

**TOWN OF BLACKSBURG, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**June 30, 2022**

**DEPARTMENT OF FINANCIAL SERVICES**



# **TOWN OF BLACKSBURG, VIRGINIA**

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## INTRODUCTORY SECTION

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December 2, 2022

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

Section 15.2-2511 of the *Code of Virginia*, requires an annual independent audit and report of financial activity of the Town of Blacksburg, Virginia (the “Town”) presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town for the fiscal year ended June 30, 2022.

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

The Town’s financial statements have been audited by the independent certified public accounting firm of Brown, Edwards & Company, L.L.P. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town’s financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor’s report is presented at the front of the financial section of this report.

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

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

## **Profile of the Government**

The Town was founded and organized in 1798 and incorporated in 1871. The Town is located in Montgomery County, Virginia approximately 40 miles southwest of Roanoke, Virginia. The Town has a land area of 19.7 square miles. Blacksburg is one of the largest towns in Virginia with a 2020 census population of 44,826. The Town is empowered to levy a property tax on real properties located within its boundaries. Town residents are also citizens of and are subject to taxation by Montgomery County.

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

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

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

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

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

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

## Local Economy

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

The Town's economically sensitive revenues are slowly returning to pre-pandemic levels. Economic challenges have intensified over the past twelve months, resulting in inflation growing at rates not seen in forty years. Employers throughout the country, including the Town, are also having difficulty hiring employees and filling vacancies while at the same time experiencing increasing competition for employees and escalating wages. The Town's financial policies and practices served as a guide in preparing this budget under these conditions.

To ensure Blacksburg retains its vibrancy as an inviting community to residents, businesses, students, and visitors we will continue to focus on managing and planning for growth. We will also focus on programs and projects that will have a lasting positive impact on the community. Specific focus areas include housing, transportation, sustainability, and community wellbeing.

Maintaining current services while attempting to control costs in conjunction with revenue decline defines the character of the municipal corporation for both fiscal year 2022 and for the near future. The cost of health insurance, retirement benefits, snow removal, and fleet related expenses are four areas where costs continue to grow. Concurrently, Federal and State revenues continue to decline with no relief in sight. Current inflationary factors and supply chain shortages are new challenges the Town faces.

The Town's major employer, Virginia Tech, is the largest university in the Commonwealth and is located on over 2,600 acres in Blacksburg (and 1,800 acres of research farmland in Montgomery County) with more than 213 buildings on its campus. Tech continues to position itself as a major research institution with a high level of effort being concentrated on Intelligent Vehicle Highway System (IVHS) technology and Biotechnology. Growth in technology-based research and the spawning of businesses from the Corporate Research Center ("CRC") reflect well on the area and the wealth of resources offered by a major academic institution makes the Town an attractive venue for business. The CRC is now home to over 180 research, support, and technology-based companies that collectively employ over 3,300 knowledge-based workers in 33 buildings over 230 acres. The emergence of the university as a major research institution has occurred during the past decade with a research portfolio of more than \$530 million. It is currently ranked 48<sup>th</sup> overall and is in the top five percent of universities in the nation for research expenditures. The university routinely ranks among the top 15 universities in the number of patents issued to U.S. universities. The university carries a \$1.70 billion endowment and currently has an operating budget of \$1.89 billion with \$2.66 billion in assets and managed funds.

The presence of Virginia Tech as a corporate citizen brings many advantages to the economic condition of the Town. The combination of approximately 37,000 students and 8,000 faculty and administrators bring significant buying power to the merchants and tax base of the Town. The visitors generated by Virginia Tech for sports events as well as conferences and research endeavors bring significant buying power to the area. The presence of Virginia Tech offers the stability essential to a local government even during economic downturns as recently experienced in fiscal year 2009 thru fiscal year 2012. However, with the pandemic and related factors as mentioned above, the Town is not as insulated as it once was with the economic crisis of 2009 as the closing of restaurants, hotels, and other business during the mandatory lockdowns were felt as tax collections declined. With Virginia Tech completely open and no longer requiring hybrid learning with online classes, the retail industry has exceeded expectations during recovery. The condition of the state's budget and its impact on the state's commitment to higher education and therefore the local economy is being monitored by the Town's leaders.

Due to Amazon's announcement of their second headquarters in Alexandria, Virginia, Virginia Tech will invest \$1 billion in an Innovation Campus that will be home to three academic buildings as part of the first phase of a new North Potomac Yard mixed-use development in Alexandria. The Virginia Tech



Innovation Campus will triple the university's footprint in Northern Virginia and will be a magnet for leading tech talent, research, and education.

Local industry serves as a strong complement to the presence of Virginia Tech. Manufacturers of automobile components and electronic/fiber-optic technology continue to provide an employment base that contributes significantly to the economy of the Town. The Old Blacksburg Middle School (OBMS) site has been rezoned and is under redevelopment and will be known as the Midtown development. The Town has collaborated with the owners of the OBMS property on an agreement to partner on the redevelopment project. The project is a mixed-use development consisting of hotel, office, retail, restaurant, and housing uses. A combination of public and private funds will fund a public parking garage and public plaza spaces to support the project. Revenue generated from the redevelopment is anticipated to fund the Town's public parking garage. This site has a lot of potential to draw in new business and revenue for the Town. The Town has begun construction on both the parking garage and police station with bonds issued in the amount of \$28.5 million to fund the cost of construction. The Town has also approved a special service tax district whereby an additional real estate tax will be assessed on properties in the Midtown development. These additional taxes along with meals and lodging taxes assessed on site will be used to pay for the debt service of the parking garage.

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

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

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

The Virginia Tech/Montgomery Executive Airport has completed its \$37 million expansion of the runway and will provide greater capacity for economic development in the region as well as fulfill FAA regulations.

### **Long-term Financial Planning**

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

The fiscal year 2023 budget demonstrates a commitment to outstanding service delivery and progressiveness of local government. Revenue projections in fiscal year 2023 reflect revenue growth but at lower levels than anticipated prior to the pandemic. Specifically, economically sensitive revenue sources such as meals tax, lodging tax, and sales tax are impacted. Property values have not been negatively impacted by the pandemic. Real Estate Tax revenues are projected to increase 7.82% due to a property value reassessment, a strong housing market, new development, and redevelopment. No property tax rate increase is projected in this budget. Revenues still need to be monitored closely because the local economy could be influenced by the unpredictability of ongoing pandemic, inflation, and other global events.

The Town has always prided itself on being a desired employer with outstanding employees committed to providing the best possible service to the community. While this still holds true a combination of inflation, increasing competition for employees, escalating wages, and employees reaching retirement age is making it difficult to retain and hire people. Compared to prior years, the amount of turnover and vacant positions in the organization is much higher. The Police Department, Public Works, and BT in particular have higher than normal vacancies. This phenomenon is not unique to the Town. Our neighboring communities and employers across the country are experiencing the same challenges.

The Town's current vacancies are primarily due to retirements, career advancement, and employees finding higher salaries elsewhere. One part of the solution to address current staffing concerns is to look at employee compensation to ensure the Town's pay is competitive in the market. A compensation study was completed this spring with funding included in this budget to implement the results. Funding is also included to support cost of living increases to stay current with inflation. Increasing salaries is not the sole solution to this challenge, so staff are exploring creative strategies for recruiting and retention of employees to attract outstanding candidates and remain competitive with other local jurisdictions, Virginia Tech, and the private sector.

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

The Town's focus on "moving people, not cars" continues to guide the prioritization of pedestrian, bicycle and transit improvements in the community. Work supporting this priority continues on the Prices Fork Road, Tom's Creek Road, and University City Boulevard corridors leading to campus. Funding to make improvements along Prices Fork Road between Main Street and Turner Street is included in the Budget.

The Budget includes funding to support several housing initiatives aimed at addressing the availability and increasing cost of non-student housing in Blacksburg. The initiatives include creation of a community land trust, a housing fund, and changes to zoning regulations to provide more affordability in the housing market.

The Town continues to focus on our environmental sustainability goals and is making progress towards implementing the Climate Action Plan. The Town is establishing a culture of environmental sustainability into town operations as well as building sustainability and renewable energy into major capital projects. The new Police Station will meet Leadership in Energy and Environmental Design (LEED) Silver standards. The Multi-Modal Transit Facility (MMTF) will also meet LEED Silver standards. The MMTF includes rapid chargers for on-route charging of electric buses to support BT's transition to an electric fleet. The Town is implementing energy efficiency upgrades in existing Town facilities and planning the conversion of our vehicle and equipment fleet to electric and hybrid-electric power. These plans will be

implemented over the next several years. We are also having discussions with Virginia Tech to explore ways to collaborate on renewable energy projects.

Funding is included in the Budget to continue work on community wellbeing and residents' connection to each other, individually and institutionally. Throughout the COVID-19 pandemic, the Town has supported the wellbeing of its citizens, institutions, businesses, non-profits and employees with social, health, and financial support programs. In the coming year, the Town will further define its equity and community wellbeing work to ensure that Blacksburg is an equitable, inclusive, engaged and healthy community that is affordable and accessible to all.

As part of the American Rescue Plan Act (ARPA) the Town received \$13 million for specific uses including support for the public health response and economic emergency, replacing lost revenue, and investing in utility infrastructure. The Town sought community input as part of the prioritization for use of the ARPA funds. The community input process is complete and the plan approved by Town Council. Blacksburg Transit (BT) and the New River Valley HOME Consortium received \$4.7 million and \$2.1 million respectively in ARPA funds.

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

### **Relevant Financial Policies**

In accordance with State code and the Town's Investment Policy, the Town invests in Treasury securities, agency securities, certificates of deposit, the Commonwealth of Virginia's State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). To the extent possible, the Policy will match investments with anticipated cash flow requirements. The maturities of the investments range from overnight to eight years with an average maturity of five years. The average yield on investments for fiscal year 2022 was 1.50%.

### **Major Initiatives**

Blacksburg Transit (BT) is an essential part of the Town's transportation network with ridership growing from 3.7 million passengers in FY 2017 to a projected ridership of 4.9 million passengers in FY 2022. Because of the growing demands for service and the challenges of recruiting and retaining employees in a highly competitive job market, Blacksburg Transit reevaluated its model of using primarily part-time bus operators several years ago. As the reliance on BT increases and the system grows, more positions may be needed in future years. Future initiatives include discussion of further expansion of the system in the New River Valley including construction of a multi-modal facility which started during FY 2021. This facility will encourage individuals to use alternative transportation by creating a central hub for transit transfers. Blacksburg Transit has operated fare-free since the beginning of the pandemic in March 2020 and plans to remain fare-free. Systems similar to BT have operated fare-free since before the pandemic to allow for faster boarding, elimination of fare disputes, reduced cost of cash handling, and reduced health risk associated with handling cash. Cash fares account for approximately 1% of the revenue received by BT. The majority of the funding for Blacksburg Transit comes from the Town's receipt of federal and state grants in addition to funding from Virginia Tech and the Town of Christiansburg.

Despite the economic climate, there are various projects underway throughout Town including the transit multi-modal facility, construction of a new police station and parking garage, various streetscape and other infrastructure projects, various water and sewer infrastructure projects, and the continued funding of the equipment replacement fund. All of these projects will contribute to the economic and sustainable future.

The Town's upcoming Capital Improvement Program (CIP) includes many projects over the next five years with estimated costs of \$134 million and a fiscal year 2023 total appropriation of \$10.86 million. While the CIP includes projects that enhance the quality of life in Blacksburg and maintain existing infrastructure, there are significant projects not included that have been identified as potential future projects. These projects require further discussion because of financial or political impacts requiring resolution before inclusion in the CIP. These projects include a new recreation facility and a downtown parking garage. The magnitude of these projects would impact future revenue generation, debt capacity, and operating expenses.

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

### **Awards and Acknowledgements**

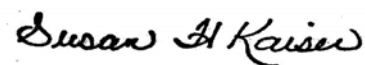
*Certificate of Achievement* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Blacksburg for its comprehensive annual financial report for the fiscal year ended June 30, 2021. This was the forty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

*Distinguished Budget Presentation Award* GFOA has also awarded the Town of Blacksburg with the prestigious Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2022. This is the thirty-first consecutive year that the Town has achieved this honor. In order to be awarded, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

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

Respectfully submitted,



Director of Finance  
Town of Blacksburg



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Blacksburg  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**TOWN OF BLACKSBURG, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**

**June 30, 2022**

**MEMBERS OF TOWN COUNCIL**

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

**GENERAL TOWN GOVERNMENT**

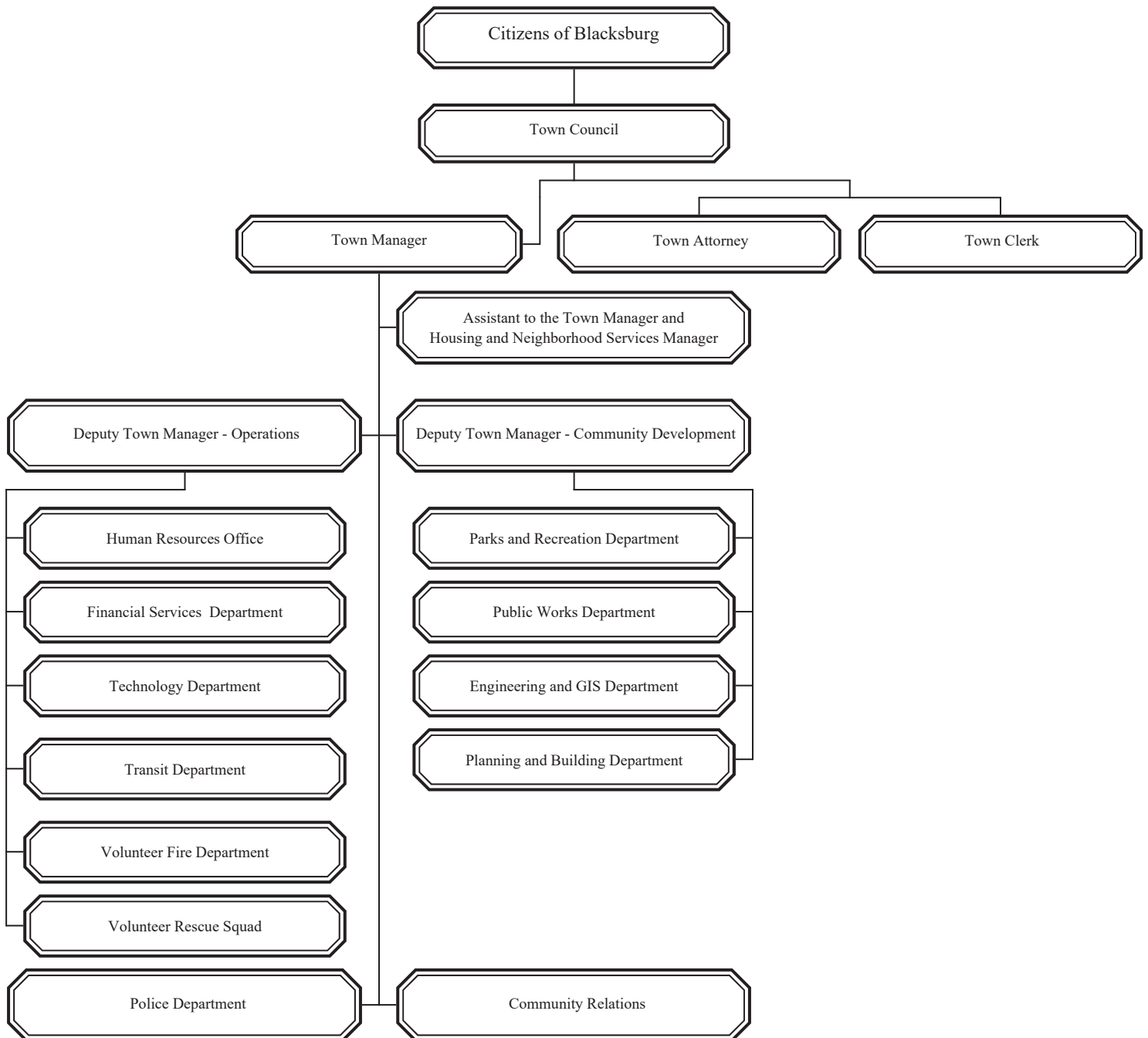
Marc A. Verniel..... Town Manager  
Steven F. Ross.....Deputy Town Manager for Operations  
Christopher S. Lawrence..... Deputy Town Manager for Economic Development  
Lawrence S. Spencer..... Town Attorney  
Lorraine Spaulding..... Town Clerk  
Susan H. Kaiser, CPA.....Director of Financial Services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

**INDEPENDENT AUDITORS**

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

# Town of Blacksburg

## Organization Chart



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

## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blacksburg, Virginia (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison statement for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## **Report on the Audit of the Financial Statements (Continued)**

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Report on the Audit of the Financial Statements (Continued)**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor fund financial statements and the computation of legal debt margin are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining nonmajor fund financial statements, the computation of legal debt margin, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the computation of legal debt margin, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 2, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Blacksburg, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

### Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$121,969,054 (net position). Of this amount, \$11,728,946 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. In the current year, this balance increased primarily due to controlled spending, an increase in local tax revenues, and an increase in Transit capital funding.
- The Town's total net position increased by \$11,672,309. This increase is primarily attributable to capital grant funding received in the Transit fund. In addition, various taxes and fees exceeded expectations and surpassed budgeted amounts.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$28,102,656, a decrease of \$13,535,339. This decrease was attributable to the spending of bond proceeds that were used to build a new police station and a parking garage. Of this combined ending fund balance, \$4,034,914 represents unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,039,513, or 17.6 percent of total general fund expenditures exclusive of debt service, capital projects, and transfers.
- In the current year, the Town implemented GASB Statement No. 87, Leases, which improves the accounting and financial reporting for leases by governments.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

## Overview of the Financial Statements (Continued)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include legislative, executive, legal, financial services, technology, police, fire and rescue, public works, recreation, planning, engineering, and equipment operations. The business-type activities of the Town are Water and Sewer, Transit System, Stormwater, and Solid Waste and Recycling.

The government-wide financial statements can be found on pages 16 and 17 of this report.

**Fund Financial Statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the COVID relief fund, midtown tax district fund, general capital projects fund, equipment replacement fund, and debt service fund, which are considered to be major funds. The three non-major governmental funds are the CDBG Entitlement fund, the HOME Consortium fund, and the urban construction fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

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

## Overview of the Financial Statements (Continued)

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

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Transit System, Stormwater, and Solid Waste and Recycling departments. The Water and Sewer, Transit System, and Stormwater funds are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 22 through 25 of this report.

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 70 of this report.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's defined benefit pension plan and the Town's other post-employment benefits plan. Required supplementary information can be found on pages 72 through 75 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$121,969,054 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (90 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Government-wide Financial Analysis (Continued)

|                                   | The Town's Net Position |               |                          |               |                |                |
|-----------------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
|                                   | Governmental Activities |               | Business-type Activities |               | Totals         |                |
|                                   | 2022                    | 2021          | 2022                     | 2021          | 2022           | 2021           |
| Current and other assets          | \$ 48,101,686           | \$ 55,277,955 | \$ 22,785,617            | \$ 20,965,273 | \$ 70,887,303  | \$ 76,243,228  |
| Capital assets                    | 108,553,832             | 92,445,838    | 46,548,727               | 39,501,497    | 155,102,559    | 131,947,335    |
| Total assets                      | 156,655,518             | 147,723,793   | 69,334,344               | 60,466,770    | 225,989,862    | 208,190,563    |
| Deferred outflows of resources    | 6,794,951               | 6,136,409     | 2,303,486                | 2,097,572     | 9,098,437      | 8,233,981      |
| Long-term liabilities outstanding | 65,430,895              | 73,549,592    | 8,483,252                | 11,018,432    | 73,914,147     | 84,568,024     |
| Other liabilities                 | 21,056,230              | 14,296,551    | 6,772,267                | 4,544,143     | 27,828,497     | 18,840,694     |
| Total liabilities                 | 86,487,125              | 87,846,143    | 15,255,519               | 15,562,575    | 101,742,644    | 103,408,718    |
| Deferred inflows of resources     | 8,511,112               | 1,920,863     | 2,865,489                | 798,218       | 11,376,601     | 2,719,081      |
| Net position                      |                         |               |                          |               |                |                |
| Net investment in capital assets  | 65,397,885              | 63,579,894    | 44,472,641               | 37,184,590    | 109,870,526    | 100,764,484    |
| Restricted                        | 324,089                 | 511,741       | 45,493                   | 45,493        | 369,582        | 557,234        |
| Unrestricted                      | 2,730,258               | 1,561         | 8,998,688                | 8,973,466     | 11,728,946     | 8,975,027      |
| Total net position                | \$ 68,452,232           | \$ 64,093,196 | \$ 53,516,822            | \$ 46,203,549 | \$ 121,969,054 | \$ 110,296,745 |

Unrestricted net position is used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position for business-type activities and the government as a whole. Governmental activities reported unrestricted net position of \$2,730,258. This balance increased in the current year and is due to controlled spending coupled with an increase in local tax revenues.



**Governmental activities** – Governmental activities increased net position by \$4,359,036 thereby accounting for 37% of the increase in the net position of the Town. The key element for this increase is due to controlled spending with a better overall performance in local tax revenues.

**Business-type activities** – Business-type activities increased the Town’s net position by \$7,313,273. This increase is mainly attributable to the capital funding received in the Transit fund from the Multi-Modal Transit Facility that’s under construction.

| <b>The Town’s Changes in Net Position</b> |                                |                      |                                 |                      |                       |                       |
|---|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
|   | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                      | <b>Totals</b>         |                       |
|   | <b>2022</b>                    | <b>2021</b>          | <b>2022</b>                     | <b>2021</b>          | <b>2022</b>           | <b>2021</b>           |
| Revenues                                  |                                |                      |                                 |                      |                       |                       |
| Program revenues                          |                                |                      |                                 |                      |                       |                       |
| Charges for services                      | \$ 6,166,770                   | \$ 6,132,106         | \$ 22,097,894                   | \$ 18,221,745        | \$ 28,264,664         | \$ 24,353,851         |
| Operating grants and contributions        | 4,587,038                      | 8,772,228            | 5,174,787                       | 7,504,322            | 9,761,825             | 16,276,550            |
| Capital grants and contributions          | 3,135,522                      | 2,014,750            | 9,057,182                       | 10,965,276           | 12,192,704            | 12,980,026            |
| General revenues                          |                                |                      |                                 |                      |                       |                       |
| Property taxes                            | 9,232,497                      | 9,086,612            | -                               | -                    | 9,232,497             | 9,086,612             |
| Other taxes                               | 16,942,958                     | 13,686,879           | -                               | -                    | 16,942,958            | 13,686,879            |
| Other                                     | 1,174,681                      | 1,209,679            | 130,206                         | 234,557              | 1,304,887             | 1,444,236             |
| Total revenues                            | <u>41,239,466</u>              | <u>40,902,254</u>    | <u>36,460,069</u>               | <u>36,925,900</u>    | <u>77,699,535</u>     | <u>77,828,154</u>     |
| Expenses                                  |                                |                      |                                 |                      |                       |                       |
| Legislative                               | 242,844                        | 346,671              | -                               | -                    | 242,844               | 346,671               |
| Executive                                 | 3,139,480                      | 5,697,846            | -                               | -                    | 3,139,480             | 5,697,846             |
| Legal                                     | 345,024                        | 385,865              | -                               | -                    | 345,024               | 385,865               |
| Financial services                        | 1,840,022                      | 1,900,533            | -                               | -                    | 1,840,022             | 1,900,533             |
| Technology                                | 925,312                        | 994,177              | -                               | -                    | 925,312               | 994,177               |
| Police                                    | 9,283,787                      | 9,099,136            | -                               | -                    | 9,283,787             | 9,099,136             |
| Fire and rescue                           | 2,192,449                      | 2,025,231            | -                               | -                    | 2,192,449             | 2,025,231             |
| Public works                              | 8,943,107                      | 9,145,577            | -                               | -                    | 8,943,107             | 9,145,577             |
| Recreation                                | 2,750,632                      | 2,603,613            | -                               | -                    | 2,750,632             | 2,603,613             |
| Engineering and GIS                       | 1,523,634                      | 1,246,793            | -                               | -                    | 1,523,634             | 1,246,793             |
| Planning and building                     | 1,527,295                      | 1,512,092            | -                               | -                    | 1,527,295             | 1,512,092             |
| CDBG entitlement                          | 1,159,472                      | 981,256              | -                               | -                    | 1,159,472             | 981,256               |
| HOME consortium                           | 611,033                        | 120,181              | -                               | -                    | 611,033               | 120,181               |
| Interest on long-term debt                | 1,287,669                      | 1,610,619            | -                               | -                    | 1,287,669             | 1,610,619             |
| Unallocated depreciation                  | 1,879,985                      | 1,778,185            | -                               | -                    | 1,879,985             | 1,778,185             |
| Water and sewer                           | -                              | -                    | 12,602,866                      | 11,771,584           | 12,602,866            | 11,771,584            |
| Transit system                            | -                              | -                    | 12,764,388                      | 13,154,411           | 12,764,388            | 13,154,411            |
| Solid waste and recycling                 | -                              | -                    | 2,163,361                       | 2,079,459            | 2,163,361             | 2,079,459             |
| Stormwater                                | -                              | -                    | 844,866                         | 778,956              | 844,866               | 778,956               |
| Total expenses                            | <u>37,651,745</u>              | <u>39,447,775</u>    | <u>28,375,481</u>               | <u>27,784,410</u>    | <u>66,027,226</u>     | <u>67,232,185</u>     |
| Excess before transfers                   | 3,587,721                      | 1,454,479            | 8,084,588                       | 9,141,490            | 11,672,309            | 10,595,969            |
| Transfers                                 | <u>771,315</u>                 | <u>(314,873)</u>     | <u>(771,315)</u>                | <u>314,873</u>       | <u>-</u>              | <u>-</u>              |
| Change in net position                    | 4,359,036                      | 1,139,606            | 7,313,273                       | 9,456,363            | 11,672,309            | 10,595,969            |
| Net position at July 1                    | <u>64,093,196</u>              | <u>62,953,590</u>    | <u>46,203,549</u>               | <u>36,747,186</u>    | <u>110,296,745</u>    | <u>99,700,776</u>     |
| Net position at June 30                   | <u>\$ 68,452,232</u>           | <u>\$ 64,093,196</u> | <u>\$ 53,516,822</u>            | <u>\$ 46,203,549</u> | <u>\$ 121,969,054</u> | <u>\$ 110,296,745</u> |

## Government-wide Financial Analysis (Continued)

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

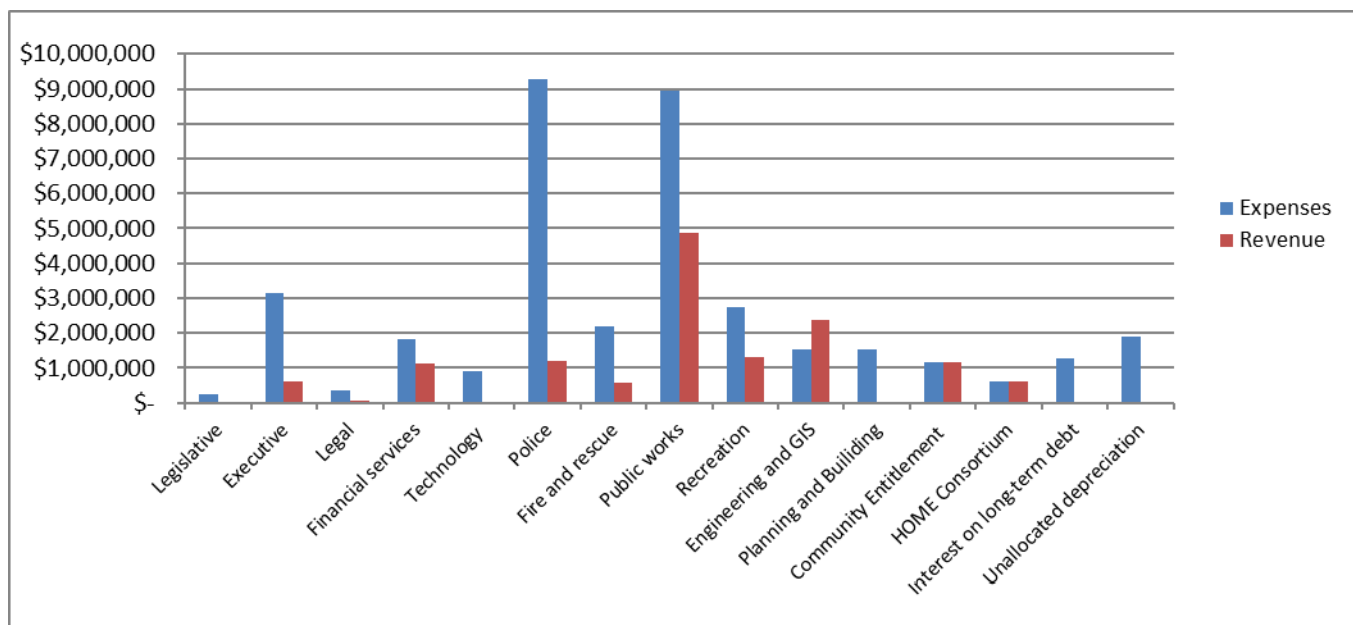
- Executive expenses decreased due to CARES funding received in the prior year with a majority of these funds used for business grants.
- CDBG and HOME grant funding revenue and expenditures both increased due to the increase in affordable housing projects undertaken in the current year.
- Interest expense increased due to the issuance of new debt in the prior year.

