

TOWN OF BLACKSTONE, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TOWN OF BLACKSTONE, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 FISCAL YEAR ENDED JUNE 30, 2012

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TOWN OF BLACKSTONE, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Blackstone, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Blackstone, Virginia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blackstone, Virginia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted the 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 the missing information.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 schedule of funding progress 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 schedule of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Blackstone, Virginia's financial statements as a whole. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information and 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 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.

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

Richmond, Virginia
January 8, 2013

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Town of Blackstone, Virginia
Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 784,951	\$ 954,966	\$ 1,739,917
Receivables (net of allowance for uncollectibles):			
Taxes receivable	87,588	-	87,588
Accounts receivable	97,625	401,025	498,650
Notes receivable	18,718	-	18,718
Due from other governmental units	142,313	118,987	261,300
Prepaid expenses	41,702	-	41,702
Capital assets (net of accumulated depreciation):			
Land	1,192,822	249,575	1,442,397
Buildings and improvements	6,735,894	-	6,735,894
Utility plant in service	-	11,016,611	11,016,611
Machinery and equipment	1,587,866	141,010	1,728,876
Infrastructure	360,323	-	360,323
Construction in progress	-	130,243	130,243
Total assets	<u>\$ 11,049,802</u>	<u>\$ 13,012,417</u>	<u>\$ 24,062,219</u>
LIABILITIES			
Accounts payable	\$ 95,133	\$ 327,493	\$ 422,626
Accrued interest payable	-	108,769	108,769
Customer deposits payable	-	162,414	162,414
Note payable	-	91,105	91,105
Unearned revenue	1,319	-	1,319
Long-term liabilities:			
Due within one year	228,472	479,164	707,636
Due in more than one year	1,622,401	7,677,468	9,299,869
Total liabilities	<u>\$ 1,947,325</u>	<u>\$ 8,846,413</u>	<u>\$ 10,793,738</u>
DEFERRED OUTFLOW OF RESOURCES	<u>\$ (123,793)</u>	<u>\$ -</u>	<u>\$ (123,793)</u>
TOTAL LIABILITIES NET OF DEFERRED OUTFLOW OF RESOURCES	<u>\$ 1,823,532</u>	<u>\$ 8,846,413</u>	<u>\$ 10,669,945</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 8,282,134	\$ 3,468,315	\$ 11,750,449
Unrestricted (deficit)	944,136	697,689	1,641,825
Total net assets	<u>\$ 9,226,270</u>	<u>\$ 4,166,004</u>	<u>\$ 13,392,274</u>

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

Town of Blackstone, Virginia
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		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	\$ 521,580	\$ -	\$ -	\$ -	\$ (521,580)		\$ (521,580)
Public safety	1,333,146	39,359	180,981	-	(1,112,806)		(1,112,806)
Public works	1,358,171	966,572	851,751	-	460,152		460,152
Health and welfare	66,112	-	-	-	(66,112)		(66,112)
Parks, recreation, and cultural	56,315	-	-	-	(56,315)		(56,315)
Community development	1,019,675	30,638	389,118	130,435	(469,484)		(469,484)
Interest on long-term debt	93,037	-	-	-	(93,037)		(93,037)
Total governmental activities	<u>\$ 4,448,036</u>	<u>\$ 1,036,569</u>	<u>\$ 1,421,850</u>	<u>\$ 130,435</u>	<u>\$ (1,859,182)</u>		<u>\$ (1,859,182)</u>
Business-type activities:							
Electric Fund	\$ 4,611,188	\$ 4,119,915	\$ -	\$ -		\$ (491,273)	\$ (491,273)
Water and Sewer Fund	2,415,249	2,058,585	-	-		(356,664)	(356,664)
Total business-type activities	<u>\$ 7,026,437</u>	<u>\$ 6,178,500</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (847,937)</u>	<u>\$ (847,937)</u>
Total primary government	<u>\$ 11,474,473</u>	<u>\$ 7,215,069</u>	<u>\$ 1,421,850</u>	<u>\$ 130,435</u>			<u>\$ (2,707,119)</u>
General revenues:							
General property taxes					\$ 384,286	\$ -	\$ 384,286
Other local taxes:							
Local sales and use tax					186,981	-	186,981
Business license tax					160,323	-	160,323
Restaurant food tax					564,818	-	564,818
Other local taxes					322,546	-	322,546
Unrestricted revenues from use of money and property					288,911	-	288,911
Miscellaneous					238,782	30,015	268,797
Grants and contributions not restricted to specific programs					66,729	-	66,729
Total general revenues					<u>\$ 2,213,376</u>	<u>\$ 30,015</u>	<u>\$ 2,243,391</u>
Change in net assets					\$ 354,194	\$ (817,922)	\$ (463,728)
Net assets - beginning - as restated					8,872,076	4,983,926	13,856,002
Net assets - ending					<u>\$ 9,226,270</u>	<u>\$ 4,166,004</u>	<u>\$ 13,392,274</u>

The notes to the 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, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 415,150	\$ -	\$ 370,385	\$ 785,535
Receivables (net of allowance for uncollectibles):				
Taxes receivable	87,588	-	-	87,588
Accounts receivable	94,535	-	3,090	97,625
Notes receivable	-	18,718	-	18,718
Due from other governmental units	35,784	73,248	33,281	142,313
Prepaid items	-	41,702	-	41,702
Total assets	<u>\$ 633,057</u>	<u>\$ 133,668</u>	<u>\$ 406,756</u>	<u>\$ 1,173,481</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 52,006	\$ 35,244	\$ 7,883	\$ 95,133
Reconciled overdraft payable	-	584	-	584
Deferred revenue	84,518	-	-	84,518
Total liabilities	<u>\$ 136,524</u>	<u>\$ 35,828</u>	<u>\$ 7,883</u>	<u>\$ 180,235</u>
Fund balances:				
Nonspendable	\$ -	\$ 41,702	\$ 216,243	\$ 257,945
Restricted	-	-	182,630	182,630
Committed	-	56,138	-	56,138
Unassigned	496,533	-	-	496,533
Total fund balances	<u>\$ 496,533</u>	<u>\$ 97,840</u>	<u>\$ 398,873</u>	<u>\$ 993,246</u>
Total liabilities and fund balances	<u>\$ 633,057</u>	<u>\$ 133,668</u>	<u>\$ 406,756</u>	<u>\$ 1,173,481</u>

The notes to the 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 Assets
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 993,246
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,876,905
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. This item consists of deferred tax revenues.	83,199
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	\$ (132,309)
General obligation bond	(1,545,000)
Capital leases	(49,771)
	<u>(1,727,080)</u>
Net assets of governmental activities	<u><u>\$ 9,226,270</u></u>

