

TOWN OF BLACKSTONE, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TOWN OF BLACKSTONE, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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TOWN OF BLACKSTONE, VIRGINIA

TOWN COUNCIL

William D. Coleburn, Mayor

Richard Eaton
Eric M. Nash
Barbara Thompson

Richard C. Keller
Alfred V. Tucker
Sam Moncure
Lee F. Scott, Jr.

OTHER OFFICIALS

Town Manager
Town Clerk
Chief of Police
Town Attorney

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

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TOWN OF BLACKSTONE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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FINANCIAL REPORT
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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Blackstone, Virginia, as of and for the year ended June 30, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Blackstone, Virginia's basic financial statements. The individual fund financial 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The individual fund financial statements and schedules, supporting schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules, 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 January 2, 2015, on our consideration of Town of Blackstone, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Blackstone, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia
January 2, 2015

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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, 2014

	Primary Government		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,020,732	\$ 1,441,814	\$ 2,462,546
Receivables (net of allowance for uncollectibles):			
Taxes receivable	75,350	-	75,350
Accounts receivable	143,207	502,678	645,885
Notes receivable	1,022	-	1,022
Due from other governmental units	103,168	55,641	158,809
Prepaid items	47,544	-	47,544
Capital assets (net of accumulated depreciation):			
Land	1,192,822	249,575	1,442,397
Buildings and improvements	6,398,326	-	6,398,326
Utility plant in service	-	10,729,372	10,729,372
Machinery and equipment	1,384,996	224,894	1,609,890
Infrastructure	867,098	-	867,098
Construction in progress	-	2,083,671	2,083,671
Total assets	<u>\$ 11,234,265</u>	<u>\$ 15,287,645</u>	<u>\$ 26,521,910</u>
DEFERRED OUTFLOW OF RESOURCES			
Accumulated decrease in fair value of interest rate swap agreement	\$ 59,600	\$ -	\$ 59,600
Total deferred outflow of resources	<u>\$ 59,600</u>	<u>\$ -</u>	<u>\$ 59,600</u>
LIABILITIES			
Accounts payable	\$ 271,026	\$ 321,445	\$ 592,471
Accrued interest payable	-	59,689	59,689
Customer deposits payable	-	164,403	164,403
Long-term liabilities:			
Due within one year	240,991	506,925	747,916
Due in more than one year	1,215,207	9,084,648	10,299,855
Total liabilities	<u>\$ 1,727,224</u>	<u>\$ 10,137,110</u>	<u>\$ 11,864,334</u>
DEFERRED INFLOW OF RESOURCES			
Deferred revenue - property taxes	\$ 1,668	\$ -	\$ 1,668
Total deferred inflow of resources	<u>\$ 1,668</u>	<u>\$ -</u>	<u>\$ 1,668</u>
NET POSITION			
Net investment in capital assets	\$ 8,565,613	\$ 3,780,286	\$ 12,345,899
Unrestricted	999,360	1,370,249	2,369,609
Total net position	<u>\$ 9,564,973</u>	<u>\$ 5,150,535</u>	<u>\$ 14,715,508</u>

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

Town of Blackstone, Virginia
Statement of Activities
For the Year Ended June 30, 2014

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	\$ 394,002	\$ -	\$ -	\$ -	\$ (394,002)		\$ (394,002)
Public safety	1,417,354	35,261	227,153	-	(1,154,940)		(1,154,940)
Public works	2,455,263	1,108,080	962,145	-	(385,038)		(385,038)
Health and welfare	63,637	-	25,000	-	(38,637)		(38,637)
Parks, recreation, and cultural	77,746	-	-	-	(77,746)		(77,746)
Community development	740,463	26,732	306,571	224,233	(182,927)		(182,927)
Interest on long-term debt	74,059	-	-	-	(74,059)		(74,059)
Total governmental activities	\$ 5,222,524	\$ 1,170,073	\$ 1,520,869	\$ 224,233	\$ (2,307,349)		\$ (2,307,349)
Business-type activities:							
Electric Fund	\$ 4,098,881	\$ 4,510,881	\$ -	\$ -		\$ 412,000	\$ 412,000
Water and Sewer Fund	2,491,800	2,259,645	-	37,006		(195,149)	(195,149)
Total business-type activities	\$ 6,590,681	\$ 6,770,526	\$ -	\$ 37,006		\$ 216,851	\$ 216,851
Total primary government	\$ 11,813,205	\$ 7,940,599	\$ 1,520,869	\$ 261,239			\$ (2,090,498)
General revenues:							
General property taxes					\$ 396,882	\$ -	\$ 396,882
Other local taxes:							
Local sales and use tax					173,700	-	173,700
Business license tax					161,103	-	161,103
Restaurant food tax					567,165	-	567,165
Other local taxes					309,134	-	309,134
Unrestricted revenues from use of money and property					301,730	-	301,730
Miscellaneous					200,139	54,706	254,845
Grants and contributions not restricted to specific programs					61,343	-	61,343
Transfers					(164,626)	164,626	-
Total general revenues and transfers					\$ 2,006,570	\$ 219,332	\$ 2,225,902
Change in net position					\$ (300,779)	\$ 436,183	\$ 135,404
Net position - beginning					9,865,752	4,714,352	14,580,104
Net position - ending					\$ 9,564,973	\$ 5,150,535	\$ 14,715,508

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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 454,481	\$ 202,792	\$ 363,459	\$ 1,020,732
Receivables (net of allowance for uncollectibles):				
Taxes receivable	75,350	-	-	75,350
Accounts receivable	120,531	20,642	2,034	143,207
Notes receivable	-	1,022	-	1,022
Due from other governmental units	38,224	18,770	46,174	103,168
Prepaid items	-	47,544	-	47,544
Total assets	<u>\$ 688,586</u>	<u>\$ 290,770</u>	<u>\$ 411,667</u>	<u>\$ 1,391,023</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 270,004	\$ 1,022	\$ -	\$ 271,026
Total liabilities	<u>\$ 270,004</u>	<u>\$ 1,022</u>	<u>\$ -</u>	<u>\$ 271,026</u>
Deferred inflow of resources:				
Unavailable revenue - property taxes	\$ 69,237	\$ -	\$ -	\$ 69,237
Total deferred inflow of resources	<u>\$ 69,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,237</u>
Fund balances:				
Nonspendable	\$ -	\$ 47,544	\$ 221,572	\$ 269,116
Restricted	3,205	-	190,095	193,300
Committed	-	242,204	-	242,204
Assigned	7,705	-	-	7,705
Unassigned	338,435	-	-	338,435
Total fund balances	<u>\$ 349,345</u>	<u>\$ 289,748</u>	<u>\$ 411,667</u>	<u>\$ 1,050,760</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 688,586</u>	<u>\$ 290,770</u>	<u>\$ 411,667</u>	<u>\$ 1,391,023</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 1,050,760	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,843,242	
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds. This item consists of unavailable tax revenues.	67,569	
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	\$ (118,969)	
General obligation bond	(1,165,000)	
Capital leases	(112,629)	(1,396,598)
	<u> </u>	<u> </u>
Net position of governmental activities		<u><u>\$ 9,564,973</u></u>