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

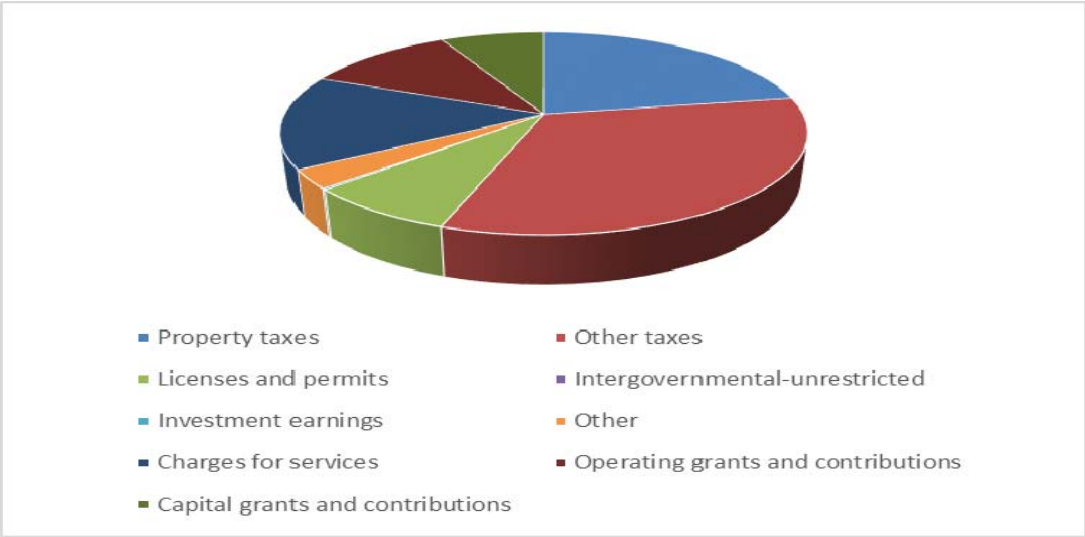
- Capital grants increased in the current year due to increased funding for CDBG and HOME and due to a capital contribution received relating to the bike park.
- Operating grants decreased for all departments due to the receipt of CARES Act funds to support various operational needs in the prior year.
- Sales and use tax, meals tax, lodging tax, property taxes, and business licenses taxes all increased during the current year due to higher valuations, increased prices, and increased spending.

For business-type activities, the operating expenses for the solid waste and recycling fund are higher than the revenues that fund can generate. The operating revenues of the water and sewer fund were more than expenses for the current year mainly due to controlled spending. The operating revenue of the stormwater fund was higher than the expenses. The stormwater fund, in its infancy, is currently building net position to assist in future stormwater projects while the transit fund showed a large surplus of revenues over expenses mainly due to capital grant funding. However, overall net position increased for all enterprise funds.

## Expenses and Program Revenues – Governmental Activities



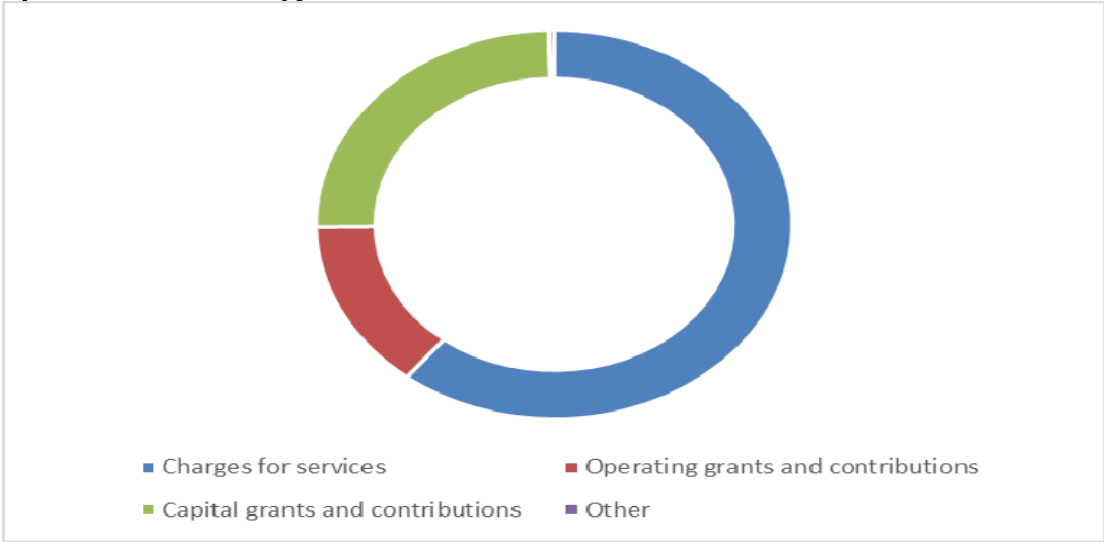
### Revenues by Source – Governmental Activities



### Expenses and Program Revenues – Business-type Activities



### Revenues by Source – Business-type Activities



## Financial Analysis of the Government's Funds

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

**Governmental Funds** – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Fund balances are the differences between assets, deferred outflows of resources and liabilities, deferred inflows of resources in a governmental fund. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Fund balance categories are as follows:

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

As of the end of the current fiscal year, the Town's total governmental funds reported an ending fund balance of \$28,102,656, a decrease of \$13,535,339 in comparison with the prior year. Of that amount, \$9,528 was nonspendable, \$2,407,984 was restricted, \$11,323,218 was committed, \$10,327,012 was assigned, and \$4,034,914 was unassigned.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As part of the Town's financial management practices, general fund unassigned fund balance is targeted at no less than 10% of operating expenditures exclusive of capital improvements and will strive to increase the level to a target of 15%. Unassigned fund balance represents 17.63% of total general fund expenditures exclusive of debt service, capital projects, and transfers, while total general fund balance represents 43.08% of that same amount.

The fund balance of the Town's general fund decreased by \$1,204,418 during the current fiscal year. The key factor for this decrease was due to the transfer to the capital project funds to fund one-time capital expenditures.

The general capital projects fund decreased \$13,779,843 due mainly to the construction of the new parking garage and police station in the current year.

The COVID relief fund was created to track activity as it relates to CARES and ARPA funding and related eligible expenditures. All grant funds are currently unearned as they have not been spent. The Midtown tax district fund is newly created and tracks special assessment real estate taxes and other local taxes to pay for debt service as it relates to the new parking garage.

The equipment replacement capital projects fund increased by \$1,701,002 which reflects annual transfers into the fund from user funds in excess of equipment related expenditures.

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

The nonmajor governmental funds which track CDBG, HOME, and the urban construction grant activity changed slightly by \$175 due to investment activity.

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

Unrestricted net position of the water and sewer, transit system, solid waste and recycling, and stormwater funds at the end of the year amounted to \$1,461,785, \$5,964,111, \$244,916, and \$1,327,876 respectively. The total increase in net position was \$7,313,273. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town’s business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget totaled \$1,997,527. This decrease in appropriations was due to the impacts of COVID-19.

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

- Most departments saw a favorable variance in expenditures due to controlled spending.
- Other local taxes such as sales and use, meals and lodging taxes and business licenses taxes were much higher than previously budgeted due to increased prices and spending.
- Police, Fire and Rescue, Public Works, and Recreation were all overbudget due to non-budgetary items such as retirements and the issuances of new leases as required by GASB Statement No. 87.

### **Capital Asset and Debt Administration**

**Capital assets** – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$155,102,559 (net of accumulated depreciation). This includes land, buildings and system improvements, vehicles, machinery and equipment, water and sewer infrastructure, stormwater improvements, roads, highways, and bridges. The total increase in the Town’s investment in capital assets for the current fiscal year was approximately 17.55 percent.

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

- The construction of the Church Street dumpster enclosure totaling \$234,082.
- Emergency work on the Hethwood storm drain improvements totaling \$419,573.
- Construction on the new Transit Multi-Modal facility totaling \$8,519,099.
- Research Center Drive improvements, phase two totaling \$1,300,309.
- Construction on the new parking garage totaling \$3,112,424.
- Construction on the new police station totaling \$12,211,771.
- The capital contribution of land and local match for the bike park extension totaling \$648,102.
- The purchase of two new ambulances totaling \$580,546.

**The Town's Capital Assets**  
(Net of Depreciation)

|                            | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                      | <b>Total</b>          |                       |
|----------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
|                            | <b>2022</b>                    | <b>2021</b>          | <b>2022</b>                     | <b>2021</b>          | <b>2022</b>           | <b>2021</b>           |
| Land                       | \$ 15,014,079                  | \$ 14,365,977        | \$ 219,247                      | \$ 219,247           | \$ 15,233,326         | \$ 14,585,224         |
| Buildings and improvements | 20,289,010                     | 21,074,481           | 4,116,592                       | 4,269,015            | 24,405,602            | 25,343,496            |
| Water system – plant       | -                              | -                    | 3,736,511                       | 3,789,985            | 3,736,511             | 3,789,985             |
| Sewer system – plant       | -                              | -                    | 7,497,498                       | 7,261,023            | 7,497,498             | 7,261,023             |
| Infrastructure             | 36,446,583                     | 35,468,171           | -                               | -                    | 36,446,583            | 35,468,171            |
| Machinery and equipment    | 9,415,431                      | 8,912,901            | 12,116,607                      | 14,466,208           | 21,532,038            | 23,379,109            |
| Construction in progress   | 27,187,682                     | 12,624,308           | 18,862,272                      | 9,496,019            | 46,049,954            | 22,120,327            |
| Right-to-use assets        | 201,047                        | -                    | -                               | -                    | 201,047               | -                     |
| <b>Total</b>               | <b>\$ 108,553,832</b>          | <b>\$ 92,445,838</b> | <b>\$ 46,548,727</b>            | <b>\$ 39,501,497</b> | <b>\$ 155,102,559</b> | <b>\$ 131,947,335</b> |

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

**Long-term debt** – At the end of the current fiscal year, the Town had total bonded debt outstanding of \$48,149,264, all of which is backed by the full faith and credit of the government.

**The Town's Outstanding Debt**

|                          | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                     | <b>Total</b>         |                      |
|--------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
|                          | <b>2022</b>                    | <b>2021</b>          | <b>2022</b>                     | <b>2021</b>         | <b>2022</b>          | <b>2021</b>          |
| General obligation bonds | \$ 45,163,358                  | \$ 47,154,598        | \$ 2,766,641                    | \$ 3,275,401        | \$ 47,929,999        | \$ 50,429,999        |
| Lease liability          | 219,265                        | -                    | -                               | -                   | 219,265              | -                    |
|                          | <b>\$ 45,382,623</b>           | <b>\$ 47,154,598</b> | <b>\$ 2,766,641</b>             | <b>\$ 3,275,401</b> | <b>\$ 48,149,264</b> | <b>\$ 50,429,999</b> |

The Town's total debt decreased by \$2,280,735 (4.5 percent) during the current fiscal year due to the scheduled payments of principal with no new bonds issued in the current year. New lease liabilities were recorded in the current year to comply with GASB Statement No. 87, Leases.

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

Additional information on the Town's long-term debt can be found in Note 8 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the County (it is unavailable for the Town) is currently 2.7 percent. This compares to the state's average unemployment rate of 2.8 percent and the national average rate of 3.6 percent.
- Inflationary trends in the region compare favorably to national indices.
- A new compensation study was performed and market increases alongside cost-of-living adjustments were given to employees which increases most benefit costs.
- Water and Sewer rates are expected to increase to cover operational and capital costs.
- Real estate tax rates will remain steady at .26/\$100.
- The Town budgeted \$6.7 million of fund balance to cover one-time capital costs in anticipation of revenue shortfalls.

All of these factors were considered in preparing the Town's budget for the 2023 fiscal year.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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## EXHIBIT 1

**TOWN OF BLACKSBURG, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

|   | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|---|----------------------------|-----------------------------|-----------------------|
| <b>ASSETS</b>   |                            |                             |                       |
| Cash and cash equivalents (Note 2)                                    | \$ 22,465,797              | \$ 8,960,015                | \$ 31,425,812         |
| Investments (Note 2)  | 3,066,808                  | 1,670,857                   | 4,737,665             |
| Receivables, net (Note 3)   | 1,163,174                  | 1,743,568                   | 2,906,742             |
| Due from other governmental units (Note 5)                            | 2,107,730                  | 7,858,108                   | 9,965,838             |
| Inventories   | 183,350                    | 1,772,136                   | 1,955,486             |
| Current lease receivable (Note 7)                                     | 165,103                    | -                           | 165,103               |
| Restricted assets:  |                            |                             |                       |
| Cash and cash equivalents (Note 2)                                    | 18,675,574                 | 780,933                     | 19,456,507            |
| Lease receivable (Note 7)   | 274,150                    | -                           | 274,150               |
| Capital assets: (Note 6)  |                            |                             |                       |
| Land and construction in progress                                     | 42,201,761                 | 19,081,519                  | 61,283,280            |
| Other capital assets, net   | 66,352,071                 | 27,467,208                  | 93,819,279            |
| Total assets  | <u>156,655,518</u>         | <u>69,334,344</u>           | <u>225,989,862</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |                            |                             |                       |
| Deferred outflows related to pensions (Note 10)                       | 4,339,084                  | 1,440,928                   | 5,780,012             |
| Deferred outflows related to other post-employment benefits (Note 12) | 2,386,439                  | 822,207                     | 3,208,646             |
| Deferred charge on refunding  | 69,428                     | 40,351                      | 109,779               |
| Total deferred outflows of resources                                  | <u>6,794,951</u>           | <u>2,303,486</u>            | <u>9,098,437</u>      |
| <b>LIABILITIES</b>  |                            |                             |                       |
| Accounts payable and accrued liabilities                              | 3,162,161                  | 5,645,118                   | 8,807,279             |
| Accrued payroll and related liabilities                               | 1,048,373                  | 95,860                      | 1,144,233             |
| Accrued interest payable  | 453,965                    | 38,059                      | 492,024               |
| Public improvement and other deposits                                 | 692,832                    | 227,327                     | 920,159               |
| Unearned revenue (Note 3)   | 13,364,987                 | -                           | 13,364,987            |
| Noncurrent liabilities due within one year:                           |                            |                             |                       |
| Other noncurrent liabilities (Note 8)                                 | 2,333,912                  | 765,903                     | 3,099,815             |
| Noncurrent liabilities due in more than one year:                     |                            |                             |                       |
| Net pension liability (Note 10)                                       | 9,190,481                  | 3,051,986                   | 12,242,467            |
| Other post-employment benefit liability (Note 12)                     | 8,068,897                  | 2,783,208                   | 10,852,105            |
| Other noncurrent liabilities (Note 8)                                 | 48,171,517                 | 2,648,058                   | 50,819,575            |
| Total liabilities   | <u>86,487,125</u>          | <u>15,255,519</u>           | <u>101,742,644</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                            |                             |                       |
| Property taxes and grants (Note 3)                                    | 45,276                     | 187,658                     | 232,934               |
| Leases (Note 7)   | 446,481                    | -                           | 446,481               |
| Deferred inflows related to pensions (Note 10)                        | 6,811,052                  | 2,261,822                   | 9,072,874             |
| Deferred inflows related to other post-employment benefits (Note 12)  | 1,208,303                  | 416,009                     | 1,624,312             |
| Total deferred inflows of resources                                   | <u>8,511,112</u>           | <u>2,865,489</u>            | <u>11,376,601</u>     |
| <b>NET POSITION</b>   |                            |                             |                       |
| Net investment in capital asset:                                      | 65,397,885                 | 44,472,641                  | 109,870,526           |
| Restricted for:   |                            |                             |                       |
| Capital outlay  | 293,575                    | 45,493                      | 339,068               |
| Special tax district  | 30,514                     | -                           | 30,514                |
| Unrestricted  | 2,730,258                  | 8,998,688                   | 11,728,946            |
| Total net position  | <u>\$ 68,452,232</u>       | <u>\$ 53,516,822</u>        | <u>\$ 121,969,054</u> |

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



## TOWN OF BLACKSBURG, VIRGINIA

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

| Functions/Programs                     | Expenses      | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
|  |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                |
|  |               |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total          |
| Governmental activities                |               |                      |                                    |                                  |   |                          |                |
| Legislative                            | \$ 242,844    | \$ -                 | \$ -                               | \$ -                             | \$ (242,844)                                      | \$ -                     | \$ (242,844)   |
| Executive                              | 3,139,480     | 604,857              | -                                  | -                                | (2,534,623)                                       | -                        | (2,534,623)    |
| Legal                                  | 345,024       | 51,536               | -                                  | -                                | (293,488)   | -                        | (293,488)      |
| Financial services                     | 1,840,022     | 1,133,043            | -                                  | -                                | (706,979)   | -                        | (706,979)      |
| Technology                             | 925,312       | -                    | -                                  | -                                | (925,312)   | -                        | (925,312)      |
| Police                                 | 9,283,787     | 144,388              | 1,044,545                          | -                                | (8,094,854)                                       | -                        | (8,094,854)    |
| Fire and rescue                        | 2,192,449     | 415,071              | -                                  | 172,504                          | (1,604,874)                                       | -                        | (1,604,874)    |
| Public works                           | 8,943,107     | 1,331,150            | 3,542,493                          | -                                | (4,069,464)                                       | -                        | (4,069,464)    |
| Recreation                             | 2,750,632     | 783,143              | -                                  | 536,102                          | (1,431,387)                                       | -                        | (1,431,387)    |
| Engineering and GIS                    | 1,523,634     | 1,538,582            | -                                  | 821,411                          | 836,359   | -                        | 836,359        |
| Planning and building                  | 1,527,295     | -                    | -                                  | -                                | (1,527,295)                                       | -                        | (1,527,295)    |
| CDBG entitlement                       | 1,159,472     | 165,000              | -                                  | 994,472                          | -   | -                        | -              |
| HOME consortium                        | 611,033       | -                    | -                                  | 611,033                          | -   | -                        | -              |
| Interest on long-term debt             | 1,287,669     | -                    | -                                  | -                                | (1,287,669)                                       | -                        | (1,287,669)    |
| Unallocated depreciation               | 1,879,985     | -                    | -                                  | -                                | (1,879,985)                                       | -                        | (1,879,985)    |
| Total governmental activities          | 37,651,745    | 6,166,770            | 4,587,038                          | 3,135,522                        | (23,762,415)                                      | -                        | (23,762,415)   |
| Business-type activities:              |               |                      |                                    |                                  |   |                          |                |
| Water and sewer                        | 12,602,866    | 12,871,091           | -                                  | 169,158                          | -   | 437,383                  | 437,383        |
| Transit system                         | 12,764,388    | 5,916,713            | 5,159,531                          | 8,728,872                        | -   | 7,040,728                | 7,040,728      |
| Solid waste and recycling              | 2,163,361     | 2,207,180            | 15,256                             | 31,753                           | -   | 90,828                   | 90,828         |
| Stormwater                             | 844,866       | 1,102,910            | -                                  | 127,399                          | -   | 385,443                  | 385,443        |
| Total business-type activities         | 28,375,481    | 22,097,894           | 5,174,787                          | 9,057,182                        | -   | 7,954,382                | 7,954,382      |
| Total                                  | \$ 66,027,226 | \$ 28,264,664        | \$ 9,761,825                       | \$ 12,192,704                    | (23,762,415)                                      | 7,954,382                | (15,808,033)   |
| <b>General revenues:</b>               |               |                      |                                    |                                  |   |                          |                |
| Property taxes                         |               |                      |                                    |                                  | 9,232,497   | -                        | 9,232,497      |
| Sales and use taxes                    |               |                      |                                    |                                  | 1,937,566   | -                        | 1,937,566      |
| Meals taxes                            |               |                      |                                    |                                  | 6,647,048   | -                        | 6,647,048      |
| Utility taxes                          |               |                      |                                    |                                  | 105,352   | -                        | 105,352        |
| Franchise taxes                        |               |                      |                                    |                                  | 770,282   | -                        | 770,282        |
| Other local taxes                      |               |                      |                                    |                                  | 4,196,091   | -                        | 4,196,091      |
| Business license taxes                 |               |                      |                                    |                                  | 3,286,619   | -                        | 3,286,619      |
| Intergovernmental revenue-unrestricted |               |                      |                                    |                                  | 4,517   | -                        | 4,517          |
| Unrestricted investment earnings       |               |                      |                                    |                                  | (78,737)  | (25,642)                 | (104,379)      |
| Other                                  |               |                      |                                    |                                  | 1,248,901   | 155,848                  | 1,404,749      |
| <b>Transfers (Note 4)</b>              |               |                      |                                    |                                  | 771,315   | (771,315)                | -              |
| Total general revenues and transfers   |               |                      |                                    |                                  | 28,121,451  | (641,109)                | 27,480,342     |
| Change in net position                 |               |                      |                                    |                                  | 4,359,036   | 7,313,273                | 11,672,309     |
| <b>Net position at July 1</b>          |               |                      |                                    |                                  | 64,093,196  | 46,203,549               | 110,296,745    |
| <b>Net position at June 30</b>         |               |                      |                                    |                                  | \$ 68,452,232                                     | \$ 53,516,822            | \$ 121,969,054 |

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

## TOWN OF BLACKSBURG, VIRGINIA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2022**

|   | Capital Projects |               |                      |                          |                       |              |                | Total              |
|---|------------------|---------------|----------------------|--------------------------|-----------------------|--------------|----------------|--------------------|
|   | General          | COVID Relief  | Midtown Tax District | General Capital Projects | Equipment Replacement | Debt Service | Nonmajor Funds | Governmental Funds |
| ASSETS  |                  |               |                      |                          |                       |              |                |                    |
| Cash and cash equivalents   | \$ 11,225,491    | \$ -          | \$ -                 | \$ 7,530,580             | \$ 3,400,190          | \$ -         | \$ -           | \$ 22,156,261      |
| Cash and cash equivalents, restricted                               | -                | 13,364,987    | 30,514               | 4,986,498                | -                     | -            | 293,575        | 18,675,574         |
| Investments   | 2,292,369        | -             | -                    | 45,402                   | 729,037               | -            | -              | 3,066,808          |
| Receivables, net  | 1,128,360        | -             | -                    | 33,848                   | 966                   | -            | -              | 1,163,174          |
| Lease receivable  | 439,253          | -             | -                    | -                        | -                     | -            | -              | 439,253            |
| Due from other funds  | 205,787          | -             | -                    | -                        | -                     | -            | -              | 205,787            |
| Due from other governmental units                                   | 681,009          | -             | -                    | 172,812                  | -                     | -            | 1,253,909      | 2,107,730          |
| Inventories   | 9,528            | -             | -                    | -                        | -                     | -            | -              | 9,528              |
| Total assets  | \$ 15,981,797    | \$ 13,364,987 | \$ 30,514            | \$ 12,769,140            | \$ 4,130,193          | \$ -         | \$ 1,547,484   | \$ 47,824,115      |
| LIABILITIES   |                  |               |                      |                          |                       |              |                |                    |
| Accounts payable and accrued liabilities                            | \$ 864,656       | \$ -          | \$ -                 | \$ 1,196,649             | \$ -                  | \$ -         | \$ 1,045,919   | \$ 3,107,224       |
| Accrued payroll and related liabilities                             | 1,041,846        | -             | -                    | -                        | -                     | -            | 2,203          | 1,044,049          |
| Public improvement and other deposits                               | 442,832          | -             | -                    | 250,000                  | -                     | -            | -              | 692,832            |
| Due to other funds  | -                | -             | -                    | -                        | -                     | -            | 205,787        | 205,787            |
| Compensated absences  | 268,195          | -             | -                    | -                        | -                     | -            | -              | 268,195            |
| Unearned revenue  | -                | 13,364,987    | -                    | -                        | -                     | -            | -              | 13,364,987         |
| Total liabilities   | 2,617,529        | 13,364,987    | -                    | 1,446,649                | -                     | -            | 1,253,909      | 18,683,074         |
| DEFERRED INFLOWS OF RESOURCES                                       |                  |               |                      |                          |                       |              |                |                    |
| Leases  | 446,481          | -             | -                    | -                        | -                     | -            | -              | 446,481            |
| Unavailable/deferred revenue  | 591,904          | -             | -                    | -                        | -                     | -            | -              | 591,904            |
| Total deferred inflows of resources                                 | 1,038,385        | -             | -                    | -                        | -                     | -            | -              | 1,038,385          |
| FUND BALANCES   |                  |               |                      |                          |                       |              |                |                    |
| Nonspendable  | 9,528            | -             | -                    | -                        | -                     | -            | -              | 9,528              |
| Restricted  | -                | -             | 30,514               | 2,083,895                | -                     | -            | 293,575        | 2,407,984          |
| Committed   | 553,842          | -             | -                    | 9,238,596                | 526,181               | -            | 1,004,599      | 11,323,218         |
| Assigned  | 6,723,000        | -             | -                    | -                        | 3,604,012             | -            | -              | 10,327,012         |
| Unassigned  | 5,039,513        | -             | -                    | -                        | -                     | -            | (1,004,599)    | 4,034,914          |
| Total fund balances   | 12,325,883       | -             | 30,514               | 11,322,491               | 4,130,193             | -            | 293,575        | 28,102,656         |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 15,981,797    | \$ 13,364,987 | \$ 30,514            | \$ 12,769,140            | \$ 4,130,193          | \$ -         | \$ 1,547,484   |                    |

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

|  |                      |
|--|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  | 108,135,616          |
| Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.   | 219,265              |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.   | 546,628              |
| Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.                                |                      |
| Bonds and capital lease payable  | (45,163,358)         |
| Accrued interest payable   | (453,965)            |
| Compensated absences   | (1,771,564)          |
| Lease payable  | (219,265)            |
| Deferred amounts   | (2,979,087)          |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.   |                      |
| Deferred outflows related to pensions:   | 4,266,898            |
| Deferred inflows related to pensions:  | (6,697,742)          |
| Net pension liability:   | (9,037,586)          |
| Deferred outflows and inflows of resources related to other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.                           |                      |
| Deferred outflows related to other post-employment benefits:   | 2,346,397            |
| Deferred inflows related to other post-employment benefits:  | (1,188,058)          |
| Net other post-employment benefits liability:  | (7,933,357)          |
| The internal service fund is used by management to charge the costs of the central garage. Its assets and liabilities are included in the governmental activities' statements of net position. | 278,754              |
| Net position of governmental activities  | <u>\$ 68,452,232</u> |

**TOWN OF BLACKSBURG, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2022**

|   | General       | COVID Relief | Midtown<br>Tax District | Capital Projects            |                          | Debt<br>Service | Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------|--------------|-------------------------|-----------------------------|--------------------------|-----------------|-------------------|--------------------------------|
|   |               |              |                         | General Capital<br>Projects | Equipment<br>Replacement |                 |                   |                                |
| <b>REVENUES</b>                                   |               |              |                         |                             |                          |                 |                   |                                |
| General property taxes                            | \$ 9,192,185  | \$ -         | \$ 2,830                | \$ -                        | \$ -                     | \$ -            | \$ -              | \$ 9,195,015                   |
| Other local taxes                                 | 13,652,149    | -            | -                       | -                           | -                        | -               | -                 | 13,652,149                     |
| Business license taxes                            | 3,246,402     | -            | -                       | -                           | -                        | -               | -                 | 3,246,402                      |
| Permits and fees                                  | 533,059       | -            | -                       | -                           | -                        | -               | -                 | 533,059                        |
| Intergovernmental                                 | 4,764,059     | -            | -                       | 821,411                     | -                        | -               | 1,605,505         | 7,190,975                      |
| Charges for services                              | 4,644,669     | -            | -                       | 2,500                       | -                        | -               | -                 | 4,647,169                      |
| Fines and forfeitures                             | 141,903       | -            | -                       | -                           | -                        | -               | -                 | 141,903                        |
| Investment earnings                               | (77,913)      | -            | 8,018                   | -                           | (9,017)                  | -               | 175               | (78,737)                       |
| Other   | 668,887       | -            | -                       | 2,511                       | -                        | -               | 165,000           | 836,398                        |
| Total revenues                                    | 36,765,400    | -            | 10,848                  | 826,422                     | (9,017)                  | -               | 1,770,680         | 39,364,333                     |
| <b>EXPENDITURES</b>                               |               |              |                         |                             |                          |                 |                   |                                |
| Current:  |               |              |                         |                             |                          |                 |                   |                                |
| Legislative                                       | 266,562       | -            | -                       | -                           | -                        | -               | -                 | 266,562                        |
| Executive   | 3,093,005     | 64,428       | -                       | -                           | -                        | -               | -                 | 3,157,433                      |
| Legal   | 353,148       | -            | -                       | -                           | -                        | -               | -                 | 353,148                        |
| Financial services                                | 1,863,594     | -            | -                       | -                           | -                        | -               | -                 | 1,863,594                      |
| Technology  | 772,567       | -            | -                       | -                           | -                        | -               | -                 | 772,567                        |
| Police  | 9,070,444     | -            | -                       | -                           | -                        | -               | -                 | 9,070,444                      |
| Fire and rescue                                   | 1,343,315     | -            | -                       | -                           | -                        | -               | -                 | 1,343,315                      |
| Public works                                      | 6,668,433     | -            | -                       | -                           | -                        | -               | -                 | 6,668,433                      |
| Recreation  | 2,445,224     | -            | -                       | -                           | -                        | -               | -                 | 2,445,224                      |
| Engineering and GIS                               | 1,211,048     | -            | -                       | -                           | -                        | -               | -                 | 1,211,048                      |
| Planning and building                             | 1,546,849     | -            | -                       | -                           | -                        | -               | -                 | 1,546,849                      |
| CDBG Entitlement                                  | -             | -            | -                       | -                           | -                        | -               | 1,159,472         | 1,159,472                      |
| HOME Consortium                                   | -             | -            | -                       | -                           | -                        | -               | 611,033           | 611,033                        |
| Capital outlays                                   | -             | -            | -                       | 19,085,332                  | 888,284                  | -               | -                 | 19,973,616                     |
| Debt service:                                     |               |              |                         |                             |                          |                 |                   |                                |
| Principal retirement                              | -             | -            | -                       | -                           | -                        | 1,991,240       | -                 | 1,991,240                      |
| Interest and fiscal charges                       | -             | -            | 198,675                 | -                           | -                        | 1,261,522       | -                 | 1,460,197                      |
| Total expenditures                                | 28,634,189    | 64,428       | 198,675                 | 19,085,332                  | 888,284                  | 3,252,762       | 1,770,505         | 53,894,175                     |
| Excess (deficiency) of revenues over expenditures | 8,131,211     | (64,428)     | (187,827)               | (18,258,910)                | (897,301)                | (3,252,762)     | 175               | (14,529,842)                   |
| <b>OTHER FINANCING SOURCES (USES)</b>             |               |              |                         |                             |                          |                 |                   |                                |
| Lease inception                                   | 219,265       | -            | -                       | -                           | -                        | -               | -                 | 219,265                        |
| Sale of general capital assets                    | 3,923         | -            | -                       | -                           | -                        | -               | -                 | 3,923                          |
| Transfers in                                      | 2,417         | -            | -                       | 4,481,484                   | 2,598,303                | 3,252,762       | -                 | 10,334,966                     |
| Transfers out                                     | (9,561,234)   | -            | -                       | (2,417)                     | -                        | -               | -                 | (9,563,651)                    |
| Total other financing sources (uses)              | (9,335,629)   | -            | -                       | 4,479,067                   | 2,598,303                | 3,252,762       | -                 | 994,503                        |
| Net change in fund balance                        | (1,204,418)   | (64,428)     | (187,827)               | (13,779,843)                | 1,701,002                | -               | 175               | (13,535,339)                   |
| <b>FUND BALANCES AT JULY 1</b>                    | 13,530,301    | 64,428       | 218,341                 | 25,102,334                  | 2,429,191                | -               | 293,400           | 41,637,995                     |
| <b>FUND BALANCES AT JUNE 30</b>                   | \$ 12,325,883 | \$ -         | \$ 30,514               | \$ 11,322,491               | \$ 4,130,193             | \$ -            | \$ 293,575        | \$ 28,102,656                  |