The notes to the 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, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 383,182	\$ -	\$ -	\$ 383,182
Other local taxes	1,234,668	-	-	1,234,668
Permits, privilege fees, and regulatory licenses	2,810	-	-	2,810
Fines and forfeitures	36,549	-	-	36,549
Revenue from the use of money and property	1,502	281,983	5,426	288,911
Charges for services	966,572	-	30,638	997,210
Miscellaneous	140,061	84,921	13,800	238,782
Recovered costs	1,322,854	-	81,103	1,403,957
Intergovernmental revenues:				
Commonwealth	1,044,185	-	89,118	1,133,303
Federal	59,939	130,435	295,337	485,711
Total revenues	<u>\$ 5,192,322</u>	<u>\$ 497,339</u>	<u>\$ 515,422</u>	<u>\$ 6,205,083</u>
EXPENDITURES				
Current:				
General government administration	\$ 918,135	\$ -	\$ -	\$ 918,135
Public safety	1,256,031	-	-	1,256,031
Public works	1,936,704	-	-	1,936,704
Parks, recreation, and cultural	44,177	-	-	44,177
Community development	61,626	-	545,096	606,722
Capital projects	115,998	223,750	-	339,748
Debt service:				
Principal retirement	75,305	180,000	-	255,305
Interest and other fiscal charges	4,406	88,631	-	93,037
Total expenditures	<u>\$ 4,412,382</u>	<u>\$ 492,381</u>	<u>\$ 545,096</u>	<u>\$ 5,449,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 779,940</u>	<u>\$ 4,958</u>	<u>\$ (29,674)</u>	<u>\$ 755,224</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 63,641	\$ 27,392	\$ 131,058	\$ 222,091
Transfers out	(158,450)	(21,750)	(41,891)	(222,091)
Issuance of debt	25,000	-	-	25,000
Total other financing sources (uses)	<u>\$ (69,809)</u>	<u>\$ 5,642</u>	<u>\$ 89,167</u>	<u>\$ 25,000</u>
Net change in fund balances	\$ 710,131	\$ 10,600	\$ 59,493	\$ 780,224
Fund balances - beginning - as restated	(213,598)	87,240	339,380	213,022
Fund balances - ending	<u>\$ 496,533</u>	<u>\$ 97,840</u>	<u>\$ 398,873</u>	<u>\$ 993,246</u>

The notes to the 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, 2012

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

Net change in fund balances - total governmental funds	\$	780,224
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 293,149	
Depreciation expense	<u>(525,287)</u>	(232,138)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		(436,728)
--	--	-----------

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 deferred taxes.		1,104
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. A summary of items supporting this adjustment is as follows:

Principal retirement on capital leases	\$ 75,305	
Issuance of capital lease	(25,000)	
Principal retirement on general obligation bond	<u>180,000</u>	230,305

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 accrued leave		11,427
--------------------------------------	--	--------

Change in net assets of governmental activities	<u>\$</u>	<u>354,194</u>
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The notes to the financial statements are an integral part of this statement.

Town of Blackstone, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Enterprise Funds		
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 326,904	\$ 628,062	\$ 954,966
Accounts receivables, net of allowance for uncollectibles	273,311	127,714	401,025
Due from other governmental units	-	118,987	118,987
Total current assets	<u>\$ 600,215</u>	<u>\$ 874,763</u>	<u>\$ 1,474,978</u>
Noncurrent assets:			
Capital assets:			
Land	\$ 238,213	\$ 11,362	\$ 249,575
Utility plant in service	954,061	10,062,550	11,016,611
Machinery and equipment	141,010	-	141,010
Construction in progress	-	130,243	130,243
Total capital assets	<u>\$ 1,333,284</u>	<u>\$ 10,204,155</u>	<u>\$ 11,537,439</u>
Total noncurrent assets	<u>\$ 1,333,284</u>	<u>\$ 10,204,155</u>	<u>\$ 11,537,439</u>
 Total assets	 <u>\$ 1,933,499</u>	 <u>\$ 11,078,918</u>	 <u>\$ 13,012,417</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 258,048	\$ 69,445	\$ 327,493
Accrued interest payable	-	108,769	108,769
Customer deposits payable	-	162,414	162,414
Note payable	-	91,105	91,105
Compensated absences - current portion	1,304	7,447	8,751
Bonds payable - current portion	4,250	429,068	433,318
Leases - current portion	37,095	-	37,095
Total current liabilities	<u>\$ 300,697</u>	<u>\$ 868,248</u>	<u>\$ 1,168,945</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 233,833	\$ 7,333,188	\$ 7,567,021
Leases - net of current portion	31,690	-	31,690
Compensated absences - net of current portion	11,738	67,019	78,757
Total noncurrent liabilities	<u>\$ 277,261</u>	<u>\$ 7,400,207</u>	<u>\$ 7,677,468</u>
Total liabilities	<u>\$ 577,958</u>	<u>\$ 8,268,455</u>	<u>\$ 8,846,413</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,026,416	\$ 2,441,899	\$ 3,468,315
Unrestricted	329,125	368,564	697,689
Total net assets	<u>\$ 1,355,541</u>	<u>\$ 2,810,463</u>	<u>\$ 4,166,004</u>

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

Town of Blackstone, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds		
	Water and		
	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ -	\$ 2,032,525	\$ 2,032,525
Electricity	4,093,475	-	4,093,475
Miscellaneous	5,871	24,144	30,015
Total operating revenues	<u>\$ 4,099,346</u>	<u>\$ 2,056,669</u>	<u>\$ 6,156,015</u>
OPERATING EXPENSES			
Personnel services	\$ 270,506	\$ 351,593	\$ 622,099
Fringe benefits	115,752	138,078	253,830
Contractual services	58,122	223,692	281,814
Electric power purchased	2,393,006	-	2,393,006
Payment in lieu of taxes	728,069	-	728,069
Other supplies and expenses	895,483	798,340	1,693,823
Depreciation	109,211	572,791	682,002
Total operating expenses	<u>\$ 4,570,149</u>	<u>\$ 2,084,494</u>	<u>\$ 6,654,643</u>
Operating income (loss)	<u>\$ (470,803)</u>	<u>\$ (27,825)</u>	<u>\$ (498,628)</u>
NONOPERATING REVENUES (EXPENSES)			
Connection/reconnection fees	\$ 14,440	\$ 26,060	\$ 40,500
Sale of equipment	12,000	-	12,000
Bond issue costs	(23,852)	(31,306)	(55,158)
Interest expense	(17,187)	(299,449)	(316,636)
Total nonoperating revenues (expenses)	<u>\$ (14,599)</u>	<u>\$ (304,695)</u>	<u>\$ (319,294)</u>
Change in net assets	<u>\$ (485,402)</u>	<u>\$ (332,520)</u>	<u>\$ (817,922)</u>
Total net assets - beginning	1,840,943	3,142,983	4,983,926
Total net assets - ending	<u>\$ 1,355,541</u>	<u>\$ 2,810,463</u>	<u>\$ 4,166,004</u>

