190	18,404	15,416	56,178	-
Net pension liability	-	214,582	104,101	110,481	-
General obligation bonds	7,947,000	4,755,000	4,428,000	8,274,000	2,336,981
Revenue bonds	2,022,017	-	272,181	1,749,836	134,637
Direct borrowings:					
USDA loans	-	128,000	11,181	116,819	13,931
Total Business-type Activities	<u>\$ 10,091,151</u>	<u>\$ 5,138,517</u>	<u>\$ 4,837,773</u>	<u>\$ 10,391,895</u>	<u>\$ 2,494,007</u>
Total Primary Government	<u><u>\$ 10,406,695</u></u>	<u><u>\$ 5,799,713</u></u>	<u><u>\$ 5,227,767</u></u>	<u><u>\$ 10,978,641</u></u>	<u><u>\$ 2,528,735</u></u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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			
	Direct Borrowings			
	USDA Loans		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 13,026	\$ 1,158	\$ 11,299	\$ -
2023	13,322	862	11,299	-
2024	13,625	559	11,300	-
2025	13,935	249	-	-
2026	3,513	13	-	-
Total	<u>\$ 57,421</u>	<u>\$ 2,841</u>	<u>\$ 33,898</u>	<u>\$ -</u>

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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		USDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 134,637	\$ -	\$ 2,336,981	\$ 156,163	\$ 13,931	\$ 2,485
2023	134,637	-	381,563	146,661	14,247	2,169
2024	134,637	-	391,013	136,918	14,571	1,845
2025	134,637	-	401,141	126,935	14,903	1,513
2026	134,637	-	411,450	116,692	12,662	1,189
2027	134,637	-	421,446	106,187	11,043	933
2028	134,637	-	432,633	95,426	11,294	682
2029	134,637	-	443,516	84,379	11,550	425
2030	134,637	-	454,599	73,057	11,813	163
2031	134,637	-	465,890	61,449	805	2
2032	134,637	-	477,891	49,553	-	-
2033	134,637	-	489,609	37,351	-	-
2034	134,192	-	502,050	24,848	-	-
2035	-	-	514,718	12,029	-	-
2036	-	-	149,500	3,708	-	-
Total	<u>\$ 1,749,836</u>	<u>\$ -</u>	<u>\$ 8,274,000</u>	<u>\$ 1,231,356</u>	<u>\$ 116,819</u>	<u>\$ 11,406</u>

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Total Amount</u>
<u>Governmental Activities:</u>	
Capital Lease (Note 7)	<u>\$ 33,898</u>
<u>Direct Borrowing:</u>	
<u>USDA Loan:</u>	
\$67,000 USDA loan issued September 10, 2020, due in monthly installments of \$1,182 through September 10, 2025 with interest due at 2.25%.	<u>\$ 57,421</u>
Compensated absences (payable from General Fund)	<u>\$ 104,026</u>
Net OPEB liability	<u>\$ 122,221</u>
Net pension liability	<u>\$ 269,180</u>
Total Long-term Obligations, Governmental Activities	<u>\$ 586,746</u>

The Town's outstanding notes from direct borrowing related to governmental activities of \$57,421 and business-type activities of \$116,819 contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

Business-type Activities:

Revenue Bond:

\$2,692,743 VRA Revolving Fund, issued September 2012, due in annual installments of \$67,618 through March 3, 2033; interest at 0%.	\$ 1,749,836
Total Revenue Bonds	\$ 1,749,836

General Obligation Bonds:

\$4,405,000 Refunding General Obligation Bond, issued July 25, 2020, due in annual principal installments through August 1, 2034; interest payable semi-annually at rate of 2.55%.	\$ 4,405,000
\$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%.	1,904,000
\$1,615,000 general obligation bond issued March 5, 2020, due in full on July 5, 2021 with interest payable monthly at 2.75%.	1,965,000
Total General Obligation Bonds	\$ 8,274,000

Direct Borrowing:

USDA Loans:

\$21,000 USDA loan issued August 6, 2020, due in monthly installments of \$370 through November 3, 2025 with interest due at 2.25%.	\$ 18,673
\$107,000 USDA loan issued July 1, 2020, due in monthly installments of \$998 through July 1, 2030 with interest due at 2.25%.	\$ 98,146
Total USDA Loans	\$ 116,819
Compensated absences (payable from Enterprise Fund)	\$ 84,581
Net OPEB liability	\$ 56,178
Net pension liability	\$ 110,481
Total Long-term Obligations, Business-type Activities	\$ 10,391,895
Total Long-term Obligations, Primary Government	\$ 10,978,641

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 7—Capital Leases:

The government has entered into a lease agreement as lessee for financing the acquisition of records management software. 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.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 64,200
Less: accumulated depreciation	(19,260)
Total	<u>\$ 44,940</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Year Ended June 30	Governmental Activities
2022	\$ 11,299
2023	11,299
2024	<u>11,300</u>
Total minimum lease payments	\$ 33,898
Less: amount representing interest	<u>-</u>
Present value of minimum lease payments	<u>\$ 33,898</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. Under the accrual basis, assessments for future periods are deferred. 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 \$55,639 at June 30, 2021.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2021 but paid in advance by the taxpayers totaled \$6,132 at June 30, 2021.