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

Town of Blackstone, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 403,667	\$ -	\$ -	\$ 403,667
Other local taxes	1,211,102	-	-	1,211,102
Permits, privilege fees, and regulatory licenses	4,345	-	-	4,345
Fines and forfeitures	30,916	-	-	30,916
Revenue from the use of money and property	20,473	279,977	1,280	301,730
Charges for services	1,108,080	-	26,732	1,134,812
Miscellaneous	154,615	43,831	1,693	200,139
Recovered costs	602,361	-	78,039	680,400
Intergovernmental:				
Commonwealth	1,154,565	-	83,581	1,238,146
Federal	121,076	224,233	222,990	568,299
Total revenues	<u>\$ 4,811,200</u>	<u>\$ 548,041</u>	<u>\$ 414,315</u>	<u>\$ 5,773,556</u>
EXPENDITURES				
Current:				
General government administration	\$ 816,634	\$ -	\$ -	\$ 816,634
Public safety	1,234,279	-	-	1,234,279
Public works	2,864,976	-	-	2,864,976
Parks, recreation, and cultural	49,014	-	-	49,014
Community development	-	-	454,775	454,775
Capital projects	292,952	337,503	-	630,455
Debt service:				
Principal retirement	13,901	195,000	-	208,901
Interest and other fiscal charges	3,060	70,999	-	74,059
Total expenditures	<u>\$ 5,274,816</u>	<u>\$ 603,502</u>	<u>\$ 454,775</u>	<u>\$ 6,333,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (463,616)</u>	<u>\$ (55,461)</u>	<u>\$ (40,460)</u>	<u>\$ (559,537)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 56,077	\$ 140,000	\$ 35,588	\$ 231,665
Transfers out	(376,998)	(8,793)	(10,500)	(396,291)
Issuance of capital leases	107,000	-	-	107,000
Total other financing sources (uses)	<u>\$ (213,921)</u>	<u>\$ 131,207</u>	<u>\$ 25,088</u>	<u>\$ (57,626)</u>
Net change in fund balances	\$ (677,537)	\$ 75,746	\$ (15,372)	\$ (617,163)
Fund balances - beginning	1,026,882	214,002	427,039	1,667,923
Fund balances - ending	<u>\$ 349,345</u>	<u>\$ 289,748</u>	<u>\$ 411,667</u>	<u>\$ 1,050,760</u>

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

Town of Blackstone, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds \$ (617,163)

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 capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 760,801	
Depreciation expense	<u>(557,686)</u>	203,115

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of changes in unavailable taxes. (6,785)

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

Principal retirement on capital leases	\$ 13,901	
Issuance of capital lease	(107,000)	
Principal retirement on general obligation bond	<u>195,000</u>	101,901

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	18,153
---	--------

Change in net position of governmental activities	<u><u>\$ (300,779)</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, 2014

	Enterprise Funds		
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 763,076	\$ 678,738	\$ 1,441,814
Accounts receivables, net of allowance for uncollectibles	356,561	146,117	502,678
Due from other governmental units	-	55,641	55,641
Total current assets	<u>\$ 1,119,637</u>	<u>\$ 880,496</u>	<u>\$ 2,000,133</u>
Noncurrent assets:			
Capital assets:			
Land	\$ 238,213	\$ 11,362	\$ 249,575
Utility plant in service	869,832	9,859,540	10,729,372
Machinery and equipment	86,847	138,047	224,894
Construction in progress	-	2,083,671	2,083,671
Total capital assets	<u>\$ 1,194,892</u>	<u>\$ 12,092,620</u>	<u>\$ 13,287,512</u>
Total noncurrent assets	<u>\$ 1,194,892</u>	<u>\$ 12,092,620</u>	<u>\$ 13,287,512</u>
Total assets	<u>\$ 2,314,529</u>	<u>\$ 12,973,116</u>	<u>\$ 15,287,645</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 241,685	\$ 79,760	\$ 321,445
Accrued interest payable	-	59,689	59,689
Customer deposits payable	-	164,403	164,403
Compensated absences - current portion	2,120	6,315	8,435
Bonds payable - current portion	4,250	494,240	498,490
Total current liabilities	<u>\$ 248,055</u>	<u>\$ 804,407</u>	<u>\$ 1,052,462</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 54,825	\$ 8,953,911	\$ 9,008,736
Compensated absences - net of current portion	19,075	56,837	75,912
Total noncurrent liabilities	<u>\$ 73,900</u>	<u>\$ 9,010,748</u>	<u>\$ 9,084,648</u>
Total liabilities	<u>\$ 321,955</u>	<u>\$ 9,815,155</u>	<u>\$ 10,137,110</u>
NET POSITION			
Net investment in capital assets	\$ 1,135,817	\$ 2,644,469	\$ 3,780,286
Unrestricted	856,757	513,492	1,370,249
Total net position	<u>\$ 1,992,574</u>	<u>\$ 3,157,961</u>	<u>\$ 5,150,535</u>

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

Town of Blackstone, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Funds		
	Water and		
	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ -	\$ 2,227,943	\$ 2,227,943
Electricity	4,504,047	-	4,504,047
Miscellaneous	23,803	30,903	54,706
Total operating revenues	<u>\$ 4,527,850</u>	<u>\$ 2,258,846</u>	<u>\$ 6,786,696</u>
OPERATING EXPENSES			
Personnel services	\$ 313,386	\$ 354,084	\$ 667,470
Fringe benefits	107,844	114,028	221,872
Contractual services	75,258	353,488	428,746
Electric power purchased	2,557,339	-	2,557,339
Other supplies and expenses	912,996	651,262	1,564,258
Depreciation	124,959	626,825	751,784
Total operating expenses	<u>\$ 4,091,782</u>	<u>\$ 2,099,687</u>	<u>\$ 6,191,469</u>
Operating income (loss)	<u>\$ 436,068</u>	<u>\$ 159,159</u>	<u>\$ 595,227</u>
NONOPERATING REVENUES (EXPENSES)			
Connection/reconnection fees	\$ 6,834	\$ 31,702	\$ 38,536
Bond issue costs	-	(177,169)	(177,169)
Interest expense	(7,099)	(214,944)	(222,043)
Total nonoperating revenues (expenses)	<u>\$ (265)</u>	<u>\$ (360,411)</u>	<u>\$ (360,676)</u>
Income before contributions and transfers	<u>\$ 435,803</u>	<u>\$ (201,252)</u>	<u>\$ 234,551</u>
Capital contributions and construction grants	\$ -	\$ 37,006	\$ 37,006
Transfers in	20,000	209,623	229,623
Transfers out	(28,213)	(36,784)	(64,997)
Change in net position	<u>\$ 427,590</u>	<u>\$ 8,593</u>	<u>\$ 436,183</u>
Total net position - beginning	1,564,984	3,149,368	4,714,352
Total net position - ending	<u>\$ 1,992,574</u>	<u>\$ 3,157,961</u>	<u>\$ 5,150,535</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, 2014

	Enterprise Funds		
	Electric	Water and Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,462,430	\$ 2,249,570	\$ 6,712,000
Payments for operating expenses	(3,546,759)	(1,156,412)	(4,703,171)
Payments to and for employees	(415,452)	(473,455)	(888,907)
Net cash provided by (used for) operating activities	\$ 500,219	\$ 619,703	\$ 1,119,922
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 20,000	\$ 209,623	\$ 229,623
Transfers to other funds	\$ (28,213)	\$ (36,784)	\$ (64,997)
Net cash provided by (used for) noncapital financing activities	\$ (8,213)	\$ 172,839	\$ 164,626
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (75,210)	\$ (93,690)	\$ (168,900)
Principal payments on bonds and capital leases	(142,273)	(5,992,336)	(6,134,609)
Connection fees	6,834	31,702	38,536
Capital contributions and construction grants	-	63,407	63,407
Proceeds from indebtedness	-	5,784,301	5,784,301
Bond issue costs	-	(177,169)	(177,169)
Interest payments	(7,099)	(260,391)	(267,490)
Net cash provided by (used for) capital and related financing activities	\$ (217,748)	\$ (644,176)	\$ (861,924)
Net increase (decrease) in cash and cash equivalents	\$ 274,258	\$ 148,366	\$ 422,624
Cash and cash equivalents - beginning	488,818	530,372	1,019,190
Cash and cash equivalents - ending	\$ 763,076	\$ 678,738	\$ 1,441,814
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 436,068	\$ 159,159	\$ 595,227
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation expense	124,959	626,825	751,784
(Increase) decrease in accounts receivable	(65,420)	(20,754)	(86,174)
Increase (decrease) in customer deposits payable	-	11,478	11,478
Increase (decrease) in accounts payable	(1,166)	(151,662)	(152,828)
Increase (decrease) in compensated absences	5,778	(5,343)	435
Total adjustments	\$ 64,151	\$ 460,544	\$ 524,695
Net cash provided by (used for) operating activities	\$ 500,219	\$ 619,703	\$ 1,119,922

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

Town of Blackstone, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2014

Agency
Fund

ASSETS

Cash and cash equivalents	\$ 35,338
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LIABILITIES

Amounts held for others	\$ 35,338
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The notes to financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

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

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display 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, 2014

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

Government-wide and Fund Financial Statements (Continued)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

A. Financial Reporting Entity (Continued)

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.