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022**

|  |                            |
|--|----------------------------|
| <b>Net changes in fund balances</b>  | \$ (13,535,339)            |
| <b>Adjustments for the statement of activities:</b>  |                            |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded new capital assets in the current period.  |                            |
| Capital outlay   | 18,977,791                 |
| Right-to-use asset   | 219,265                    |
| Capital contributions  | 536,102                    |
| Depreciation expense   | (4,460,297)                |
| Amortization expense   | (18,218)                   |
| Disposal of assets   | (38,534)                   |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | 81,890                     |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatments of long-term debt and related items |                            |
| Principal repayment  | 1,991,240                  |
| Amortization of net discounts/premiums   | 158,203                    |
| Deferred amount on refunding   | (8,011)                    |
| Lease issuance   | (219,265)                  |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.   |                            |
| Accrued interest payable   | 22,336                     |
| Change in compensated absences   | 284,954                    |
| Governmental funds report employer other post-employment benefit contributions as expenditures. However, in the statement of activities, the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense   | 31,693                     |
| Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.   | 173,625                    |
| The internal service fund is used by management to change the costs of the central garage. The change in net position of internal service funds is reported with governmental activities.  | 161,601                    |
| <b>Change in net position of governmental activities</b>   | <u><u>\$ 4,359,036</u></u> |

## TOWN OF BLACKSBURG, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GENERAL FUND (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2022**

|                                       | <b>Budgeted Amounts</b> |              | <b>Actual Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---------------------------------------|-------------------------|--------------|-----------------------|---|
|                                       | <b>Original</b>         | <b>Final</b> |                       |   |
| <b>REVENUES</b>                       |                         |              |                       |   |
| General property taxes                | \$ 9,263,700            | \$ 9,263,700 | \$ 9,192,185          | \$ (71,515)   |
| Other local taxes                     | 11,608,500              | 11,608,500   | 13,652,149            | 2,043,649   |
| Business license taxes                | 2,232,700               | 2,232,700    | 3,246,402             | 1,013,702   |
| Permits and fees                      | 562,100                 | 562,100      | 533,059               | (29,041)  |
| Intergovernmental                     | 5,089,300               | 5,089,300    | 4,764,059             | (325,241)   |
| Charges for services                  | 4,642,000               | 4,642,000    | 4,644,669             | 2,669   |
| Fines and forfeitures                 | 183,500                 | 183,500      | 141,903               | (41,597)  |
| Investment earnings                   | 150,000                 | 150,000      | (77,913)              | (227,913)   |
| Other                                 | 673,100                 | 673,100      | 668,887               | (4,213)   |
| Total revenues                        | 34,404,900              | 34,404,900   | 36,765,400            | 2,360,500   |
| <b>EXPENDITURES</b>                   |                         |              |                       |   |
| Current:                              |                         |              |                       |   |
| Legislative                           | 341,289                 | 415,678      | 266,562               | 149,116   |
| Executive                             | 3,500,771               | 3,361,522    | 3,194,453             | 167,069   |
| Legal                                 | 394,849                 | 428,247      | 360,648               | 67,599  |
| Financial services                    | 2,119,074               | 1,916,416    | 1,889,444             | 26,972  |
| Technology                            | 812,088                 | 834,149      | 781,301               | 52,848  |
| Police                                | 9,623,609               | 9,130,886    | 9,257,791             | (126,905)   |
| Fire and rescue                       | 1,241,369               | 1,199,590    | 1,351,155             | (151,565)   |
| Public works                          | 7,070,562               | 6,572,342    | 6,752,840             | (180,498)   |
| Recreation                            | 2,920,112               | 2,396,785    | 2,445,224             | (48,439)  |
| Engineering and GIS                   | 1,494,191               | 1,475,611    | 1,341,541             | 134,070   |
| Planning and building                 | 1,608,194               | 1,659,803    | 1,547,072             | 112,731   |
| Contingency                           | 262,448                 | -            | -                     | -   |
| Total expenditures                    | 31,388,556              | 29,391,029   | 29,188,031            | 202,998   |
| Excess of revenues over expenditures  | 3,016,344               | 5,013,871    | 7,577,369             | 2,563,498   |
| <b>OTHER FINANCING SOURCES (USES)</b> |                         |              |                       |   |
| Transfers in                          | 100,000                 | 100,000      | 2,417                 | (97,583)  |
| Transfers out                         | (7,038,244)             | (9,876,003)  | (9,561,234)           | 314,769   |
| Bond proceeds                         | 300,000                 | 300,000      | -                     | (300,000)   |
| Sale of general capital assets        | 120,000                 | 120,000      | 3,923                 | (116,077)   |
| Lease inception                       | -                       | -            | 219,265               | 219,265   |
| Prior year re-appropriations          | 3,501,900               | 4,088,150    | -                     | (4,088,150)   |
| Total other financing sources (uses)  | (3,016,344)             | (5,267,853)  | (9,335,629)           | (4,067,776)   |
| Net change in fund balance            | \$ -                    | \$ (253,982) | \$ (1,758,260)        | \$ (1,504,278)  |

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

## TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 June 30, 2022

|   | Business-type Activities – Enterprise Funds |                   |                              |              |               | Governmental<br>Activities –<br>Internal<br>Service Fund |
|---|---|-------------------|------------------------------|--------------|---------------|--|
|   | Water and<br>Sewer                          | Transit<br>System | Solid Waste<br>and Recycling | Stormwater   | Total         |  |
| <b>ASSETS</b>   |   |                   |                              |              |               |  |
| Current assets:   |   |                   |                              |              |               |  |
| Cash and cash equivalents                                   | \$ 3,330,691                                | \$ 3,919,150      | \$ 356,101                   | \$ 1,354,073 | \$ 8,960,015  | \$ 309,536   |
| Cash and investments, restricted                            | 780,933                                     | -                 | -                            | -            | 780,933       | -  |
| Investments   | 708,527                                     | 837,943           | -                            | 124,387      | 1,670,857     | -  |
| Receivables, net  | 1,302,598                                   | 80,921            | 292,505                      | 67,544       | 1,743,568     | -  |
| Due from other governmental units                           | -   | 7,858,108         | -                            | -            | 7,858,108     | -  |
| Inventories   | -   | 1,772,136         | -                            | -            | 1,772,136     | 173,822  |
| Total current assets  | 6,122,749                                   | 14,468,258        | 648,606                      | 1,546,004    | 22,785,617    | 483,358  |
| Noncurrent assets:  |   |                   |                              |              |               |  |
| Land and construction in progress                           | 1,438,282                                   | 16,710,408        | 265,320                      | 667,509      | 19,081,519    | -  |
| Other capital assets, net                                   | 12,248,366                                  | 13,953,048        | 596,100                      | 669,694      | 27,467,208    | 198,951  |
| Total noncurrent assets                                     | 13,686,648                                  | 30,663,456        | 861,420                      | 1,337,203    | 46,548,727    | 198,951  |
| Total assets  | 19,809,397                                  | 45,131,714        | 1,510,026                    | 2,883,207    | 69,334,344    | 682,309  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                       |   |                   |                              |              |               |  |
| Deferred outflows related to pensions                       | 303,441                                     | 1,067,608         | 23,943                       | 45,936       | 1,440,928     | 72,186   |
| Deferred outflows related to other post-employment benefits | 163,217                                     | 622,330           | 12,557                       | 24,103       | 822,207       | 40,042   |
| Deferred charge on refunding                                | 40,351                                      | -                 | -                            | -            | 40,351        | -  |
| Total deferred outflows of resources                        | 507,009                                     | 1,689,938         | 36,500                       | 70,039       | 2,303,486     | 112,228  |
| <b>LIABILITIES</b>  |   |                   |                              |              |               |  |
| Current liabilities:  |   |                   |                              |              |               |  |
| Accounts payable and accrued liabilities                    | 2,150,681                                   | 3,196,384         | 292,404                      | 5,649        | 5,645,118     | 54,937   |
| Accrued payroll and related liabilities                     | 15,668                                      | 76,634            | 1,443                        | 2,115        | 95,860        | 4,324  |
| Accrued interest payable                                    | 38,059                                      | -                 | -                            | -            | 38,059        | -  |
| Customer deposits   | 227,327                                     | -                 | -                            | -            | 227,327       | -  |
| Compensated absences  | 55,603                                      | 183,027           | 4,634                        | 4,634        | 247,898       | 13,901   |
| Bonds payable   | 518,005                                     | -                 | -                            | -            | 518,005       | -  |
| Total current liabilities                                   | 3,005,343                                   | 3,456,045         | 298,481                      | 12,398       | 6,772,267     | 73,162   |
| Noncurrent liabilities:                                     |   |                   |                              |              |               |  |
| Compensated absences  | 105,208                                     | 147,176           | 3,733                        | 12,576       | 268,693       | 20,631   |
| Other post-employment benefits                              | 552,506                                     | 2,106,604         | 42,507                       | 81,591       | 2,783,208     | 135,540  |
| Net pension liability                                       | 642,710                                     | 2,261,267         | 50,714                       | 97,295       | 3,051,986     | 152,895  |
| Bonds payable   | 2,379,365                                   | -                 | -                            | -            | 2,379,365     | -  |
| Total noncurrent liabilities                                | 3,679,789                                   | 4,515,047         | 96,954                       | 191,462      | 8,483,252     | 309,066  |
| Total liabilities   | 6,685,132                                   | 7,971,092         | 395,435                      | 203,860      | 15,255,519    | 382,228  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                        |   |                   |                              |              |               |  |
| Grants  | -   | 186,839           | 819                          | -            | 187,658       | -  |
| Deferred inflows related to pensions                        | 476,311                                     | 1,675,822         | 37,584                       | 72,105       | 2,261,822     | 113,310  |
| Deferred inflows related to other post-employment benefits  | 82,616                                      | 314,839           | 6,352                        | 12,202       | 416,009       | 20,245   |
| Total deferred inflows of resources                         | 558,927                                     | 2,177,500         | 44,755                       | 84,307       | 2,865,489     | 133,555  |
| <b>NET POSITION</b>   |   |                   |                              |              |               |  |
| Net investment in capital assets                            | 11,610,562                                  | 30,663,456        | 861,420                      | 1,337,203    | 44,472,641    | 198,951  |
| Restricted  | -   | 45,493            | -                            | -            | 45,493        | -  |
| Unrestricted  | 1,461,785                                   | 5,964,111         | 244,916                      | 1,327,876    | 8,998,688     | 79,803   |
| Total net position  | \$ 13,072,347                               | \$ 36,673,060     | \$ 1,106,336                 | \$ 2,665,079 | \$ 53,516,822 | \$ 278,754   |

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

## TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2022

|  | Business-type Activities – Enterprise Funds |                   |                              |              |               | Governmental<br>Activities –<br>Internal<br>Service Fund |
|--|---|-------------------|------------------------------|--------------|---------------|--|
|  | Water and<br>Sewer                          | Transit<br>System | Solid Waste<br>and Recycling | Stormwater   | Total         |  |
| <b>OPERATING REVENUES</b>                        |   |                   |                              |              |               |  |
| Charges for services                             | \$ 12,187,053                               | \$ 5,916,713      | \$ 2,207,180                 | \$ 1,102,910 | \$ 21,413,856 | \$ 1,072,487   |
| Availability and transfer fees                   | 463,774                                     | -                 | -                            | -            | 463,774       | -  |
| Meter installation                               | 103,631                                     | -                 | -                            | -            | 103,631       | -  |
| Connection fees                                  | 116,633                                     | -                 | -                            | -            | 116,633       | -  |
| Other  | 128,079                                     | 1,833             | -                            | 25,936       | 155,848       | -  |
| Total operating revenues                         | 12,999,170                                  | 5,918,546         | 2,207,180                    | 1,128,846    | 22,253,742    | 1,072,487  |
| <b>OPERATING EXPENSES</b>                        |   |                   |                              |              |               |  |
| Personal services                                | 1,319,074                                   | 6,319,517         | 71,560                       | 209,774      | 7,919,925     | 175,639  |
| Contractual services                             | 8,126,176                                   | 841,291           | 1,636,102                    | 46,514       | 10,650,083    | 85,498   |
| Administration                                   | 1,278,836                                   | 1,005,200         | 356,403                      | 533,597      | 3,174,036     | 11,658   |
| Depreciation                                     | 879,610                                     | 2,588,123         | 65,827                       | 34,998       | 3,568,558     | 20,587   |
| Other  | 905,583                                     | 2,001,817         | 33,469                       | 19,983       | 2,960,852     | 617,504  |
| Total operating expenses                         | 12,509,279                                  | 12,755,948        | 2,163,361                    | 844,866      | 28,273,454    | 910,886  |
| Operating income (loss)                          | 489,891                                     | (6,837,402)       | 43,819                       | 283,980      | (6,019,712)   | 161,601  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>          |   |                   |                              |              |               |  |
| Gain/(loss) on disposal of capital assets        | -   | (8,440)           | -                            | -            | (8,440)       | -  |
| Intergovernmental revenue                        | -   | 3,195,050         | 15,256                       | -            | 3,210,306     | -  |
| ARPA operating grant revenue                     | -   | 1,964,481         | -                            | -            | 1,964,481     | -  |
| Investment earnings/(loss)                       | (13,464)                                    | (9,054)           | -                            | (3,124)      | (25,642)      | -  |
| Interest expense                                 | (93,587)                                    | -                 | -                            | -            | (93,587)      | -  |
| Net nonoperating revenues (expenses)             | (107,051)                                   | 5,142,037         | 15,256                       | (3,124)      | 5,047,118     | -  |
| Income (loss) before contributions and transfers | 382,840                                     | (1,695,365)       | 59,075                       | 280,856      | (972,594)     | 161,601  |
| <b>CAPITAL CONTRIBUTIONS</b>                     | 169,158                                     | 8,728,872         | 31,753                       | 127,399      | 9,057,182     | -  |
| <b>TRANSFERS IN</b>                              | 5,330                                       | -                 | -                            | -            | 5,330         | -  |
| <b>TRANSFERS OUT</b>                             | (300,012)                                   | -                 | (91,533)                     | (385,100)    | (776,645)     | -  |
| Change in net position                           | 257,316                                     | 7,033,507         | (705)                        | 23,155       | 7,313,273     | 161,601  |
| <b>NET POSITION AT JULY 1</b>                    | 12,815,031                                  | 29,639,553        | 1,107,041                    | 2,641,924    | 46,203,549    | 117,153  |
| <b>NET POSITION AT JUNE 30</b>                   | \$ 13,072,347                               | \$ 36,673,060     | \$ 1,106,336                 | \$ 2,665,079 | \$ 53,516,822 | \$ 278,754   |

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

## TOWN OF BLACKSBURG, VIRGINIA

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2022**

|  | <b>Business-type Activities – Enterprise Funds</b> |                       |                                  |                     |                     | <b>Governmental Activities – Internal Service Fund</b> |
|--|--|-----------------------|----------------------------------|---------------------|---------------------|--|
|  | <b>Water and Sewer</b>                             | <b>Transit System</b> | <b>Solid Waste and Recycling</b> | <b>Stormwater</b>   | <b>Total</b>        |  |
| <b>OPERATING ACTIVITIES</b>                                    |  |                       |                                  |                     |                     |  |
| Receipts from customers  | \$ 12,830,913                                      | \$ 6,092,004          | \$ 2,179,246                     | \$ 1,103,743        | \$ 22,205,906       | \$ 1,072,487   |
| Payments to suppliers  | (10,095,918)                                       | (3,413,741)           | (1,970,891)                      | (597,845)           | (16,078,395)        | (703,121)  |
| Payments to employees  | (1,363,265)  | (6,634,124)           | (104,978)                        | (205,118)           | (8,307,485)         | (354,693)  |
| Other receipts   | 128,079  | 1,833                 | -                                | 25,936              | 155,848             | -  |
| Net cash provided by (used in) operating activities            | 1,499,809  | (3,954,028)           | 103,377                          | 326,716             | (2,024,126)         | 14,673   |
| <b>NONCAPITAL FINANCING ACTIVITIES</b>                         |  |                       |                                  |                     |                     |  |
| Transfers to other funds                                       | (300,012)  | -                     | (91,533)                         | (385,100)           | (776,645)           | -  |
| Operating assistance grants received                           | 11,146   | 5,443,711             | 16,075                           | -                   | 5,470,932           | -  |
| Transfers from other funds                                     | 5,330  | -                     | -                                | -                   | 5,330               | -  |
| Net cash provided by (used in) noncapital financing activities | (283,536)  | 5,443,711             | (75,458)                         | (385,100)           | 4,699,617           | -  |
| <b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>                |  |                       |                                  |                     |                     |  |
| Purchases of capital assets                                    | (800,342)  | (7,448,370)           | (123,536)                        | (419,572)           | (8,791,820)         | -  |
| Proceeds from sale of capital assets                           | -  | 19,472                | -                                | -                   | 19,472              | -  |
| Contribution of capital by other governments                   | -  | 6,046,511             | -                                | -                   | 6,046,511           | -  |
| Principal paid on capital debt                                 | (508,760)  | -                     | -                                | -                   | (508,760)           | -  |
| Interest paid on capital debt                                  | (91,734)   | -                     | -                                | -                   | (91,734)            | -  |
| Net cash used in capital and related financing activities      | (1,400,836)  | (1,382,387)           | (123,536)                        | (419,572)           | (3,326,331)         | -  |
| <b>INVESTING ACTIVITIES</b>                                    |  |                       |                                  |                     |                     |  |
| Proceeds from sale of investments                              | 69,084   | 77,798                | -                                | 166,285             | 313,167             | -  |
| Interest received  | 12,720   | 16,226                | -                                | 5,310               | 34,256              | -  |
| Net cash provided by investing activities                      | 81,804   | 94,024                | -                                | 171,595             | 347,423             | -  |
| Net increase (decrease) in cash and cash equivalents           | (102,759)  | 201,320               | (95,617)                         | (306,361)           | (303,417)           | 14,673   |
| <b>CASH AND CASH EQUIVALENTS</b>                               |  |                       |                                  |                     |                     |  |
| Beginning at July 1  | 4,214,383  | 3,717,830             | 451,718                          | 1,660,434           | 10,044,365          | 294,863  |
| Ending at June 30  | \$ 4,111,624                                       | \$ 3,919,150          | \$ 356,101                       | \$ 1,354,073        | \$ 9,740,948        | \$ 309,536   |
| <b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>            |  |                       |                                  |                     |                     |  |
| Cash and cash equivalents                                      | \$ 3,330,691                                       | \$ 3,919,150          | \$ 356,101                       | \$ 1,354,073        | \$ 8,960,015        | \$ 309,536   |
| Cash and cash equivalents, restricted                          | 780,933  | -                     | -                                | -                   | 780,933             | -  |
|  | <u>\$ 4,111,624</u>                                | <u>\$ 3,919,150</u>   | <u>\$ 356,101</u>                | <u>\$ 1,354,073</u> | <u>\$ 9,740,948</u> | <u>\$ 309,536</u>                                      |

(Continued)

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



## TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2022

|  | Business-type Activities – Enterprise Funds |                       |                              |                   |                       | Governmental<br>Activities –<br>Internal<br>Service Fund |
|--|---|-----------------------|------------------------------|-------------------|-----------------------|--|
|  | Water and<br>Sewer                          | Transit<br>System     | Solid Waste<br>and Recycling | Stormwater        | Total                 |  |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED BY (USED IN)</b>                   |   |                       |                              |                   |                       |  |
| <b>OPERATING ACTIVITIES</b>  |   |                       |                              |                   |                       |  |
| Operating income (loss)  | \$ 489,891                                  | \$ (6,837,402)        | \$ 43,819                    | \$ 283,980        | \$ (6,019,712)        | \$ 161,601   |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |   |                       |                              |                   |                       |  |
| Depreciation   | 879,610                                     | 2,588,123             | 65,827                       | 34,998            | 3,568,558             | 20,587   |
| Pension expense net of employer contributions  | (10,683)                                    | (114,326)             | (18,182)                     | 6,073             | (137,118)             | (87,150)   |
| Other post employment benefit expense net of employer contributions                                      | (9,897)                                     | (10,017)              | (10,366)                     | 3,081             | (27,199)              | (47,009)   |
| Change in assets and liabilities   |   |                       |                              |                   |                       |  |
| (Increase) decrease in:  |   |                       |                              |                   |                       |  |
| Receivable, net  | (49,805)                                    | 175,291               | (27,934)                     | 833               | 98,385                | -  |
| Inventories  | -   | (178,176)             | -                            | -                 | (178,176)             | (27,909)   |
| (Decrease) increase in:  |   |                       |                              |                   |                       |  |
| Accounts payable and accrued liabilities   | 214,677                                     | 612,743               | 55,083                       | 2,249             | 884,752               | 39,448   |
| Accrued payroll and related liabilities  | (23,611)                                    | (190,264)             | (4,870)                      | (4,498)           | (223,243)             | (44,895)   |
| Customer deposits  | 9,627                                       | -                     | -                            | -                 | 9,627                 | -  |
| Net cash provided by (used in) operating activities  | <u>\$ 1,499,809</u>                         | <u>\$ (3,954,028)</u> | <u>\$ 103,377</u>            | <u>\$ 326,716</u> | <u>\$ (2,024,126)</u> | <u>\$ 14,673</u>   |
| <b>NONCASH CAPITAL AND RELATED FINANCING<br/>ACTIVITIES</b>  |   |                       |                              |                   |                       |  |
| Capital asset purchases financed by accounts payable   | <u>\$ 126,689</u>                           | <u>\$ 2,290,270</u>   | <u>\$ -</u>                  | <u>\$ -</u>       | <u>\$ 2,416,959</u>   | <u>\$ -</u>  |
| Increase in due from other governmental units for capital and operating grants                           | <u>\$ -</u>                                 | <u>\$ 2,428,181</u>   | <u>\$ -</u>                  | <u>\$ -</u>       | <u>\$ 2,428,181</u>   | <u>\$ -</u>  |
| Capital asset transferred from governmental activities   | <u>\$ 169,158</u>                           | <u>\$ -</u>           | <u>\$ -</u>                  | <u>\$ 127,399</u> | <u>\$ 296,557</u>     | <u>\$ -</u>  |

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

## TOWN OF BLACKSBURG, VIRGINIA

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2022**

|  | <b>Other Post-<br/>Employment<br/>Benefits</b> | <b>Custodial<br/>Funds</b> |
|--|--|----------------------------|
| <b>ASSETS</b>  |  |                            |
| Cash and cash equivalents                                | \$ -   | \$ 410,436                 |
| Cash and cash equivalents, restricted                    |  | 125,350                    |
| Investments  |  |                            |
| Fixed Income   | 1,599,045                                      | -                          |
| Stocks   | 4,111,829                                      | -                          |
| Real Estate  | 533,015  | -                          |
| Alternative investments                                  | 1,370,610                                      | -                          |
| Accounts receivable                                      | -  | 62,341                     |
| Due from other governments                               | -  | 910,568                    |
| Capital reimbursement receivable                         | -  | 13,233                     |
| Lease receivable   | -  | 40,742                     |
| Inventory  | -  | 116,970                    |
| Total current assets                                     | <u>7,614,499</u>                               | <u>1,679,640</u>           |
| Noncurrent Assets  |  |                            |
| Due from other governments                               | -  | 365,674                    |
| Capital reimbursement receivable                         | -  | 316,634                    |
| Total noncurrent assets                                  | <u>-</u>                                       | <u>682,308</u>             |
| <br>Total assets   | <br><u>7,614,499</u>                           | <br><u>2,361,948</u>       |
| <b>LIABILITIES</b>                                       |  |                            |
| Current Liabilities                                      |  |                            |
| Accounts payable and accrued liabilities                 | -  | 1,086,441                  |
| Compensated absences                                     | -  | 22,504                     |
| Due to Town of Blacksburg                                | -  | 228,996                    |
| Total current liabilities                                | <u>-</u>                                       | <u>1,337,941</u>           |
| Noncurrent Liabilities                                   |  |                            |
| Net pension liability                                    | -  | 321,593                    |
| Other post-employment benefits                           | -  | 262,816                    |
| Lease payable  | -  | 121,226                    |
| Compensated absences                                     | -  | 11,295                     |
| Total noncurrent liabilities                             | <u>-</u>                                       | <u>716,930</u>             |
| <br>Total liabilities                                    | <br><u>-</u>                                   | <br><u>2,054,871</u>       |
| <b>NET POSITION</b>                                      |  |                            |
| Other post-employment benefits                           | 7,614,499                                      | -                          |
| Restricted for other governments                         | <u>-</u>                                       | <u>307,077</u>             |
| <br>Total net position restricted for<br>fiduciary funds | <br><u>\$ 7,614,499</u>                        | <br><u>\$ 307,077</u>      |

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

## TOWN OF BLACKSBURG, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended June 30, 2022**

|   | <b>Other Post-<br/>Employment<br/>Benefits</b> | <b>Custodial<br/>Funds</b> |
|---|--|----------------------------|
| <b>ADDITIONS</b>                        |  |                            |
| Employer contributions                  | \$ 1,137,694                                   | \$ -                       |
| Investment earnings (loss)              | (720,101)                                      | -                          |
| Custodial fund additions                | -  | 4,135,245                  |
|   | <hr/>  | <hr/>                      |
| Total additions                         | 417,593  | 4,135,245                  |
|   | <hr/>  | <hr/>                      |
| <b>DEDUCTIONS</b>                       |  |                            |
| Retirement benefits                     | 601,222  | -                          |
| Administrative expenses                 | 8,753  | -                          |
| Custodial fund payments and withdrawals | -  | 5,142,050                  |
|   | <hr/>  | <hr/>                      |
| Total deductions                        | 609,975  | 5,142,050                  |
|   | <hr/>  | <hr/>                      |
| Change in net position                  | (192,382)                                      | (1,006,805)                |
|   | <hr/>  | <hr/>                      |
| <b>NET POSITION AT JULY 1</b>           | 7,806,881                                      | 1,313,882                  |
|   | <hr/>  | <hr/>                      |
| <b>NET POSITION AT JUNE 30</b>          | <u><u>\$ 7,614,499</u></u>                     | <u><u>\$ 307,077</u></u>   |

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

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 1. Summary of Significant Accounting Policies

##### A. The Financial Reporting Entity

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

The following entities are excluded from the accompanying financial statements:

##### Jointly Governed Organizations:

###### *New River Valley Regional Water Authority*

The New River Valley Regional Water Authority was created by a concurrent resolution of the Town and other participating governing bodies. The Authority operates and maintains a water supply system for the Town, Virginia Tech, Montgomery County, and the Town of Christiansburg. Each governing body appoints one member of the five-member board of directors. Two at-large members are appointed by joint resolution of each of the member localities. All indebtedness is payable solely from the revenues of the water system. Although the Town is one of the Authority’s customers, the Town has no obligation for any of its indebtedness. During fiscal year 2022, the Town paid \$4,032,408 to the Authority for purchases of water.

###### *Montgomery Regional Solid Waste Authority*

The Town is a member of the Montgomery Regional Solid Waste Authority, which was created by a joint resolution on December 14, 1994 by the Towns of Blacksburg and Christiansburg, Montgomery County, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Authority, which began operation in August 1995, operates a sanitary landfill and recycling facility. Each jurisdiction provides collection of solid waste and recyclables from within its jurisdiction and delivers the collected materials to the Authority for disposal of waste in the landfill, and processing and marketing of the recyclables. All Authority operations are financed by tipping fees and the individual jurisdictions are not liable for the debt of the Authority. The Town paid \$392,264 in tipping fees during fiscal year 2022.