The notes to the 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, 2012

	Enterprise Funds		
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,173,774	\$ 2,057,977	\$ 6,231,751
Payments for operating expenses	(4,110,738)	(999,593)	(5,110,331)
Payments to and for employees	(385,730)	(480,107)	(865,837)
Net cash provided by (used for) operating activities	\$ (322,694)	\$ 578,277	\$ 255,583
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ -	\$ (130,243)	\$ (130,243)
Principal payments on bonds and capital leases	(384,506)	(924,014)	(1,308,520)
Principal payments on leases	(36,104)	-	(36,104)
Connection fees	14,440	26,060	40,500
Sale of equipment	12,000	-	12,000
Proceeds from indebtedness	238,083	412,022	650,105
Interest payments	(45,538)	(339,914)	(385,452)
Net cash provided by (used for) capital and related financing activities	\$ (201,625)	\$ (956,089)	\$ (1,157,714)
Net increase (decrease) in cash and cash equivalents	\$ (524,319)	\$ (377,812)	\$ (902,131)
Cash and cash equivalents - beginning	851,223	1,005,874	1,857,097
Cash and cash equivalents - ending	\$ 326,904	\$ 628,062	\$ 954,966
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (470,803)	\$ (27,825)	\$ (498,628)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation expense	109,211	572,791	682,002
(Increase) decrease in accounts receivable	74,428	3,212	77,640
Increase (decrease) in customer deposits payable	-	(1,904)	(1,904)
Increase (decrease) in accounts payable	(36,058)	22,439	(13,619)
Increase (decrease) in compensated absences	528	9,564	10,092
Total adjustments	\$ 148,109	\$ 606,102	\$ 754,211
Net cash provided by (used for) operating activities	\$ (322,694)	\$ 578,277	\$ 255,583

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

Town of Blackstone, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

Agency
Fund

ASSETS

Cash and cash equivalents	\$ 39,593
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LIABILITIES

Amounts held for others	\$ 39,593
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The notes to the 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 AS OF JUNE 30, 2012

Note 1—Summary of Significant Accounting Policies:

The 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 government'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 Assets 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 Assets - The Statement of Net Assets 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 Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

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) AS OF JUNE 30, 2012

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 the 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, 2012.

Discretely Presented Component Units. - The Town has no discretely presented component units at June 30, 2012.

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 Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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) AS OF JUNE 30, 2012

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

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

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 Funds

Special Revenue Funds account for and report 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, Project Lifesaver, and Airport Projects are reported in the Special Revenue Fund. The Special Revenue Fund is considered a major fund.

c. Capital Projects Funds

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) AS OF JUNE 30, 2012

Note 1—Summary of Significant Accounting Policies: (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 Private Purpose Trust and Agency Funds. Private Purpose Trust and 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 a maturity date within three months of the date acquired by the government.

E. Investments

Investments are stated 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 government, as well as for its component units, are reported at fair value.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

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

F. 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 \$258,498 at June 30, 2012 and is comprised of property taxes of \$5,738, electric revenues of \$175,465, and water and sewer charges of \$77,295.

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.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns 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.

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

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

H. 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 Assets. 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.

I. 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.

J. Use of Estimates

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

K. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets.

L. 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

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

M. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. 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.

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).

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

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

M. Fund Equity (Continued)

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	\$ -	\$ 216,243	\$ -	\$ 216,243
Prepaid items	-	-	41,702	41,702
Total nonspendable fund balance	<u>\$ -</u>	<u>\$ 216,243</u>	<u>\$ 41,702</u>	<u>\$ 257,945</u>
Restricted for:				
Cemetery	\$ -	\$ 127,315	\$ -	\$ 127,315
Bus	-	40,135	-	40,135
Airport projects	-	15,180	-	15,180
Total restricted fund balance	<u>\$ -</u>	<u>\$ 182,630</u>	<u>\$ -</u>	<u>\$ 182,630</u>
Committed to:				
Note receivable	\$ -	\$ -	\$ 18,718	\$ 18,718
Capital projects	-	-	37,420	37,420
Total committed fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,138</u>	<u>\$ 56,138</u>
Unassigned fund balance	\$ 496,533	\$ -	\$ -	\$ 496,533
Total fund balances	<u><u>\$ 496,533</u></u>	<u><u>\$ 398,873</u></u>	<u><u>\$ 97,840</u></u>	<u><u>\$ 993,246</u></u>

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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

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

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, 2012, as adopted, appropriated and legally amended.

Expenditures and Appropriations

Expenditures did not exceed appropriations at June 30, 2012.

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).

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2012 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

	AAAm
First American Prime Obligations Fund	\$ 422,775
Total	\$ 422,775

Interest Rate Risk

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
First American Prime Obligations Fund	\$ 422,775	\$ 422,775
Total	\$ 422,775	\$ 422,775

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

Note 4—Due to/from Other Governments:

At June 30, 2012, the Town has receivables from other governments as follows:

	Primary Government	Business-type Activities
Other Local Governments:		
County of Nottoway	\$ 28,490	\$ -
Commonwealth of Virginia:		
Rolling stock tax	92	-
DMV	2,727	-
Communications tax	3,107	-
Fort Pickett water and sewer payment	-	118,987
Fire programs	1,368	-
Federal Government:		
Mass Transit grant	33,281	-
Community Development block grant	73,248	-
Total due from other governments	<u>\$ 142,313</u>	<u>\$ 118,987</u>