Note 9—Litigation:

At June 30, 2021, 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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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.

Note 11—Pension Plans:

Plan Description

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

Benefit Structures

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, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 11—Pension Plans: (Continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 11—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	31
Inactive members:	
Vested inactive members	17
Non-vested inactive members	23
Inactive members active elsewhere in VRS	<u>36</u>
Total inactive members	76
Active members	<u>55</u>
Total covered employees	<u><u>162</u></u>

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2021 was 5.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$132,411 and \$81,205 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Asset/Liability

The net pension asset is calculated separately for each employer and represents that particular employer's total pension asset determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Town, the net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 11—Pension Plans: (Continued)

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, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair 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 6.75. However, since the difference was minimal, and a more conservative 6.75 investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 11—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Line of Duty Disability	Decreased rate from 7.00% to 6.75%

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 11—Pension Plans: (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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strate	6.00%	3.04%	0.18%
PIP - Private Investment Partner	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11—Pension Plans: (Continued)

Discount Rate (Continued)

in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 8,839,833	\$ 8,926,921	\$ (87,088)
Changes for the year:			
Service cost	\$ 221,634	\$ -	\$ 221,634
Interest	586,553	-	586,553
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	7,482	-	7,482
Contributions - employer	-	80,360	(80,360)
Contributions - employee	-	103,859	(103,859)
Net investment income	-	170,699	(170,699)
Benefit payments, including refunds			
Refunds of employee contributions	(300,314)	(300,314)	-
Administrative expenses	-	(5,796)	5,796
Other changes	-	(202)	202
Net changes	\$ 515,355	\$ 48,606	\$ 466,749
Balances at June 30, 2020	\$ 9,355,188	\$ 8,975,527	\$ 379,661

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11—Pension Plans: (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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability (Asset)	\$ 1,599,336	\$ 379,661	\$ (624,446)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$295,025. At June 30, 2021, 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	\$ 48,990	\$ -
Change in assumptions	69,502	-
Net difference between projected and actual earnings on pension plan investments	267,648	-
Proportionate Share	13,549	13,549
Employer contributions subsequent to the measurement date	132,411	-
Total	\$ 532,100	\$ 13,549

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 11—Pension Plans: (Continued)

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

\$132,411 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 ending June 30, 2022. 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>
2022	\$ 124,389
2023	85,502
2024	90,698
2025	85,551
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 12—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

Plan Description (Continued)

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$13,027 and \$11,438 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$178,399 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.01069% as compared to 0.01038% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$4,294. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,443	\$ 1,602
Net difference between projected and actual earnings on GLI OPEB plan investments	5,359	-
Change in assumptions	8,922	3,725
Changes in proportionate share	3,956	10,266
Employer contributions subsequent to the measurement date	13,027	-
Total	\$ 42,707	\$ 15,593

\$13,027 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2022	\$ 178
2023	1,692
2024	4,183
2025	5,730
2026	2,025
Thereafter	279

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Actuarial Assumptions (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Increased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 234,519	\$ 178,399	\$ 132,824

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13—Surety Bonds:

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 14—Interfund Transfers:

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 411,390	\$ -
Capital projects	-	9,950
Electric	-	401,440
Total	<u>\$ 411,390</u>	<u>\$ 411,390</u>

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 15 - Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to VML. VML assumes all liability for the Town's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VML. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2021 was \$26,774.

Note 16—Upcoming Pronouncements:

Statement No. 87, *Leases*, requires 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 16—Upcoming Pronouncements: (Continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 17—COVID-19 Pandemic Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 5, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,726,946 from the initial allocation are reported as unearned revenue as of June 30.