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### A. The Financial Reporting Entity (Continued)

###### Jointly Governed Organizations: (Continued)

###### *Blacksburg-VPI Sanitation Authority*

The Blacksburg-VPI Sanitation Authority was created by a concurrent resolution of the Town and Virginia Tech. The Authority operates and maintains a wastewater treatment system for the Town and Virginia Tech. The five-member board of directors consists of one member appointed by each governing body. Three at-large members are appointed by joint resolution. All indebtedness of the Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2022, the Town paid \$3,763,575 to the Authority for purchase of wastewater treatment services.

###### *Virginia Tech-Montgomery Regional Airport Authority*

The Virginia Tech-Montgomery Regional Airport Authority (the “Airport Authority”) was created by concurrent resolutions of the governing bodies of the Towns of Blacksburg and Christiansburg, Montgomery County, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Airport Authority utilizes revenues generated by the airport and contributions by the members to fund all airport activities. The Airport Authority has bonded indebtedness. All indebtedness of the Airport Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2022, the Town paid \$60,000 toward the operations of the airport.

###### *Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization*

The Town is a member of the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization (the “MPO”). The MPO is a transportation policy-making organization serving the Blacksburg, Christiansburg, and Montgomery County area. The MPO provides the information, tools, and public input necessary to improve the performance of the transportation system of the region. Future transportation needs are addressed, giving consideration to all possible strategies and the community’s vision. The Town has three members within this organization, two of which are voting members that are appointed by Town Council. During fiscal year 2022, the Town paid \$6,600 toward operations of the MPO.

###### *Montgomery Regional Tourism Board*

The Town is a member of the Montgomery Regional Tourism Board (the “MRTB”). The MRTB functions as a joint tourism agency that serves the County of Montgomery and the Towns of Blacksburg and Christiansburg to promote tourism in the region. Per the operating agreement, the board consists of the County Administrator and both Town Managers. Funding for tourism expenditures are based on the amount of funding received from hotel occupancy taxes. The Town pays 1% of the 7% transient lodging tax collections to the MRTB less 15% of this amount for the Town’s own tourism efforts. During fiscal year 2022, the Town paid \$229,689 to the MRTB.

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### A. The Financial Reporting Entity (Continued)

###### Jointly Governed Organizations: (Continued)

###### *New River Valley Emergency Communications Regional Authority*

The Town is a member of the New River Valley Emergency Communications Regional Authority (the “Communications Authority”). The Communications Authority is a regional partnership, serving the County of Montgomery, the Towns of Blacksburg and Christiansburg, and Virginia Tech. The Communications Authority provides 911 dispatch and emergency communication services to the community and agencies in these localities. The Communications Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. During fiscal year 2022, the Town paid \$926,379 toward operations of the Communications Authority.

##### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. However, custodial funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

# TOWN OF BLACKSBURG, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

### Note 1. Summary of Significant Accounting Policies (Continued)

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

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The Town reports the following major governmental funds:

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

The *COVID relief fund* accounts for financial resources to be used for expenditures relating to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).

The *Midtown tax district fund* accounts for financial resources to be used for debt service payments relating to taxable general obligation bonds issued for the midtown parking garage.

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

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

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

The Town reports the following major proprietary funds:

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

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

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

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 1. Summary of Significant Accounting Policies (Continued)

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

Additionally, the Town reports the following fund types:

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

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

During the course of operations, the government has activity between funds for various purposes. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer, transit, stormwater, and solid-waste and recycling enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### D. Budgets and Budgetary Accounting

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

(Continued)



**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Budgets and Budgetary Accounting (Continued)**

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

|   | <u>General Fund</u>          |
|---|------------------------------|
| Net change in fund balance (non-GAAP budgetary basis) | \$ (1,758,260)               |
| Encumbrances at June 30, 2022                         | <u>553,842</u>               |
| Net change in fund balance (GAAP basis)               | <u><u>\$ (1,204,418)</u></u> |

**E. Cash and Cash Equivalents**

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

**F. Investments**

Investments are stated at fair value.

**G. Allowance for Uncollectible Accounts**

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

**H. Inventories**

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

**I. Capital Assets**

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

(Continued)

# **TOWN OF BLACKSBURG, VIRGINIA**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

### **Note 1. Summary of Significant Accounting Policies (Continued)**

#### **I. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

#### **J. Deferred Outflows/Inflows of Resources**

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

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

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

- Deferred loss on refunding. A deferred loss on refunding is a deferred outflow which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- OPEB or pension changes in proportion and changes in assumptions. These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.
- Lease-related amounts are recognized at the inception of leases in which the Town is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**K. Leases**

***Leases (Lessee)*** – The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Town determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

***Leases (Lessor)*** – At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Town determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **L. Compensated Absences**

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

##### **M. Other Post-employment Benefit Trust Fund**

The Town's policy is to fund a portion of the annual required contribution of its other post-employment benefit liability by contributing to the VACo/VML Pooled OPEB Trust Fund. The OPEB Trust Fund assets and investments are recorded at fair value. The Trust Fund Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. Further information regarding the Town's other post-employment benefits liability is included in Note 12 and in the required supplementary information immediately following the notes.

##### **N. Long-Term Obligations**

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

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

##### **O. Pensions and Other Postemployment Benefits (OPEB):**

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

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **P. Fund Balances/Net Position**

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

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

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

##### **Restricted Amounts**

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

##### **Minimum Fund Balance Policy**

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

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

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### P. Fund Balances/Net Position (Continued)

###### Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances outstanding as of June 30 total \$553,842 in the general fund, \$9,238,596 and \$526,181 in the capital projects and equipment replacement funds, respectively, and \$1,004,599 in nonmajor governmental funds. Encumbrances outstanding at the end of the year are reappropriated as part of subsequent year's budget.

###### Restricted Net Position

Restricted net position for governmental activities consists of unspent grant fund proceeds for the Urban Construction fund and for unspent bond proceeds in the General Capital projects fund and the Midtown tax district fund.

##### Q. Estimates

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

#### Note 2. Deposits and Investments

##### Deposits

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

##### Investments

###### Investment Policy:

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

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 2. Deposits and Investments (Continued)

##### Investments (Continued)

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

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

##### Credit Risk:

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

The Town's investments in LGIP and SNAP are rated AAAm by Standard and Poor's and represent 39.67% of the Town's investments. Most of the Town's certificates of deposit are under \$250,000 and are secured by FDIC.

##### Concentration of Credit Risk:

The intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity; accordingly, the Policy places certain limits on the amount the Town may invest in any one issuer. The portions of the Town's portfolio that exceed 5% of the total portfolio at June 30, 2022 are shown in the table below under Interest Rate Risk.

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 2. Deposits and Investments (Continued)**

**Investments (Continued)**

**Custodial Credit Risk:**

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

**Interest Rate Risk:**

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

| Investment Type                     | Fair Value           | Weighted<br>Average<br>Maturity* | Percentage<br>of Portfolio |
|-------------------------------------|----------------------|----------------------------------|----------------------------|
| SNAP                                | \$ 4,574,717         | 1                                | 38.59%                     |
| LGIP                                | 127,605              | 1                                | 1.08%                      |
| Money Market                        | 1,223,228            | 1                                | 10.32%                     |
| Certificates of deposit             | <u>5,701,640</u>     | 1,511                            | <u>50.01%</u>              |
| Total investments                   | <u>\$ 11,627,190</u> |                                  | <u>100.00%</u>             |
| Portfolio weighted average maturity |                      |                                  |                            |
| *Weighted average maturity in days  |                      |                                  |                            |

|   |                      |
|---|----------------------|
| <b>Investments</b>  | \$ 11,627,190        |
| <b>Deposits</b>   | <u>43,992,794</u>    |
| <b>Total deposits and investments</b>                           | <u>\$ 55,619,984</u> |
| <b>Reconciliation of deposits and investments to Exhibit 1:</b> |                      |
| Cash and cash equivalents                                       | \$ 31,425,812        |
| Cash and cash equivalents, restricted                           | 19,456,507           |
| Investments   | <u>4,737,665</u>     |
| <b>Total deposits and investments</b>                           | <u>\$ 55,619,984</u> |

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

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

(Continued)



# TOWN OF BLACKSBURG, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS June 30, 2022

### Note 3. Receivables, Net

Receivables are as follows:

|                                    | Governmental Activities |                          |                       | Business-Type Activities |                  |                           |                  |
|------------------------------------|-------------------------|--------------------------|-----------------------|--------------------------|------------------|---------------------------|------------------|
|                                    | General                 | General Capital Projects | Equipment Replacement | Water and Sewer          | Transit System   | Solid Waste and Recycling | Stormwater       |
| Receivables                        |                         |                          |                       |                          |                  |                           |                  |
| Interest                           | \$ 11,556               | \$ -                     | \$ 966                | \$ 1,332                 | \$ 1,711         | \$ -                      | \$ 543           |
| Taxes                              | 1,091,379               | -                        | -                     | -                        | -                | -                         | -                |
| Accounts                           | 59,651                  | 33,848                   | -                     | 1,304,303                | 79,210           | 293,854                   | 67,385           |
|                                    | 1,162,586               | 33,848                   | 966                   | 1,305,635                | 80,921           | 293,854                   | 67,928           |
| Less: allowance for uncollectibles | (34,226)                | -                        | -                     | (3,037)                  | -                | (1,349)                   | (384)            |
| Receivables, net                   | <u>\$ 1,128,360</u>     | <u>\$ 33,848</u>         | <u>\$ 966</u>         | <u>\$ 1,302,598</u>      | <u>\$ 80,921</u> | <u>\$ 292,505</u>         | <u>\$ 67,544</u> |

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

|   | Unavailable       | Deferred             | Total                |
|---|-------------------|----------------------|----------------------|
| Included in receivables:                                  |                   |                      |                      |
| Delinquent property taxes                                 | \$ 246,341        | \$ -                 | \$ 246,341           |
| Meals and hotel taxes                                     | 41,572            | -                    | 41,572               |
| Sales tax   | 146,328           | -                    | 146,328              |
| Telecommunication tax                                     | 69,122            | -                    | 69,122               |
| Business license and other taxes                          | 43,265            | -                    | 43,265               |
|   | <u>546,628</u>    | <u>-</u>             | <u>546,628</u>       |
| Included in cash:   |                   |                      |                      |
| COVID relief funds  | -                 | 13,364,987           | 13,364,987           |
| Subsequent years' tax collections                         | -                 | 45,276               | 45,276               |
| Total unavailable/deferred revenue for governmental funds | <u>\$ 546,628</u> | <u>\$ 13,410,263</u> | <u>\$ 13,956,891</u> |

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

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 4. Transfers, Interfund Receivables and Payables**

Interfund transfers are as follows:

|                       |              | <b>Transfers Out:</b> |                 |                 |                           |               |
|-----------------------|--------------|-----------------------|-----------------|-----------------|---------------------------|---------------|
|                       |              | General               | General Capital | Water and Sewer | Solid Waste and Recycling | Stormwater    |
|                       |              |                       |                 |                 |                           | Total         |
| <b>Transfers In:</b>  |              |                       |                 |                 |                           |               |
| General               | \$ -         | \$ 2,417              | \$ -            | \$ -            | \$ -                      | \$ 2,417      |
| General capital       | 4,098,884    | -                     | -               | -               | 382,600                   | 4,481,484     |
| Equipment replacement | 2,204,258    | -                     | 300,012         | 91,533          | 2,500                     | 2,598,303     |
| Debt Service          | 3,252,762    | -                     | -               | -               | -                         | 3,252,762     |
| Water and sewer       | 5,330        | -                     | -               | -               | -                         | 5,330         |
| Total                 | \$ 9,561,234 | \$ 2,417              | \$ 300,012      | \$ 91,533       | \$ 385,100                | \$ 10,340,296 |

The primary purposes of the transfers are as follows:

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

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

| <b>Receivable Fund</b> | <b>Payable Fund</b> | <b>Amount</b>     |
|------------------------|---------------------|-------------------|
| General                | CDBG                | \$ 136,761        |
| General                | HOME                | 69,026            |
|                        |                     | <u>\$ 205,787</u> |

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

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

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 5. Due from Other Governmental Units**

Amounts due from other governmental units are as follows:

|  | <u><b>Governmental<br/>Activities</b></u> | <u><b>Business-Type<br/>Activities</b></u> |
|--|---|--|
| Federal:   |   |  |
| Transit capital assistance grant                 | \$ -                                      | \$ 4,530,050                               |
| Transit operating assistance grant               | -   | 1,964,481                                  |
| Community Development Planning Entitlement Grant | 728,653                                   | -  |
| HOME funding                                     | 525,256                                   | -  |
| Other Federal:                                   |   |  |
| Transit Grants                                   | -   | 39,204                                     |
| Edward Byrne                                     | 1,030                                     | -  |
| Commonwealth of Virginia:                        |   |  |
| Transit Grants                                   | -   | 1,324,373                                  |
| Telecommunications tax                           | 141,200                                   | -  |
| VDOT Revenue Sharing                             | 140,696                                   | -  |
| Other:   |   |  |
| Sales tax  | 305,325                                   | -  |
| Other – includes airport and VASAP               | 265,570                                   | -  |
|  | <u><u>\$ 2,107,730</u></u>                | <u><u>\$ 7,858,108</u></u>                 |

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 6. Capital Assets**

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

| <b>Governmental Activities</b>                | <b>Beginning<br/>Balance, as<br/>restated</b> | <b>Increases</b>     | <b>Decreases</b>      | <b>Ending Balance</b> |
|---|---|----------------------|-----------------------|-----------------------|
| Capital assets, not depreciated               |   |                      |                       |                       |
| Land  | \$ 14,365,977                                 | \$ 648,102           | \$ -                  | \$ 15,014,079         |
| Construction in progress                      | 13,536,493                                    | 17,725,752           | (4,074,563)           | 27,187,682            |
| Total capital assets, not depreciated         | 27,902,470                                    | 18,373,854           | (4,074,563)           | 42,201,761            |
| Capital assets, depreciated                   |   |                      |                       |                       |
| Buildings and improvements                    | 37,043,847                                    | 240,961              | -                     | 37,284,808            |
| Infrastructure                                | 59,559,663                                    | 2,858,397            | -                     | 62,418,060            |
| Machinery and equipment                       | 25,698,205                                    | 2,115,531            | (361,654)             | 27,452,082            |
| Total capital assets depreciated              | 122,301,715                                   | 5,214,889            | (361,654)             | 127,154,950           |
| Less accumulated depreciation for:            |   |                      |                       |                       |
| Buildings and improvements                    | 15,969,366                                    | 1,026,432            | -                     | 16,995,798            |
| Infrastructure                                | 24,091,492                                    | 1,879,985            | -                     | 25,971,477            |
| Machinery and equipment                       | 16,785,304                                    | 1,574,467            | (323,120)             | 18,036,651            |
| Total accumulated depreciation                | 56,846,162                                    | 4,480,884            | (323,120)             | 61,003,926            |
| Total capital assets, depreciated, net        | 65,455,553                                    | 734,005              | (38,534)              | 66,151,024            |
| Intangible Right-to-use assets                |   |                      |                       |                       |
| Leased property                               | -   | 219,265              | -                     | 219,265               |
| Less accumulated amortization                 | -   | 18,218               | -                     | 18,218                |
| Intangible Right-to-us assets, net            | -   | 201,047              | -                     | 201,047               |
| Governmental activities, capital assets, net  | <u>\$ 93,358,023</u>                          | <u>\$ 19,308,906</u> | <u>\$ (4,113,097)</u> | <u>\$ 108,553,832</u> |
| Capital assets, not depreciated               |   |                      |                       |                       |
| Land  | \$ 219,247                                    | \$ -                 | \$ -                  | \$ 219,247            |
| Construction in progress                      | 9,496,019                                     | 10,022,991           | (656,738)             | 18,862,272            |
| Total capital assets, not depreciated         | 9,715,266                                     | 10,022,991           | (656,738)             | 19,081,519            |
| Capital assets, depreciated                   |   |                      |                       |                       |
| Buildings and improvements                    | 9,861,580                                     | 99,967               | -                     | 9,961,547             |
| Water system-plant                            | 12,182,879                                    | 180,680              | -                     | 12,363,559            |
| Sewer system-plant                            | 15,783,807                                    | 662,093              | -                     | 16,445,900            |
| Machinery and equipment                       | 45,485,215                                    | 334,707              | (248,341)             | 45,571,581            |
| Total capital assets depreciated              | 83,313,481                                    | 1,277,447            | (248,341)             | 84,342,587            |
| Less accumulated depreciation for:            |   |                      |                       |                       |
| Buildings and improvements                    | 5,592,565                                     | 252,390              | -                     | 5,844,955             |
| Water system-plant                            | 8,392,894                                     | 234,154              | -                     | 8,627,048             |
| Sewer system-plant                            | 8,522,784                                     | 425,617              | -                     | 8,948,401             |
| Machinery and equipment                       | 31,019,007                                    | 2,656,397            | (220,429)             | 33,454,975            |
| Total accumulated depreciation                | 53,527,250                                    | 3,568,558            | (220,429)             | 56,875,379            |
| Total capital assets, depreciated, net        | 29,786,231                                    | (2,291,111)          | (27,912)              | 27,467,208            |
| Business-Type activities, capital assets, net | <u>\$ 39,501,497</u>                          | <u>\$ 7,731,880</u>  | <u>\$ (684,650)</u>   | <u>\$ 46,548,727</u>  |

(Continued)

# TOWN OF BLACKSBURG, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

### Note 6. Capital Assets (Continued)

The Virginia Department of Transportation (VDOT) and the Federal Transit Administration (FTA) have provided grants for certain Transit System capital assets which have a total net book value of \$30,643,871 as of June 30. The Town cannot dispose of these assets without prior approval from the grantors.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

|                          |                     |
|--------------------------|---------------------|
| Financial services       | \$ 11,455           |
| Technology               | 56,883              |
| Police                   | 410,885             |
| Fire and rescue          | 822,301             |
| Public works             | 946,867             |
| Recreation               | 300,203             |
| Planning and engineering | 31,718              |
| Unallocated depreciation | 1,879,985           |
| Internal service fund    | 20,587              |
|                          | <u>\$ 4,480,884</u> |

Business-type activities:

|                           |                     |
|---------------------------|---------------------|
| Water and sewer           | \$ 879,610          |
| Transit system            | 2,588,123           |
| Stormwater                | 34,998              |
| Solid Waste and Recycling | 65,827              |
|                           | <u>\$ 3,568,558</u> |

### Construction Commitments

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

| Project                        | Spent to Date        | Remaining<br>Commitment |
|--------------------------------|----------------------|-------------------------|
| CDBG/HOME Development Projects | \$ 605,250           | \$ 1,004,599            |
| Multi-Modal Transit Facility   | 7,973,475            | 19,231,677              |
| Five Bus Purchases             | -                    | 5,368,752               |
| Various Water/Sewer Projects   | 670,077              | 386,976                 |
| Midtown Parking Garage         | 8,881,601            | 937,402                 |
| New Police Station             | 16,340,377           | 690,767                 |
|                                | <u>\$ 34,470,780</u> | <u>\$ 27,620,173</u>    |

### Intangible Right-to-Use Lease Assets

In 2022, the Town implemented the guidance in GASBS No. 87, *Leases*, and recognized the value of equipment and land leased under long-term contracts.

(Continued)

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 7. Lease Receivables

The Town is a lessor for various noncancellable leases of land, land improvements, and buildings. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. The Town monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

On 05/06/2010, the Town entered into a 45-month lease with Virginia Tech for the use of the Armory Building. An initial lease receivable was recorded in the amount of \$285,930. As of 06/30/2022, the value of the lease receivable is \$285,930. The lessee is required to make monthly fixed payments of \$8,846 with a 2.00% increase yearly and with an interest rate of 0.89%. The value of the deferred inflow of resources as of 06/30/2022 was \$290,350, and Town recognized lease revenue of \$104,732 during the fiscal year. The lessee has one extension option for 60-months. The lessee had a termination period of six months as of the lease commencement.

On 11/12/2019, the Town entered into a 42-month lease with Virginia Tech for the use of the Thomas Conner House. An initial lease receivable was recorded in the amount of \$215,488. As of 06/30/2022, the value of the lease receivable is \$153,323. The lessee is required to make monthly fixed payments of \$5,230 with a 2.00% increase yearly with an interest rate of 0.89%. The value of the deferred inflow of resources as of 06/30/2022 was \$156,131, and the Town recognized lease revenue of \$62,166 during the fiscal year. The lessee has one extension option for 60-months.

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 8. Long-Term Liabilities**

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

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

|                                 | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Reductions</b>   | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|---------------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| <u>Governmental Activities:</u> |                              |                     |                     |                           |                                |
| General obligation bonds \$     | 47,154,598                   | \$ -                | \$ 1,991,240        | \$ 45,163,358             | \$ 2,031,995                   |
| Net discounts/premiums          | 3,206,718                    | -                   | 158,203             | 3,048,515                 | -                              |
|                                 | <hr/>                        | <hr/>               | <hr/>               | <hr/>                     | <hr/>                          |
| Total bonds payable             | 50,361,316                   | -                   | 2,149,443           | 48,211,873                | 2,031,995                      |
| Lease liability                 | -                            | 223,848             | 4,583               | 219,265                   | 19,821                         |
| Compensated absences            | 2,291,297                    | 1,332,366           | 1,549,372           | 2,074,291                 | 282,096                        |
|                                 | <hr/>                        | <hr/>               | <hr/>               | <hr/>                     | <hr/>                          |
|                                 | <u>\$ 52,652,613</u>         | <u>\$ 1,556,214</u> | <u>\$ 3,703,398</u> | <u>\$ 50,505,429</u>      | <u>\$ 2,333,912</u>            |
| <br><u>Business-Type</u>        |                              |                     |                     |                           |                                |
| <u>Activities:</u>              |                              |                     |                     |                           |                                |
| General obligation bonds \$     | 3,275,401                    | \$ -                | \$ 508,760          | \$ 2,766,641              | \$ 518,005                     |
| Net discounts/premiums          | 129,510                      | -                   | (1,218)             | 130,728                   | -                              |
|                                 | <hr/>                        | <hr/>               | <hr/>               | <hr/>                     | <hr/>                          |
| Total bonds payable             | 3,404,911                    | -                   | 507,542             | 2,897,369                 | 518,005                        |
| Compensated absences            | 545,742                      | 553,656             | 582,806             | 516,592                   | 247,898                        |
|                                 | <hr/>                        | <hr/>               | <hr/>               | <hr/>                     | <hr/>                          |
|                                 | <u>\$ 3,950,653</u>          | <u>\$ 553,656</u>   | <u>\$ 1,090,348</u> | <u>\$ 3,413,961</u>       | <u>\$ 765,903</u>              |

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

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

(Continued)

# TOWN OF BLACKSBURG, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS June 30, 2022

### Note 8. Long-Term Liabilities (Continued)

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

| Year<br>Ended<br>June 30 | Governmental Activities               |                     |   |                     | Business-Type Activities     |                   |
|--------------------------|---------------------------------------|---------------------|---|---------------------|------------------------------|-------------------|
|                          | General Obligation<br>Bonds – General |                     | General Obligation<br>Bonds – Special Revenue |                     | General Obligations<br>Bonds |                   |
|                          | Principal                             | Interest            | Principal                                     | Interest            | Principal                    | Interest          |
| 2023                     | \$ 2,031,995                          | \$ 1,173,899        | \$ -  | \$ 198,675          | \$ 518,005                   | \$ 80,067         |
| 2024                     | 2,029,000                             | 1,098,253           | 360,000                                       | 198,675             | 536,000                      | 64,559            |
| 2025                     | 2,036,113                             | 1,022,618           | 430,000                                       | 191,475             | 478,886                      | 51,557            |
| 2026                     | 2,060,000                             | 930,569             | 510,000                                       | 182,875             | 190,000                      | 39,681            |
| 2027                     | 2,151,250                             | 841,269             | 520,000                                       | 172,675             | 198,750                      | 32,081            |
| 2028-2032                | 10,240,000                            | 2,914,311           | 2,760,000                                     | 704,688             | 395,000                      | 102,019           |
| 2033-2037                | 8,860,000                             | 1,391,256           | 3,030,000                                     | 428,638             | 450,000                      | 40,950            |
| 2038-2042                | 5,265,000                             | 455,000             | 1,980,000                                     | 93,956              | -                            | -                 |
| 2043-2047                | 900,000                               | 63,700              | -   | -                   | -                            | -                 |
|                          | <u>\$ 35,573,358</u>                  | <u>\$ 9,890,875</u> | <u>\$ 9,590,000</u>                           | <u>\$ 2,171,657</u> | <u>\$ 2,766,641</u>          | <u>\$ 410,914</u> |

Details of long-term indebtedness are as follows:

|                                  | Interest<br>Rates | Date<br>Issued | Final<br>Date | Amount of<br>Original Issue | Governmental<br>Activities | Business-type<br>Activities |
|----------------------------------|-------------------|----------------|---------------|-----------------------------|----------------------------|-----------------------------|
| <u>General Obligation Bonds:</u> |                   |                |               |                             |                            |                             |
| General Obligation Bonds         | 1.92              | 11-11          | 10-25         | \$ 9,545,000                | \$ 705,858                 | \$ 1,009,141                |
| General Obligation Bonds         | 1.94              | 11-12          | 03-32         | 3,855,000                   | 2,110,000                  | -                           |
| General Obligation Bonds         | 2.00-5.00         | 03-15          | 06-45         | 15,170,000                  | 9,157,500                  | 577,500                     |
| General Obligation Bonds         | 2.98              | 10-17          | 03-37         | 4,740,000                   | 2,585,000                  | 1,180,000                   |
| General Obligation Bonds         | 2.00-5.00         | 08-20          | 03-40         | 7,590,000                   | 7,310,000                  | -                           |
| General Obligation Bonds         | 2.00-5.00         | 11-20          | 03-40         | 14,210,000                  | 13,705,000                 | -                           |
| General Obligation Bonds         | 1.75-2.375        | 11-20          | 03-40         | 9,590,000                   | 9,590,000                  | -                           |
|                                  |                   |                |               |                             | 45,163,358                 | 2,766,641                   |
|                                  |                   |                |               | Net discounts/premiums      | 3,048,515                  | 130,728                     |
|                                  |                   |                |               |                             | <u>\$ 48,211,873</u>       | <u>\$ 2,897,369</u>         |

### Intangible Right-to-Use Lease Liabilities

In 2022, the Town implemented the guidance of GASBS No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating and capital leases.

The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

(Continued)



**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 8. Long-Term Liabilities (Continued)**

**Intangible Right-to-Use Lease Liabilities (Continued)**

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

The Town leases various properties with the details noted below. The leased equipment, land, and related accumulated amortization of the right-to-use assets are outlined in Note 6.

On 11/01/2021, the Town entered into a 55-month lease for the use of 22-DR 2E AAC Golf Carts. An initial lease liability was recorded in the amount of \$65,452 with no payments being made until fiscal year 2023. The Town is required to make monthly fixed payments of \$1,531.26 with an interest rate of 3.80%.

On 02/13/2008, the Town entered into a 372-month lease with the Virginia Tech/Montgomery Executive Airport Authority to lease 2.995 acres of land for a fire station. An initial lease liability was recorded in the amount of \$158,396. As of 06/30/2022, the value of the lease liability is \$153,813. The Town is required to make annual fixed payments of \$6,239 with increases every five years starting in 2024 with an interest rate of 1.68%. The Town has one extension option for 240-months.

Minimum lease payments over the next five years include:

| <u>Fiscal Year</u> | <u>Lease Liability</u> |                  |
|--------------------|------------------------|------------------|
|                    | <u>Principal</u>       | <u>Interest</u>  |
| 2023               | \$ 19,821              | \$ 4,793         |
| 2024               | 20,719                 | 4,106            |
| 2025               | 21,435                 | 3,391            |
| 2026               | 19,109                 | 2,654            |
| 2027               | 4,128                  | 2,323            |
| 2028-2032          | 22,537                 | 10,522           |
| 2033-2037          | 24,496                 | 8,563            |
| 2038-2042          | 26,625                 | 6,434            |
| 2043-2047          | 28,940                 | 4,119            |
| 2048-2052          | 31,455                 | 1,604            |
|                    | <u>\$ 219,265</u>      | <u>\$ 48,509</u> |

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 9. Net Position/Fund Equity**

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

|   | <b>General<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---|
| Nonspendable:                                     |                         |   |
| Inventories                                       | \$ 9,528                | \$ -                                    |
| Restricted for:                                   |                         |   |
| Urban construction – capital outlays              | -                       | 293,575                                 |
| General capital projects – unspent grant proceeds | -                       | 2,083,895                               |
| Midtown tax district – unspent bond proceeds      | -                       | 30,514                                  |
| Total restricted                                  | -                       | 2,407,984                               |
| Committed to:                                     |                         |   |
| Executive   | 101,448                 | -                                       |
| Legal   | 7,500                   | -                                       |
| Financial services                                | 25,850                  | -                                       |
| Technology  | 8,734                   | -                                       |
| Police  | 187,347                 | -                                       |
| Fire and rescue                                   | 7,840                   | -                                       |
| Public works                                      | 84,408                  | -                                       |
| Engineering and GIS                               | 130,492                 | -                                       |
| Planning and building                             | 223                     | -                                       |
| General capital projects                          | -                       | 9,238,596                               |
| Equipment replacement                             | -                       | 526,181                                 |
| CDBG capital projects                             | -                       | 405,092                                 |
| HOME capital projects                             | -                       | 599,507                                 |
| Total committed                                   | 553,842                 | 10,769,376                              |
| Assigned to:                                      |                         |   |
| Subsequent year's budget                          | 6,723,000               | -                                       |
| Equipment replacement                             | -                       | 3,604,012                               |
| Total assigned                                    | 6,723,000               | 3,604,012                               |
| Unassigned  | 5,039,513               | (1,004,599)                             |
| Total fund balance                                | \$ 12,325,883           | \$ 15,776,773                           |

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 10. Defined Benefit Pension Plan**

**Plan Description**

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

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

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

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

**Employees Covered by Benefit Terms**

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | <b><u>Number</u></b> |
|--|----------------------|
| Inactive members or their beneficiaries currently receiving benefits | <u>205</u>           |
| Inactive members:  |                      |
| Vested inactive members  | 47                   |
| Non-vested inactive members  | 76                   |
| Active elsewhere in VRS  | <u>94</u>            |
| Total inactive members   | <u>217</u>           |
| Active members   | <u>322</u>           |
| Total covered employees  | <u><u>744</u></u>    |

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Contributions**

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

The Town's contractually required contribution rate for the year ended June 30, 2022 was 14.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$2,162,487 and \$2,264,613 for the years ended June 30, 2022 and June 30, 2021, respectively.