B. Individual Component Unit Disclosures

Blended Component Units. The Town has no blended component units at June 30, 2014.

Discretely Presented Component Units. The Town has no discretely presented component units at June 30, 2014.

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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

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 or deferred inflows. Sales and utility taxes, which are collected by the state or utility and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

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

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, the Bus Program and Airport Projects 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.

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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

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

2. Proprietary Funds (Continued)

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.

3. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. Agency Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The Town's Agency Funds include amounts held for others in a fiduciary capacity, which includes the Blackstone Memorial Center Committee.

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.

When both restricted and unrestricted resources are available for use, the Town generally first uses restricted assets. The Town may defer the use of restricted assets based on a review of the specific transaction.

D. Cash and Cash Equivalents

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

E. Investments

Investments are reported at fair value which approximates market; no investments are valued at cost. Investments maturing in three months or less of the date acquired are reported in the accompanying financial statements as cash and cash equivalents.

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

Investments for the Town are reported at fair value.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

F. Prepaid Items

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$312,750 at June 30, 2014 and is comprised of property taxes of \$9,866, electric revenues of \$214,843, and water and sewer charges of \$88,041.

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 and equipment, 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 estimated fair market 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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

H. Capital Assets (Continued)

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

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

I. Compensated Absences

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

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service costs over a 30-year period. The Town’s policy is to fund pension cost as it accrues.

K. 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.

L. Net Position

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

M. Net Position Flow Assumption

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

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other 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.

O. Fund Equity

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

O. Fund Equity (Continued)

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

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

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

	General	Special Revenue	Capital Projects	Total
Fund balances:				
Nonspendable:				
Cemetery perpetual care	\$ -	\$ 221,572	\$ -	\$ 221,572
Prepaid items	-	-	47,544	47,544
Total nonspendable fund balance	\$ -	\$ 221,572	\$ 47,544	\$ 269,116
Restricted for:				
Cemetery	\$ -	\$ 98,445	\$ -	\$ 98,445
Bus	-	91,650	-	91,650
Shop with a Cop Program	3,205	-	-	3,205
Total restricted fund balance	\$ 3,205	\$ 190,095	\$ -	\$ 193,300
Committed to:				
Note receivable	\$ -	\$ -	\$ 1,022	\$ 1,022
Capital projects	-	-	241,182	241,182
Total committed fund balance	\$ -	\$ -	\$ 242,204	\$ 242,204
Assigned:				
Fire programs fund	\$ 7,705	\$ -	\$ -	\$ 7,705
Total assigned fund balance	\$ 7,705	\$ -	\$ -	\$ 7,705
Unassigned fund balance	\$ 338,435	\$ -	\$ -	\$ 338,435
Total fund balances	\$ 349,345	\$ 411,667	\$ 289,748	\$ 1,050,760

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

P. 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 only has one item that qualifies for reporting in this category. It is the accumulated decrease in the fair market value of the interest rate swap agreement in the government-wide statement of net position. The fair market value of the interest rate swap agreement is adjusted annually.

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 one type of item that qualifies 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.

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, 2014, as adopted, appropriated and legally amended.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2014:

General Fund	\$ 479,112
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Note 3—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2014 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

Town's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA_m</u>
First American Prime Obligations Fund	\$ 339,218
Total	<u>\$ 339,218</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
First American Prime Obligations Fund	\$ 339,218	\$ 339,218
Total	<u>\$ 339,218</u>	<u>\$ 339,218</u>

Note 4—Due to/from Other Governments:

At June 30, 2014, the Town has receivables from other governments as follows:

	Governmental Activities	Business-type Activities
Other Local Governments:		
County of Nottoway	\$ 29,959	\$ -
Commonwealth of Virginia:		
DMV	3,448	-
Communications tax	3,021	-
Fort Pickett water and sewer payment	-	55,641
Auto rental tax	77	-
Federal Government:		
Mass transit grant	46,174	-
Fire programs	1,719	-
Community development block grant	18,770	-
Total due from other governments	<u>\$ 103,168</u>	<u>\$ 55,641</u>

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,192,822	\$ -	\$ -	\$ 1,192,822
Construction in progress	148,959	-	148,959	-
Total capital assets not subject to depreciation	\$ 1,341,781	\$ -	\$ 148,959	\$ 1,192,822
Capital assets subject to depreciation:				
Buildings and improvements	\$ 8,362,250	\$ 99,390	\$ -	\$ 8,461,640
Infrastructure	491,636	587,777	-	1,079,413
Machinery and equipment	3,574,936	222,593	124,852	3,672,677
Total capital assets subject to depreciation	\$ 12,428,822	\$ 909,760	\$ 124,852	\$ 13,213,730
Accumulated depreciation:				
Buildings and improvements	\$ 1,843,593	\$ 219,721	\$ -	\$ 2,063,314
Infrastructure	161,636	50,679	-	212,315
Machinery and equipment	2,125,247	287,286	124,852	2,287,681
Total accumulated depreciation	\$ 4,130,476	\$ 557,686	\$ 124,852	\$ 4,563,310
Total capital assets subject to depreciation, net	\$ 8,298,346	\$ 352,074	\$ -	\$ 8,650,420
Governmental activities capital assets, net	\$ 9,640,127	\$ 352,074	\$ 148,959	\$ 9,843,242

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 249,575	\$ -	\$ -	\$ 249,575
Construction in progress	2,966,805	-	883,134	2,083,671
Total capital assets not subject to depreciation	\$ 3,216,380	\$ -	\$ 883,134	\$ 2,333,246
Capital assets subject to depreciation:				
Utility plant in service	\$ 21,993,617	\$ 985,641	\$ -	\$ 22,979,258
Buildings	24,852	-	-	24,852
Machinery and equipment	1,348,699	66,393	216,796	1,198,296
Total capital assets subject to depreciation	\$ 23,367,168	\$ 1,052,034	\$ 216,796	\$ 24,202,406
Accumulated depreciation:				
Utility plant in service	\$ 11,543,479	\$ 706,407	\$ -	\$ 12,249,886
Buildings	24,852	-	-	24,852
Machinery and equipment	1,144,821	45,377	216,796	973,402
Total accumulated depreciation	\$ 12,713,152	\$ 751,784	\$ 216,796	\$ 13,248,140
Total capital assets subject to depreciation, net	\$ 10,654,016	\$ 300,250	\$ -	\$ 10,954,266
Business-type activities capital assets, net	\$ 13,870,396	\$ 300,250	\$ 883,134	\$ 13,287,512

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 8,353
Public safety	135,860
Public works	202,456
Health and welfare	63,637
Parks, recreation and cultural	30,732
Community development	116,648
Total depreciation expense - governmental activities	\$ 557,686
Business-type activities:	
Electric fund	\$ 124,959
Water and Sewer fund	626,825
Total depreciation expense - business-type activities	\$ 751,784
Total depreciation expense - primary government	\$ 1,309,470