REQUIRED SUPPLEMENTARY INFORMATION

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Town of Blackstone, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>		
REVENUES					
General property taxes	\$ 460,700	\$ 488,107	\$ 528,924	\$ 40,817	
Other local taxes	1,143,000	1,204,521	1,321,644	117,123	
Permits, privilege fees, and regulatory licenses	4,250	4,250	4,775	525	
Fines and forfeitures	18,500	18,500	9,149	(9,351)	
Revenue from the use of money and property	39,100	39,100	59,546	20,446	
Charges for services	675,500	675,500	674,483	(1,017)	
Miscellaneous	41,950	59,875	119,750	59,875	
Recovered costs	761,015	764,772	812,561	47,789	
Intergovernmental:					
Commonwealth	1,263,380	1,265,980	1,319,766	53,786	
Federal	400,000	723,701	413,256	(310,445)	
Total revenues	\$ 4,807,395	\$ 5,244,306	\$ 5,263,854	\$ 19,548	
EXPENDITURES					
Current:					
General government administration	\$ 906,280	\$ 935,205	\$ 980,164	\$ (44,959)	
Public safety	1,474,320	1,476,820	1,564,104	(87,284)	
Public works	1,861,410	2,089,576	2,317,299	(227,723)	
Parks, recreation, and cultural	21,900	21,900	19,780	2,120	
Community development	-	9,500	4,750	4,750	
Capital projects	951,080	1,118,900	283,437	835,463	
Debt service:					
Principal retirement	36,735	36,735	95,754	(59,019)	
Interest and other fiscal charges	5,770	5,770	4,748	1,022	
Total expenditures	\$ 5,257,495	\$ 5,694,406	\$ 5,270,036	\$ 424,370	
Excess (deficiency) of revenues over (under) expenditures	\$ (450,100)	\$ (450,100)	\$ (6,182)	\$ 443,918	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 411,390	\$ 411,390	\$ 411,390	\$ -	
Transfers out	(266,290)	(266,290)	-	266,290	
Issuance of USDA loan	-	-	67,000	67,000	
Total other financing sources (uses)	\$ 145,100	\$ 145,100	\$ 478,390	\$ 333,290	
Net change in fund balances	\$ (305,000)	\$ (305,000)	\$ 472,208	\$ 777,208	
Fund balances - beginning	305,000	305,000	276,676	(28,324)	
Fund balances - ending	\$ -	\$ -	\$ 748,884	\$ 748,884	

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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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ 5,085	\$ 2,585
Charges for services	62,001	62,001	42,795	(19,206)
Miscellaneous	-	-	20,855	20,855
Recovered costs	90,485	90,485	58,000	(32,485)
Intergovernmental:				
Commonwealth	120,618	120,618	58,775	(61,843)
Federal	358,866	358,866	483,305	124,439
Total revenues	<u>\$ 634,470</u>	<u>\$ 634,470</u>	<u>\$ 668,815</u>	<u>\$ 34,345</u>
EXPENDITURES				
Current:				
Community development	\$ 675,160	\$ 682,237	\$ 561,207	\$ 121,030
Total expenditures	<u>\$ 675,160</u>	<u>\$ 682,237</u>	<u>\$ 561,207</u>	<u>\$ 121,030</u>
Net change in fund balances	\$ (40,690)	\$ (47,767)	\$ 107,608	\$ 155,375
Fund balances - beginning	40,690	47,767	504,337	456,570
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611,945</u>	<u>\$ 611,945</u>

Town of Blackstone, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 221,634	\$ 203,635
Interest	586,553	514,506
Changes in benefit terms	-	502,413
Changes of assumptions	-	265,280
Differences between expected and actual experience	7,482	168,969
Benefit payments	(300,314)	(330,120)
Net change in total pension liability	\$ 515,355	\$ 1,324,683
Total pension liability - beginning	8,839,833	7,515,150
Total pension liability - ending (a)	\$ 9,355,188	\$ 8,839,833
Plan fiduciary net position		
Contributions - employer	\$ 80,360	\$ 78,286
Contributions - employee	103,859	97,314
Net investment income	170,699	565,201
Benefit payments	(300,314)	(330,120)
Administrator charges	(5,796)	(5,631)
Other	(202)	(356)
Net change in plan fiduciary net position	\$ 48,606	\$ 404,694
Plan fiduciary net position - beginning	8,926,921	8,522,227
Plan fiduciary net position - ending (b)	\$ 8,975,527	\$ 8,926,921
Town's net pension liability (asset) - ending (a) - (b)	\$ 379,661	\$ (87,088)
Plan fiduciary net position as a percentage of the total pension liability	95.94%	100.99%
Covered payroll	\$ 2,199,687	\$ 2,035,841
Town's net pension liability (asset) as a percentage of covered payroll	17.26%	-4.28%

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.

Exhibit 12

2018	2017	2016	2015	2014
\$ 168,972	\$ 192,963	\$ 205,442	\$ 202,800	\$ 202,242
494,317	492,549	464,412	436,936	405,478
-	-	-	-	-
-	(222,193)	-	-	-
(70,757)	(195,722)	(70,416)	(71,906)	-
(278,100)	(206,580)	(188,378)	(162,254)	(154,388)
\$ 314,432	\$ 61,017	\$ 411,060	\$ 405,576	\$ 453,332
7,200,718	7,139,701	6,728,641	6,323,065	5,869,733
\$ 7,515,150	\$ 7,200,718	\$ 7,139,701	\$ 6,728,641	\$ 6,323,065
\$ 93,508	\$ 69,399	\$ 119,272	\$ 121,223	\$ 182,650
112,322	102,844	103,383	105,159	101,458
593,513	878,767	125,007	307,829	900,522
(278,100)	(206,580)	(188,378)	(162,254)	(154,388)
(5,078)	(5,017)	(4,308)	(4,089)	(4,700)
(529)	(782)	(52)	(64)	47
\$ 515,636	\$ 838,631	\$ 154,924	\$ 367,804	\$ 1,025,589
8,006,591	7,167,960	7,013,036	6,645,232	5,619,643
\$ 8,522,227	\$ 8,006,591	\$ 7,167,960	\$ 7,013,036	\$ 6,645,232
\$ (1,007,077)	\$ (805,873)	\$ (28,259)	\$ (284,395)	\$ (322,167)
113.40%	111.19%	100.40%	104.23%	105.10%
\$ 2,011,967	\$ 2,011,054	\$ 2,090,676	\$ 2,113,608	\$ 2,032,098
-50.05%	-40.07%	-1.35%	-13.46%	-15.85%