**Net Pension Liability**

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions**

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; adjusted rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Long-Term Expected Rate of Return**

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

| <b>Asset Class (Strategy)</b>        | <b>Target Allocation</b>                   | <b>Arithmetic Long-Term Expected Rate of Return</b> | <b>Weighted Average Long-Term Expected Rate of Return</b> |
|--------------------------------------|--|---|---|
| Public Equity                        | 34.00 %                                    | 5.00 %  | 1.70 %  |
| Fixed Income                         | 15.00                                      | 0.57  | 0.09  |
| Credit Strategies                    | 14.00                                      | 4.49  | 0.63  |
| Real Assets                          | 14.00                                      | 4.76  | 0.67  |
| Private Equity                       | 14.00                                      | 9.94  | 1.39  |
| MAPS – Multi-Asset Public Strategies | 6.00                                       | 3.29  | 0.20  |
| PIP – Private Investment Partnership | 3.00                                       | 6.84  | 0.21  |
| <b>Total</b>                         | <b>100.00 %</b>                            |   | <b>4.89 %</b>   |
|                                      | <b>Inflation</b>                           |   | <b>2.50 %</b>   |
|                                      | <b>*Expected arithmetic nominal return</b> |   | <b>7.39 %</b>   |

- \* The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

|  | <b>Increase (Decrease)</b>                     |  |  |
|--|--|--|--|
|  | <b>Total<br/>Pension<br/>Liability<br/>(a)</b> | <b>Plan<br/>Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net<br/>Pension<br/>Liability<br/>(a) – (b)</b> |
| Balances at June 30, 2020  | \$ 89,033,237                                  | \$ 67,255,983                                      | \$ 21,777,254                                      |
| Changes for the year:  |  |  |  |
| Service cost   | 1,701,708                                      | -  | 1,701,708  |
| Interest   | 5,861,213                                      | -  | 5,861,213  |
| Change in assumptions  | 3,485,893                                      | -  | 3,485,893  |
| Differences between expected<br>and actual experience            | 580,111  | -  | 580,111  |
| Contributions – employer   | -  | 2,193,357  | (2,193,357)  |
| Contributions – employee   | -  | 748,375  | (748,375)  |
| Net investment income  | -  | 18,265,824   | (18,265,824)                                       |
| Benefit payments, including refunds<br>of employee contributions | (4,400,891)                                    | (4,400,891)  | -  |
| Administrative expenses  | -  | (45,568)   | 45,568   |
| Other changes  | -  | 1,724  | (1,724)  |
| Net changes  | 7,228,034                                      | 16,762,821   | (9,534,787)  |
| Balances at June 30, 2021  | \$ 96,261,271                                  | \$ 84,018,804                                      | \$ 12,242,467                                      |

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 10. Defined Benefit Pension Plan (Continued)**

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

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

|                              | <b><u>1.00%<br/>Decrease<br/>(5.75%)</u></b> | <b><u>Current<br/>Discount<br/>Rate (6.75%)</u></b> | <b><u>1.00%<br/>Increase<br/>(7.75%)</u></b> |
|------------------------------|--|---|--|
| Town's net pension liability | \$ 25,530,501                                | \$ 12,242,467                                       | \$ 1,305,860                                 |

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

For the year ended June 30, 2022, the Town recognized pension expense of \$1,740,186. At June 30, 2022, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|--|--|---|
| Differences between expected and actual experience                               | \$ 620,946   | \$ -  |
| Change in assumptions  | 2,996,579  | -   |
| Net difference between projected and actual earnings on pension plan investments | -  | 9,072,874   |
| Employer contributions subsequent to the measurement date                        | <u>2,162,487</u>                                     | <u>-</u>  |
| Total  | <u>\$ 5,780,012</u>                                  | <u>\$ 9,072,874</u>                                 |

(Continued)



**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 10. Defined Benefit Pension Plan (Continued)**

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

The \$2,162,487 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended<br/>June 30,</u> | <u>Reduction<br/>to Pension<br/>Expense</u> |
|--------------------------------|---|
| 2023                           | \$ (307,499)                                |
| 2024                           | (889,032)                                   |
| 2025                           | (1,573,341)                                 |
| 2026                           | (2,685,477)                                 |

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the Pension Plan**

At June 30, 2022, approximately \$226,715 was payable to the Virginia Retirement System for the legally required contributions related to June 2022 payroll.

**Note 11. Property Taxes**

Property is assessed at its current market value on January 1 by Montgomery County, Virginia. Real estate taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on June 5 and December 5. Town Council approves the tax rate for both installments in April of each year. The Town bills and collects the real estate taxes. A penalty of 10% of the tax or \$10, whichever is greater, but not to exceed the tax, is assessed after June 5 and December 5. Taxes were levied at a rate of \$0.26 per \$100 of assessed valuation for the 2022 calendar year. The Town places liens on property as necessary to supplement collection efforts. The Commonwealth of Virginia has no limitation on tax rates.

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Local Plan**

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

**Trust Fund Investments**

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

The following was the Board’s adopted asset allocation policy as of June 30, 2021:

| <b>Asset Class (Strategy)</b> | <b>Allocation -<br/>Portfolio I</b> | <b>Allocation -<br/>Portfolio II</b> |
|-------------------------------|-------------------------------------|--------------------------------------|
| Total Equity                  | 69%                                 | 43%                                  |
| Total Fixed Income            | 25%                                 | 54%                                  |
| Total Real Assets             | 6%                                  | 3%                                   |
| Total                         | 100%                                | 100%                                 |

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

**Rate of Return** – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 3.02 percent and 4.13 percent for portfolio I and portfolio II, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Local Plan (Continued)**

**Plan Description and benefits provided**

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

Similar to the pension plan, two fiduciary entities, as described in Note 10, participate in the Town's other postemployment benefits as cost sharing participants. These entities are excluded from the Town's other postemployment benefit liabilities. The related required supplementary information is reported for the plan as a whole.

**Membership**

The number of participants at June 30, 2022 was as follows:

|   |                   |
|---|-------------------|
| Retirees and spouses currently receiving benefits | 83                |
| Active employees                                  | <u>312</u>        |
| Total   | <u><u>395</u></u> |

**Contributions**

The Town contributed \$944,593 and \$987,284 during the years ended June 30, 2022 and 2021, respectively.

**Net OPEB Liability**

The Town's total net OPEB liability of \$9,971,758 was measured as of June 30, 2022 and was determined by an actuarial valuation performed as of July 1, 2020.

**Actuarial Assumptions and Other Inputs**

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

(Continued)

# TOWN OF BLACKSBURG, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

### Note 12. Other Post-Employment Benefits – Local Plan (Continued)

#### Actuarial Assumptions and Other Inputs (Continued)

In the July 1, 2020 actuarial valuation, the entry age normal, level percentage of pay method was used to determine liabilities. Under this method, the actuarial present value of all plan benefits is determined as of the valuation date and then allocated between the period before and after the valuation date. The present value of plan benefits earned prior to the valuation date is called the actuarial liability. The present value of plan benefits to be earned after the valuation date is called the present value of future normal costs. The actuarial assumptions used a 6.50% discount rate and an initial annual healthcare cost trend rate of 6.30% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.50%. An inflation rate of 2.50% and a payroll growth rate of 3.00% per year were used.

It is assumed that 100% of active members are married at retirement with husbands three years older than their wives. The unfunded actuarial accrued liability is being amortized over a closed period of 24 years as of July 1, 2020 as a level percent of payroll. The age-related claims cost assumption was updated and the assumed percentage of future retirees who elect medical coverage at retirement and also elect to cover their spouse was decreased from 20% to 10% based on inspection of actual spouse election experience as of July 1, 2020.

#### Long-Term Expected Rate of Return

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2021. The inflation assumption is based on the 2021 Social Security Trustees report.

| Asset Class                              | Index                        | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Real Rate of Return |
|--|------------------------------|-------------------|---|--|
| US Core Fixed Income                     | Bloomberg Barclays Aggregate | 21.00%            | 1.39%   | 1.28%  |
| US Large Cap Equity                      | S&P 500 TR USD               | 26.00%            | 4.94%   | 3.46%  |
| US Small Cap Equity                      | Russell 2000 TR USD          | 10.00%            | 6.73%   | 4.18%  |
| Foreign Developed Equity                 | MSCI EAFE NR USD             | 13.00%            | 6.27%   | 4.52%  |
| Emerging Markets Equity                  | MSCI EM NR USD               | 5.00%             | 8.82%   | 5.31%  |
| Private Real Estate Property             | NCREIF Property              | 7.00%             | 4.61%   | 3.58%  |
| Private Equity                           | Cambridge US Private Equity  | 5.00%             | 10.36%  | 6.15%  |
| Commodities                              | Bloomberg Commodity TR USD   | 3.00%             | 1.99%   | 0.61%  |
| Hedge Fund of Funds - Strategic          | HFRI FOF Strategic           | 10.00%            | 3.58%   | 2.67%  |
| Assumed Inflation - Mean                 |                              |                   | 2.40%   | 2.40%  |
| Assumed Inflation - Standard             |                              |                   | 1.23%   | 1.23%  |
| Portfolio Real Mean Return               |                              |                   | 4.76%   | 3.97%  |
| Portfolio Nominal Mean Return            |                              |                   | 7.16%   | 6.46%  |
| <b>Long-Term Expected Rate of Return</b> |                              |                   |   | <b>6.50%</b>                                     |

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Local Plan (Continued)**

**Discount Rate**

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

**Changes in Net OPEB Liability**

|                                   | <b>Increase (Decrease)</b>                  |  |   |
|-----------------------------------|---|--|---|
|                                   | <b>Total<br/>OPEB<br/>Liability<br/>(a)</b> | <b>Plan<br/>Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net<br/>OPEB<br/>Liability<br/>(a) – (b)</b> |
| Town Balances at June 30, 2021    | \$ 15,535,275                               | \$ 7,622,766                                       | \$ 7,912,509                                    |
| Changes for the year:             |   |  |   |
| Service cost                      | 230,111                                     | -  | 230,111   |
| Interest                          | 1,005,971                                   | -  | 1,005,971                                       |
| Change in assumptions             | 1,187,958                                   | -  | 1,187,958                                       |
| Economic/demographic gains/losses | 34,407                                      | -  | 34,407  |
| Contributions – employer          | -   | 1,110,863  | (1,110,863)                                     |
| Net investment income             | -   | (703,118)  | 703,118   |
| Benefit payments                  | (587,043)                                   | (587,043)  | -   |
| Administrative expenses           | -   | (8,547)  | 8,547   |
| Net changes                       | 1,871,404                                   | (187,845)  | 2,059,249                                       |
| Town Balances at June 30, 2022    | 17,406,679                                  | 7,434,921  | 9,971,758                                       |
| Cost sharing participants         | 420,429                                     | 179,578  | 240,891   |
| Total                             | <u>\$ 17,827,108</u>                        | <u>\$ 7,614,499</u>                                | <u>\$ 10,212,609</u>                            |

**Sensitivity of the Net OPEB Liability**

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

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Local Plan (Continued)**

**Sensitivity of the Net OPEB Liability (Continued)**

|                    | <b><u>1.00%<br/>Decrease<br/>(5.50%)</u></b> | <b><u>Current<br/>Discount<br/>Rate (6.5%)</u></b> | <b><u>1.00%<br/>Increase<br/>(7.50%)</u></b> |
|--------------------|--|--|--|
| Net OPEB Liability | \$ 12,529,796                                | \$ 9,971,758                                       | \$ 7,878,202                                 |

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

|                    | <b><u>1.00%<br/>Decrease</u></b> | <b><u>Current<br/>Trend Rate</u></b> | <b><u>1.00%<br/>Increase</u></b> |
|--------------------|----------------------------------|--------------------------------------|----------------------------------|
| Net OPEB Liability | \$ 7,418,356                     | \$ 9,971,758                         | \$ 13,166,451                    |

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

For the year ended June 30, 2022, the Town recognized OPEB expense of (\$83,313). At June 30, 2022, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|---|--|---|
| Differences between expected and actual experience                            | \$ 559,761   | \$ 193,596  |
| Change in assumptions   | 2,126,431  | 1,071,361   |
| Net difference between projected and actual earnings on OPEB plan investments | <u>279,165</u>                                       | <u>-</u>  |
| Total   | <u>\$ 2,965,357</u>                                  | <u>\$ 1,264,957</u>                                 |

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Local Plan (Continued)**

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

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

| <b>Year Ending<br/>June 30,</b> | <b>Increase<br/>to OPEB<br/>Expense</b> |
|---------------------------------|---|
| 2023                            | \$ 291,048                              |
| 2024                            | 267,891                                 |
| 2025                            | 231,381                                 |
| 2026                            | 579,667                                 |
| 2027                            | 202,702                                 |
| Thereafter                      | 127,711                                 |

**Other Post-Employment Benefits – Virginia Retirement System Plan**

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

**Plan Description**

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

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

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

**Contributions**

Contributions to the VRS GLI program was based on actuarially determined rates from actuarial valuations as of June 30, 2020. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. The contribution requirements for the GLI Program are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. Employers may elect to pay all or part of the employee contribution. The Town contributed \$86,571 and \$85,819 during the years ended June 30, 2022 and 2021, respectively.

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Virginia Retirement System Plan (Continued)**

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

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

|  |           |
|--|-----------|
| June 30, 2022 proportionate share of liability | \$880,347 |
| June 30, 2021 proportion                       | .07750%   |
| June 30, 2020 proportion                       | .07904%   |
| June 30, 2021 expense                          | \$36,007  |

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience                               | \$ 100,407                                    | \$ 6,708                                     |
| Change in assumptions  | 48,533  | 120,450                                      |
| Net difference between projected and actual earnings on<br>OPEB plan investments | -   | 210,119                                      |
| Changes in proportion  | 7,778   | 22,078                                       |
| Employer contributions subsequent to the<br>measurement date                     | 86,571  | -  |
| Total  | <u>\$ 243,289</u>                             | <u>\$ 359,355</u>                            |

The \$86,571 reported as deferred outflows of resources related to OPEB resulting from the Town's contributions made after the measurement date of the net other postemployment liability but before the Town's reporting period will be recognized as a reduction of the net other postemployment liability in the subsequent fiscal year rather than in the current fiscal period.. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Reduction<br/>to OPEB<br/>Expense</b> |
|---------------------------------|--|
| 2023                            | \$ (50,659)                              |
| 2024                            | (50,659)                                 |
| 2025                            | (50,659)                                 |
| 2026                            | (50,660)                                 |

(Continued)



**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Virginia Retirement System Plan (Continued)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

|   |               |
|---|---------------|
| Inflation   | 2.5%          |
| Salary increases, including inflation:                          |               |
| • Locality- general employees                                   | 3.5 – 5.35%   |
| • Locality – hazardous duty employees                           | 3.5 – 4.75%   |
| Healthcare cost trend rates:                                    |               |
| • Under age 65  | 7.00 – 4.75%  |
| • Ages 65 and older   | 5.375 – 4.75% |
| Investment rate of return, net of expenses, including inflation | 6.75%         |

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

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

|   | <b>Group Life Insurance Program</b> |
|---|-------------------------------------|
| Total OPEB Liability  | \$ 3,577,346                        |
| Plan fiduciary net position   | 2,413,074                           |
| Employers' net OPEB liability (asset)                               | \$ 1,164,272                        |
| Plan fiduciary net position as a percentage of total OPEB liability | 67.45%                              |

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

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Virginia Retirement System Plan (Continued)**

**Long-Term Expected Rate of Return**

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

| <u>Asset Class (Strategy)</u>        | <u>Target<br/>Allocation</u> | <u>Arithmetic<br/>Long-Term<br/>Expected<br/>Rate of<br/>Return</u> | <u>Weighted<br/>Average<br/>Long-Term<br/>Expected<br/>Rate of<br/>Return</u> |
|--------------------------------------|------------------------------|---|---|
| Public Equity                        | 34.00 %                      | 5.00 %  | 1.70 %  |
| Fixed Income                         | 15.00                        | 0.57  | 0.09  |
| Credit Strategies                    | 14.00                        | 4.49  | 0.63  |
| Real Assets                          | 14.00                        | 4.76  | 0.67  |
| Private Equity                       | 14.00                        | 9.94  | 1.39  |
| MAPS – Multi-Asset Public Strategies | 6.00                         | 3.29  | 0.20  |
| PIP – Private Investment Partnership | 3.00                         | 6.84  | 0.21  |
| Total                                | 100.00 %                     |   | 4.89 %  |
|                                      | Inflation                    |   | 2.50 %  |
|                                      |                              |   | 7.39 %  |

\*Expected arithmetic nominal return

- \* The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 12. Other Post-Employment Benefits – Virginia Retirement System Plan (Continued)**

**Discount Rate**

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

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

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

|                        | <b>1.00%<br/>Decrease<br/><br/>(5.75%)</b> | <b>Current<br/>Discount<br/>Rate<br/>(6.75%)</b> | <b>1.00%<br/>Increase<br/><br/>(7.75%)</b> |
|------------------------|--|--|--|
| GLI Net OPEB liability | \$ 1,286,217                               | \$ 880,347                                       | \$ 552,586                                 |

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the OPEB Plan**

At June 30, 2022, approximately \$16,173 was payable to the Virginia Retirement System for the legally required contributions of GLI related to June 2022 payroll.

**OPEB Expense**

As the total OPEB expense is not easily identifiable from information presented in the financial statements, it is best practice for a primary government to provide the aggregate amount of OPEB expense in its footnotes. Total OPEB expense for all plans combined was (\$47,306).

(Continued)

## **TOWN OF BLACKSBURG, VIRGINIA**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

#### **Note 13. Risk Management**

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

#### **Note 14. Commitments and Contingencies**

##### **Special Purpose Grants**

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

##### **Landfill**

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

##### **VDOT Land Contribution**

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

##### **414 North Main Street Building**

A claim was filed against the Town by a property owner on North Main Street that alleged the Town eliminated access to parking spaces at their place of business. During 2015, the Town settled the lawsuit whereby the Town purchased the building for \$900,000. Currently, the Town has appropriated \$215,000 to remediate the building and has expended \$207,000. Upon remediation, the Town intends on rehabilitating the building and using it as a retail incubator.

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### Note 14. Commitments and Contingencies (Continued)

##### Litigation

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

#### Note 15. Cemetery Trust Disclosure

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

#### Note 16. New Accounting Standards

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

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

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

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

(Continued)

**TOWN OF BLACKSBURG, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**Note 16. New Accounting Standards (Continued)**

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

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

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

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

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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## TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 June 30, 2022

|  | Plan Year            |                      |                      |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 |
| <b>Total Pension Liability</b>   |                      |                      |                      |                      |                      |                      |                      |                      |
| Service cost   | \$ 1,745,749         | \$ 1,693,586         | \$ 1,598,073         | \$ 1,537,120         | \$ 1,594,893         | \$ 1,526,474         | \$ 1,529,256         | \$ 1,485,346         |
| Interest on total pension liability                                    | 6,012,904            | 5,771,936            | 5,533,265            | 5,308,486            | 5,150,045            | 4,842,808            | 4,590,812            | 4,369,226            |
| Difference between expected and actual experience                      | 595,124              | 286,758              | 420,306              | (250,064)            | (953,018)            | 1,252,548            | 565,459              | -                    |
| Changes in assumptions   | 3,576,109            | -                    | 2,626,932            | -                    | (354,504)            | -                    | -                    | -                    |
| Benefit payments, including refunds of employee contribution           | (4,514,788)          | (3,849,973)          | (3,580,133)          | (3,188,712)          | (3,159,226)          | (3,306,250)          | (2,864,895)          | (2,513,240)          |
| Net change in total pension liability                                  | 7,415,098            | 3,902,307            | 6,598,443            | 3,406,830            | 2,278,190            | 4,315,580            | 3,820,632            | 3,341,332            |
| <b>Total pension liability - beginning</b>                             | <b>91,337,453</b>    | <b>87,435,146</b>    | <b>80,836,703</b>    | <b>77,429,873</b>    | <b>75,151,683</b>    | <b>70,836,103</b>    | <b>67,015,471</b>    | <b>63,674,139</b>    |
| <b>Total pension liability - ending</b>                                | <b>98,752,551</b>    | <b>91,337,453</b>    | <b>87,435,146</b>    | <b>80,836,703</b>    | <b>77,429,873</b>    | <b>75,151,683</b>    | <b>70,836,103</b>    | <b>67,015,471</b>    |
| <b>Plan Fiduciary Net Position</b>                                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Contributions - employee   | 2,250,122            | 2,039,284            | 1,960,508            | 2,048,416            | 1,980,051            | 1,942,175            | 1,915,988            | 1,761,278            |
| Contributions - employer   | 767,743              | 785,883              | 746,099              | 733,436              | 720,403              | 709,864              | 690,768              | 689,129              |
| Net investment income  | 18,738,551           | 1,317,338            | 4,347,116            | 4,524,670            | 6,716,817            | 942,503              | 2,417,663            | 7,204,828            |
| Benefit payments, including refunds of employee contribution           | (4,514,788)          | (3,849,973)          | (3,580,133)          | (3,188,712)          | (3,159,226)          | (3,306,250)          | (2,864,895)          | (2,513,240)          |
| Administrative expenses  | (46,747)             | (44,532)             | (42,738)             | (38,567)             | (38,454)             | (33,878)             | (32,864)             | (38,519)             |
| Other  | 1,769                | (1,556)              | (2,744)              | (4,054)              | (5,985)              | (402)                | (510)                | 379                  |
| Net change in plan fiduciary net position                              | 17,196,650           | 246,444              | 3,428,108            | 4,075,189            | 6,213,606            | 254,012              | 2,126,150            | 7,103,855            |
| <b>Plan fiduciary net position - beginning</b>                         | <b>68,996,595</b>    | <b>68,750,151</b>    | <b>65,322,043</b>    | <b>61,246,854</b>    | <b>55,033,248</b>    | <b>54,779,236</b>    | <b>52,653,086</b>    | <b>45,549,231</b>    |
| <b>Plan fiduciary net position - ending</b>                            | <b>86,193,245</b>    | <b>68,996,595</b>    | <b>68,750,151</b>    | <b>65,322,043</b>    | <b>61,246,854</b>    | <b>55,033,248</b>    | <b>54,779,236</b>    | <b>52,653,086</b>    |
| <b>Net pension liability - ending</b>                                  | <b>\$ 12,559,306</b> | <b>\$ 22,340,858</b> | <b>\$ 18,684,995</b> | <b>\$ 15,514,660</b> | <b>\$ 16,183,019</b> | <b>\$ 20,118,435</b> | <b>\$ 16,056,867</b> | <b>\$ 14,362,385</b> |
| Plan fiduciary net position as a percentage of total pension liability | 87%                  | 76%                  | 79%                  | 81%                  | 79%                  | 73%                  | 77%                  | 79%                  |
| Covered payroll  | \$ 16,439,287        | \$ 16,140,814        | \$ 15,401,860        | \$ 15,157,113        | \$ 14,536,186        | \$ 13,279,500        | \$ 13,766,189        | \$ 13,426,101        |
| Net pension liability as a percentage of covered payroll               | 76%                  | 138%                 | 121%                 | 102%                 | 111%                 | 151%                 | 117%                 | 107%                 |
| Allocation of Net Pension Liability (Note 3)                           |                      |                      |                      |                      |                      |                      |                      |                      |
| Town of Blacksburg   | \$ 12,242,467        | \$ 21,743,945        | \$ 18,098,225        | \$ 14,990,041        | \$ 15,607,700        | \$ 19,395,595        | \$ 15,507,143        | \$ 13,862,015        |
| Cost sharing participants  | 316,839              | 596,913              | 586,770              | 524,619              | 575,319              | 722,840              | 549,724              | 500,370              |
| Total net pension liability  | \$ 12,559,306        | \$ 22,340,858        | \$ 18,684,995        | \$ 15,514,660        | \$ 16,183,019        | \$ 20,118,435        | \$ 16,056,867        | \$ 14,362,385        |

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

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



## TOWN OF BLACKSBURG, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**June 30, 2022**

| <b>Town Fiscal<br/>Year Ended<br/>June 30</b> | <b>Actuarially<br/>Determined<br/>Contribution</b> | <b>Contributions in<br/>Relation to Actuarially<br/>Determined<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered Payroll</b> | <b>Contributions as a<br/>Percentage of<br/>Covered Payroll</b> |
|---|--|---|---|------------------------|---|
| 2022  | \$ 2,218,452                                       | \$ 2,218,452  | \$ -  | \$ 15,618,594          | 14.20%  |
| 2021  | 2,326,781  | 2,326,781   | -   | 16,439,287             | 14.15   |
| 2020  | 2,101,534  | 2,101,534   | -   | 16,140,814             | 13.02   |
| 2019  | 2,007,695  | 2,007,695   | -   | 15,401,860             | 13.25   |
| 2018  | 2,088,926  | 2,088,926   | -   | 15,157,113             | 14.37   |
| 2017  | 2,008,302  | 2,008,302   | -   | 14,536,186             | 14.45   |
| 2016  | 1,953,058  | 1,953,058   | -   | 13,279,500             | 14.71   |
| 2015  | 1,920,383  | 1,920,383   | -   | 13,766,189             | 13.95   |

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

## TOWN OF BLACKSBURG, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY**  
**June 30, 2022**

| Entity Fiscal<br>Year Ended<br>June 30                                | Employer's<br>Proportion of<br>the Net OPEB<br>Liability | Employer's<br>Proportionate Share of<br>the Net OPEB Liability | Covered<br>Payroll | Employer's<br>Proportionate<br>Share of the Net<br>OPEB Liability as<br>a Percentage of<br>Covered Payroll | Plan Fiduciary Net<br>Position as a<br>Percentage of the<br>Total OPEB Liability | Allocation of Net OPEB Liability (Note 3) |                              |           |
|---|--|--|--------------------|--|--|---|------------------------------|-----------|
|   |  |  |                    |  |  | Town of<br>Blacksburg                     | Cost Sharing<br>Participants | Total     |
| Virginia Retirement System - Group Life Insurance - General Employees |  |  |                    |  |  |   |                              |           |
| 2022  | 0.08%  | \$ 902,311   | \$ 16,439,287      | 5.49%  | 67.45%   | \$ 880,347                                | \$ 21,964                    | 902,311   |
| 2021  | 0.08   | 1,319,050  | 15,401,860         | 8.02   | 52.64  | 1,284,490                                 | 34,560                       | 1,319,050 |
| 2020  | 0.08   | 1,285,000  | 15,157,113         | 8.34   | 52.00  | 1,245,970                                 | 39,030                       | 1,285,000 |
| 2019  | 0.08   | 1,206,000  | 14,536,186         | 8.30   | 51.22  | 1,166,520                                 | 39,480                       | 1,206,000 |
| 2018  | 0.08   | 1,184,000  | 14,177,866         | 8.35   | 48.86  | 1,141,565                                 | 42,435                       | 1,184,000 |