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6—Long-term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year-ended June 30, 2014:

	Balance at July 1, 2013	Increases	Decreases	Balance at June 30, 2014	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 137,122	\$ 13,712	\$ 31,865	\$ 118,969	\$ 11,897
Capital leases (Note 7)	19,530	107,000	13,901	112,629	19,094
General obligation bond	1,360,000	-	195,000	1,165,000	210,000
Derivative instrument liability	77,893	-	18,293	59,600	-
Total Governmental Activities	\$ 1,594,545	\$ 120,712	\$ 259,059	\$ 1,456,198	\$ 240,991
Business-Type Activities:					
Compensated absences	\$ 83,912	\$ 8,826	\$ 8,391	\$ 84,347	\$ 8,435
Capital lease (Note 7)	31,773	-	31,773	-	-
General obligation bond	5,565,000	5,585,000	5,565,000	5,585,000	206,000
Revenue bonds	4,260,761	199,301	537,836	3,922,226	292,490
Total Business-Type Activities	\$ 9,941,446	\$ 5,793,127	\$ 6,143,000	\$ 9,591,573	\$ 506,925
Total Primary Government	\$ 11,535,991	\$ 5,913,839	\$ 6,402,059	\$ 11,047,771	\$ 747,916

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

Year Ending June 30	Governmental Activities			
	General Obligation Bond		Capital Leases	
	Principal	Interest	Principal	Interest
2015	\$ 210,000	\$ 59,308	\$ 19,094	\$ 3,622
2016	220,000	48,565	19,766	2,950
2017	230,000	36,891	19,514	2,255
2018	245,000	25,039	15,618	1,650
2019	260,000	12,315	16,174	1,094
2021	-	-	16,749	519
2022	-	-	5,714	42
Total	\$ 1,165,000	\$ 182,118	\$ 112,629	\$ 12,132

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 6—Long-term Obligations: (Continued)

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

Year Ending June 30	Business-type Activities			
	Revenue Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest
2015	\$ 292,490	\$ 35,181	\$ 206,000	\$ 152,359
2016	297,285	29,886	199,000	158,385
2017	242,852	12,975	203,000	152,355
2018	123,852	-	212,000	146,130
2019	123,852	-	216,000	139,710
2020	96,310	-	225,000	133,095
2021	68,770	-	228,000	126,300
2022	68,774	-	237,000	119,325
2023	-	-	245,000	112,095
2024	-	-	252,000	104,640
2025	-	-	259,000	96,975
2026	-	-	266,000	89,100
2027	-	-	278,000	80,940
2028	-	-	284,000	72,510
2029	-	-	295,000	63,825
2030	-	-	305,000	54,825
2031	-	-	315,000	45,525
2032	-	-	325,000	35,925
2033	-	-	334,000	26,040
2034	-	-	347,000	15,825
2035	-	-	354,000	5,310
*	2,608,041	-	-	-
Total	\$ 3,922,226	\$ 78,042	\$ 5,585,000	\$ 1,931,194

* The Virginia Resources Authority Revolving Fund bond was not fully drawn down at June 30, 2014. Amortization schedule not yet available.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	Total Amount
<u>Governmental Activities:</u>	
Capital Leases (Note 7)	\$ 112,629
<u>General Obligation Bond:</u>	
\$2,055,000 general obligation bond issued May 21, 2009, due in annual installments through May 1, 2019 with interest due monthly at varying rates.	\$ 1,165,000
Derivative instrument liability	\$ 59,600
Compensated absences (payable from General Fund)	\$ 118,969
Total Long-term Obligations, Governmental Activities	\$ 1,456,198

Business-type Activities:

Revenue Bonds:

\$2,431,481 Utility Revenue Bond, Series 1995, issued July 7, 1995, due in semi-annual installments through April 1, 2016; interest at 3%	\$ 322,071
\$1,107,095 Utility Revenue Bond, issued February 1, 2000, due in semi-annual installments through August 1, 2019; interest at 0%	302,951
\$1,386,875 Utility Revenue Bond, issued April 17, 2002, due in semi-annual installments through April 1, 2022; interest at 0%	550,163
\$559,000 Utility Revenue Refunding Bond, issued December 19, 2011, due in semi-annual installments through October 1, 2016; interest at 5%	139,000
\$2,692,743 VRA Revolving Fund, issued September 2012, not fully drawn down as of June 30, 2013	2,608,041
Total Revenue Bonds	\$ 3,922,226

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 6—Long-term Obligations: (Continued)

Business-type Activities: (Continued)

General Obligation Bond:

\$5,580,000 Refunding General Obligation Bond, issued February 27, 2014, due in annual principal installments through August 1, 2034; interest payable semi-annually at rate of 3.00%

\$ 5,585,000

Compensated absences (payable from Enterprise Fund)

\$ 84,347

Total Long-term Obligations, Business-type Activities

\$ 9,591,573

Total Long-term Obligations, Primary Government

\$ 11,047,771

The Town issued the series 2014 Refunding Bond in the amount of \$5,580,000 to refund the Series 2004 General Obligation Bond. The aggregate difference in the debt service between the refunded debt and the refunding debt was \$841,890 and the economic gain on the transaction was \$621,477.

Interest rate swap

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

Terms. The bonds and the related swap agreement mature on May 1, 2019. The swap's notional value of \$1,224,600 is more than the balance outstanding on the bonds payable of \$1,165,000. The difference of \$59,600 is reported in these financial statements as a derivative instrument liability within the long-term obligations of the Town.

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 6—Long-term Obligations: (Continued)

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

	As of and for the year ended June 30, 2014
Fair value	\$ (59,600)
Change in fair value	(18,293)

Note 7—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of three (3) police cruisers, two (2) trucks for the police department, a truck for the fire department, a street sweeper for the street department, two (2) backhoes, a tractor, a bucket truck, two (2) police cars and a garbage truck. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 1,075,655
Less: accumulated depreciation	(660,154)
Total	<u>\$ 415,501</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ended June 30	Governmental Activities
2015	\$ 22,716
2016	22,716
2017	21,769
2018	17,268
2019	17,268
2020	17,268
2021	5,756
Total minimum lease payments	\$ 124,761
Less: amount representing interest	(12,132)
Present value of minimum lease payments	<u>\$ 112,629</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 8—Unearned and Deferred/Unavailable Revenue:

Unearned and 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. Unearned and 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 \$67,569 at June 30, 2014.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$1,668 at June 30, 2014.

Note 9—Commitments and Contingent Liabilities:

The Town received a consent order from the Commonwealth of Virginia's Department of Environmental Quality requiring utility upgrades that could create up to \$3.5 million in debt over the next several years.

Note 10—Litigation:

At June 30, 2014, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

Note 11—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.

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan:

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan:

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

10. Normal Retirement Age - Age 65.

11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. Eligibility - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

- 1. Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
- 14. Eligibility** - Same as VRS Plan 1—Refer to Section 14.
- 15. Exceptions to COLA Effective Dates** - Same as VRS Plan 1—Refer to Section 15.
- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.
- Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.
- VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
- 17. Purchase of Prior Service** - Same as VRS Plan 1—Refer to Section 17.

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- 8. Average Final Compensation** - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Benefit Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

- 14. Eligibility** - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.
- 15. Exceptions to COLA Effective Dates** - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.
- 16. Disability Coverage** - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2014 was 8.97% of annual covered payroll.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan: (Continued)

C. Annual Pension Cost

For the fiscal year 2014, the Town's annual pension cost of \$182,279 was equal to the Town's required and actual contributions.