Town of Blackstone, Virginia
Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2012 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2021	\$ 132,411	\$ 132,411	\$ -	\$ 2,412,471	5.49%
2020	81,205	81,205	-	2,199,687	3.69%
2019	77,944	77,944	-	2,035,841	3.83%
2018	93,508	93,508	-	2,011,967	4.65%
2017	69,399	69,399	-	2,011,054	3.45%
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%

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 - Pension Plan
For the Year Ended June 30, 2021

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Increased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Town of Blackstone, Virginia
Schedule of Town's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.01069% \$	178,399 \$	2,199,687	8.11%	52.64%
2019	0.01038%	168,910	2,035,841	8.30%	52.00%
2018	0.01058%	160,000	2,011,967	7.95%	51.22%
2017	0.01090%	164,000	2,011,054	8.15%	48.86%

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

Town of Blackstone, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2014 through June 30, 2021

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)
2021	\$ 13,027	\$ 13,027	\$ -	\$ 2,412,471	0.54%
2020	11,438	11,438	-	2,199,687	0.52%
2019	10,586	10,586	-	2,035,841	0.52%
2018	10,462	10,462	-	2,011,967	0.52%
2017	10,457	10,457	-	2,011,054	0.52%
2016	10,035	10,035	-	2,090,676	0.48%
2015	9,368	9,368	-	2,113,608	0.44%
2014	10,063	10,063	-	2,032,098	0.50%

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

Town of Blackstone, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 23,800	\$ 23,800	\$ 23,750	\$ (50)
Miscellaneous	14,200	14,200	71,404	57,204
Intergovernmental:				
Local government				-
Commonwealth	456,402	456,402	21,564	(434,838)
Federal	756,953	2,006,953	503,121	(1,503,832)
Total revenues	<u>\$ 1,251,355</u>	<u>\$ 2,501,355</u>	<u>\$ 619,839</u>	<u>\$ (1,881,516)</u>
EXPENDITURES				
Capital projects	\$ 1,757,695	\$ 3,007,695	\$ 564,419	\$ 2,443,276
Total expenditures	<u>\$ 1,757,695</u>	<u>\$ 3,007,695</u>	<u>\$ 564,419</u>	<u>\$ 2,443,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (506,340)</u>	<u>\$ (506,340)</u>	<u>\$ 55,420</u>	<u>\$ 561,760</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 266,290	\$ 266,290	\$ -	\$ (266,290)
Transfers out	(9,950)	(9,950)	(9,950)	-
Total other financing sources (uses)	<u>\$ 256,340</u>	<u>\$ 256,340</u>	<u>\$ (9,950)</u>	<u>\$ (266,290)</u>
Net change in fund balances	\$ (250,000)	\$ (250,000)	\$ 45,470	\$ 295,470
Fund balances - beginning	250,000	250,000	56,784	(193,216)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,254</u>	<u>\$ 102,254</u>

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SUPPORTING SCHEDULES

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Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 358,500	\$ 375,707	\$ 393,737	\$ 18,030
Personal property taxes	90,700	100,900	115,886	14,986
Penalties	5,000	5,000	8,738	3,738
Interest	6,500	6,500	10,563	4,063
Total general property taxes	\$ 460,700	\$ 488,107	\$ 528,924	\$ 40,817
Other local taxes:				
Local sales and use taxes	\$ 175,000	\$ 192,100	\$ 219,620	\$ 27,520
Consumption tax	15,000	27,300	13,793	(13,507)
Business license taxes	165,000	170,400	179,886	9,486
Motor vehicle licenses	50,000	58,000	59,800	1,800
Bank stock taxes	105,000	105,000	137,717	32,717
Cigarette taxes	90,000	90,000	74,382	(15,618)
Hotel and motel room taxes	18,000	18,000	26,376	8,376
Restaurant food taxes	525,000	543,721	610,070	66,349
Total other local taxes	\$ 1,143,000	\$ 1,204,521	\$ 1,321,644	\$ 117,123
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 4,250	\$ 4,250	\$ 4,775	\$ 525
Fines and forfeitures:				
Court fines and forfeitures	\$ 18,500	\$ 18,500	\$ 9,149	\$ (9,351)
Revenue from use of money and property:				
Revenue from use of money	\$ 20,000	\$ 20,000	\$ 39,346	\$ 19,346
Revenue from use of property	19,100	19,100	20,200	1,100
Total revenue from use of money and property	\$ 39,100	\$ 39,100	\$ 59,546	\$ 20,446
Charges for services:				
Charges for fire service	\$ 10,000	\$ 10,000	\$ 8,213	\$ (1,787)
Charges for sanitation and waste removal	425,500	425,500	442,160	16,660
Charges for aviation fuel	240,000	240,000	224,110	(15,890)
Total charges for services	\$ 675,500	\$ 675,500	\$ 674,483	\$ (1,017)
Miscellaneous:				
Miscellaneous	\$ 41,950	\$ 59,875	\$ 119,750	\$ 59,875