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

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

## TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
June 30, 2022

|   | Fiscal Year          |                     |                     |                     |                     |                     |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2022                 | 2021                | 2020                | 2019                | 2018                | 2017                |
| <b>Total OPEB Liability</b>   |                      |                     |                     |                     |                     |                     |
| Service cost  | \$ 235,669           | \$ 245,453          | \$ 222,256          | \$ 241,118          | \$ 245,403          | \$ 229,349          |
| Interest on total pension liability                                 | 1,030,269            | 997,183             | 832,569             | 951,175             | 886,471             | 839,767             |
| Economic/demographic gains or losses                                | 35,238               | 625,245             | (339,893)           | 213,907             | -                   | -                   |
| Changes in assumptions  | 1,216,651            | (789,201)           | 1,954,277           | (1,172,682)         | -                   | -                   |
| Benefit payments, including refunds of employee contribution        | (601,222)            | (519,823)           | (480,331)           | (401,106)           | (432,659)           | (403,756)           |
| Net change in total OPEB liability                                  | 1,916,605            | 558,857             | 2,188,878           | (167,588)           | 699,215             | 665,360             |
| <b>Total OPEB liability - beginning</b>                             | <b>15,910,503</b>    | <b>15,351,646</b>   | <b>13,162,768</b>   | <b>13,330,356</b>   | <b>12,631,141</b>   | <b>11,965,781</b>   |
| <b>Total OPEB liability - ending</b>                                | <b>17,827,108</b>    | <b>15,910,503</b>   | <b>15,351,646</b>   | <b>13,162,768</b>   | <b>13,330,356</b>   | <b>12,631,141</b>   |
| <b>Plan Fiduciary Net Position</b>                                  |                      |                     |                     |                     |                     |                     |
| Contributions - employer  | 1,137,694            | 1,026,800           | 1,003,016           | 833,408             | 1,035,704           | 927,406             |
| Net investment income   | (720,101)            | 1,688,643           | 151,311             | 198,784             | 325,480             | 328,404             |
| Benefit payments, including refunds of employee contribution        | (601,222)            | (519,823)           | (480,331)           | (401,106)           | (432,659)           | (403,756)           |
| Administrative expenses   | (8,753)              | (6,749)             | (5,891)             | (5,052)             | (4,176)             | (3,474)             |
| Net change in plan fiduciary net position                           | (192,382)            | 2,188,871           | 668,105             | 626,034             | 924,349             | 848,580             |
| <b>Plan fiduciary net position - beginning</b>                      | <b>7,806,881</b>     | <b>5,618,010</b>    | <b>4,949,905</b>    | <b>4,323,871</b>    | <b>3,399,522</b>    | <b>2,550,942</b>    |
| <b>Plan fiduciary net position - ending</b>                         | <b>7,614,499</b>     | <b>7,806,881</b>    | <b>5,618,010</b>    | <b>4,949,905</b>    | <b>4,323,871</b>    | <b>3,399,522</b>    |
| <b>Net OPEB liability - ending</b>                                  | <b>\$ 10,212,609</b> | <b>\$ 8,103,622</b> | <b>\$ 9,733,636</b> | <b>\$ 8,212,863</b> | <b>\$ 9,006,485</b> | <b>\$ 9,231,619</b> |
| Plan fiduciary net position as a percentage of total OPEB liability | 43%                  | 49%                 | 37%                 | 38%                 | 32%                 | 27%                 |
| Covered payroll   | \$ 16,092,734        | \$ 16,025,059       | \$ 14,892,419       | \$ 14,177,866       | \$ 13,896,607       | \$ 13,896,607       |
| Net OPEB liability as a percentage of covered payroll               | 63%                  | 51%                 | 65%                 | 58%                 | 65%                 | 66%                 |
| Allocation of Net OPEB Liability (Note 3)                           |                      |                     |                     |                     |                     |                     |
| Town of Blacksburg  | \$ 9,971,758         | \$ 7,888,447        | \$ 9,449,660        | \$ 7,881,063        | \$ 8,687,850        | \$ 8,908,512        |
| Cost sharing participants   | 240,851              | 215,175             | 283,976             | 331,800             | 318,635             | 323,107             |
| Total net pension liability   | \$ 10,212,609        | \$ 8,103,622        | \$ 9,733,636        | \$ 8,212,863        | \$ 9,006,485        | \$ 9,231,619        |

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

## TOWN OF BLACKSBURG, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**June 30, 2022**

| <b>Town Fiscal<br/>Year Ended<br/>June 30</b> | <b>Actuarially<br/>Determined<br/>Contribution</b> | <b>Contributions in<br/>Relation to Actuarially<br/>Determined<br/>Contribution*</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered Payroll</b> | <b>Contributions as a<br/>Percentage of<br/>Covered Payroll</b> |
|---|--|--|---|------------------------|---|
| <b>Town of Blacksburg - Retiree Health</b>    |  |  |   |                        |   |
| 2022  | \$ 944,593   | \$ 1,137,694   | (193,101)                                       | \$ 16,092,734          | 7.07%   |
| 2021  | 846,764  | 1,026,800  | (180,036)                                       | 16,025,059             | 6.41%   |
| 2020  | 833,070  | 1,003,016  | (169,946)                                       | 14,892,419             | 6.74%   |
| 2019  | 685,600  | 833,408  | (147,808)                                       | 14,177,866             | 5.88%   |
| 2018  | 832,800  | 1,035,704  | (202,904)                                       | 13,896,607             | 7.45%   |
| 2017  | 808,500  | 927,406  | (118,906)                                       | 13,896,607             | 6.67%   |
| 2016  | 725,400  | 598,280  | 127,120   | 13,279,500             | 4.51%   |
| 2015  | 475,816  | 417,561  | 58,255  | 13,469,522             | 3.10%   |
| 2014  | 417,061  | 417,561  | (500)   | 13,030,418             | 3.20%   |
| 2013  | 417,061  | 544,900  | (127,839)                                       | 13,030,418             | 4.18%   |

\* - For fiscal years ending June 30, 2017 through June 30, 2022, employer contributions include an estimated implicit subsidy payment for retirees from the Town's own resources.

**Virginia Retirement System - Group Life Insurance - General Employees**

|      |           |           |   |               |       |
|------|-----------|-----------|---|---------------|-------|
| 2022 | \$ 88,731 | \$ 88,731 | - | \$ 15,618,594 | 0.57% |
| 2021 | 88,129    | 88,129    | - | 16,439,287    | 0.54% |
| 2020 | 88,563    | 88,563    | - | 15,401,860    | 0.58% |
| 2019 | 84,838    | 84,838    | - | 15,157,113    | 0.56% |
| 2018 | 79,079    | 79,079    | - | 14,536,186    | 0.54% |

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

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

## TOWN OF BLACKSBURG, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST**  
**June 30, 2022**

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

|      |        |
|------|--------|
| 2022 | -9.20% |
| 2021 | 29.98% |
| 2020 | 3.05%  |
| 2019 | 4.56%  |
| 2018 | 9.45%  |
| 2017 | 12.69% |

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

The Notes to Required Supplementary Information are an integral part of this schedule.

## TOWN OF BLACKSBURG, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2022

#### Note 1. Changes of Benefit Terms

##### Pension

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

##### Other Postemployment Benefits (OPEB)

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

#### Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified MortalityImprovement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

##### Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

## **TOWN OF BLACKSBURG, VIRGINIA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2022**

#### **Note 2. Changes of Assumptions (Continued)**

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

#### **Note 3. Fiduciary Entities**

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

## **OTHER SUPPLEMENTARY INFORMATION**

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## NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

## TOWN OF BLACKSBURG, VIRGINIA

**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

|  | <b>CDBG</b>       | <b>HOME</b>       | <b>Urban<br/>Construction</b> | <b>Total</b>        |
|--|-------------------|-------------------|-------------------------------|---------------------|
| <b>ASSETS</b>  |                   |                   |                               |                     |
| Cash and cash equivalents, restricted                                  | \$ -              | \$ -              | \$ 293,575                    | \$ 293,575          |
| Due from other governmental units                                      | 728,653           | 525,256           | -                             | 1,253,909           |
| Total assets   | <u>\$ 728,653</u> | <u>\$ 525,256</u> | <u>\$ 293,575</u>             | <u>\$ 1,547,484</u> |
| <b>LIABILITIES</b>   |                   |                   |                               |                     |
| Liabilities:   |                   |                   |                               |                     |
| Accounts payable and accrued liabilities                               | \$ 590,633        | \$ 455,286        | \$ -                          | \$ 1,045,919        |
| Accrued payroll and related liabilities                                | 1,259             | 944               | -                             | 2,203               |
| Due to other funds   | 136,761           | 69,026            | -                             | 205,787             |
| Total liabilities  | <u>728,653</u>    | <u>525,256</u>    | <u>-</u>                      | <u>1,253,909</u>    |
| <b>FUND BALANCES</b>   |                   |                   |                               |                     |
| Restricted   | -                 | -                 | 293,575                       | 293,575             |
| Committed  | 405,092           | 599,507           | -                             | 1,004,599           |
| Unassigned   | (405,092)         | (599,507)         | -                             | (1,004,599)         |
| Total fund balances  | <u>-</u>          | <u>-</u>          | <u>293,575</u>                | <u>293,575</u>      |
| Total liabilities, deferred inflows of<br>resources, and fund balances | <u>\$ 728,653</u> | <u>\$ 525,256</u> | <u>\$ 293,575</u>             | <u>\$ 1,547,484</u> |



## TOWN OF BLACKSBURG, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2022**

|                                 | <b>CDBG</b> | <b>HOME</b> | <b>Urban<br/>Construction</b> | <b>Total</b>      |
|---------------------------------|-------------|-------------|-------------------------------|-------------------|
| <b>REVENUES</b>                 |             |             |                               |                   |
| Intergovernmental               | \$ 994,472  | \$ 611,033  | \$ -                          | \$ 1,605,505      |
| Investment earnings             | -           | -           | 175                           | 175               |
| Other                           | 165,000     | -           | -                             | 165,000           |
| Total revenues                  | 1,159,472   | 611,033     | 175                           | 1,770,680         |
| <b>EXPENDITURES</b>             |             |             |                               |                   |
| CDBG Entitlement                | 1,159,472   | -           | -                             | 1,159,472         |
| HOME Consortium                 | -           | 611,033     | -                             | 611,033           |
| Total expenditures              | 1,159,472   | 611,033     | -                             | 1,770,505         |
| Net change in fund balance      | -           | -           | 175                           | 175               |
| <b>FUND BALANCES AT JULY 1</b>  | -           | -           | 293,400                       | 293,400           |
| <b>FUND BALANCES AT JUNE 30</b> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 293,575</u>             | <u>\$ 293,575</u> |

## **FIDUCIARY FUNDS**

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

**New River Valley Alcohol Safety Action Program**

**Virginia Tech/Montgomery Regional Airport Authority**

## TOWN OF BLACKSBURG, VIRGINIA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**June 30, 2022**

|  | <b>New River Valley<br/>Alcohol Safety<br/>Action Program</b> | <b>Virginia Tech/<br/>Montgomery<br/>Regional Airport<br/>Authority</b> | <b>Total</b> |
|--|---|---|--------------|
| <b>ASSETS</b>                            |   |   |              |
| Current Assets                           |   |   |              |
| Cash and cash equivalents                | \$ 300,433  | \$ 110,003  | \$ 410,436   |
| Cash and cash equivalents, restricted    | -   | 125,350   | 125,350      |
| Accounts receivable                      | 31,615  | 30,726  | 62,341       |
| Due from other governments               | -   | 910,568   | 910,568      |
| Capital reimbursement receivable         | -   | 13,233  | 13,233       |
| Leases receivable                        | -   | 40,742  | 40,742       |
| Inventory                                | -   | 116,970   | 116,970      |
| Total current assets                     | 332,048   | 1,347,592   | 1,679,640    |
| Noncurrent Assets                        |   |   |              |
| Leases receivable                        | -   | 365,674   | 365,674      |
| Capital reimbursement receivable         | -   | 316,634   | 316,634      |
| Total noncurrent assets                  | -   | 682,308   | 682,308      |
| Total assets                             | 332,048   | 2,029,900   | 2,361,948    |
| <b>LIABILITIES</b>                       |   |   |              |
| Current Liabilities                      |   |   |              |
| Accounts payable and accrued liabilities | 11,316  | 1,075,125   | 1,086,441    |
| Compensated absences                     | 12,876  | 9,628   | 22,504       |
| Due to Town of Blacksburg                | 29,116  | 199,880   | 228,996      |
| Total current liabilities                | 53,308  | 1,284,633   | 1,337,941    |
| Noncurrent Liabilities                   |   |   |              |
| Net pension liability                    | 117,727   | 203,866   | 321,593      |
| Other post-employment benefits           | 94,013  | 168,803   | 262,816      |
| Compensated absences                     | -   | 11,295  | 11,295       |
| Leases payable                           | -   | 121,226   | 121,226      |
| Total noncurrent liabilities             | 211,740   | 505,190   | 716,930      |
| Total liabilities                        | 265,048   | 1,789,823   | 2,054,871    |
| Restricted for other governments         | 67,000  | 240,077   | 307,077      |
| Total liabilities and net position       | \$ 67,000   | \$ 240,077  | \$ 307,077   |

## TOWN OF BLACKSBURG, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
Year Ended June 30, 2022**

|   | <b>New River<br/>Valley<br/>Alcohol<br/>Safety Action<br/>Program</b> | <b>Virginia Tech/<br/>Montgomery<br/>Regional<br/>Airport<br/>Authority</b> | <b>Total</b>             |
|---|---|---|--------------------------|
| <b>Additions</b>                        |   |   |                          |
| Custodial fund additions                | \$ 427,287  | \$ 3,707,958  | \$ 4,135,245             |
| Total additions                         | <u>427,287</u>  | <u>3,707,958</u>  | <u>4,135,245</u>         |
| <b>Deductions</b>                       |   |   |                          |
| Custodial fund payments and withdrawals | 472,008   | 4,670,042   | 5,142,050                |
| Total deductions                        | <u>472,008</u>  | <u>4,670,042</u>  | <u>5,142,050</u>         |
| <b>Change in fiduciary net position</b> | (44,721)  | (962,084)   | (1,006,805)              |
| <b>Total net position - beginning</b>   | <u>111,721</u>  | <u>1,202,161</u>  | <u>1,313,882</u>         |
| <b>Total net position - ending</b>      | <u><u>\$ 67,000</u></u>   | <u><u>\$ 240,077</u></u>  | <u><u>\$ 307,077</u></u> |

## **SUPPORTING SCHEDULES**

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## TOWN OF BLACKSBURG, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2022**

| Federal Grantor/Pass-through Grantor/Program Title                      | Federal<br>Assistance Listing<br>Number | Federal<br>Expenditures | Expenditures<br>to Subrecipients |
|---|---|-------------------------|----------------------------------|
| <b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>               |   |                         |                                  |
| <b><u>CDBG-Entitlement Grants Cluster:</u></b>                          |   |                         |                                  |
| Community Development Block Grants/Entitlement Grants                   | 14.218                                  | \$ 994,472              | \$ 372,633                       |
| HOME Investment Partnership Program                                     | 14.239                                  | 611,033                 | -                                |
| <b><u>DEPARTMENT OF JUSTICE</u></b>                                     |   |                         |                                  |
| Edward Byrne Memorial Formula Grant Program<br>20-J1212LO17             | 16.579                                  | 1,854                   | -                                |
| <b><u>DEPARTMENT OF TRANSPORTATION</u></b>                              |   |                         |                                  |
| <b><u>Transit Cluster:</u></b>  |   |                         |                                  |
| Federal Transit - Capital Investment Grant                              | 20.500                                  | 6,632,179               | -                                |
| Federal Transit - American Rescue Plan Act Section 5307 Operating Grant | 20.507                                  | 1,964,481               | -                                |
| MPO Grant   | 20.500                                  | 65,061                  | -                                |
| Federal Transit Cluster Subtotal  |   | 8,661,721               |                                  |
| 5339 VA-2018-032-0  |   |                         |                                  |
| 73121-22  |   |                         |                                  |
| 73020-65/67/73/75/79  |   |                         |                                  |
| 50018-01  |   |                         |                                  |
| 46021-11, 46022-11  |   |                         |                                  |
| <b><u>Virginia Department of Transportation</u></b>                     |   |                         |                                  |
| <b><u>Highway Safety Cluster:</u></b>                                   |   |                         |                                  |
| Highway Planning and Construction                                       | 20.205                                  | 60,552                  |                                  |
| Highway Safety Cluster Subtotal   |   | 60,552                  |                                  |
| <b><u>Virginia Department of Motor Vehicles</u></b>                     |   |                         |                                  |
| Alcohol Impaired Driving Countermeasurer Incentive Grant                | 20.601                                  | 6,073                   |                                  |
| M6OT-2020-50264/2021-51120  |   |                         |                                  |
| FSC-2020-50335/2021-51167   |   |                         |                                  |
| Total Expenditures of Federal Awards                                    |   | <u>\$ 10,335,705</u>    |                                  |

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

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

**Subrecipients**

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

**De Minimis Indirect Cost Rate**

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

**Outstanding Loan Balances**

As of June 30, 2022, the Town had no outstanding loan balances requiring continuing disclosure

## TOWN OF BLACKSBURG, VIRGINIA

COMPUTATION OF LEGAL DEBT MARGIN & OVERLAPPING DEBT  
June 30, 2022

|  |                         | Percent Applicable<br>to the Town* | Overlapping Debt   |
|--|-------------------------|------------------------------------|--------------------|
| Total assessed value of real estate<br>(including public service corporations) | <u>\$ 3,576,441,568</u> |                                    |                    |
| Debt limit: 10% of total assessed value of real estate (1)                     | <u>\$ 357,644,157</u>   |                                    |                    |
| Less: Amount of debt applicable to debt limit:                                 |                         |                                    |                    |
| General bonded debt  | 45,163,358              | 100%                               | 45,163,358         |
| Enterprise debt  | <u>2,766,641</u>        | 100%                               | <u>2,766,641</u>   |
|  | <u>47,929,999</u>       |                                    |                    |
| Legal debt margin  | <u>\$ 309,714,158</u>   |                                    |                    |
| Montgomery County Long-Term Indebtedness:                                      | 138,799,107             | 39%                                | 53,871,157         |
| Total Direct and Overlapping Debt  |                         |                                    | <u>101,801,156</u> |

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

\* The Town's share of County debt percentage is based on the Town's assessed value as a percentage of the County's assessed value. The overlapping calculation is based on 2021 numbers.

# STATISTICAL SECTION

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

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

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



TABLE 1

## Town of Blacksburg, Virginia

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

|   | <u>2022</u>           | <u>2021</u>           | <u>2020</u>          | <u>2019</u>          | <u>2018**</u>        | <u>2017</u>          | <u>2016</u>          | <u>2015*</u>         | <u>2014</u>          | <u>2013</u>          |
|---|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities</b>              |                       |                       |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 65,397,885         | \$ 63,579,894         | \$ 66,198,430        | \$ 64,935,509        | \$ 62,454,999        | \$ 61,688,322        | \$ 61,556,627        | \$ 55,065,864        | \$ 52,856,050        | \$ 46,489,358        |
| Restricted                                  | 324,089               | 511,741               | 293,297              | 282,461              | 262,599              | 296,007              | 602,302              | 1,029,041            | 1,999,902            | 4,232,468            |
| Unrestricted                                | <u>2,730,258</u>      | <u>1,561</u>          | <u>(3,538,137)</u>   | <u>(3,884,633)</u>   | <u>(5,100,007)</u>   | <u>780,063</u>       | <u>(1,344,654)</u>   | <u>(3,123,873)</u>   | <u>8,002,610</u>     | <u>9,741,501</u>     |
| Total governmental activities net position  | <u>\$ 68,452,232</u>  | <u>\$ 64,093,196</u>  | <u>\$ 62,953,590</u> | <u>\$ 61,333,337</u> | <u>\$ 57,617,591</u> | <u>\$ 62,764,392</u> | <u>\$ 60,814,275</u> | <u>\$ 52,971,032</u> | <u>\$ 62,858,562</u> | <u>\$ 60,463,327</u> |
| <b>Business-type activities</b>             |                       |                       |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 44,472,641         | \$ 37,184,590         | \$ 28,104,472        | \$ 26,612,008        | \$ 28,161,024        | \$ 26,811,761        | \$ 27,111,499        | \$ 27,565,755        | \$ 29,013,749        | \$ 25,779,737        |
| Restricted                                  | 45,493                | 45,493                | 50,774               | 55,004               | 78,527               | -                    | -                    | 132,442              | -                    | 49,080               |
| Unrestricted                                | <u>8,998,688</u>      | <u>8,973,466</u>      | <u>8,591,940</u>     | <u>4,205,637</u>     | <u>3,744,456</u>     | <u>6,155,946</u>     | <u>6,452,636</u>     | <u>4,872,167</u>     | <u>6,834,729</u>     | <u>6,566,905</u>     |
| Total business-type activities net position | <u>\$ 53,516,822</u>  | <u>\$ 46,203,549</u>  | <u>\$ 36,747,186</u> | <u>\$ 30,872,649</u> | <u>\$ 31,984,007</u> | <u>\$ 32,967,707</u> | <u>\$ 33,564,135</u> | <u>\$ 32,570,364</u> | <u>\$ 35,848,478</u> | <u>\$ 32,395,722</u> |
| <b>Primary government</b>                   |                       |                       |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 109,870,526        | \$ 100,764,484        | \$ 94,302,902        | \$ 91,547,517        | \$ 90,616,023        | \$ 88,500,083        | \$ 88,668,126        | \$ 82,631,619        | \$ 81,869,799        | \$ 72,269,095        |
| Restricted                                  | 369,582               | 557,234               | 344,071              | 337,465              | 341,126              | 296,007              | 602,302              | 1,161,483            | 1,999,902            | 4,281,548            |
| Unrestricted                                | <u>11,728,946</u>     | <u>8,975,027</u>      | <u>5,053,803</u>     | <u>321,004</u>       | <u>(1,355,551)</u>   | <u>6,936,009</u>     | <u>5,107,982</u>     | <u>1,748,294</u>     | <u>14,837,339</u>    | <u>16,308,406</u>    |
| Total primary government net position       | <u>\$ 121,969,054</u> | <u>\$ 110,296,745</u> | <u>\$ 99,700,776</u> | <u>\$ 92,205,986</u> | <u>\$ 89,601,598</u> | <u>\$ 95,732,099</u> | <u>\$ 94,378,410</u> | <u>\$ 85,541,396</u> | <u>\$ 98,707,040</u> | <u>\$ 92,859,049</u> |

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

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

Town of Blacksburg, Virginia

TABLE 2

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

|  | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses</b>                                |               |               |               |               |               |               |               |               |               |               |
| <b>Governmental activities</b>                 |               |               |               |               |               |               |               |               |               |               |
| Legislative                                    | \$ 242,844    | \$ 346,671    | \$ 292,998    | \$ 261,595    | \$ 277,701    | \$ 283,446    | \$ 276,373    | \$ 277,068    | \$ 270,763    | \$ 251,958    |
| Executive                                      | 3,139,480     | 5,697,846     | 2,990,263     | 2,844,304     | 2,966,322     | 2,456,229     | 2,343,384     | 2,220,361     | 2,256,772     | 1,921,674     |
| Legal  | 345,024       | 385,865       | 350,234       | 347,236       | 409,074       | 359,036       | 318,363       | 324,788       | 331,616       | 294,699       |
| Financial services                             | 1,840,022     | 1,900,533     | 1,809,891     | 1,694,909     | 1,738,665     | 1,706,593     | 1,623,761     | 1,606,641     | 1,600,576     | 1,560,128     |
| Technology                                     | 925,312       | 994,177       | 848,321       | 758,309       | 701,968       | 651,746       | 767,541       | 632,548       | 626,438       | 601,503       |
| Police   | 9,283,787     | 9,099,136     | 9,040,904     | 8,186,787     | 8,260,990     | 8,136,657     | 7,805,731     | 7,962,990     | 7,691,501     | 7,943,511     |
| Fire and rescue                                | 2,192,449     | 2,025,231     | 2,169,197     | 1,847,379     | 1,806,268     | 1,754,609     | 1,493,402     | 1,371,343     | 1,278,687     | 1,220,682     |
| Public works                                   | 8,943,107     | 9,145,577     | 9,869,392     | 8,773,687     | 8,834,761     | 7,997,543     | 8,106,501     | 8,137,865     | 7,680,338     | 7,736,614     |
| Recreation                                     | 2,750,632     | 2,603,613     | 2,802,516     | 2,730,339     | 2,543,602     | 2,426,104     | 2,404,483     | 2,337,016     | 2,370,603     | 2,291,017     |
| Engineering and GIS                            | 1,523,634     | 1,246,793     | 1,251,071     | 1,105,228     | 1,082,524     | 1,285,509     | 1,116,935     | 1,403,154     | 1,793,233     | 1,615,665     |
| Planning and building                          | 1,527,295     | 1,512,092     | 1,448,650     | 1,413,021     | 1,238,064     | 1,099,762     | 1,029,530     | 917,969       | 1,231,734     | 953,747       |
| CDBG entitlement                               | 1,159,472     | 981,256       | 439,785       | 477,087       | 592,902       | 520,577       | 707,711       | 514,028       | 402,360       | 623,505       |
| HOME consortium                                | 611,033       | 120,181       | 1,270,378     | 212,996       | 235,603       | 105,081       | 826,954       | 1,462,016     | 672,216       | 726,653       |
| Interest on long-term debt                     | 1,287,669     | 1,610,619     | 685,311       | 689,431       | 835,422       | 696,604       | 738,393       | 694,561       | 552,382       | 684,779       |
| Unallocated depreciation                       | 1,879,985     | 1,778,185     | 1,740,164     | 1,727,582     | 1,885,354     | 1,698,347     | 1,634,138     | 1,520,348     | 1,258,229     | 945,610       |
| Total governmental activities                  | 37,651,745    | 39,447,775    | 37,009,075    | 33,069,890    | 33,409,220    | 31,177,843    | 31,193,200    | 31,382,696    | 30,017,448    | 29,371,745    |
| <b>Business-type activities</b>                |               |               |               |               |               |               |               |               |               |               |
| Water and sewer                                | 12,602,866    | 11,771,584    | 12,072,168    | 12,009,402    | 10,960,655    | 10,315,742    | 9,816,136     | 9,661,045     | 9,344,964     | 8,862,137     |
| Transit system                                 | 12,764,388    | 13,154,411    | 13,261,372    | 12,448,556    | 11,977,354    | 11,418,619    | 10,068,972    | 10,038,822    | 10,003,945    | 8,609,385     |
| Solid waste and recycling                      | 2,163,361     | 2,079,459     | 2,034,118     | 1,926,007     | 1,931,437     | 1,736,542     | 1,660,484     | 1,629,828     | 1,671,055     | 1,584,094     |
| Stormwater                                     | 844,866       | 778,956       | 776,034       | 798,759       | 710,292       | 667,701       | 685,973       | 199,721       | -             | -             |
| Total business-type activities expense         | 28,375,481    | 27,784,410    | 28,143,692    | 27,182,724    | 25,579,738    | 24,138,604    | 22,231,565    | 21,529,416    | 21,019,964    | 19,055,616    |
| Total primary government expenses              | \$ 66,027,226 | \$ 67,232,185 | \$ 65,152,767 | \$ 60,252,614 | \$ 58,988,958 | \$ 55,316,447 | \$ 53,424,765 | \$ 52,912,112 | \$ 51,037,412 | \$ 48,427,361 |
| <b>Program Revenues</b>                        |               |               |               |               |               |               |               |               |               |               |
| <b>Governmental activities</b>                 |               |               |               |               |               |               |               |               |               |               |
| Charges for services                           |               |               |               |               |               |               |               |               |               |               |
| Public Safety                                  | \$ 559,459    | \$ 563,631    | \$ 565,142    | \$ 633,703    | \$ 699,360    | \$ 535,868    | \$ 515,691    | \$ 571,652    | \$ 510,587    | \$ 597,170    |
| Public Works                                   | 1,331,150     | 1,316,085     | 1,263,257     | 1,414,696     | 1,589,207     | 1,371,477     | 1,425,330     | 1,496,304     | 1,633,230     | 1,459,679     |
| Other Activities                               | 4,276,161     | 4,252,390     | 4,347,919     | 3,922,454     | 3,449,315     | 3,195,640     | 3,284,590     | 2,953,583     | 2,557,517     | 2,194,673     |
| Operating grants and contributions             | 4,587,038     | 8,772,228     | 5,013,149     | 4,399,936     | 4,341,240     | 4,519,119     | 4,277,408     | 4,150,390     | 4,072,899     | 3,982,480     |
| Capital grants and contributions               | 3,135,522     | 2,014,750     | 3,253,702     | 1,065,040     | 1,421,680     | 1,316,730     | 7,804,684     | 4,173,342     | 4,081,847     | 7,846,314     |
| Total governmental activities program revenues | 13,889,330    | 16,919,084    | 14,443,169    | 11,435,829    | 11,500,802    | 10,938,834    | 17,307,703    | 13,345,271    | 12,856,080    | 16,080,316    |

(Continued)