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<i>Primary Government:</i>				
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,112,822	\$ 80,000	\$ -	\$ 1,192,822
Construction in progress	436,728	-	436,728	-
Total capital assets not subject to depreciation	<u>\$ 1,549,550</u>	<u>\$ 80,000</u>	<u>\$ 436,728</u>	<u>\$ 1,192,822</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 8,236,758	\$ 125,492	\$ -	\$ 8,362,250
Infrastructure	472,283	19,353	-	491,636
Machinery and equipment	3,498,014	68,304	91,063	3,475,255
Total capital assets subject to depreciation	<u>\$ 12,207,055</u>	<u>\$ 213,149</u>	<u>\$ 91,063</u>	<u>\$ 12,329,141</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,407,579	\$ 218,777	\$ -	\$ 1,626,356
Infrastructure	100,991	30,322	-	131,313
Machinery and equipment	1,702,264	276,188	91,063	1,887,389
Total accumulated depreciation	<u>\$ 3,210,834</u>	<u>\$ 525,287</u>	<u>\$ 91,063</u>	<u>\$ 3,645,058</u>
Total capital assets subject to depreciation, net	<u>\$ 8,996,221</u>	<u>\$ (312,138)</u>	<u>\$ -</u>	<u>\$ 8,684,083</u>
Governmental activities capital assets, net	<u>\$ 10,545,771</u>	<u>\$ (232,138)</u>	<u>\$ 436,728</u>	<u>\$ 9,876,905</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<i>Business-Type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 249,575	\$ -	\$ -	\$ 249,575
Construction in progress	-	130,243		130,243
Total capital assets not subject to depreciation	\$ 249,575	\$ 130,243	\$ -	\$ 379,818
Capital assets subject to depreciation:				
Utility plant in service	\$ 21,905,170	\$ -	\$ -	\$ 21,905,170
Buildings	24,852	-	-	24,852
Machinery and equipment	1,375,822	-	126,615	1,249,207
Total capital assets subject to depreciation	\$ 23,305,844	\$ -	\$ 126,615	\$ 23,179,229
Less: accumulated depreciation for:				
Utility plant in service	\$ 10,233,639	\$ 654,920	\$ -	\$ 10,888,559
Buildings	24,852	-	-	24,852
Machinery and equipment	1,207,730	27,082	126,615	1,108,197
Total accumulated depreciation	\$ 11,466,221	\$ 682,002	\$ 126,615	\$ 12,021,608
Total capital assets subject to depreciation, net	\$ 11,839,623	\$ (682,002)	\$ -	\$ 11,157,621
Business-type activities capital assets, net	\$ 12,089,198	\$ (551,759)	\$ -	\$ 11,537,439

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 20,902
Public safety	134,607
Public works	170,389
Health and welfare	63,637
Parks, recreation and cultural	14,640
Community development	121,112
Total depreciation expense - governmental activities	\$ 525,287
Business - type activities:	
Electric fund	\$ 109,211
Water and Sewer fund	572,791
Total depreciation expense - business - type activities	\$ 682,002
Total depreciation expense - primary government	\$ 1,207,289

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

Note 6—Long Term Obligations:

The following is a summary of changes to long-term obligations for the fiscal year-ended June 30, 2012:

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Primary Government Obligations:					
Governmental Activities Obligations:					
Compensated absences payable	\$ 143,736	\$ 2,947	\$ 14,374	\$ 132,309	\$ 13,231
Capital leases (Note 7)	100,076	25,000	75,305	49,771	30,241
General obligation bond	1,725,000	-	180,000	1,545,000	185,000
Derivative instrument liability	60,997	62,796	-	123,793	-
Total Governmental Activities Obligations	\$ 2,029,809	\$ 90,743	\$ 269,679	\$ 1,850,873	\$ 228,472
Business-Type Activities:					
Compensated absences payable	\$ 77,416	\$ 17,834	\$ 7,742	\$ 87,508	\$ 8,751
Capital lease (Note 7)	104,889	-	36,104	68,785	37,095
General obligation bond	5,860,000	-	145,000	5,715,000	150,000
Revenue bonds	2,889,859	559,000	1,163,520	2,285,339	283,318
Total Business-Type Activities Obligations	\$ 8,932,164	\$ 576,834	\$ 1,352,366	\$ 8,156,632	\$ 479,164
Total Primary Government Obligations	\$ 10,961,973	\$ 667,577	\$ 1,622,045	\$ 10,007,505	\$ 707,636

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

Year Ending June 30	Governmental Activities Obligations			
	General Obligation Bond		Capital Leases	
	Principal	Interest	Principal	Interest
2013	\$ 185,000	\$ 79,039	\$ 30,241	\$ 1,111
2014	195,000	69,432	4,864	584
2015	210,000	59,308	5,030	418
2016	220,000	48,565	5,203	245
2017	230,000	36,891	4,433	68
2018	245,000	25,039	-	-
2019	260,000	12,315	-	-
Total	\$ 1,545,000	\$ 330,589	\$ 49,771	\$ 2,426

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

Note 6—Long-Term Obligations: (Continued)

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

Year Ending June 30	Business-Type Activities Obligations					
	Revenue Bonds		General Obligation Bond		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 283,318	\$ 45,353	\$ 150,000	\$ 246,660	\$ 37,095	\$ 1,489
2014	287,836	40,335	160,000	240,460	31,690	395
2015	292,490	35,181	165,000	233,960	-	-
2016	297,285	29,886	170,000	227,260	-	-
2017	642,852	12,975	175,000	220,360	-	-
2018	123,852	-	185,000	213,160	-	-
2019	123,852	-	190,000	205,660	-	-
2020	96,310	-	200,000	197,860	-	-
2021	68,770	-	205,000	189,658	-	-
2022	68,774	-	215,000	181,021	-	-
2023	-	-	225,000	171,805	-	-
2024	-	-	235,000	161,971	-	-
2025	-	-	245,000	151,559	-	-
2026	-	-	255,000	140,590	-	-
2027	-	-	270,000	128,905	-	-
2028	-	-	280,000	116,530	-	-
2029	-	-	295,000	103,593	-	-
2030	-	-	310,000	89,981	-	-
2031	-	-	325,000	75,693	-	-
2032	-	-	340,000	60,730	-	-
2033	-	-	355,000	44,915	-	-
2034	-	-	375,000	28,125	-	-
2035	-	-	390,000	9,750	-	-
Total	<u>\$ 2,285,339</u>	<u>\$ 163,730</u>	<u>\$ 5,715,000</u>	<u>\$ 3,440,206</u>	<u>\$ 68,785</u>	<u>\$ 1,884</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

Note 6—Long-Term Obligations: (Continued)

Long-Term Obligations:

	Total Amount
<u>Governmental Activities:</u>	
Capital Lease obligations (Note 7)	\$ 49,771
<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.	\$ 1,545,000
Derivative instrument liability	\$ 123,793
Compensated absences (payable from General Fund)	\$ 132,309
Total Long-Term Obligations, Governmental Activities	\$ 1,850,873

Business-Type Activities:

Capital Lease obligations (Note 7)	\$ 68,785
<u>Revenue Bonds:</u>	
\$2,431,481 Utility Revenue Bond, Series 1995, issued July 7, 1995, due in semi-annual installments through April 1, 2016; interest at 3%	\$ 625,520
\$1,107,095 Utility Revenue Bond, issued February 1, 2000, due in semi-annual installments through August 1, 2019; interest at 0%	413,115
\$1,386,875 Utility Revenue Bond, issued April 17, 2002, due in semi-annual installments through April 1, 2022; interest at 0%	687,704
\$559,000 Utility Revenue Refunding Bond, issued December 19, 2011, due in semi - annual installments through October 1, 2016; interest at 5%	559,000
Total Revenue Bonds Payable	\$ 2,285,339

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

Note 6—Long-Term Obligations: (Continued)

Business-Type Activities: (Continued)

General Obligation Bond:

\$6,665,000 General Obligation Bond, issued December 15, 2004, due in annual principal installments through August 1, 2034; interest payable semi-annually at rates varying from 2.5% to 5.0%

\$ 5,715,000

Compensated absences (payable from Enterprise Fund)

\$ 87,508

Total Long-Term Obligations, Business-Type Activities

\$ 8,156,632

Total Long-Term Obligations, Primary Government

\$ 10,007,505

In a prior year the Town issued a derivative financial instrument in the form of an interest rate swap. The Town has implemented Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* during fiscal year 2010.