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 535,045	\$ 535,045	\$ 535,044	\$ (1)
DMV	34,500	34,500	39,344	4,844
Garage labor	60,000	60,000	68,095	8,095
Recovered costs	25,000	28,757	42,765	14,008
County fire and rescue	41,910	41,910	52,028	10,118
County recreation	2,000	2,000	2,000	-
Fire contribution	55,560	55,560	57,035	1,475
Excise tax refund	7,000	7,000	16,250	9,250
Total recovered costs	<u>\$ 761,015</u>	<u>\$ 764,772</u>	<u>\$ 812,561</u>	<u>\$ 47,789</u>
Total revenue from local sources	<u>\$ 3,144,015</u>	<u>\$ 3,254,625</u>	<u>\$ 3,530,832</u>	<u>\$ 276,207</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 6,000	\$ 6,000	\$ 5,549	\$ (451)
Auto rental tax	505	505	1,563	1,058
Communications tax	13,000	13,000	13,120	120
Personal property tax relief funds	42,985	42,985	42,986	1
Total noncategorical aid	<u>\$ 62,490</u>	<u>\$ 62,490</u>	<u>\$ 63,218</u>	<u>\$ 728</u>
Categorical aid:				
Other categorical aid:				
Streets and highway maintenance	\$ 1,096,000	\$ 1,096,000	\$ 1,130,409	\$ 34,409
DJCP grants for law enforcement	90,780	90,780	103,189	12,409
Litter control	2,000	2,000	1,772	(228)
Fire programs and grants	12,110	12,110	15,000	2,890
Games of skill	-	2,600	5,760	3,160
Asset forfeiture funds	-	-	418	418
Total other categorical aid	<u>\$ 1,200,890</u>	<u>\$ 1,203,490</u>	<u>\$ 1,256,548</u>	<u>\$ 53,058</u>
Total categorical aid	<u>\$ 1,200,890</u>	<u>\$ 1,203,490</u>	<u>\$ 1,256,548</u>	<u>\$ 53,058</u>
Total revenue from the Commonwealth	<u>\$ 1,263,380</u>	<u>\$ 1,265,980</u>	<u>\$ 1,319,766</u>	<u>\$ 53,786</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Other categorical aid:				
Transportation safety	\$ -	\$ -	\$ 3,012	\$ 3,012
USDA grant	400,000	494,500	25,000	(469,500)
FEMA grant	-	215,666	257,935	42,269
Department of Justice grant	-	-	6,686	6,686
CARES grant	-	13,535	120,623	107,088
Total other categorical aid	\$ 400,000	\$ 723,701	\$ 413,256	\$ (310,445)
Total revenue from the federal government	\$ 400,000	\$ 723,701	\$ 413,256	\$ (310,445)
Total General Fund	\$ 4,807,395	\$ 5,244,306	\$ 5,263,854	\$ 19,548
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,500	\$ 2,500	\$ 5,085	\$ 2,585
Charges for services:				
Charges for cemetery care	\$ 500	\$ 500	\$ 280	\$ (220)
Cemetery lot sales	13,000	13,000	13,040	40
Charges for bus fares	48,501	48,501	29,475	(19,026)
Total charges for services	\$ 62,001	\$ 62,001	\$ 42,795	\$ (19,206)
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 20,855	\$ 20,855
Recovered costs:				
Reimbursement from localities	\$ 90,485	\$ 90,485	\$ 58,000	\$ (32,485)
Total revenue from local sources	\$ 154,986	\$ 154,986	\$ 126,735	\$ (28,251)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grant	\$ 120,618	\$ 120,618	\$ 58,775	\$ (61,843)
Total revenue from the Commonwealth	\$ 120,618	\$ 120,618	\$ 58,775	\$ (61,843)