Three Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC)*	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 182,279	100%	\$ -
June 30, 2013	177,115	100%	-
June 30, 2012	168,472	100%	-

* includes only employer portion

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the Town's plan was 91.03% funded. The actuarial accrued liability for benefits was \$5,869,733, and the actuarial value of assets was \$5,343,051, resulting in an unfunded actuarial accrued liability (UAAL) of \$526,682. The covered payroll (annual payroll of active employees covered by the plan) was \$2,026,840, and ratio of the UAAL to the covered payroll was 25.99%.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

Note 12—Pension Plan: (Continued)

D. Funded Status and Funding Progress (Continued)

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 13—Surety Bonds:

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

Note 14—Interfund Transfers:

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 56,077	\$ 376,998
Capital projects	140,000	8,793
Special revenue	35,588	10,500
Electric	20,000	28,213
Water and sewer	209,623	36,784
Total	\$ <u>461,288</u>	\$ <u>461,288</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—Upcoming Pronouncements:

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Town believes the implementation of Statement No. 68 will significantly impact the Town's net position; however, no formal study or estimate of the impact of this standard has been performed.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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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, 2014

	Budgeted Amounts			Variance with Final Budget -
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
REVENUES				
General property taxes	\$ 377,520	\$ 384,020	\$ 403,667	\$ 19,647
Other local taxes	1,147,150	1,147,150	1,211,102	63,952
Permits, privilege fees, and regulatory licenses	2,700	2,700	4,345	1,645
Fines and forfeitures	30,000	30,000	30,916	916
Revenue from the use of money and property	12,450	12,450	20,473	8,023
Charges for services	717,100	1,257,100	1,108,080	(149,020)
Miscellaneous	54,150	54,150	154,615	100,465
Recovered costs	558,893	558,893	602,361	43,468
Intergovernmental:				
Commonwealth	1,033,048	1,078,048	1,154,565	76,517
Federal	5,500	88,170	121,076	32,906
Total revenues	<u>\$ 3,938,511</u>	<u>\$ 4,612,681</u>	<u>\$ 4,811,200</u>	<u>\$ 198,519</u>
EXPENDITURES				
Current:				
General government administration	\$ 801,143	\$ 800,943	\$ 816,634	\$ (15,691)
Public safety	1,249,841	1,246,691	1,234,279	12,412
Public works	1,795,659	2,392,359	2,864,976	(472,617)
Parks, recreation, and cultural	36,993	36,993	49,014	(12,021)
Capital projects	118,900	308,570	292,952	15,618
Debt service:				
Principal retirement	9,648	9,648	13,901	(4,253)
Interest and other fiscal charges	500	500	3,060	(2,560)
Total expenditures	<u>\$ 4,012,684</u>	<u>\$ 4,795,704</u>	<u>\$ 5,274,816</u>	<u>\$ (479,112)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (74,173)</u>	<u>\$ (183,023)</u>	<u>\$ (463,616)</u>	<u>\$ (280,593)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 91,674	\$ 91,674	\$ 56,077	\$ (35,597)
Transfers out	(70,000)	(70,000)	(376,998)	(306,998)
Issuance of capital leases	-	107,000	107,000	-
Total other financing sources (uses)	<u>\$ 21,674</u>	<u>\$ 128,674</u>	<u>\$ (213,921)</u>	<u>\$ (342,595)</u>
Net change in fund balances	<u>\$ (52,499)</u>	<u>\$ (54,349)</u>	<u>\$ (677,537)</u>	<u>\$ (623,188)</u>
Fund balances - beginning	52,499	54,349	1,026,882	972,533
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,345</u>	<u>\$ 349,345</u>

Town of Blackstone, Virginia
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 1,280	\$ (720)
Charges for services	34,719	34,719	26,732	(7,987)
Miscellaneous	-	-	1,693	1,693
Recovered costs	121,110	121,110	78,039	(43,071)
Intergovernmental:				
Commonwealth	121,906	121,906	83,581	(38,325)
Federal	273,015	273,015	222,990	(50,025)
Total revenues	<u>\$ 552,750</u>	<u>\$ 552,750</u>	<u>\$ 414,315</u>	<u>\$ (138,435)</u>
EXPENDITURES				
Current:				
Community development	\$ 559,750	\$ 559,750	\$ 454,775	\$ 104,975
Total expenditures	<u>\$ 559,750</u>	<u>\$ 559,750</u>	<u>\$ 454,775</u>	<u>\$ 104,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,000)</u>	<u>\$ (7,000)</u>	<u>\$ (40,460)</u>	<u>\$ (33,460)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 35,588	\$ 35,588
Transfers out	(10,500)	(10,500)	(10,500)	-
Total other financing sources (uses)	<u>\$ (10,500)</u>	<u>\$ (10,500)</u>	<u>\$ 25,088</u>	<u>\$ 35,588</u>
Net change in fund balances	\$ (17,500)	\$ (17,500)	\$ (15,372)	\$ 2,128
Fund balances - beginning	17,500	17,500	427,039	409,539
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,667</u>	<u>\$ 411,667</u>

Town of Blackstone, Virginia
Schedule of Pension Funding Progress
As of June 30, 2014

Town Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 5,343,051	\$ 5,869,733	\$ 526,682	91.03%	\$ 2,026,840	25.99%
6/30/2012	5,000,881	6,326,513	1,325,632	79.05%	1,906,767	69.52%
6/30/2011	4,874,613	6,223,905	1,349,292	78.32%	2,048,920	65.85%
6/30/2010	4,699,403	5,896,700	1,197,297	79.70%	1,965,416	60.92%
6/30/2009	4,644,200	5,830,307	1,186,107	79.66%	2,046,913	57.95%
6/30/2008	4,494,584	5,513,125	1,018,541	81.53%	2,065,020	49.32%
6/30/2007	3,894,016	4,951,720	1,057,704	78.64%	1,880,938	56.23%
6/30/2006	3,405,296	4,680,774	1,275,478	72.75%	1,733,932	73.56%
6/30/2005	3,091,307	4,866,281	1,774,974	63.53%	1,840,612	96.43%
6/30/2004	2,939,210	4,132,576	1,193,366	71.12%	1,761,596	67.74%

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OTHER SUPPLEMENTARY INFORMATION

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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, 2014

	<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	\$ 279,977	\$ 279,977	\$ 279,977	\$ -
Miscellaneous	19,094	19,094	43,831	24,737
Intergovernmental:				
Federal	452,660	452,660	224,233	(228,427)
Total revenues	<u>\$ 751,731</u>	<u>\$ 751,731</u>	<u>\$ 548,041</u>	<u>\$ (203,690)</u>
EXPENDITURES				
Capital projects	\$ 485,731	\$ 485,731	\$ 337,503	\$ 148,228
Debt service:				
Principal retirement	172,210	172,210	195,000	(22,790)
Interest and other fiscal charges	93,790	93,790	70,999	22,791
Total expenditures	<u>\$ 751,731</u>	<u>\$ 751,731</u>	<u>\$ 603,502</u>	<u>\$ 148,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,461)</u>	<u>\$ (55,461)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 70,000	\$ 70,000	\$ 140,000	\$ 70,000
Transfers out	-	-	(8,793)	(8,793)
Total other financing sources and uses	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 131,207</u>	<u>\$ 61,207</u>
Net change in fund balances	\$ 70,000	\$ 70,000	\$ 75,746	\$ 5,746
Fund balances - beginning	-	-	214,002	214,002
Fund balances - ending	<u><u>\$ 70,000</u></u>	<u><u>\$ 70,000</u></u>	<u><u>\$ 289,748</u></u>	<u><u>\$ 219,748</u></u>

Town of Blackstone, Virginia
Fiduciary Fund
Statement of Changes in Assets and Liabilities - Agency Fund
For the Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Blackstone Memorial Center Committee				
Assets:				
Cash and cash equivalents	\$ 35,303	\$ 35	\$ -	\$ 35,338
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Amounts held for others	\$ 35,303	\$ 35	\$ -	\$ 35,338
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SUPPORTING SCHEDULES