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 \$1,668,793 is more than the balance outstanding on the bonds payable of \$1,545,000. The difference of \$123,793 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 assets as a reduction to total liabilities before computing net assets. The swap was entered into at the same time as the bonds were issued. Under the swap, the Town pays the counterparty a fixed payment of 4.87 percent and receives a variable payment computed as 100 percent of the London Interbank Offered Rate (LIBOR). Annual amounts required to amortize the Town loan using the fixed rate provided by the swap agreement which is not significantly different from the variable rate are referenced above under "Governmental Activities Obligations - General Obligation Bonds."

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

	As of and for the year ended June 30, 2012	
Fair value	\$	(123,793)
Change in fair value		(62,796)
	30	

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

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 and a street sweeper for the street department, two (2) backhoes, a tractor, a bucket truck and two (2) police cars. 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	Business-type Activities
Asset:		
Equipment	\$ 945,697	\$ 140,812
Less: accumulated depreciation	(500,065)	(28,162)
Total	<u>\$ 445,632</u>	<u>\$ 112,650</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ended June 30	Governmental Activities	Business-type Activities
2013	\$ 29,863	\$ 38,584
2014	5,053	32,084
2015	5,448	-
2016	5,448	-
2017	4,501	-
Total minimum lease payments	\$ 50,313	\$ 70,668
Less: amount representing interest	(542)	(1,883)
Present value of minimum lease payments	<u>\$ 49,771</u>	<u>\$ 68,785</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

Note 8—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$84,518 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$83,199 at June 30, 2012.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2012 but paid in advance by the taxpayers totaled \$1,319 at June 30, 2012.

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, 2012, 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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

Note 12—Defined Benefit Pension Plan:

Primary Government:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2012

Note 12—Defined Benefit Pension Plan: (Continued)

Primary Government: (Continued)

A. Plan Description (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950) as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report (CAFR) 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/2011-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. 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 2012 was 8.24% of annual covered payroll.

C. Annual Pension Cost

For the fiscal year 2012, the Town's annual pension cost of \$270,701 (which includes the portion of the employee share assumed by the employer which was \$102,229) was equal to the Town's required and actual contributions.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

Note 12—Defined Benefit Pension Plan: (Continued)

Primary Government: (Continued)

C. Annual Pension Cost (Continued)

Three Year Trend Information for Town of Blackstone			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
Town:			
June 30, 2012	\$ 168,472	100%	\$ -
June 30, 2011	161,661	100%	-
June 30, 2010	162,405	100%	-

(1) Employer portion only

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

Note 12—Defined Benefit Pension Plan: (Continued)

Primary Government: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 78.32% funded. The actuarial accrued liability for benefits was \$6,223,905, and the actuarial value of assets was \$4,874,613, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,349,292. The covered payroll (annual payroll of active employees covered by the plan) was \$2,048,920, and ratio of the UAAL to the covered payroll was 65.85%.

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—Restatement of Beginning Net Assets and Fund Balance:

The following changes were made to beginning net assets and fund balance at June 30, 2012:

	Governmental Activities	General Fund	Capital Projects Fund
Net assets as previously reported at June 30, 2011	\$ 8,772,076	\$ -	\$ -
Fund balance as previously reported at June 30, 2011	-	(413,598)	187,240
To adjust beginning payables balance	200,000	200,000	-
To adjust for EDA loans receivable deferral	(100,000)	-	(100,000)
Net Assets and Fund Balance, as restated at July 1, 2011	<u>\$ 8,872,076</u>	<u>\$ (213,598)</u>	<u>\$ 87,240</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2012

Note 15—Interfund Transfers:

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 63,641	\$ 158,450
Capital projects	27,392	21,750
Special revenue	<u>131,058</u>	<u>41,891</u>
Total	\$ <u><u>222,091</u></u>	\$ <u><u>222,091</u></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.

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REQUIRED SUPPLEMENTARY INFORMATION

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Town of Blackstone, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 379,500	\$ 379,500	\$ 383,182	\$ 3,682
Other local taxes	1,105,850	1,105,850	1,234,668	128,818
Permits, privilege fees, and regulatory licenses	2,700	2,700	2,810	110
Fines and forfeitures	25,000	25,000	36,549	11,549
Revenue from the use of money and property	23,470	23,470	1,502	(21,968)
Charges for services	808,400	808,400	966,572	158,172
Miscellaneous	234,150	257,863	140,061	(117,802)
Recovered costs	1,356,969	1,356,969	1,322,854	(34,115)
Intergovernmental revenues:				
Commonwealth	968,822	968,822	1,044,185	75,363
Federal	-	-	59,939	59,939
Total revenues	\$ 4,904,861	\$ 4,928,574	\$ 5,192,322	\$ 263,748
EXPENDITURES				
Current:				
General government administration	\$ 1,040,900	\$ 1,053,517	\$ 918,135	\$ 135,382
Public safety	1,337,575	1,364,154	1,256,031	108,123
Public works	1,991,294	2,012,321	1,936,704	75,617
Parks, recreation, and cultural	45,403	46,454	44,177	2,277
Community development	63,143	64,194	61,626	2,568
Capital projects	353,100	369,611	115,998	253,613
Debt service:				
Principal retirement	114,981	114,981	75,305	39,676
Interest and other fiscal charges	-	-	4,406	(4,406)
Total expenditures	\$ 4,946,396	\$ 5,025,232	\$ 4,412,382	\$ 612,850
Excess (deficiency) of revenues over (under) expenditures	\$ (41,535)	\$ (96,658)	\$ 779,940	\$ 876,598
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 15,500	\$ 15,500	\$ 63,641	\$ 48,141
Transfers out	(39,385)	(49,463)	(158,450)	(108,987)
Issuance of debt	-	-	25,000	25,000
Total other financing sources (uses)	\$ (23,885)	\$ (33,963)	\$ (69,809)	\$ (35,846)
Net change in fund balances	\$ (65,420)	\$ (130,621)	\$ 710,131	\$ 840,752
Fund balances - beginning - as restated	65,420	130,621	(213,598)	(344,219)
Fund balances - ending	\$ -	\$ -	\$ 496,533	\$ 496,533