Town of Blacksburg, Virginia

TABLE 2

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

|   | 2022            | 2021            | 2020            | 2019            | 2018            | 2017            | 2016            | 2015            | 2014            | 2013            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Business-type activities</b>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services                                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Water and sewer   | \$ 12,871,091   | \$ 13,227,264   | \$ 11,656,077   | \$ 11,557,349   | \$ 11,416,693   | \$ 10,240,386   | \$ 10,696,762   | \$ 9,349,690    | \$ 9,558,396    | \$ 8,730,119    |
| Transit system  | 5,916,713       | 1,844,665       | 5,963,765       | 5,286,471       | 4,414,207       | 3,889,641       | 3,671,868       | 3,878,193       | 3,898,564       | 3,587,399       |
| Solid waste and recycling                                 | 2,207,180       | 2,066,344       | 2,075,487       | 1,906,534       | 1,835,849       | 1,765,773       | 1,737,437       | 1,701,665       | 1,735,237       | 1,666,645       |
| Stormwater  | 1,102,910       | 1,083,472       | 1,081,502       | 1,081,165       | 1,061,037       | 1,042,232       | 1,014,048       | 529,585         | -               | -               |
| Operating grants and contributions                        | 5,174,787       | 7,504,322       | 8,404,785       | 4,311,843       | 3,786,504       | 3,638,434       | 3,380,129       | 3,640,253       | 3,194,624       | 3,023,237       |
| Capital grants and contributions                          | 9,057,182       | 10,965,276      | 3,873,239       | 1,842,880       | 4,514,324       | 2,968,324       | 2,402,524       | 2,426,973       | 6,076,151       | 3,559,305       |
| Total business-type activities program revenues           | 36,329,863      | 36,691,343      | 33,054,855      | 25,986,242      | 27,028,614      | 23,544,790      | 22,902,768      | 21,526,359      | 24,462,972      | 20,566,705      |
| Total primary government program revenues                 | \$ 50,219,193   | \$ 53,610,427   | \$ 47,498,024   | \$ 37,422,071   | \$ 38,529,416   | \$ 34,483,624   | \$ 40,210,471   | \$ 34,871,630   | \$ 37,319,052   | \$ 36,647,021   |
| <b>Net (expense) revenue</b>                              |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                   | \$ (23,762,415) | \$ (22,528,691) | \$ (22,565,906) | \$ (21,634,061) | \$ (21,908,418) | \$ (20,239,009) | \$ (13,885,497) | \$ (18,037,425) | \$ (17,161,368) | \$ (13,291,429) |
| Business-type activities                                  | 7,954,382       | 8,906,933       | 4,911,163       | (1,196,482)     | 1,448,876       | (593,814)       | 671,203         | (3,057)         | 3,443,008       | 1,511,089       |
| Total primary government net expense                      | \$ (15,808,033) | \$ (13,621,758) | \$ (17,654,743) | \$ (22,830,543) | \$ (20,459,542) | \$ (20,832,823) | \$ (13,214,294) | \$ (18,040,482) | \$ (13,718,360) | \$ (11,780,340) |
| <b>General Revenues and Other Changes in Net Position</b> |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Governmental activities:</b>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Taxes   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Property taxes  | \$ 9,232,497    | \$ 9,086,612    | \$ 8,927,086    | \$ 8,389,571    | \$ 7,664,056    | \$ 7,278,919    | \$ 7,140,994    | \$ 6,303,580    | \$ 5,624,078    | \$ 5,544,687    |
| Other local taxes   | 13,656,339      | 10,899,124      | 11,305,002      | 12,298,862      | 11,908,022      | 11,327,459      | 11,077,000      | 10,718,380      | 10,327,472      | 10,352,187      |
| Business license taxes                                    | 3,286,619       | 2,787,755       | 2,813,941       | 2,659,697       | 2,465,828       | 2,167,597       | 2,304,712       | 2,159,852       | 2,079,603       | 1,907,716       |
| Intergovernmental revenue unrestricted                    | 4,517           | 17,162          | 1,235           | 216             | 1,126           | 3,642           | 81,781          | 70,146          | 19,911          | 125,615         |
| Investment earnings                                       | 157,416         | 236,885         | 287,130         | 359,683         | 270,666         | 171,491         | 179,249         | 188,008         | 178,730         | 301,616         |
| Unrealized gain/(loss) on investments                     | (236,153)       | (61,864)        | 115,399         | 137,397         | (141,176)       | (72,585)        | 64,431          | (66,326)        | 49,404          | 45,290          |
| Other   | 1,248,901       | 1,017,496       | 1,282,889       | 1,258,430       | 1,227,473       | 1,096,504       | 850,709         | 954,538         | 1,017,954       | 1,126,961       |
| Transfers   | 771,315         | (314,873)       | (546,523)       | 245,951         | 355,941         | 216,099         | 29,864          | 321,301         | 259,451         | 208,605         |
| Total governmental activities                             | 28,121,451      | 23,668,297      | 24,186,159      | 25,349,807      | 23,751,936      | 22,189,126      | 21,728,740      | 20,649,479      | 19,556,603      | 19,612,677      |
| <b>Business-type activities:</b>                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Investment earnings                                       | 34,256          | 61,413          | 122,465         | 108,781         | 86,147          | 80,659          | 109,330         | 56,527          | 57,799          | 44,049          |
| Unrealized gain/(loss) on investments                     | (59,898)        | (65,567)        | 77,315          | 76,156          | (78,335)        | (42,820)        | 41,114          | (19,629)        | 20,796          | 9,662           |
| Other   | 155,848         | 238,711         | 217,071         | 146,138         | 170,989         | 175,646         | 201,988         | 303,302         | 190,604         | 150,801         |
| Transfers   | (771,315)       | 314,873         | 546,523         | (245,951)       | (355,941)       | (216,099)       | (29,864)        | (321,301)       | (259,451)       | (208,605)       |
| Total business-type activities                            | (641,109)       | 549,430         | 963,374         | 85,124          | (177,140)       | (2,614)         | 322,568         | 18,899          | 9,748           | (4,093)         |
| Total primary government                                  | \$ 27,480,342   | \$ 24,217,727   | \$ 25,149,533   | \$ 25,434,931   | \$ 23,574,796   | \$ 22,186,512   | \$ 22,051,308   | \$ 20,668,378   | \$ 19,566,351   | \$ 19,608,584   |
| <b>Changes in Net Position</b>                            |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                   | \$ 4,359,036    | \$ 1,139,606    | \$ 1,620,253    | \$ 3,715,746    | \$ 1,843,518    | \$ 1,950,117    | \$ 7,843,243    | \$ 2,612,054    | \$ 2,395,235    | \$ 6,321,248    |
| Business-type activities                                  | 7,313,273       | 9,456,363       | 5,874,537       | (1,111,358)     | 1,271,736       | (596,428)       | 993,771         | 15,842          | 3,452,756       | 1,506,996       |
| Total primary government                                  | \$ 11,672,309   | \$ 10,595,969   | \$ 7,494,790    | \$ 2,604,388    | \$ 3,115,254    | \$ 1,353,689    | \$ 8,837,014    | \$ 2,627,896    | \$ 5,847,991    | \$ 7,828,244    |

TABLE 3

## Town of Blacksburg, Virginia

## Fund Balances - Governmental Funds

## Last Ten Fiscal Years

(modified accrual basis of accounting)

|                                    | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 | 2013                 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                       | \$ 9,528             | \$ 315,591           | \$ 321,217           | \$ 316,898           | \$ 299,501           | \$ 281,892           | \$ 293,667           | \$ 276,220           | \$ 254,012           | \$ 244,566           |
| Restricted                         | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 19,161               |
| Committed                          | 553,842              | 265,648              | 299,596              | 563,856              | 704,762              | 896,163              | 208,725              | 232,077              | 362,950              | 248,061              |
| Assigned                           | 6,723,000            | 3,501,900            | 4,106,650            | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Unassigned                         | 5,039,513            | 9,447,162            | 7,167,557            | 6,455,668            | 5,051,627            | 4,286,239            | 4,118,814            | 2,018,265            | 3,987,120            | 4,334,512            |
| Total general fund                 | <u>\$ 12,325,883</u> | <u>\$ 13,530,301</u> | <u>\$ 11,895,020</u> | <u>\$ 7,336,422</u>  | <u>\$ 6,055,890</u>  | <u>\$ 5,464,294</u>  | <u>\$ 4,621,206</u>  | <u>\$ 2,526,562</u>  | <u>\$ 4,604,082</u>  | <u>\$ 4,846,300</u>  |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                       | \$ -                 | \$ 64,428            | \$ 7,011             | \$ 21,034            | \$ 49,370            | \$ 42,940            | \$ 71,567            | \$ -                 | \$ -                 | \$ -                 |
| Restricted                         | 2,407,984            | 7,362,751            | 293,297              | 282,461              | 262,599              | 296,007              | 602,302              | 1,029,041            | 1,999,902            | 4,213,307            |
| Committed                          | 10,769,376           | 19,734,045           | 4,135,401            | 2,643,173            | 2,001,640            | 669,829              | 1,111,021            | 8,672,105            | 3,305,731            | 7,219,912            |
| Assigned                           | 3,604,012            | 1,827,441            | 2,835,933            | 8,695,267            | 9,344,904            | 8,456,700            | 7,954,443            | 8,199,620            | 6,396,132            | 6,194,653            |
| Unassigned                         | (1,004,599)          | (880,971)            | (3,238,397)          | (1,193,718)          | (213,426)            | (368,066)            | (203,216)            | (1,269,650)          | (2,393,078)          | (4,025,738)          |
| Total all other governmental funds | <u>\$ 15,776,773</u> | <u>\$ 28,107,694</u> | <u>\$ 4,033,245</u>  | <u>\$ 10,448,217</u> | <u>\$ 11,445,087</u> | <u>\$ 9,097,410</u>  | <u>\$ 9,536,117</u>  | <u>\$ 16,631,116</u> | <u>\$ 9,308,687</u>  | <u>\$ 13,602,134</u> |
| Total all governmental funds       | <u>\$ 28,102,656</u> | <u>\$ 41,637,995</u> | <u>\$ 15,928,265</u> | <u>\$ 17,784,639</u> | <u>\$ 17,500,977</u> | <u>\$ 14,561,704</u> | <u>\$ 14,157,323</u> | <u>\$ 19,157,678</u> | <u>\$ 13,912,769</u> | <u>\$ 18,448,434</u> |

TABLE 4

## Town of Blacksburg, Virginia

**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

|   | 2022            | 2021          | 2020           | 2019          | 2018          | 2017          | 2016           | 2015          | 2014           | 2013          |
|---|-----------------|---------------|----------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|
| <b>Revenues</b>   |                 |               |                |               |               |               |                |               |                |               |
| Taxes   | \$ 22,847,164   | \$ 20,014,127 | \$ 20,143,051  | \$ 20,726,612 | \$ 19,646,192 | \$ 18,578,071 | \$ 18,179,697  | \$ 17,057,725 | \$ 15,979,783  | \$ 15,904,094 |
| Permits, privilege fees, and licenses                   | 3,779,461       | 3,790,307     | 4,090,984      | 3,133,889     | 2,944,264     | 2,539,735     | 2,936,235      | 2,517,700     | 2,587,860      | 2,211,583     |
| Fines and forfeitures                                   | 141,903         | 117,664       | 142,120        | 224,385       | 300,959       | 188,183       | 170,986        | 240,394       | 236,673        | 344,153       |
| Revenue from use of money                               | (78,737)        | 175,021       | 402,529        | 497,080       | 129,490       | 98,906        | 243,680        | 121,682       | 228,134        | 346,906       |
| Charges for services                                    | 4,647,169       | 4,402,632     | 4,266,249      | 4,211,019     | 3,914,674     | 3,677,197     | 3,596,057      | 3,111,037     | 2,994,939      | 2,813,066     |
| Other   | 836,398         | 462,073       | 520,948        | 1,099,190     | 797,808       | 783,624       | 1,237,138      | 1,197,960     | 1,059,617      | 654,999       |
| Intergovernmental                                       | 7,190,975       | 10,804,140    | 8,153,684      | 5,303,592     | 5,764,046     | 5,439,491     | 7,866,927      | 8,144,768     | 7,617,779      | 11,929,785    |
| Total revenues  | 39,364,333      | 39,765,964    | 37,719,565     | 35,195,767    | 33,497,433    | 31,305,207    | 34,230,720     | 32,391,266    | 30,704,785     | 34,204,586    |
| <b>Expenditures</b>                                     |                 |               |                |               |               |               |                |               |                |               |
| General government                                      | 6,413,304       | 9,026,439     | 6,021,371      | 5,821,714     | 5,739,864     | 5,296,990     | 5,104,713      | 5,836,463     | 4,820,475      | 4,433,781     |
| Public safety   | 10,413,759      | 9,866,290     | 9,480,237      | 9,153,608     | 9,145,034     | 8,946,257     | 8,558,742      | 8,673,279     | 8,099,953      | 8,471,349     |
| Public works  | 6,668,433       | 6,616,147     | 6,321,866      | 6,570,127     | 6,651,096     | 5,770,596     | 5,851,727      | 5,904,498     | 5,438,879      | 5,676,805     |
| Recreation  | 2,445,224       | 2,219,070     | 2,366,660      | 2,439,494     | 2,328,265     | 2,238,996     | 2,153,379      | 2,301,245     | 2,065,887      | 2,036,250     |
| Planning and engineering                                | 2,757,897       | 2,651,069     | 2,573,521      | 2,539,283     | 2,307,462     | 2,137,749     | 2,131,305      | 2,266,072     | 2,247,140      | 2,225,383     |
| Other   | 1,770,505       | 1,101,437     | 1,710,163      | 690,083       | 828,505       | 625,658       | 1,534,665      | 1,976,044     | 1,074,576      | 1,350,158     |
| Capital outlays   | 19,973,616      | 11,813,607    | 8,449,333      | 5,465,910     | 4,843,581     | 3,697,779     | 11,761,229     | 8,049,302     | 10,423,543     | 12,937,636    |
| Debt service  |                 |               |                |               |               |               |                |               |                |               |
| Principal retirement                                    | 1,991,240       | 1,658,703     | 1,685,254      | 1,795,092     | 1,822,399     | 1,759,953     | 1,809,486      | 1,506,403     | 1,535,192      | 1,522,291     |
| Interest and fiscal charges                             | 1,460,197       | 1,492,008     | 684,387        | 716,791       | 812,507       | 696,804       | 734,720        | 582,601       | 539,668        | 651,726       |
| Total expenditures                                      | 53,894,175      | 46,444,770    | 39,292,792     | 35,192,102    | 34,478,713    | 31,170,782    | 39,639,966     | 37,095,907    | 36,245,313     | 39,305,379    |
| Excess of revenues over (under) expenditures            | (14,529,842)    | (6,678,806)   | (1,573,227)    | 3,665         | (981,280)     | 134,425       | (5,409,246)    | (4,704,641)   | (5,540,528)    | (5,100,793)   |
| <b>Other Financing Sources (Uses)</b>                   |                 |               |                |               |               |               |                |               |                |               |
| Proceeds from issuance of debt                          | -               | 29,840,000    | -              | -             | 3,250,000     | -             | -              | 9,495,000     | -              | 3,855,000     |
| Capital lease proceeds                                  | 219,265         | -             | -              | -             | -             | -             | 312,701        | -             | -              | -             |
| Premium on debt proceeds                                | -               | 3,032,507     | -              | -             | 156,331       | -             | -              | 268,138       | -              | 60,661        |
| Proceeds from issuance of refunding debt                | -               | 1,550,000     | -              | -             | -             | -             | -              | 3,813,690     | -              | -             |
| Sale of general capital assets                          | 3,923           | 105,902       | 263,376        | 62,285        | 158,281       | 53,857        | 66,326         | 21,093        | 844,711        | 70,347        |
| Payments to bond escrow agents                          | -               | (1,825,000)   | -              | -             | -             | -             | -              | (3,982,356)   | -              | -             |
| Transfers in  | 10,334,966      | 5,849,037     | 3,750,622      | 7,095,055     | 7,477,011     | 5,956,258     | 6,060,345      | 9,923,375     | 4,862,515      | 4,475,827     |
| Transfers out   | (9,563,651)     | (6,163,910)   | (4,297,145)    | (6,877,343)   | (7,121,070)   | (5,740,159)   | (6,030,481)    | (9,589,390)   | (4,702,363)    | (4,267,222)   |
| Total other financing sources (uses)                    | 994,503         | 32,388,536    | (283,147)      | 279,997       | 3,920,553     | 269,956       | 408,891        | 9,949,550     | 1,004,863      | 4,194,613     |
| Net change in fund balances                             | \$ (13,535,339) | \$ 25,709,730 | \$ (1,856,374) | \$ 283,662    | \$ 2,939,273  | \$ 404,381    | \$ (5,000,355) | \$ 5,244,909  | \$ (4,535,665) | \$ (906,180)  |
| Debt service as a percentage of noncapital expenditures | 9.88%           | 9.01%         | 7.23%          | 8.33%         | 8.68%         | 8.93%         | 10.33%         | 7.13%         | 7.79%          | 8.08%         |

TABLE 5

## Town of Blacksburg, Virginia

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

| <b>Fiscal<br/>Year</b> | <b>Real<br/>Estate</b> | <b>Public<br/>Service<br/>Corporation</b> | <b>Total<br/>Assessed<br/>Value</b> | <b>Total<br/>Direct Tax<br/>Rate(1)</b> |
|------------------------|------------------------|---|-------------------------------------|---|
| 2022                   | \$ 3,521,867,720       | \$ 54,573,848                             | 3,576,441,568                       | 0.26                                    |
| 2021                   | 3,410,697,100          | 58,072,118                                | 3,468,769,218                       | 0.26                                    |
| 2020                   | 3,366,867,900          | 56,933,846                                | 3,423,801,746                       | 0.26                                    |
| 2019                   | 3,355,508,520          | 54,218,462                                | 3,409,726,982                       | 0.26                                    |
| 2018                   | 2,953,459,060          | 53,903,846                                | 3,007,362,906                       | 0.26                                    |
| 2017                   | 2,882,249,520          | 53,549,297                                | 2,935,798,817                       | 0.25                                    |
| 2016                   | 2,802,938,760          | 51,332,000                                | 2,854,270,760                       | 0.25                                    |
| 2015                   | 2,718,917,780          | 51,197,160                                | 2,770,114,940                       | 0.25                                    |
| 2014                   | 2,499,516,720          | 48,791,818                                | 2,548,308,538                       | 0.22                                    |
| 2013                   | 2,476,699,300          | 47,898,182                                | 2,524,597,482                       | 0.22                                    |

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

(1) Per \$100 of assessed value.

TABLE 6

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

| Taxpayer                         | Fiscal Year 2022      |      |   | Fiscal Year 2013      |      |   |
|----------------------------------|-----------------------|------|---|-----------------------|------|---|
|                                  | Assessed Value        | Rank | Percentage of Total Town Taxable Assessed Value | Assessed Value        | Rank | Percentage of Total Town Taxable Assessed Value |
| Foxridge Association             | \$ 118,822,700        | 1    | 3.32%   | \$ 71,227,100         | 1    | 2.82%   |
| CAP IX Blacksburg, LLC           | 81,696,100            | 2    | 2.28%   | -                     | -    | -   |
| Related Properties, LLC          | 69,000,000            | 3    | 1.93%   | -                     | -    | -   |
| The Village at Blacksburg LLC    | 59,000,000            | 4    | 1.65%   | 31,268,500            | 4    | 1.24%   |
| Retreat at Blacksburg LLC        | 58,000,000            | 5    | 1.62%   | -                     | -    | -   |
| BSE AH Blacksburg Apts LLC       | 39,500,000            | 6    | 1.10%   | 28,601,200            | 5    | 1.13%   |
| CAP IX Collegiate Suites LLC     | 38,100,000            | 7    | 1.07%   | -                     | -    | -   |
| CAP IX Maple Ridge Land LLC      | 37,617,600            | 8    | 1.05%   | 32,650,000            | 3    | 1.29%   |
| Blacksburg APF Partners LLC      | 32,158,000            | 9    | 0.90%   | 16,849,100            | 10   | 0.67%   |
| Snyder Hunt Corp                 | 25,252,600            | 10   | 0.71%   | -                     | -    | -   |
| CSB LLC II                       | -                     | -    | -   | 18,910,300            | 8    | 0.75%   |
| Blacksburg Green Investors, LLC  | -                     | -    | -   | 37,162,000            | 2    | 1.47%   |
| University Mall LLC              | -                     | -    | -   | 21,283,700            | 6    | 0.84%   |
| HCA Montgomery Regional Hospital | -                     | -    | -   | 17,942,400            | 9    | 0.71%   |
| Kroger Limited Partnership       | -                     | -    | -   | 18,913,500            | 7    | 0.75%   |
|                                  | <u>\$ 559,147,000</u> |      | <u>15.63%</u>                                   | <u>\$ 294,807,800</u> |      | <u>11.68%</u>                                   |

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

**TABLE 7****Town of Blacksburg, Virginia****Property Tax Levies and Collections  
Last Ten Fiscal Years**

| <b>Fiscal<br/>Year<br/>Ended<br/>June 30,</b> | <b>Taxes Levied<br/>for the<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                               | <b>Collections<br/>in Subsequent<br/>Years</b> | <b>Total Collections to Date</b> |                               |
|---|---|---|-------------------------------|--|----------------------------------|-------------------------------|
|   |   | <b>Amount</b>   | <b>Percentage<br/>of Levy</b> |  | <b>Amount</b>                    | <b>Percentage<br/>of Levy</b> |
| 2022  | \$ 9,170,569                                    | \$ 8,674,717  | 94.59%                        | \$ -   | 8,674,717                        | 94.59%                        |
| 2021  | 9,055,726                                       | 8,492,187   | 93.78%                        | 510,395  | 9,002,582                        | 99.41%                        |
| 2020  | 8,891,940                                       | 8,386,798   | 94.32%                        | 481,625  | 8,868,423                        | 99.74%                        |
| 2019  | 8,352,877                                       | 8,128,255   | 97.31%                        | 210,662  | 8,338,917                        | 99.83%                        |
| 2018  | 7,621,604                                       | 7,410,844   | 97.23%                        | 206,243  | 7,617,087                        | 99.94%                        |
| 2017  | 7,246,451                                       | 7,049,974   | 97.29%                        | 195,065  | 7,245,039                        | 99.98%                        |
| 2016  | 7,092,708                                       | 6,864,745   | 96.79%                        | 226,608  | 7,091,353                        | 99.98%                        |
| 2015  | 6,273,943                                       | 6,109,693   | 97.38%                        | 162,536  | 6,272,229                        | 99.97%                        |
| 2014  | 5,585,423                                       | 5,407,901   | 96.82%                        | 176,628  | 5,584,529                        | 99.98%                        |
| 2013  | 5,542,953                                       | 5,293,072   | 95.49%                        | 249,316  | 5,542,388                        | 99.99%                        |

**Source:** Director of Financial Services, Town of Blacksburg



TABLE 8

## Town of Blacksburg, Virginia

## Water and Sewer Revenues By Component

## Last Ten Fiscal Years

(accrual basis of accounting)

|                          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015         | 2014         | 2013         |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|
| <b>Water Revenues</b>    |               |               |               |               |               |               |               |              |              |              |
| Residential              | \$ 3,991,201  | \$ 3,842,213  | \$ 3,691,168  | \$ 3,519,673  | \$ 3,421,454  | \$ 2,885,426  | \$ 2,538,354  | \$ 2,520,194 | \$ 2,424,371 | \$ 2,254,407 |
| Commercial               | 2,945,814     | 2,734,713     | 2,685,121     | 2,738,054     | 2,493,900     | 2,200,186     | 2,309,540     | 2,077,680    | 1,896,259    | 1,890,082    |
| Other                    | 389,498       | 464,634       | 379,963       | 350,263       | 382,631       | 339,839       | 610,472       | 317,531      | 434,628      | 311,287      |
| Total Water Revenues     | 7,326,513     | 7,041,560     | 6,756,252     | 6,607,990     | 6,297,985     | 5,425,451     | 5,458,366     | 4,915,405    | 4,755,258    | 4,455,776    |
| <b>Sewer Revenues</b>    |               |               |               |               |               |               |               |              |              |              |
| Residential              | 2,934,182     | 2,863,655     | 2,718,447     | 2,627,457     | 2,599,131     | 2,603,412     | 2,181,450     | 2,281,379    | 2,214,446    | 2,147,557    |
| Commercial               | 2,269,086     | 2,128,612     | 2,065,924     | 2,151,610     | 2,134,285     | 2,122,261     | 2,233,201     | 2,060,846    | 1,925,000    | 1,932,524    |
| Other                    | 5,615         | 8,090         | 4,052         | 10,698        | 33,461        | 14,655        | 19,219        | 12,632       | 11,441       | 7,677        |
| Total Sewer Revenues     | 5,208,883     | 5,000,357     | 4,788,423     | 4,789,765     | 4,766,877     | 4,740,328     | 4,433,870     | 4,354,857    | 4,150,887    | 4,087,758    |
| <b>Availability Fees</b> | 463,774       | 1,346,526     | 298,618       | 273,001       | 485,198       | 212,612       | 938,888       | 197,798      | 765,235      | 305,962      |
| Total revenues           | \$ 12,999,170 | \$ 13,388,443 | \$ 11,843,293 | \$ 11,670,756 | \$ 11,550,060 | \$ 10,378,391 | \$ 10,831,124 | \$ 9,468,060 | \$ 9,671,380 | \$ 8,849,496 |

TABLE 9

## Town of Blacksburg, Virginia

Water and Sewer Rates  
Last Ten Fiscal Years

| Fiscal<br>Year | Basic in Town Rate              |         |                       |         |  | Outside Town Limits Rate        |          |                       |         |  |
|----------------|---------------------------------|---------|-----------------------|---------|--|---------------------------------|----------|-----------------------|---------|--|
|                | Volume Charge Per 1,000 Gallons |         | Fixed Charge Per Bill |         |  | Volume Charge Per 1,000 Gallons |          | Fixed Charge Per Bill |         |  |
|                | Water                           | Sewer   | Water                 | Sewer   |  | Water                           | Sewer    | Water                 | Sewer   |  |
| 2022           | \$ 7.46                         | \$ 6.15 | \$ 3.09               | \$ 3.11 |  | \$ 13.06                        | \$ 10.76 | \$ 5.41               | \$ 5.45 |  |
| 2021           | 7.30                            | 6.09    | 3.09                  | 3.11    |  | 12.78                           | 10.66    | 5.41                  | 5.45    |  |
| 2020           | 7.20                            | 6.02    | 2.94                  | 2.96    |  | 12.60                           | 10.54    | 5.15                  | 5.15    |  |
| 2019           | 6.90                            | 5.80    | 2.94                  | 2.96    |  | 12.08                           | 10.15    | 5.15                  | 5.18    |  |
| 2018           | 6.47                            | 5.72    | 2.94                  | 2.96    |  | 11.32                           | 10.01    | 5.15                  | 5.18    |  |
| 2017           | 5.49                            | 5.69    | 2.94                  | 2.96    |  | 9.61                            | 9.96     | 5.15                  | 5.18    |  |
| 2016           | 5.21                            | 5.43    | 3.09                  | 3.12    |  | 9.09                            | 9.50     | 5.39                  | 5.45    |  |
| 2015           | 4.88                            | 5.17    | 3.05                  | 3.08    |  | 8.52                            | 9.04     | 5.33                  | 5.39    |  |
| 2014           | 4.55                            | 4.85    | 3.03                  | 3.06    |  | 7.95                            | 8.49     | 5.30                  | 5.36    |  |
| 2013           | 4.22                            | 4.70    | 2.94                  | 2.97    |  | 7.38                            | 8.23     | 5.15                  | 5.20    |  |

TABLE 10

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

| Customer                      | Fiscal Year 2022    |      |  | Fiscal Year 2013    |      |  |
|-------------------------------|---------------------|------|--|---------------------|------|--|
|                               | Revenue             | Rank | Percentage of<br>Total Town<br>Revenue | Revenue             | Rank | Percentage of<br>Total Town<br>Revenue |
| HH Hunt                       | \$ 1,280,294        | 1    | 9.85%                                  | \$ 767,796          | 1    | 8.68%                                  |
| CAP IX Blacksburg, LLC        | 258,843             | 2    | 1.99%                                  | -                   | -    | -                                      |
| Federal Mogul Division        | 235,807             | 3    | 1.81%                                  | 216,024             | 3    | 2.44%                                  |
| Related Properties, LLC       | 200,034             | 4    | 1.54%                                  | -                   | -    | -                                      |
| Chasewood Apartments          | 170,118             | 5    | 1.31%                                  | 99,575              | 6    | 1.13%                                  |
| Mid-Atlantic Apt. Mgmt, LLC   | 150,579             | 6    | 1.16%                                  | -                   | -    | -                                      |
| BSE AH Blacksburg Apts LLC    | 117,189             | 7    | 0.90%                                  | -                   | -    | -                                      |
| Carriage Hill Association LTD | 116,106             | 8    | 0.89%                                  | -                   | -    | -                                      |
| Montgomery Regional Hospital  | 114,678             | 9    | 0.88%                                  | 95,919              | 7    | 1.08%                                  |
| Blacksburg Hunt LLC           | 104,545             | 10   | 0.80%                                  | -                   | -    | -                                      |
| Chase Management Group        | -                   | -    | -                                      | 89,793              | 9    | 1.01%                                  |
| Moog Components Group         | -                   | -    | -                                      | 132,563             | 4    | 1.50%                                  |
| Windsor Hills Apartments      | -                   | -    | -                                      | 95,518              | 8    | 1.08%                                  |
| Blacksburg Green Investors    | -                   | -    | -                                      | 226,901             | 2    | 2.56%                                  |
| Dutch Village                 | -                   | -    | -                                      | 74,525              | 10   | 0.84%                                  |
| University Terrace            | -                   | -    | -                                      | 106,315             | 5    | 1.20%                                  |
|                               | <u>\$ 2,748,193</u> |      | <u>21.14%</u>                          | <u>\$ 1,904,929</u> |      | <u>20.32%</u>                          |

TABLE 11

Town of Blacksburg, Virginia

Legal Debt Margin Information  
Last Ten Fiscal Years

|   | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  | 2013                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt limit  | \$ 357,644,157        | \$ 346,876,922        | \$ 342,380,175        | \$ 340,972,698        | \$ 300,736,291        | \$ 293,579,882        | \$ 285,427,076        | \$ 277,011,494        | \$ 254,830,854        | \$ 252,459,748        |
| Total net debt applicable to limit                                      | 47,929,999            | 50,429,999            | 23,157,017            | 25,463,571            | 27,902,753            | 25,639,646            | 28,016,334            | 30,115,454            | 22,866,069            | 25,047,773            |
| Legal debt margin   | <u>\$ 309,714,158</u> | <u>\$ 296,446,923</u> | <u>\$ 319,223,158</u> | <u>\$ 315,509,127</u> | <u>\$ 272,833,538</u> | <u>\$ 267,940,236</u> | <u>\$ 257,410,742</u> | <u>\$ 246,896,040</u> | <u>\$ 231,964,785</u> | <u>\$ 227,411,975</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 13.40%                | 14.54%                | 6.76%                 | 7.47%                 | 9.28%                 | 8.73%                 | 9.82%                 | 10.87%                | 8.97%                 | 9.92%                 |