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 358,866	\$ 358,866	\$ 483,305	\$ 124,439
Total revenue from the federal government	\$ 358,866	\$ 358,866	\$ 483,305	\$ 124,439
Total Special Revenue Fund	\$ 634,470	\$ 634,470	\$ 668,815	\$ 34,345
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 23,800	\$ 23,800	\$ 23,750	\$ (50)
Miscellaneous:				
Miscellaneous	\$ 14,200	\$ 14,200	\$ 71,404	\$ 57,204
Total revenue from local sources	\$ 38,000	\$ 38,000	\$ 95,154	\$ 57,154
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT revenue sharing	\$ 456,402	\$ 456,402	\$ 21,564	\$ (434,838)
Total revenue from the Commonwealth	\$ 456,402	\$ 456,402	\$ 21,564	\$ (434,838)
Revenue from the federal government:				
Categorical aid:				
VDOT TAP 21	\$ -	\$ -	\$ 12,771	\$ 12,771
Community development block grant	517,400	1,767,400	490,350	(1,277,050)
Urban funds	239,553	239,553	-	(239,553)
Total categorical aid	\$ 756,953	\$ 2,006,953	\$ 503,121	\$ (1,503,832)
Total revenue from the federal government	\$ 756,953	\$ 2,006,953	\$ 503,121	\$ (1,503,832)
Total Capital Projects Fund	\$ 1,251,355	\$ 2,501,355	\$ 619,839	\$ (1,881,516)
Total Revenues -- Primary Government	\$ 6,693,220	\$ 8,380,131	\$ 6,552,508	\$ (1,827,623)

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 36,520	\$ 47,520	\$ 32,856	\$ 14,664
General and financial administration:				
Town Manager and financial administration	\$ 869,760	\$ 887,685	\$ 947,308	\$ (59,623)
Total general government administration	\$ 906,280	\$ 935,205	\$ 980,164	\$ (44,959)
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,258,100	\$ 1,260,600	\$ 1,341,927	\$ (81,327)
Fire and rescue services:				
Fire department	\$ 216,220	\$ 216,220	\$ 222,177	\$ (5,957)
Total public safety	\$ 1,474,320	\$ 1,476,820	\$ 1,564,104	\$ (87,284)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street maintenance	\$ 948,810	\$ 1,164,476	\$ 1,235,127	\$ (70,651)
Traffic lights	4,350	4,350	2,215	2,135
Total maintenance of highways, streets, bridges and sidewalks	\$ 953,160	\$ 1,168,826	\$ 1,237,342	\$ (68,516)
Sanitation and waste removal:				
Refuse collection	\$ 382,400	\$ 382,400	\$ 397,098	\$ (14,698)
Maintenance of general buildings and grounds:				
General properties	\$ 48,650	\$ 61,150	\$ 56,591	\$ 4,559
Airport	251,500	251,500	371,732	(120,232)
Garage department	225,700	225,700	254,536	(28,836)
Total maintenance of general buildings and grounds	\$ 525,850	\$ 538,350	\$ 682,859	\$ (144,509)
Total public works	\$ 1,861,410	\$ 2,089,576	\$ 2,317,299	\$ (227,723)
Parks, recreation, and cultural:				
Cultural enrichment:				
Museum	\$ 11,300	\$ 11,300	\$ 11,068	\$ 232
Library:				
Contribution to library	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Library administration	8,600	8,600	6,712	1,888
Total library	\$ 10,600	\$ 10,600	\$ 8,712	\$ 1,888
Total parks, recreation, and cultural	\$ 21,900	\$ 21,900	\$ 19,780	\$ 2,120

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ -	\$ 9,500	\$ 4,750	\$ 4,750
Total planning and community development	\$ -	\$ 9,500	\$ 4,750	\$ 4,750
Capital projects:				
Administration	\$ 8,000	\$ 21,535	\$ 30,566	\$ (9,031)
Police department	16,000	108,000	148,583	(40,583)
Street maintenance	50,000	50,000	9,279	40,721
Garbage department	97,080	100,837	15,032	85,805
Garage	5,000	20,000	19,844	156
Carriage museum	-	43,528	39,528	4,000
Fire department	775,000	775,000	20,605	754,395
Total capital projects	\$ 951,080	\$ 1,118,900	\$ 283,437	\$ 835,463
Debt service:				
Principal retirement	\$ 36,735	\$ 36,735	\$ 95,754	\$ (59,019)
Interest and other fiscal charges	5,770	5,770	4,748	1,022
Total debt service	\$ 42,505	\$ 42,505	\$ 100,502	\$ (57,997)
Total General Fund	\$ 5,257,495	\$ 5,694,406	\$ 5,270,036	\$ 424,370
Special Revenue Fund:				
Community Development:				
Planning and community development:				
Bus program	\$ 657,460	\$ 657,460	\$ 537,806	\$ 119,654
Cemetery	17,700	24,777	23,401	1,376
Total planning and community development	\$ 675,160	\$ 682,237	\$ 561,207	\$ 121,030
Total Special Revenue Fund	\$ 675,160	\$ 682,237	\$ 561,207	\$ 121,030
Capital Projects Fund:				
Capital projects:				
Church Street project	\$ 7,200	\$ 7,200	\$ 6,332	\$ 868
Medical center	16,850	16,850	14,202	2,648
East end grant	517,400	1,767,400	479,319	1,288,081
Weatherization	4,000	4,000	10,311	(6,311)
Capital improvement	1,212,245	1,212,245	54,255	1,157,990
Total capital projects	\$ 1,757,695	\$ 3,007,695	\$ 564,419	\$ 2,443,276
Total Capital Projects Fund	\$ 1,757,695	\$ 3,007,695	\$ 564,419	\$ 2,443,276
Total Expenditures -- Primary Government	\$ 7,690,350	\$ 9,384,338	\$ 6,395,662	\$ 2,988,676