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, 2012

	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	\$ 6,500	\$ 6,500	\$ 5,426	\$ (1,074)
Charges for services	202,700	202,700	30,638	(172,062)
Miscellaneous	-	-	13,800	13,800
Recovered costs	-	-	81,103	81,103
Intergovernmental revenues:				
Commonwealth	193,475	193,475	89,118	(104,357)
Federal	464,941	464,941	295,337	(169,604)
Total revenues	<u>\$ 867,616</u>	<u>\$ 867,616</u>	<u>\$ 515,422</u>	<u>\$ (352,194)</u>
EXPENDITURES				
Current:				
Community development	\$ 872,904	\$ 882,982	\$ 545,096	\$ 337,886
Total expenditures	<u>\$ 872,904</u>	<u>\$ 882,982</u>	<u>\$ 545,096</u>	<u>\$ 337,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,288)</u>	<u>\$ (15,366)</u>	<u>\$ (29,674)</u>	<u>\$ (14,308)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 10,078	\$ 131,058	\$ 120,980
Transfers out	(15,500)	(15,500)	(41,891)	(26,391)
Total other financing sources (uses)	<u>\$ (15,500)</u>	<u>\$ (5,422)</u>	<u>\$ 89,167</u>	<u>\$ 94,589</u>
Net change in fund balances	\$ (20,788)	\$ (20,788)	\$ 59,493	\$ 80,281
Fund balances - beginning	20,788	20,788	339,380	318,592
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,873</u>	<u>\$ 398,873</u>

Town of Blackstone, Virginia
Schedule of Pension Funding Progress
As of June 30, 2012

Primary Government:

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)
6/30/2011	\$ 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%
6/30/2003	2,795,147	3,646,087	850,940	76.66%	1,426,220	59.66%
6/30/2002	2,607,474	3,606,103	998,629	72.31%	1,786,110	55.91%

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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, 2012

	<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	\$ 281,983	\$ 2,006
Miscellaneous	34,693	34,693	84,921	50,228
Intergovernmental revenues:				
Federal	632,430	632,430	130,435	(501,995)
Total revenues	<u>\$ 947,100</u>	<u>\$ 947,100</u>	<u>\$ 497,339</u>	<u>\$ (449,761)</u>
EXPENDITURES				
Capital projects	\$ 671,815	\$ 671,815	\$ 223,750	\$ 448,065
Debt service:				
Principal retirement	172,210	172,210	180,000	(7,790)
Interest and other fiscal charges	93,790	93,790	88,631	5,159
Total expenditures	<u>\$ 937,815</u>	<u>\$ 937,815</u>	<u>\$ 492,381</u>	<u>\$ 445,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,285</u>	<u>\$ 9,285</u>	<u>\$ 4,958</u>	<u>\$ (4,327)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 39,385	\$ 39,385	\$ 27,392	\$ (11,993)
Transfers out	-	-	(21,750)	(21,750)
Total other financing sources and uses	<u>\$ 39,385</u>	<u>\$ 39,385</u>	<u>\$ 5,642</u>	<u>\$ (33,743)</u>
Net change in fund balances	\$ 48,670	\$ 48,670	\$ 10,600	\$ (38,070)
Fund balances - beginning - as restated	-	-	87,240	87,240
Fund balances - ending	<u>\$ 48,670</u>	<u>\$ 48,670</u>	<u>\$ 97,840</u>	<u>\$ 49,170</u>

Town of Blackstone, Virginia
Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2012

	<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	\$ 40,711	\$ 440	\$ 1,558	\$ 39,593
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Amounts held for others	\$ 40,711	\$ 440	\$ 1,558	\$ 39,593
	<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, 2012

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	\$ 303,100	\$ 303,100	\$ 312,427	\$ 9,327
Real and personal public service corporation taxes	7,900	7,900	-	(7,900)
Personal property taxes	62,000	62,000	60,678	(1,322)
Penalties	4,000	4,000	5,970	1,970
Interest	2,500	2,500	4,107	1,607
Total general property taxes	<u>\$ 379,500</u>	<u>\$ 379,500</u>	<u>\$ 383,182</u>	<u>\$ 3,682</u>
Other local taxes:				
Local sales and use taxes	\$ 160,000	\$ 160,000	\$ 186,981	\$ 26,981
Consumption tax	10,000	10,000	10,189	189
Franchise license taxes	16,000	16,000	-	(16,000)
Business license taxes	169,250	169,250	160,323	(8,927)
Motor vehicle licenses	50,000	50,000	56,898	6,898
Bank stock taxes	105,000	105,000	100,027	(4,973)
Cigarette taxes	70,000	70,000	124,251	54,251
Hotel and motel room taxes	25,000	25,000	31,181	6,181
Restaurant food taxes	500,600	500,600	564,818	64,218
Total other local taxes	<u>\$ 1,105,850</u>	<u>\$ 1,105,850</u>	<u>\$ 1,234,668</u>	<u>\$ 128,818</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	<u>\$ 2,700</u>	<u>\$ 2,700</u>	<u>\$ 2,810</u>	<u>\$ 110</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 36,549</u>	<u>\$ 11,549</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 4,470	\$ 4,470	\$ (16,330)	\$ (20,800)
Revenue from use of property	19,000	19,000	17,832	(1,168)
Total revenue from use of money and property	<u>\$ 23,470</u>	<u>\$ 23,470</u>	<u>\$ 1,502</u>	<u>\$ (21,968)</u>
Charges for services:				
Charges for sanitation and waste removal	\$ 309,000	\$ 309,000	\$ 313,323	\$ 4,323
Charges for garage services	39,000	39,000	13,292	(25,708)
Charges for airport maintenance	1,000	1,000	500	(500)
Charges for aviation fuel	459,400	459,400	639,457	180,057
Total charges for services	<u>\$ 808,400</u>	<u>\$ 808,400</u>	<u>\$ 966,572</u>	<u>\$ 158,172</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ 234,150</u>	<u>\$ 257,863</u>	<u>\$ 140,061</u>	<u>\$ (117,802)</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