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Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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	\$ 308,000	\$ 314,500	\$ 329,758	\$ 15,258
Personal property taxes	62,000	62,000	61,446	(554)
Penalties	5,000	5,000	6,104	1,104
Interest	2,520	2,520	6,359	3,839
Total general property taxes	<u>\$ 377,520</u>	<u>\$ 384,020</u>	<u>\$ 403,667</u>	<u>\$ 19,647</u>
Other local taxes:				
Local sales and use taxes	\$ 160,000	\$ 160,000	\$ 173,700	\$ 13,700
Consumption tax	10,000	10,000	11,428	1,428
Franchise license taxes	16,000	16,000	-	(16,000)
Business license taxes	163,050	163,050	161,103	(1,947)
Motor vehicle licenses	50,000	50,000	53,036	3,036
Bank stock taxes	105,000	105,000	101,289	(3,711)
Cigarette taxes	90,000	90,000	116,424	26,424
Hotel and motel room taxes	27,500	27,500	26,957	(543)
Restaurant food taxes	525,600	525,600	567,165	41,565
Total other local taxes	<u>\$ 1,147,150</u>	<u>\$ 1,147,150</u>	<u>\$ 1,211,102</u>	<u>\$ 63,952</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 2,700	\$ 2,700	\$ 4,345	\$ 1,645
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 30,916	\$ 916
Revenue from use of money and property:				
Revenue from use of money	\$ 450	\$ 450	\$ 5,373	\$ 4,923
Revenue from use of property	12,000	12,000	15,100	3,100
Total revenue from use of money and property	<u>\$ 12,450</u>	<u>\$ 12,450</u>	<u>\$ 20,473</u>	<u>\$ 8,023</u>
Charges for services:				
Charges for sanitation and waste removal	\$ 310,000	\$ 310,000	\$ 318,174	\$ 8,174
Charges for garage services	36,100	36,100	3,903	(32,197)
Charges for airport maintenance	1,000	1,000	-	(1,000)
Charges for aviation fuel	370,000	910,000	786,003	(123,997)
Total charges for services	<u>\$ 717,100</u>	<u>\$ 1,257,100</u>	<u>\$ 1,108,080</u>	<u>\$ (149,020)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 54,150	\$ 54,150	\$ 154,615	\$ 100,465

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
General administration allocation	\$ 434,094	\$ 434,094	\$ 434,094	\$ -
DMV	30,000	30,000	33,462	3,462
Zoning variance	500	500	-	(500)
Garage labor	10,000	10,000	60,295	50,295
Nottoway County - decal money	31,619	31,619	31,911	292
County fire and rescue	25,000	25,000	-	(25,000)
County recreation	2,000	2,000	2,000	-
Excise tax refund	25,680	25,680	40,599	14,919
Total recovered costs	<u>\$ 558,893</u>	<u>\$ 558,893</u>	<u>\$ 602,361</u>	<u>\$ 43,468</u>
Total revenue from local sources	<u>\$ 2,899,963</u>	<u>\$ 3,446,463</u>	<u>\$ 3,535,559</u>	<u>\$ 89,096</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 6,000	\$ 6,000	\$ 430	\$ (5,570)
Communications tax	-	-	17,927	17,927
Personal property tax relief funds	42,986	42,986	42,986	-
Total noncategorical aid	<u>\$ 48,986</u>	<u>\$ 48,986</u>	<u>\$ 61,343</u>	<u>\$ 12,357</u>
Categorical aid:				
Other categorical aid:				
Streets and highway maintenance	\$ 932,587	\$ 932,587	\$ 960,027	\$ 27,440
DJCP grants for law enforcement	40,500	85,500	85,528	28
Litter control	1,975	1,975	2,118	143
Fire programs	9,000	9,000	21,202	12,202
Asset forfeiture funds	-	-	2,072	2,072
Airport security grant	-	-	22,275	22,275
Total other categorical aid	<u>\$ 984,062</u>	<u>\$ 1,029,062</u>	<u>\$ 1,093,222</u>	<u>\$ 64,160</u>
Total categorical aid	<u>\$ 984,062</u>	<u>\$ 1,029,062</u>	<u>\$ 1,093,222</u>	<u>\$ 64,160</u>
Total revenue from the Commonwealth	<u>\$ 1,033,048</u>	<u>\$ 1,078,048</u>	<u>\$ 1,154,565</u>	<u>\$ 76,517</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Other categorical aid:				
Transportation safety	\$ -	\$ -	\$ 9,178	9,178
Fofeited assets	-	57,670	57,670	-
USDA grant	-	25,000	25,000	-
Department of Justice grant	5,500	5,500	29,228	23,728
Total other categorical aid	\$ 5,500	\$ 88,170	\$ 121,076	\$ 32,906
Total revenue from the federal government	\$ 5,500	\$ 88,170	\$ 121,076	\$ 32,906
Total General Fund	\$ 3,938,511	\$ 4,612,681	\$ 4,811,200	\$ 198,519
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 1,280	\$ (720)
Charges for services:				
Cemetery lot sales	\$ 4,000	\$ 4,000	\$ 4,550	\$ 550
Charges for bus fares	30,719	30,719	22,182	(8,537)
Total charges for services	\$ 34,719	\$ 34,719	\$ 26,732	\$ (7,987)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 1,693	\$ 1,693
Total miscellaneous revenue	\$ -	\$ -	\$ 1,693	\$ 1,693
Recovered costs:				
Reimbursement from localities	\$ 121,110	\$ 121,110	\$ 78,039	\$ (43,071)
Total recovered costs	\$ 121,110	\$ 121,110	\$ 78,039	\$ (43,071)
Total revenue from local sources	\$ 157,829	\$ 157,829	\$ 107,744	\$ (50,085)
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grant	\$ 121,906	\$ 121,906	\$ 83,581	\$ (38,325)
Total revenue from the Commonwealth	\$ 121,906	\$ 121,906	\$ 83,581	\$ (38,325)

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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)				
Revenue from the federal government:				
Categorical aid:				
Transportation grant	\$ 273,015	\$ 273,015	\$ 222,990	\$ (50,025)
Total revenue from the federal government	\$ 273,015	\$ 273,015	\$ 222,990	\$ (50,025)
Total Special Revenue Fund	\$ 552,750	\$ 552,750	\$ 414,315	\$ (138,435)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 279,977	\$ 279,977	\$ 279,977	\$ -
Total revenue from use of money and property	\$ 279,977	\$ 279,977	\$ 279,977	\$ -
Miscellaneous revenue:				
Miscellaneous	\$ 19,094	\$ 19,094	\$ 43,831	\$ 24,737
Total revenue from local sources	\$ 299,071	\$ 299,071	\$ 323,808	\$ 24,737
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ 452,660	\$ 452,660	\$ 224,233	\$ (228,427)
Total revenue from the federal government	\$ 452,660	\$ 452,660	\$ 224,233	\$ (228,427)
Total Capital Projects Fund	\$ 751,731	\$ 751,731	\$ 548,041	\$ (203,690)
Grand Total Revenues -- Primary Government	\$ 5,242,992	\$ 5,917,162	\$ 5,773,556	\$ (143,606)