OTHER STATISTICAL INFORMATION

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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
2011-12	\$ 595,710	\$ 1,431,174	\$ 1,721,599	\$ 63,637	\$ 70,165	\$ 979,646	\$ 106,279	\$ 6,558,636	\$ 11,526,846
2012-13	521,580	1,333,146	1,358,171	66,112	56,315	1,019,675	93,037	7,026,437	11,474,473
2013-14	329,954	1,264,552	1,643,590	63,637	46,604	901,498	76,411	6,358,400	10,684,646
2014-15	394,002	1,417,354	2,455,263	63,637	77,746	740,463	74,059	6,590,681	11,813,205
2015-16	279,462	1,459,714	2,262,961	63,637	72,641	740,701	78,686	6,556,738	11,514,540
2016-17	281,371	1,360,570	2,449,110	63,637	68,554	1,104,329	29,863	6,000,066	11,357,500
2017-18	342,731	1,345,450	1,955,439	63,637	13,563	1,065,627	41,852	5,942,174	10,770,473
2018-19	323,397	1,192,583	1,377,062	63,637	49,935	1,653,360	50,989	5,759,354	10,470,317
2019-20	534,715	1,428,089	2,517,171	63,637	77,227	1,579,398	23,749	6,375,074	12,599,060
2020-21	453,699	1,669,370	2,175,799	63,637	50,530	1,234,139	4,748	6,446,286	12,098,208

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
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
2017-18	8,030,879	2,247,926	7,819		498,533	1,345,775	333,659	347,170	60,653	12,872,414
2018-19	8,111,224	1,856,219	18,511		533,584	1,407,365	353,754	201,204	71,468	12,553,329
2019-20	7,550,498	2,322,243	690,849		511,745	1,272,034	144,320	297,650	63,787	12,853,126
2020-21	7,544,142	2,723,798	322,836		510,858	1,321,644	153,235	275,558	63,218	12,915,289

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
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
2018	872,244	1,218,877	2,229,215	24,308	546,954	334,335	5,225,933
2019	927,630	1,283,978	2,200,295	29,560	656,368	309,814	5,407,645
2020	928,205	1,277,157	2,430,323	20,779	559,466	105,610	5,321,540
2021	980,164	1,564,104	2,317,299	19,780	565,957	100,502	5,547,806

(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
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
2018	471,214	1,345,775	4,065	18,764	33,554	768,198	219,270	795,594	1,662,528	5,318,962
2019	549,036	1,407,365	4,260	21,135	57,404	752,035	99,528	790,383	1,911,515	5,592,661
2020	528,487	1,272,034	5,575	15,700	72,806	651,391	180,121	822,384	1,805,874	5,354,372
2021	528,924	1,321,644	4,775	9,149	64,631	717,278	140,605	870,561	2,275,102	5,932,669

(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
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%
2018	521,022	494,294	94.87%	4,880	499,174	95.81%	102,101	19.60%
2019	549,699	528,861	96.21%	42,249	571,110	103.90%	80,989	14.73%
2020	552,123	522,795	94.69%	31,358	554,153	100.37%	64,067	11.60%
2021	557,575	524,730	94.11%	27,879	552,609	99.11%	56,231	10.08%

(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	Aircraft	Public Service (2)	Total
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
2018	171,650,370	15,148,809	597,222	129,451	-	4,035,387	191,561,239
2019	178,228,559	16,974,104	374,228	82,634	-	4,353,476	200,013,001
2020	173,657,064	17,366,821	809,292	61,324	40,500	4,087,065	196,022,066
2021	173,672,629	17,751,464	899,325	49,505	-	3,804,746	196,177,669

(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		Aircraft		Public Utility			
											Real Estate	Personal Property		
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
2018		0.22		0.85		0.85		0.22		-		0.22		0.85
2019		0.22		0.85		0.85		0.22		-		0.22		0.85
2020		0.22		0.85		0.85		0.22		0.50		0.22		0.85
2021		0.22		0.85		0.85		0.22		0.50		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			
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	
2018	3,621	191,561,239	8,780,250	8,520,250	260,000	0.14%	72	
2019	3,621	200,013,001	8,205,250	8,205,250	-	0.00%	-	
2020	3,621	196,022,066	7,947,000	7,947,000	-	0.00%	-	
2021	3,352	196,177,669	8,274,000	8,274,000	-	0.00%	-	

(1) Weldon Cooper Center for Public Service, 2010 Census count.