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	\$ 456,720	\$ 456,720	\$ 456,720	\$ -
DMV	25,000	25,000	32,978	7,978
Zoning variance	2,500	2,500	-	(2,500)
Garage labor	49,000	49,000	17,435	(31,565)
Nottoway County - decal money	35,000	35,000	-	(35,000)
County fire and rescue	33,000	33,000	41,087	8,087
County recreation	2,000	2,000	2,000	-
Excise tax refund	25,680	25,680	44,565	18,885
Payment in lieu of taxes-Electric fund	728,069	728,069	728,069	-
Total recovered costs	<u>\$ 1,356,969</u>	<u>\$ 1,356,969</u>	<u>\$ 1,322,854</u>	<u>\$ (34,115)</u>
 Total revenue from local sources	 <u>\$ 3,936,039</u>	 <u>\$ 3,959,752</u>	 <u>\$ 4,088,198</u>	 <u>\$ 128,446</u>
 Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 6,000	\$ 6,000	\$ 5,551	\$ (449)
Communications tax	-	-	18,192	18,192
Personal property tax relief funds	42,900	42,900	42,986	86
Total noncategorical aid	<u>\$ 48,900</u>	<u>\$ 48,900</u>	<u>\$ 66,729</u>	<u>\$ 17,829</u>
 Categorical aid:				
Other categorical aid:				
Streets and highway maintenance	\$ 820,000	\$ 820,000	\$ 851,751	\$ 31,751
DJCP grants for law enforcement	70,000	70,000	85,528	15,528
Emergency response grant	-	-	5,436	5,436
Burn building grant	-	-	7,815	7,815
Law enforcement block grant	5,524	5,524	4,972	(552)
Litter control	1,975	1,975	1,663	(312)
Highway safety grant	11,423	11,423	-	(11,423)
Fire programs	11,000	11,000	20,291	9,291
Total other categorical aid	<u>\$ 919,922</u>	<u>\$ 919,922</u>	<u>\$ 977,456</u>	<u>\$ 57,534</u>
 Total categorical aid	 <u>\$ 919,922</u>	 <u>\$ 919,922</u>	 <u>\$ 977,456</u>	 <u>\$ 57,534</u>
 Total revenue from the Commonwealth	 <u>\$ 968,822</u>	 <u>\$ 968,822</u>	 <u>\$ 1,044,185</u>	 <u>\$ 75,363</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
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<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:				
Disaster assistance	\$ -	\$ -	\$ 21,023	\$ 21,023
Community development block grant	-	-	3,000	3,000
Transportation safety	-	-	10,916	10,916
USDA grant grant	-	-	25,000	25,000
Total other categorical aid	\$ -	\$ -	\$ 59,939	\$ 59,939
Total categorical aid	\$ -	\$ -	\$ 59,939	\$ 59,939
Total revenue from the federal government	\$ -	\$ -	\$ 59,939	\$ 59,939
Total General Fund	\$ 4,904,861	\$ 4,928,574	\$ 5,192,322	\$ 263,748
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 6,500	\$ 6,500	\$ 5,426	\$ (1,074)
Charges for services:				
Charges for cemetery care	\$ 2,000	\$ 2,000	\$ 1,050	\$ (950)
Cemetery lot sales	5,000	5,000	3,000	(2,000)
Charges for bus fares	195,700	195,700	26,588	(169,112)
Total charges for services	\$ 202,700	\$ 202,700	\$ 30,638	\$ (172,062)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 13,800	\$ 13,800
Total miscellaneous revenue	\$ -	\$ -	\$ 13,800	\$ 13,800
Recovered costs:				
Reimbursement from localities	\$ -	\$ -	\$ 81,103	\$ 81,103
Total recovered costs	\$ -	\$ -	\$ 81,103	\$ 81,103
Total revenue from local sources	\$ 209,200	\$ 209,200	\$ 130,967	\$ (78,233)
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grant	\$ 193,475	\$ 193,475	\$ 89,118	\$ (104,357)
Total categorical aid	\$ 193,475	\$ 193,475	\$ 89,118	\$ (104,357)
Total revenue from the Commonwealth	\$ 193,475	\$ 193,475	\$ 89,118	\$ (104,357)

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

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	\$ 464,941	\$ 464,941	\$ 222,985	\$ (241,956)
Airport grant	-	-	72,352	72,352
Total categorical aid	<u>\$ 464,941</u>	<u>\$ 464,941</u>	<u>\$ 295,337</u>	<u>\$ (169,604)</u>
Total revenue from the federal government	<u>\$ 464,941</u>	<u>\$ 464,941</u>	<u>\$ 295,337</u>	<u>\$ (169,604)</u>
Total Special Revenue Fund	<u>\$ 867,616</u>	<u>\$ 867,616</u>	<u>\$ 515,422</u>	<u>\$ (352,194)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,006	\$ 2,006
Revenue from the use of property	279,977	279,977	279,977	-
Total revenue from use of money and property	<u>\$ 279,977</u>	<u>\$ 279,977</u>	<u>\$ 281,983</u>	<u>\$ 2,006</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ 34,693</u>	<u>\$ 34,693</u>	<u>\$ 84,921</u>	<u>\$ 50,228</u>
Total revenue from local sources	<u>\$ 314,670</u>	<u>\$ 314,670</u>	<u>\$ 366,904</u>	<u>\$ 52,234</u>
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Community development block grant	<u>\$ 632,430</u>	<u>\$ 632,430</u>	<u>\$ 130,435</u>	<u>\$ (501,995)</u>
Total revenue from the federal government	<u>\$ 632,430</u>	<u>\$ 632,430</u>	<u>\$ 130,435</u>	<u>\$ (501,995)</u>
Total Capital Projects Fund	<u>\$ 947,100</u>	<u>\$ 947,100</u>	<u>\$ 497,339</u>	<u>\$ (449,761)</u>
Grand Total Revenues -- Primary Government	<u>\$ 6,719,577</u>	<u>\$ 6,743,290</u>	<u>\$ 6,205,083</u>	<u>\$ (538,207)</u>

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

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	\$ 111,802	\$ 111,802	\$ 14,502	\$ 97,300
General and financial administration:				
Town Manager and financial administration	\$ 909,098	\$ 921,715	\$ 883,633	\$ 38,082
Independent Auditor	20,000	20,000	20,000	-
Total general and financial administration	\$ 929,098	\$ 941,715	\$ 903,633	\$ 38,082
Total general government administration	\$ 1,040,900	\$ 1,053,517	\$ 918,135	\$ 135,382
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,157,106	\$ 1,179,223	\$ 1,111,959	\$ 67,264
Fire and rescue services:				
Fire department	\$ 180,469	\$ 184,931	\$ 144,072	\$ 40,859
Total public safety	\$ 1,337,575	\$ 1,364,154	\$ 1,256,031	\$ 108,123
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street maintenance	\$ 888,108	\$ 899,673	\$ 707,072	\$ 192,601
Traffic lights	2,320	2,320	2,530	(210)
Total maintenance of highways, streets, bridges & sidewalks	\$ 890,428	\$ 901,993	\$ 709,602	\$ 192,391
Sanitation and waste removal:				
Refuse collection	\$ 283,393	\$ 289,701	\$ 311,321	\$ (21,620)
Maintenance of general buildings and grounds:				
General properties	\$ 368,091	\$ 368,091	\$ 699,784	\$ (331,693)
Garage department	229,982	233,136	217,240	15,896
Fuel purchases	219,400	219,400	(1,243)	220,643
Total maintenance of general buildings and grounds	\$ 817,473	\$ 820,627	\$ 915,781	\$ (95,154)
Total public works	\$ 1,991,294	\$ 2,012,321	\$ 1,936,704	\$ 75,617