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 1 of 3

<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	\$ 41,456	\$ 41,456	\$ 15,815	\$ 25,641
General and financial administration:				
Town Manager and financial administration	\$ 739,687	\$ 739,187	\$ 780,519	\$ (41,332)
Independent Auditor	20,000	20,300	20,300	-
Total general and financial administration	\$ 759,687	\$ 759,487	\$ 800,819	\$ (41,332)
Total general government administration	\$ 801,143	\$ 800,943	\$ 816,634	\$ (15,691)
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,056,163	\$ 1,055,513	\$ 1,042,210	\$ 13,303
Fire and rescue services:				
Fire department	\$ 193,678	\$ 191,178	\$ 192,069	\$ (891)
Total public safety	\$ 1,249,841	\$ 1,246,691	\$ 1,234,279	\$ 12,412
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street maintenance	\$ 818,424	\$ 810,924	\$ 1,201,345	\$ (390,421)
Traffic lights	2,320	2,320	3,513	(1,193)
Total maintenance of highways, streets, bridges & sidewalks	\$ 820,744	\$ 813,244	\$ 1,204,858	\$ (391,614)
Sanitation and waste removal:				
Refuse collection	\$ 306,686	\$ 306,686	\$ 320,351	\$ (13,665)
Maintenance of general buildings and grounds:				
General properties	\$ 469,448	\$ 1,060,148	\$ 1,156,541	\$ (96,393)
Garage department	198,781	212,281	181,663	30,618
Fuel purchases	-	-	1,563	(1,563)
Total maintenance of general buildings and grounds	\$ 668,229	\$ 1,272,429	\$ 1,339,767	\$ (67,338)
Total public works	\$ 1,795,659	\$ 2,392,359	\$ 2,864,976	\$ (472,617)

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 2 of 3

<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)				
Parks, recreation, and cultural:				
Cultural enrichment:				
Museum	\$ 27,993	\$ 27,993	\$ 36,726	\$ (8,733)
Library:				
Contribution to library	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Library administration	7,000	7,000	10,288	(3,288)
Total library	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 12,288</u>	<u>\$ (3,288)</u>
Total parks, recreation, and cultural	<u>\$ 36,993</u>	<u>\$ 36,993</u>	<u>\$ 49,014</u>	<u>\$ (12,021)</u>
Capital projects:				
Administration	\$ 6,552	\$ 6,552	\$ 25,318	\$ (18,766)
Police department	56,948	114,618	95,277	19,341
Garbage department	34,400	166,400	135,407	30,993
Airport	-	-	12,250	(12,250)
General	-	-	3,675	(3,675)
Fire department	21,000	21,000	21,025	(25)
Total capital projects	<u>\$ 118,900</u>	<u>\$ 308,570</u>	<u>\$ 292,952</u>	<u>\$ 15,618</u>
Debt service:				
Principal retirement	\$ 9,648	\$ 9,648	\$ 13,901	\$ (4,253)
Interest and other fiscal charges	500	500	3,060	(2,560)
Total debt service	<u>\$ 10,148</u>	<u>\$ 10,148</u>	<u>\$ 16,961</u>	<u>\$ (6,813)</u>
Total General Fund	<u>\$ 4,012,684</u>	<u>\$ 4,795,704</u>	<u>\$ 5,274,816</u>	<u>\$ (479,112)</u>
Special Revenue Fund:				
Community Development:				
Planning and community development:				
Bus program	\$ 546,750	\$ 546,750	\$ 441,598	\$ 105,152
Cemetery	13,000	13,000	13,177	(177)
Total planning and community development	<u>\$ 559,750</u>	<u>\$ 559,750</u>	<u>\$ 454,775</u>	<u>\$ 104,975</u>
Total Special Revenue Fund	<u>\$ 559,750</u>	<u>\$ 559,750</u>	<u>\$ 454,775</u>	<u>\$ 104,975</u>

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 3 of 3

<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>
Capital Projects Fund:				
Capital projects:				
Church Street project	\$ 452,660	\$ 452,660	\$ 336,707	\$ 115,953
Medical center	13,977	13,977	367	13,610
Carriage museum	500	500	-	500
CDBG projects	18,594	18,594	429	18,165
Total capital projects	<u>\$ 485,731</u>	<u>\$ 485,731</u>	<u>\$ 337,503</u>	<u>\$ 148,228</u>
 Debt service:				
Principal retirement	\$ 172,210	\$ 172,210	\$ 195,000	\$ (22,790)
Interest and other fiscal charges	93,790	93,790	70,999	22,791
Total debt service	<u>\$ 266,000</u>	<u>\$ 266,000</u>	<u>\$ 265,999</u>	<u>\$ 1</u>
 Total Capital Projects Fund	<u>\$ 751,731</u>	<u>\$ 751,731</u>	<u>\$ 603,502</u>	<u>\$ 148,229</u>
 Total Primary Government	<u>\$ 5,324,165</u>	<u>\$ 6,107,185</u>	<u>\$ 6,333,093</u>	<u>\$ (225,908)</u>

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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
2004-05	\$ 247,110	\$ 1,056,944	\$ 996,097	\$ -	\$ 11,672	\$ 243,017	\$ 8,325	\$ 5,639,032	\$ 8,202,197
2005-06	379,338	1,330,903	1,229,299	-	11,566	312,198	6,906	5,939,434	9,209,644
2006-07	438,710	1,381,715	1,667,300	-	(242,019)	390,624	3,194	6,458,979	10,098,503
2007-08	765,509	1,564,640	3,126,359	47,121	25,640	472,599	21,556	6,659,667	12,683,091
2008-09	273,519	1,317,646	1,389,844	100,000	31,555	233,371	100,989	6,579,703	10,026,627
2009-10	720,992	1,132,805	2,674,742	63,787	31,664	117,731	105,556	5,600,173	10,447,450
2010-11	595,710	1,431,174	1,721,599	63,637	70,165	979,646	106,279	6,558,636	11,526,846
2011-12	521,580	1,333,146	1,358,171	66,112	56,315	1,019,675	93,037	7,026,437	11,474,473
2012-13	329,954	1,264,552	1,643,590	63,637	46,604	901,498	76,411	6,358,400	10,684,646
2013-14	394,002	1,417,354	2,455,263	63,637	77,746	740,463	74,059	6,590,681	11,813,205

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
2004-05	\$ 5,685,997	\$ 1,193,327	\$ 317,341	\$	308,648	\$ 786,977	\$ 84,943	\$ 69,134	\$ 48,790	\$ 8,495,157
2005-06	6,183,042	1,681,177	61,759		320,134	820,539	166,090	221,919	51,081	9,505,741
2006-07	6,708,900	1,210,377	121,763		392,458	862,395	127,463	185,919	52,099	9,661,374
2007-08	7,098,916	1,131,351	3,183,061		382,855	864,671	78,049	252,156	52,425	13,043,484
2008-09	7,029,526	1,718,438	1,996,751		398,720	1,094,802	48,291	131,022	48,633	12,466,183
2009-10	6,656,870	1,315,904	681,243		413,321	1,155,000	296,502	396,473	61,821	10,977,134
2010-11	7,130,890	2,097,298	265,785		399,600	1,167,131	406,865	228,476	67,248	11,763,293
2011-12	7,215,069	1,421,850	130,435		384,286	1,234,668	288,911	268,797	66,729	11,010,745
2012-13	7,316,769	1,441,142	922,371		396,805	1,185,004	300,519	235,640	74,226	11,872,476
2013-14	7,940,599	1,520,869	261,239		396,882	1,211,102	301,730	254,845	61,343	11,948,609

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
2005	\$ 577,595	\$ 1,082,161	\$ 1,390,467	\$ 5,247	\$ 49,713	\$ 85,915	\$ 3,191,098
2006	696,102	1,158,600	1,426,872	11,451	85,486	85,915	3,464,426
2007	792,118	1,135,603	1,842,748	8,091	252,843	49,815	4,081,218
2008	881,308	1,366,326	2,508,697	11,000	238,804	120,218	5,126,353
2009	864,999	1,183,054	1,655,405	10,499	318,784	787,675	4,820,416
2010	1,144,515	1,185,585	2,090,957	19,024	465,277	362,361	5,267,719
2011	961,268	1,247,469	2,260,429	55,525	1,148,834	364,815	6,038,340
2012	918,135	1,256,031	1,936,704	44,177	606,722	348,342	5,110,111
2013	765,294	1,315,433	1,880,862	34,069	512,445	291,652	4,799,755
2014	816,634	1,234,279	2,864,976	49,014	454,775	282,960	5,702,638