(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, 2021

Assessed value of real property, January 1, 2020 (1)	\$ 179,687,060
Debt limit: 10% of assessed value	\$ 17,968,706
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 10,023,836
Less: Revenue bonds	(1,749,836)
Net general obligation bonds and loans	\$ 8,274,000
Legal debt limit	\$ 9,694,706

(1) Assessed value of real property, including public service corporations as of January 1, 2020.

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

Table 10

Town of Blackstone, Virginia
Pledged Revenue Coverage
Last Ten Fiscal Years (4)

Water and Sewer Revenue Bonds							
Fiscal Year	Gross Revenues (1)	Less Operating Expenses (2) (3)	Net Revenues			Coverage	
			Available for		Debt Service		
			Debt Service	Principal			Interest
2013	\$ 2,143,670	\$ 2,008,750	\$ 134,920	\$ 433,318	\$ 51,072	28%	
2014	2,258,846	2,099,687	159,159	537,836	29,085	28%	
2015	2,299,665	2,061,434	238,231	719,557	35,181	32%	
2016	2,216,110	2,019,402	196,708	258,490	-	76%	
2017	2,455,979	1,915,063	540,916	258,489	-	209%	
2018	2,534,261	1,941,855	592,406	258,489	-	229%	
2019	2,587,720	2,062,279	525,441	286,030	-	184%	
2020	2,318,711	2,298,060	20,651	203,407	-	10%	
2021	2,681,378	2,461,431	219,947	272,181	-	81%	

(1) Operating revenues, interest and connection fees as described in Note 1.

(2) Net of depreciation and amortization.

(3) Operating expenses for prior years were restated to eliminate capacity rights amortization.

(4) Information prior to 2013 is not available

COMPLIANCE

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**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, 2021, 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 October 26, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements. 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
October 26, 2021



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Blackstone, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Blackstone, Virginia's major federal programs for the year ended June 30, 2021. The Town of Blackstone, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Blackstone, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Blackstone, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Blackstone, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Blackstone, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Town of Blackstone, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Blackstone, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Blackstone, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farnum, Cox Associates

Richmond, Virginia
October 26, 2021

Town of Blackstone, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Direct Payments:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 257,935
Hazard Mitigation Grant	97.039	N/A	225,065
			<u>483,000</u>
Total Department of Homeland Security			<u>\$ 483,000</u>
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants (Community Facilities Loans and Grants Cluster)	10.766	N/A	\$ 110,000
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Service:			
COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034	390002-90000	\$ 6,686
Department of Transportation:			
Pass-through Payments:			
Virginia Department of Transportation:			
Highway Planning and Construction (ISTEA)			
(Highway Planning and Construction Cluster)	20.205	60302300-110967	\$ 12,771
Department of Motor Vehicles:			
Federal Transit Formula Grants (Federal Transit Cluster)	20.507	6090100-42500	3,500
Formula Grants for Rural Areas and Tribal Transit Program	20.509	6090100-42500	479,805
Alcohol Open Container Requirements	20.607	60500700-53000	3,012
			<u>499,088</u>
Total Department of Transportation			<u>\$ 499,088</u>
Department of the Treasury:			
Pass Through Payments:			
County of Nottoway, Virginia:			
COVID-19-Coronavirus Relief Fund	21.019	Not Available	\$ 120,623
Department of Housing and Urban Development:			
Pass-through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program			
and Non-Entitlement Grants in Hawaii	14.228	5330500-50790	\$ 490,350
			<u>490,350</u>
Total Expenditures of Federal Awards			<u>\$ 1,709,747</u>

See accompanying notes to schedule of expenditures of federal awards.

Town of Blackstone, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Blackstone, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Blackstone, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Town of Blackstone, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	413,256
Special Revenue Fund		483,305
Capital Projects Fund		503,121
Electric Fund		225,065
Water and Sewer Fund		85,000
Total primary government	\$	<u>1,709,747</u>
Total federal expenditures per basic financial statements	\$	<u><u>1,709,747</u></u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>1,709,747</u></u>

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

The Town did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

TOWN OF BLACKSTONE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified?

_____ yes ✓ none reported

Noncompliance material to financial statements noted?

_____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified?

_____ yes ✓ none reported

Type of auditors' report issued on compliance
for major programs:

unmodified

Any findings disclosed that are required to be
reported in accordance with 2 CFR section
200.516(a)?

_____ yes ✓ no

Identification of major programs:

Assistance Listing Number(s)

14.228

Name of Federal Program or Cluster

Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii

20.509

Formula Grants for Rural Areas and Tribal Transit Program

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes ✓ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

TOWN OF BLACKSTONE, VIRGINIA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Findings - Commonwealth of Virginia

2020-001:

Condition:

The Town held their public hearing on June 18, 2018 on the FY2020 budget but did not provide 7 days of public notice to citizens within the local government. The public hearing was advertised in the Courier-Record on June 13, 2018.

Recommendation:

Town management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the Code of Virginia.

Current Status:

Corrective action was noted during the audit for the year ended June 30, 2021.