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

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	\$ 36,203	\$ 37,254	\$ 35,833	\$ 1,421
Library:				
Contribution to library	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Library administration	7,200	7,200	6,344	856
Total library	\$ 9,200	\$ 9,200	\$ 8,344	\$ 856
Total parks, recreation, and cultural	\$ 45,403	\$ 46,454	\$ 44,177	\$ 2,277
Community development:				
Planning and community development:				
Downtown Blackstone	\$ 63,143	\$ 64,194	\$ 61,626	\$ 2,568
Capital projects:				
Administration	\$ 68,000	\$ 68,000	\$ 7,458	\$ 60,542
Police department	29,000	45,511	83,181	(37,670)
Street maintenance	-	-	5,000	(5,000)
Garbage department	8,000	8,000	-	8,000
Garage department	5,100	5,100	-	5,100
General	5,000	5,000	-	5,000
Fire department	238,000	238,000	20,861	217,139
Library	-	-	(502)	502
Total capital projects	\$ 353,100	\$ 369,611	\$ 115,998	\$ 253,613
Debt service:				
Principal retirement	\$ 114,981	\$ 114,981	\$ 75,305	\$ 39,676
Interest and other fiscal charges	-	-	4,406	(4,406)
Total debt service	\$ 114,981	\$ 114,981	\$ 79,711	\$ 35,270
Total General Fund	\$ 4,946,396	\$ 5,025,232	\$ 4,412,382	\$ 612,850
Special Revenue Fund:				
Community Development:				
Planning and community development:				
Bus program	\$ 854,116	\$ 864,194	\$ 486,966	\$ 377,228
Cemetery	18,788	18,788	5,821	12,967
Airport	-	-	52,309	(52,309)
Total planning and community development	\$ 872,904	\$ 882,982	\$ 545,096	\$ 337,886
Total Special Revenue Fund	\$ 872,904	\$ 882,982	\$ 545,096	\$ 337,886

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

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:				
Construction administration	\$ 108,350	\$ 108,350	\$ 36,099	\$ 72,251
Town square construction	-	-	120,511	(120,511)
Church Street project	465,715	465,715	3,757	461,958
Medical center	-	-	2,475	(2,475)
Downtown revitalization	97,750	97,750	60,908	36,842
Total capital projects	<u>\$ 671,815</u>	<u>\$ 671,815</u>	<u>\$ 223,750</u>	<u>\$ 448,065</u>
Debt service:				
Principal retirement	\$ 172,210	\$ 172,210	\$ 180,000	\$ (7,790)
Interest and other fiscal charges	93,790	93,790	88,631	5,159
Total debt service	<u>\$ 266,000</u>	<u>\$ 266,000</u>	<u>\$ 268,631</u>	<u>\$ (2,631)</u>
Total Capital Projects Fund	<u>\$ 937,815</u>	<u>\$ 937,815</u>	<u>\$ 492,381</u>	<u>\$ 445,434</u>
Total Primary Government	<u>\$ 6,757,115</u>	<u>\$ 6,846,029</u>	<u>\$ 5,449,859</u>	<u>\$ 1,396,170</u>

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OTHER STATISTICAL INFORMATION

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Table 1

Town of Blackstone, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

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
2003-04	\$ 312,959	\$ 1,287,012	\$ 549,128	\$ -	\$ 9,069	\$ 169,581	\$ 16,594	\$ 6,057,729	\$	8,402,072
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

(1) Information has only been available for nine years.

Table 2

Town of Blackstone, Virginia
Government-Wide Revenues
Last Ten Fiscal Years (1)

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
2003-04	\$ 4,661,406	\$ 885,540	\$ 166,436	\$	313,722	772,506	\$ 137,237	\$ 162,415	\$ 56,031	\$ 7,155,293
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

(1) Information has only been available for nine years.

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
2003	\$ 577,939	\$ 983,357	\$ 1,411,724	\$ 8,501	\$ 62,607	\$ -	3,044,128
2004	599,803	1,082,439	1,369,793	6,954	58,781	49,815	3,167,585
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

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

(2) Excludes Capital Projects funds.

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
2003	\$ 306,634	\$ 772,488	\$ 513	\$ 27,244	\$ 127,574	\$ 235,662	\$ 895,458	\$ 468,995	\$ 901,238	\$ 3,735,806
2004	309,998	772,506	4,188	35,951	114,590	252,414	154,055	1,314,498	1,015,093	3,973,293
2005	296,102	786,977	820	38,204	18,392	997,210	23,624	1,120,248	1,242,117	4,523,694
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

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

(2) Excludes Capital projects funds.

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
2003	\$ 355,906	\$ 334,870	94.09%	\$ 4,993	\$ 339,863	95.49%	\$ 17,372	4.88%
2004	366,339	342,061	93.37%	2,797	344,858	94.14%	19,818	5.41%
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%

(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)	Machinery					Total
		Personal Property	Tools and Homes	Mobile Homes	Public Service (2)		
2003	\$ 114,218,906	\$ 13,773,404	\$ 1,937,546	\$ 542,819	\$ 5,917,627	\$ 136,390,302	
2004	115,920,896	15,545,085	1,455,650	483,625	5,636,593	139,041,849	
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	

(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
2003	\$	0.20	\$	0.65	0.65	0.20	0.20	0.65
2004		0.20		0.65	0.65	0.20	0.20	0.65
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

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Payable from Enterprise Revenue	Debt			
2003	3,675	\$ 136,390,302	\$ -	- \$	-	0.00%	\$ -	-
2004	3,675	139,041,849	-	-	-	0.00%	-	-
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

(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.
Excludes revenue bonds, capital leases, and compensated absences.

Table 9

Town of Blackstone, Virginia
Computation of Legal Debt Margin
At June 30, 2012

Assessed value of real property, January 1, 2011 (1)	\$ 160,994,021
Debt limit: 10% of assessed value	\$ 16,099,402
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 9,545,339
Less: Revenue bonds	(2,285,339)
Net general obligation bonds and loans	\$ 7,260,000
Legal debt limit	\$ 8,839,402

(1) Assessed value of real property, including public service corporations as of January 1, 2011.

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

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COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

*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 the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Blackstone, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Town of Blackstone, Virginia's basic financial statements and have issued our report thereon dated January 8, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Blackstone, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blackstone, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Blackstone, Virginia's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Blackstone, Virginia's financial statements are free of 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*.

We noted certain matters that we reported to management of the Town of Blackstone, Virginia, in a separate letter dated January 8, 2013.

This report is intended solely for the information and use of management, the Town Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

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

Richmond, Virginia
January 8, 2013