(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
2005	\$ 296,102	\$ 786,977	\$ 820	\$ 38,204	\$ 18,392	\$ 1,134,812	\$ 23,624	\$ 1,120,248	\$ 1,242,117	\$ 4,661,296
2006	325,612	820,539	895	33,055	21,126	438,991	134,772	1,127,899	1,732,258	4,635,147
2007	391,102	862,395	1,500	28,728	40,740	823,118	185,288	902,288	1,384,239	4,619,398
2008	388,355	864,671	1,805	30,142	36,621	1,115,387	236,096	1,062,803	4,142,053	7,877,933
2009	378,692	1,094,802	670	32,406	48,153	744,923	98,258	1,356,787	2,049,443	5,804,134
2010	384,442	1,155,000	955	20,980	46,004	878,722	90,939	1,465,876	1,605,230	5,648,148
2011	383,061	1,167,131	3,595	34,384	146,483	603,232	133,678	1,388,455	2,089,816	5,949,835
2012	383,182	1,234,668	2,810	36,549	6,928	997,210	153,861	1,403,957	1,488,579	5,707,744
2013	405,650	1,185,004	3,610	22,459	20,542	851,774	177,322	968,894	1,515,368	5,150,623
2014	403,667	1,211,102	4,345	30,916	21,753	1,134,812	156,308	680,400	1,582,212	5,225,515

(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
2005	\$ 347,742	\$ 328,309	94.41%	\$ 2,304	\$ 330,613	95.07%	\$ 26,270	7.55%
2006	356,439	351,394	98.58%	5,024	356,418	99.99%	24,958	7.00%
2007	433,157	425,429	98.22%	-	425,429	98.22%	26,237	6.06%
2008	427,249	420,649	98.46%	757	421,406	98.63%	31,204	7.30%
2009	423,708	406,576	95.96%	8,463	415,039	97.95%	36,635	8.65%
2010	417,968	410,236	98.15%	8,201	418,437	100.11%	59,502	14.24%
2011	417,800	405,130	96.97%	11,169	416,299	99.64%	68,833	16.48%
2012	416,716	403,244	96.77%	12,848	416,092	99.85%	69,712	16.73%
2013	424,152	417,836	98.51%	16,801	434,637	102.47%	57,766	13.62%
2014	440,704	426,248	96.72%	7,942	434,190	98.52%	54,561	12.38%

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

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Mobile Homes	Public Service (2)	Total
2005	\$ 116,642,006	\$ 13,548,593	\$ 2,274,611	\$ 450,949	\$ 5,339,664	\$ 138,255,823
2006	117,739,751	14,833,072	2,329,980	449,227	4,242,097	139,594,127
2007	153,074,984	15,935,101	1,851,056	476,386	5,210,837	176,548,364
2008	152,806,641	15,309,035	1,739,285	453,044	4,946,755	175,254,760
2009	153,148,654	15,082,778	1,662,745	374,435	3,814,016	174,082,628
2010	153,997,331	13,790,012	1,867,357	314,950	3,706,860	173,676,510
2011	155,688,423	13,283,866	1,776,616	296,735	3,897,480	174,943,120
2012	156,165,542	13,174,066	1,411,581	246,305	4,442,078	175,439,572
2013	157,806,241	14,539,977	1,064,449	255,501	3,061,884	176,728,052
2014	160,190,541	12,712,449	1,295,547	219,921	4,737,411	179,155,869

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

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

Table 7

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

Fiscal Year	Real Estate			Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
	\$	0.20	\$				Real Estate	Personal Property
2005	\$	0.20	\$	0.65	0.65	0.20	0.20	0.65
2006		0.20		0.65	0.65	0.20	0.20	0.65
2007		0.20		0.65	0.65	0.20	0.20	0.65
2008		0.20		0.65	0.65	0.20	0.20	0.65
2009		0.20		0.65	0.65	0.20	0.20	0.65
2010		0.20		0.65	0.65	0.20	0.20	0.65
2011		0.20		0.65	0.65	0.20	0.20	0.65
2012		0.20		0.65	0.65	0.20	0.20	0.65
2013		0.20		0.65	0.65	0.20	0.20	0.65
2014		0.20		0.65	0.65	0.20	0.20	0.65

(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	Bonded Debt			
2005	3,675	\$ 138,255,823	\$ 6,665,000	\$ 6,665,000	\$ -	0.00%	\$ -	-
2006	3,675	139,594,127	6,540,000	6,540,000	-	0.00%	-	-
2007	3,675	176,548,364	6,410,000	6,410,000	-	0.00%	-	-
2008	3,675	175,254,760	6,760,000	6,280,000	480,000	0.27%	131	131
2009	3,675	174,082,628	8,200,000	6,145,000	2,055,000	1.18%	559	559
2010	3,621	173,676,510	7,900,000	6,005,000	1,895,000	1.09%	523	523
2011	3,621	174,943,120	7,585,000	5,860,000	1,725,000	0.99%	476	476
2012	3,621	175,439,572	7,260,000	5,715,000	1,545,000	0.88%	427	427
2013	3,621	176,728,052	6,925,000	5,565,000	1,360,000	0.77%	376	376
2014	3,621	179,155,869	6,750,000	5,585,000	1,165,000	0.65%	322	322

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

(2) From Table 6

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

Table 9

Town of Blackstone, Virginia
Computation of Legal Debt Margin
June 30, 2014

Assessed value of real property, January 1, 2013 (1)	\$ 164,529,429
	<u> </u>
Debt limit: 10% of assessed value	\$ 16,452,943
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 10,672,226
Less: Revenue bonds	<u>(3,922,226)</u>
Net general obligation bonds and loans	<u>\$ 6,750,000</u>
Legal debt limit	<u>\$ 9,702,943</u>

(1) Assessed value of real property, including public service corporations as of January 1, 2013.

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

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COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Blackstone Virginia, as of and for the year ended June 30, 2014, 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 January 2, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a horizontal line.

Richmond, Virginia
January 2, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Town of Blackstone, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Blackstone, Virginia's major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of 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 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, 2014.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia
January 2, 2015

Town of Blackstone, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants	10.780	N/A	\$ 132,000
Department of Treasury:			
Pass-through Payments:			
Commonwealth of Virginia Attorney General's Office:			
Forfeited assets	21.xxx	N/A	\$ 57,670
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Service:			
Byrne Justice Assistance Grant Program	16.738	39001-81000	\$ 29,228
Department of Transportation:			
Pass-through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	6050700- 52099/53042/53069/53364	\$ 9,178
Department of Rail and Public Transportation:			
Formula Grants for Rural Areas	20.509	6090100- 42008/42512/42513/43011	222,990
Total Department of Transportation			\$ 232,168
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	\$ 224,233
Total Expenditures of Federal Awards			\$ 675,299

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, 2014

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Blackstone, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Town of Blackstone, Virginia, it is not intended to 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 OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, 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	\$ 121,076
Special Revenue Fund	222,990
Capital Projects Fund	224,233
Total primary government	\$ <u>568,299</u>
Lease Proceeds	\$ <u>107,000</u>
Total federal expenditures per basic financial statements	\$ <u>675,299</u>

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 675,299

Town of Blackstone, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> 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 section 510(a) of
OMB Circular A-133? yes ✓ no

Identification of major programs:

CFDA Number(s)
14.228
20.509

Name of Federal Program or Cluster
Community Development Block Grants
Formula Grants for Rural Areas

Dollar threshold used to distinguish between type A
and type B programs: \$300,000

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 Year Findings
For the Year Ended June 30, 2014

There were no prior year findings and questioned costs.