Legal Debt Margin Calculation for Fiscal Year 2021

|                                    |                         |
|------------------------------------|-------------------------|
| Assessed value                     | <u>\$ 3,576,441,568</u> |
| Debt limit (10% of assessed value) | \$ 357,644,157          |
| Less debt applicable to limit:     |                         |
| General obligation bonds           | <u>47,929,999</u>       |
| Legal debt margin                  | <u>\$ 309,714,158</u>   |

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

TABLE 12

## Town of Blacksburg, Virginia

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Fiscal Year | General Bonded Debt      |  |                           | Percentage of Actual Value of Taxable Property | Per Capita | Other Governmental Debt |
|-------------|--------------------------|--|---------------------------|--|------------|-------------------------|
|             | General Obligation Bonds | Less: Amounts Restricted to Repaying Principal | Total General Bonded Debt |  |            | Leases                  |
| 2022        | \$ 48,211,873            | \$ -   | 48,211,873                | 1.348%   | 1,072.59   | 219,265                 |
| 2021        | 50,361,316               | -  | 50,361,316                | 1.452%   | 1,123.48   | -                       |
| 2020        | 19,563,697               | -  | 19,563,697                | 0.571%   | 442.29     | 17,018                  |
| 2019        | 21,188,975               | -  | 21,188,975                | 0.621%   | 474.26     | 83,572                  |
| 2018        | 22,926,463               | -  | 22,926,463                | 0.762%   | 514.47     | 147,754                 |
| 2017        | 21,283,898               | -  | 21,283,898                | 0.725%   | 472.58     | 209,648                 |
| 2016        | 22,978,340               | -  | 22,978,340                | 0.805%   | 519.70     | 269,336                 |
| 2015        | 24,651,641               | -  | 24,651,641                | 0.890%   | 560.46     | 82,456                  |
| 2014        | 16,471,607               | -  | 16,471,607                | 0.646%   | 377.71     | 138,071                 |
| 2013        | 17,953,095               | -  | 17,953,095                | 0.711%   | 421.17     | 191,775                 |

| Fiscal Year | Business-type Activities |        | Total Primary Government | Percentage of Actual Value of Taxable Property | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|--------|--------------------------|--|-------------------------------|------------|
|             | General Obligation Bonds | Leases |                          |  |                               |            |
| 2022        | \$ 2,897,369             | \$ -   | 51,328,507               | 1.435%   | 0.09%                         | 1,141.93   |
| 2021        | 3,404,911                | -      | 53,766,227               | 1.550%   | 0.07%                         | 1,199.44   |
| 2020        | 4,037,008                | -      | 23,617,723               | 0.690%   | 0.16%                         | 533.94     |
| 2019        | 4,657,090                | -      | 25,929,637               | 0.760%   | 0.15%                         | 580.37     |
| 2018        | 5,299,962                | -      | 28,374,179               | 0.943%   | 0.13%                         | 636.72     |
| 2017        | 4,389,941                | -      | 25,883,487               | 0.882%   | 0.13%                         | 574.70     |
| 2016        | 5,000,069                | -      | 28,247,745               | 0.990%   | 0.12%                         | 638.87     |
| 2015        | 5,594,540                | -      | 30,328,637               | 1.095%   | 0.10%                         | 689.52     |
| 2014        | 6,256,391                | -      | 22,866,069               | 0.897%   | 0.13%                         | 524.34     |
| 2013        | 6,902,903                | -      | 25,047,773               | 0.992%   | 0.11%                         | 587.60     |

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

TABLE 13

## Town of Blacksburg, Virginia

Water & Sewer Pledged Revenue Coverage  
Last Ten Fiscal Years

| Fiscal<br>Year | Gross<br>Revenue | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |           | Coverage |
|----------------|------------------|--------------------------------|-----------------------------|--------------|-----------|----------|
|                |                  |                                |                             | Principal    | Interest  |          |
| 2022           | \$ 12,999,170    | \$ 11,629,669                  | \$ 1,369,501                | \$ 508,760   | \$ 93,587 | 2.27     |
| 2021           | 13,388,443       | 10,781,750                     | 2,606,693                   | 633,315      | 107,644   | 3.52     |
| 2020           | 11,843,293       | 11,038,660                     | 804,633                     | 621,300      | 120,218   | 1.09     |
| 2019           | 11,670,756       | 10,985,242                     | 685,514                     | 644,090      | 134,224   | 0.88     |
| 2018           | 11,550,060       | 9,905,643                      | 1,644,417                   | 654,494      | 191,047   | 1.94     |
| 2017           | 10,378,391       | 9,205,986                      | 1,172,405                   | 616,735      | 120,255   | 1.59     |
| 2016           | 10,831,124       | 8,695,812                      | 2,135,312                   | 602,335      | 137,567   | 2.89     |
| 2015           | 9,468,060        | 8,500,153                      | 967,907                     | 664,211      | 194,525   | 1.13     |
| 2014           | 9,671,380        | 8,236,126                      | 1,435,254                   | 646,512      | 190,382   | 1.71     |
| 2013           | 8,849,496        | 7,779,527                      | 1,069,969                   | 675,606      | 205,213   | 1.21     |

**Notes:** Details regarding the Town's outstanding debt can be found in the Notes to Financial Statements.  
Operating expenses do not include depreciation, interest, or amortization expenses.

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

| <b>Fiscal<br/>Year<br/>Ended (1)</b> | <b>Population (2)</b> | <b>Total<br/>Personal<br/>Income (3)<br/>Thousands of<br/>Dollars</b> | <b>Per Capita<br/>Personal<br/>Income (3)</b> | <b>Unemployment<br/>Rate</b> |
|--------------------------------------|-----------------------|---|---|------------------------------|
| 2022                                 | 44,949                | *   | *   | 2.40%                        |
| 2021                                 | 44,826                | \$ 5,033,263  | \$ 43,778                                     | 2.80                         |
| 2020                                 | 44,233                | 4,600,702   | 39,442  | 5.60                         |
| 2019                                 | 44,678                | 4,526,103   | 38,756  | 3.20                         |
| 2018                                 | 44,563                | 4,430,040   | 37,759  | 3.10                         |
| 2017                                 | 45,038                | 4,163,163   | 35,822  | 4.20                         |
| 2016                                 | 44,215                | 3,906,250   | 33,650  | 4.10                         |
| 2015                                 | 43,985                | 3,818,058   | 33,184  | 5.10                         |
| 2014                                 | 43,609                | 3,649,374   | 31,800  | 6.30                         |
| 2013                                 | 42,627                | 3,534,206   | 31,168  | 6.30                         |

\* Information not yet available.

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

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

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

TABLE 15

## Town of Blacksburg, Virginia

Principal Employers  
Current Year and Nine Years Ago

| Employer                                | Fiscal Year 2022 |                     |                             | Fiscal Year 2013 |                     |                             |
|---|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|
|   | Rank             | Number of Employees | Percent of Total Employment | Rank             | Number of Employees | Percent of Total Employment |
| Virginia Tech                           | 1                | > 5,000             |                             | 1                | > 1,000             |                             |
| Moog                                    | 2                | > 1,000             |                             | 3                | 500 to 999          |                             |
| HCA Montgomery Regional Hospital        | 3                | 500 to 999          |                             | 4                | 500 to 999          |                             |
| NRV Community Services                  | 4                | 250 to 499          |                             | 5                | 500 to 999          |                             |
| Town of Blacksburg                      | 5                | 250 to 499          |                             | 7                | 250 to 499          |                             |
| Eaglepicher Wolverine LLC               | 6                | 250 to 499          |                             | 9                | 100 to 249          |                             |
| Spectrum (Tetra)                        | 7                | 100 to 249          |                             | 8                | 250 to 499          |                             |
| Federal-Mogul Corporation               | 8                | 100 to 249          |                             | 6                | 500 to 999          |                             |
| Virginia Tech Services, Inc.            | 9                | 100 to 249          |                             | 10               | 100 to 249          |                             |
| Luna Innovations                        | 10               | 100 to 249          |                             | -                | -                   |                             |
| Virginia Tech Corporate Research Center | -                | -                   |                             | 2                | > 1,000             |                             |

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



TABLE 16

## Town of Blacksburg, Virginia

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

|   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Function/Program</b>                 |        |        |        |        |        |        |        |        |        |        |
| General government                      |        |        |        |        |        |        |        |        |        |        |
| Management                              | 21.02  | 21.54  | 21.84  | 20.12  | 20.12  | 20.12  | 18.84  | 18.84  | 19.87  | 21.37  |
| Finance                                 | 15.06  | 15.06  | 15.06  | 13.60  | 13.60  | 13.60  | 15.00  | 15.00  | 14.50  | 14.50  |
| Technology                              | 4.00   | 4.00   | 4.00   | 4.00   | 3.00   | 3.00   | 3.00   | 3.00   | 3.00   | 3.00   |
| Police                                  |        |        |        |        |        |        |        |        |        |        |
| Officers                                | 66.00  | 66.00  | 65.00  | 65.00  | 63.00  | 64.00  | 64.00  | 63.00  | 63.00  | 63.00  |
| Civilians                               | 15.50  | 14.78  | 15.69  | 15.69  | 15.69  | 14.50  | 17.78  | 17.78  | 17.78  | 18.18  |
| Fire and Rescue                         |        |        |        |        |        |        |        |        |        |        |
| Firefighters                            | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   |
| Civilians (all volunteer professionals) | 1.50   | 1.50   | 1.50   | 1.50   | 1.50   | 1.50   | 1.00   | 1.00   | 1.63   | 1.00   |
| Public works                            | 65.94  | 65.18  | 65.18  | 63.10  | 65.58  | 64.44  | 64.33  | 63.29  | 61.92  | 64.52  |
| Parks and recreation                    | 38.34  | 42.31  | 41.78  | 44.19  | 42.93  | 42.53  | 42.26  | 41.39  | 41.12  | 47.12  |
| Planning and Engineering                | 25.00  | 25.00  | 25.00  | 25.00  | 25.00  | 22.00  | 24.00  | 24.00  | 24.60  | 22.00  |
| Water and Sewer                         | 24.00  | 24.52  | 24.72  | 24.72  | 24.72  | 24.94  | 25.07  | 23.73  | 24.23  | 24.23  |
| Solid Waste                             | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 3.00   |
| Stormwater                              | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | -      | -      | -      |
| Transit                                 | 141.95 | 139.61 | 142.96 | 132.53 | 121.13 | 111.67 | 113.49 | 105.94 | 105.07 | 104.07 |
| Total                                   | 424.31 | 425.50 | 428.73 | 415.45 | 402.27 | 388.30 | 394.77 | 380.97 | 380.72 | 387.99 |

Source: Town's Adopted Operating Budget

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

TABLE 17

Town of Blacksburg, Virginia

Operating Indicators by Function/Program  
Last Ten Fiscal Years

|   | 2022       | 2021        | 2020        | 2019       | 2018       | 2017       | 2016   | 2015   | 2014   | 2013   |
|---|------------|-------------|-------------|------------|------------|------------|--------|--------|--------|--------|
| <b>Function/Program</b>                         |            |             |             |            |            |            |        |        |        |        |
| General Government                              |            |             |             |            |            |            |        |        |        |        |
| Fleet   |            |             |             |            |            |            |        |        |        |        |
| Pieces of equipment maintained                  | 467        | 457         | 430         | 444        | 437        | 417        | 410    | 406    | 391    | 377    |
| Building permits issued                         | 1,339      | 1,550       | 1,749       | 1,817      | 3,050      | 2,312      | 3,278  | 1,717  | 1,864  | 1,730  |
| Building permits construction value             | 98,246,310 | 222,925,383 | 286,301,305 | 88,206,057 | 68,057,881 | 54,422,464 | -      | -      | -      | -      |
| Number of housing units                         |            |             |             |            |            |            |        |        |        |        |
| Single Family                                   | 7,882      | 7,955       | 7,745       | -          | -          | -          | -      | -      | -      | -      |
| Multi-Family                                    | 9,609      | 8,342       | 8,136       | -          | -          | -          | -      | -      | -      | -      |
| Public safety                                   |            |             |             |            |            |            |        |        |        |        |
| Police  |            |             |             |            |            |            |        |        |        |        |
| Physical arrests                                | 529        | 383         | 627         | 749        | 802        | 751        | 774    | 793    | 915    | 1,097  |
| Parking violations                              | 4,480      | 2,104       | 2,681       | 4,505      | 6,110      | 2,979      | 1,999  | 3,240  | 3,727  | 5,689  |
| Traffic violations                              | 542        | 1,148       | 1,419       | 3,009      | 2,508      | 2,539      | 2,915  | 3,219  | 3,443  | 4,206  |
| Fire  |            |             |             |            |            |            |        |        |        |        |
| Emergency responses                             | 1,139      | 1,022       | 1,139       | 1,135      | 1,049      | 930        | 918    | 916    | 982    | 973    |
| Public works                                    |            |             |             |            |            |            |        |        |        |        |
| Refuse collection                               |            |             |             |            |            |            |        |        |        |        |
| Refuse collected (tons per day)                 | 20.15      | 20.75       | 20.13       | 19.89      | 19.48      | 19.68      | 19.23  | 20     | 20     | 20     |
| Recyclables collected (tons per day)            | 5.55       | 5.93        | 5.82        | 5.96       | 6.43       | 6.57       | 6.42   | 5      | 5      | 5      |
| Other public works                              |            |             |             |            |            |            |        |        |        |        |
| Street resurfacing (miles)                      | 5.01       | 4.07        | 5.43        | 5.01       | 4.02       | 5.72       | 5.50   | 5.80   | 4.80   | 4.80   |
| Parks, recreation, and cultural                 |            |             |             |            |            |            |        |        |        |        |
| Parks and recreation                            |            |             |             |            |            |            |        |        |        |        |
| Park acreage owned by the Town - Developed      | 545.44     | 545.44      | 530.21      | 530.21     | 530.21     | 544        | 544    | 544    | 544    | 544    |
| Park acreage owned by the Town - Undeveloped    | 110.23     | 110.23      | 100.59      | 100.59     | 101.22     | -          | -      | -      | -      | -      |
| Library   |            |             |             |            |            |            |        |        |        |        |
| Volumes in collection                           | 71,784     | 70,551      | 78,603      | 69,554     | 70,815     | 78,603     | 83,165 | 83,165 | 83,165 | 86,137 |
| Water   |            |             |             |            |            |            |        |        |        |        |
| Number of customer accounts                     | 9,719      | 9,688       | 9,650       | 9,605      | 9,442      | 9,446      | 9,159  | 9,203  | 9,159  | 8,917  |
| Miles of distribution lines                     | 189        | 189         | 188         | 185        | 182        | 182        | 177    | 177    | 177    | 169    |
| Volume pumped (million gallons per day average) | 2.76       | 2.76        | 2.76        | 2.70       | 2.70       | 2.50       | 2.30   | 2.30   | 2.30   | 2.20   |
| Sewer   |            |             |             |            |            |            |        |        |        |        |
| Number of customer accounts                     | 8,786      | 9,013       | 8,982       | 8,934      | 8,766      | 8,753      | 8,484  | 8,509  | 8,260  | 8,213  |
| Miles of sanitary sewers                        | 147        | 147         | 137         | 145        | 145        | 144        | 156    | 156    | 156    | 156    |

Source: Town individual departments and Budget Document.

TABLE 18

## Town of Blacksburg, Virginia

Capital Asset and Infrastructure Statistics by Function/Program  
Last Ten Fiscal Years

|                                     | 2022  | 2021  | 2020  | 2019  | 2018  | 2017  | 2016  | 2015  | 2014  | 2013  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b><u>Function/Program</u></b>      |       |       |       |       |       |       |       |       |       |       |
| Public safety                       |       |       |       |       |       |       |       |       |       |       |
| Law enforcement vehicles            | 82    | 73    | 72    | 73    | 70    | 75    | 73    | 74    | 70    | 69    |
| Fire stations                       | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Public works                        |       |       |       |       |       |       |       |       |       |       |
| Miles of streets                    | 340   | 340   | 332   | 332   | 330   | 325   | 354   | 354   | 354   | 350   |
| Streetlights                        | 1,828 | 1,828 | 1,828 | 1,828 | 1,828 | 1,828 | 1,826 | 1,804 | 1,804 | 1,804 |
| 107 Parks, recreation, and cultural |       |       |       |       |       |       |       |       |       |       |
| Community centers                   | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Parks/athletic fields - Developed   | 33    | 33    | 30    | 30    | 30    | 35    | 35    | 35    | 35    | 35    |
| Parks/athletic fields - Undeveloped | 9     | 9     | 8     | 8     | 8     | -     | -     | -     | -     | -     |
| Water and sewage                    |       |       |       |       |       |       |       |       |       |       |
| Water mains (miles)                 | 189   | 189   | 188   | 185   | 182   | 182   | 177   | 177   | 177   | 169   |
| Storm sewers (miles)                | 88.9  | 84.2  | 83.9  | 83.9  | 89.5  | 83    | 83    | 35    | 35    | 46    |
| Sanitary sewers (miles)             | 147   | 147   | 137   | 145   | 145   | 144   | 156   | 156   | 156   | 156   |

Source: Town individual departments and Budget Document.

TABLE 19

## TOWN OF BLACKSBURG, VIRGINIA

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

|  | 2022                 | 2021                 | 2020                 | 2019                | 2018                | 2017                | 2016                | 2015                | 2014                | 2013                |
|--|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>REVENUES</b>                                      |                      |                      |                      |                     |                     |                     |                     |                     |                     |                     |
| Taxes  | \$ 22,844,334        | \$ 20,011,064        | \$ 20,143,051        | \$ 20,726,612       | \$ 19,646,192       | \$ 18,578,071       | \$ 18,179,697       | \$ 17,057,725       | \$ 15,979,783       | \$ 15,904,094       |
| Licenses and permits                                 | 3,779,461            | 3,790,307            | 4,090,984            | 3,133,889           | 2,944,264           | 2,539,735           | 2,936,235           | 2,517,700           | 2,587,860           | 2,211,583           |
| Intergovernmental                                    | 4,764,059            | 4,763,117            | 4,587,086            | 4,547,672           | 4,833,556           | 4,661,068           | 4,493,518           | 4,355,564           | 4,386,406           | 4,375,613           |
| Charges for services                                 | 4,644,669            | 4,401,092            | 4,266,249            | 4,211,019           | 3,914,674           | 3,677,197           | 3,596,057           | 3,111,037           | 2,994,939           | 2,813,066           |
| Fines and forfeitures                                | 141,903              | 117,664              | 142,120              | 224,385             | 300,959             | 188,183             | 170,986             | 240,394             | 236,673             | 344,153             |
| Investment earnings                                  | 139,794              | 205,433              | 212,854              | 276,935             | 212,271             | 112,370             | 130,313             | 143,674             | 112,883             | 215,624             |
| Unrealized gain/(loss)                               | (217,707)            | (25,906)             | 76,877               | 104,505             | (106,889)           | (49,402)            | 42,634              | (42,994)            | 32,203              | 31,281              |
| Other  | 668,887              | 458,944              | 476,290              | 704,571             | 697,840             | 709,975             | 1,082,572           | 819,082             | 607,722             | 649,599             |
| Other financing sources                              | 225,605              | 400,902              | 372,217              | 267,676             | 664,090             | 216,487             | 434,783             | 3,962,746           | 94,711              | 186,008             |
| Total revenues                                       | 36,991,005           | 34,122,617           | 34,367,728           | 34,197,264          | 33,106,957          | 30,633,684          | 31,066,795          | 32,164,928          | 27,033,180          | 26,731,021          |
| <b>EXPENDITURES</b>                                  |                      |                      |                      |                     |                     |                     |                     |                     |                     |                     |
| Current:   |                      |                      |                      |                     |                     |                     |                     |                     |                     |                     |
| Legislative  | 266,562              | 341,443              | 272,454              | 269,682             | 280,349             | 281,047             | 281,218             | 278,374             | 269,326             | 253,817             |
| Executive  | 3,093,005            | 2,624,273            | 2,833,709            | 2,833,481           | 2,777,192           | 2,414,343           | 2,319,402           | 3,086,873           | 2,150,690           | 1,850,440           |
| Legal  | 353,148              | 368,651              | 334,369              | 380,871             | 412,937             | 361,134             | 325,269             | 333,877             | 330,220             | 298,964             |
| Financial services                                   | 1,863,594            | 1,828,202            | 1,710,573            | 1,714,292           | 1,710,541           | 1,696,527           | 1,655,338           | 1,625,381           | 1,566,972           | 1,555,497           |
| Technology   | 772,567              | 748,414              | 700,945              | 623,388             | 558,845             | 543,939             | 523,486             | 511,958             | 503,267             | 475,063             |
| Police   | 9,070,444            | 8,296,985            | 8,215,357            | 7,952,788           | 8,003,770           | 7,745,463           | 7,498,893           | 7,698,863           | 7,142,942           | 7,512,440           |
| Fire and rescue                                      | 1,343,315            | 1,135,117            | 1,130,210            | 1,200,820           | 1,141,264           | 1,200,794           | 1,059,849           | 974,416             | 957,011             | 958,909             |
| Public works   | 6,668,433            | 6,436,430            | 6,175,687            | 6,570,127           | 6,651,096           | 5,770,596           | 5,851,727           | 5,904,498           | 5,438,879           | 5,676,805           |
| Recreation   | 2,445,224            | 2,209,427            | 2,285,920            | 2,439,494           | 2,328,265           | 2,238,996           | 2,153,379           | 2,301,245           | 2,065,887           | 2,036,250           |
| Planning and engineering                             | 2,757,897            | 2,620,828            | 2,521,906            | 2,539,283           | 2,307,462           | 2,137,749           | 2,131,305           | 2,266,072           | 2,247,140           | 2,225,383           |
| Nondepartmental and transfers                        | 6,308,472            | 3,085,543            | 1,258,359            | 3,880,623           | 3,708,734           | 2,943,251           | 2,628,079           | 7,171,887           | 2,528,204           | 2,141,589           |
| Debt service   | 3,252,762            | 2,792,023            | 2,369,641            | 2,511,883           | 2,634,906           | 2,456,757           | 2,544,206           | 2,089,004           | 2,074,860           | 2,149,825           |
| Total expenditures                                   | 38,195,423           | 32,487,336           | 29,809,130           | 32,916,732          | 32,515,361          | 29,790,596          | 28,972,151          | 34,242,448          | 27,275,398          | 27,134,982          |
| Excess (deficiency) of<br>revenues over expenditures | (1,204,418)          | 1,635,281            | 4,558,598            | 1,280,532           | 591,596             | 843,088             | 2,094,644           | (2,077,520)         | (242,218)           | (403,961)           |
| <b>FUND BALANCES AT JULY 1</b>                       | <b>13,530,301</b>    | <b>11,895,020</b>    | <b>7,336,422</b>     | <b>6,055,890</b>    | <b>5,464,294</b>    | <b>4,621,206</b>    | <b>2,526,562</b>    | <b>4,604,082</b>    | <b>4,846,300</b>    | <b>5,250,261</b>    |
| <b>FUND BALANCES AT JUNE 30</b>                      | <b>\$ 12,325,883</b> | <b>\$ 13,530,301</b> | <b>\$ 11,895,020</b> | <b>\$ 7,336,422</b> | <b>\$ 6,055,890</b> | <b>\$ 5,464,294</b> | <b>\$ 4,621,206</b> | <b>\$ 2,526,562</b> | <b>\$ 4,604,082</b> | <b>\$ 4,846,300</b> |
| <b>Reserved:</b>                                     |                      |                      |                      |                     |                     |                     |                     |                     |                     |                     |
| Committed for encumbrances                           | \$ 553,842           | \$ 265,648           | \$ 299,596           | \$ 563,856          | \$ 704,762          | \$ 896,163          | \$ 208,725          | \$ 232,077          | \$ 362,950          | \$ 248,061          |
| Nonspendable for inventories                         | 9,528                | 315,591              | 320,040              | 307,131             | 285,944             | 281,892             | 293,667             | 276,220             | 254,012             | 244,566             |
| Restricted for museum lifetime memberships           | -                    | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | 19,161              |
| Nonspendable for prepaid expenditures                | -                    | -                    | 1,177                | 9,767               | 13,557              | -                   | -                   | -                   | -                   | -                   |
| Total  | 563,370              | 581,239              | 620,813              | 880,754             | 1,004,263           | 1,178,055           | 502,392             | 508,297             | 616,962             | 511,788             |
| Assigned fund balance                                | 6,723,000            | 3,501,900            | 4,106,650            | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Unassigned fund balance                              | 5,039,513            | 9,447,162            | 7,167,557            | 6,455,668           | 5,051,627           | 4,286,239           | 4,118,814           | 2,018,265           | 3,987,120           | 4,334,512           |
| Ending fund balance                                  | <u>\$ 12,325,883</u> | <u>\$ 13,530,301</u> | <u>\$ 11,895,020</u> | <u>\$ 7,336,422</u> | <u>\$ 6,055,890</u> | <u>\$ 5,464,294</u> | <u>\$ 4,621,206</u> | <u>\$ 2,526,562</u> | <u>\$ 4,604,082</u> | <u>\$ 4,846,300</u> |

(Continued)

TABLE 19

## TOWN OF BLACKSBURG, VIRGINIA

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

|  | 2022                 | 2021                 | 2020                 | 2019                 | 2018**               | 2017                 | 2016                 | 2015*               | 2014                 | 2013                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| <b>OPERATING REVENUES</b>                        |                      |                      |                      |                      |                      |                      |                      |                     |                      |                      |
| Charges for services                             | \$ 12,187,053        | \$ 11,569,790        | \$ 11,171,938        | \$ 11,114,231        | \$ 10,742,869        | \$ 9,892,531         | \$ 9,352,300         | \$ 9,027,449        | \$ 8,573,721         | \$ 8,304,725         |
| Availability and transfer fees                   | 463,774              | 1,346,526            | 298,618              | 273,001              | 485,198              | 212,612              | 938,888              | 197,798             | 765,235              | 305,962              |
| Meter installation                               | 103,631              | 106,471              | 50,100               | 74,426               | 122,307              | 69,596               | 310,743              | 68,924              | 145,874              | 84,857               |
| Connection fees                                  | 116,633              | 204,477              | 135,421              | 95,691               | 66,319               | 65,647               | 94,831               | 55,519              | 73,566               | 34,575               |
| Other  | 128,079              | 161,179              | 187,216              | 113,407              | 133,367              | 138,005              | 134,362              | 118,370             | 112,984              | 119,377              |
| Total operating revenues                         | 12,999,170           | 13,388,443           | 11,843,293           | 11,670,756           | 11,550,060           | 10,378,391           | 10,831,124           | 9,468,060           | 9,671,380            | 8,849,496            |
| <b>OPERATING EXPENSES</b>                        |                      |                      |                      |                      |                      |                      |                      |                     |                      |                      |
| Personal services                                | 1,319,074            | 1,110,325            | 1,635,003            | 1,454,604            | 1,183,420            | 1,508,688            | 1,223,565            | 1,527,626           | 1,512,028            | 1,531,539            |
| Contractual services                             | 8,126,176            | 7,851,809            | 7,646,806            | 7,804,913            | 6,756,949            | 6,007,699            | 5,735,846            | 5,238,730           | 5,003,294            | 4,617,489            |
| Administration                                   | 1,278,836            | 1,262,961            | 1,231,968            | 1,197,324            | 1,331,691            | 1,201,972            | 1,199,587            | 1,328,574           | 1,266,064            | 1,194,376            |
| Depreciation                                     | 879,610              | 882,190              | 912,882              | 889,936              | 863,965              | 989,501              | 982,757              | 948,684             | 918,456              | 877,397              |
| Other  | 905,583              | 556,655              | 524,883              | 528,401              | 633,583              | 487,627              | 536,814              | 405,223             | 454,740              | 436,123              |
| Total operating expenses                         | 12,509,279           | 11,663,940           | 11,951,542           | 11,875,178           | 10,769,608           | 10,195,487           | 9,678,569            | 9,448,837           | 9,154,582            | 8,656,924            |
| Operating income (loss)                          | 489,891              | 1,724,503            | (108,249)            | (204,422)            | 780,452              | 182,904              | 1,152,555            | 19,223              | 516,798              | 192,572              |
| <b>NONOPERATING EXPENSES</b>                     |                      |                      |                      |                      |                      |                      |                      |                     |                      |                      |
| Intergovernmental revenue                        | -                    | 11,146               | 5,513                | -                    | -                    | -                    | -                    | -                   | -                    | -                    |
| Interest income                                  | -                    | 18,564               | -                    | 55,944               | 40,552               | 27,225               | 46,476               | 5,446               | 7,868                | 44,049               |
| Interest expense                                 | -                    | (107,644)            | -                    | (134,224)            | (191,047)            | (120,255)            | (137,567)            | (212,208)           | (190,382)            | (205,213)            |
| Unrealized gain/(loss) on investments            | (13,464)             | (28,490)             | 87,276               | 42,935               | (43,784)             | (16,051)             | 15,346               | (8,237)             | 4,914                | 9,662                |
| Gain (loss) on disposition of asset              | (93,587)             | 44,311               | (120,218)            | -                    | -                    | 25,000               | 25,804               | 329                 | 4,610                | 19,123               |
| Net nonoperating expenses                        | (107,051)            | (62,113)             | (27,429)             | (35,345)             | (194,279)            | (84,081)             | (49,941)             | (214,670)           | (172,990)            | (132,379)            |
| Income (loss) before contributions and transfers | 382,840              | -                    | (135,678)            | (239,767)            | 586,173              | 98,823               | 1,102,614            | (195,447)           | 343,808              | 60,193               |
| <b>CAPITAL CONTRIBUTIONS</b>                     | 169,158              | -                    | -                    | -                    | -                    | 1,175,539            | 43,997               | 120,338             | 259,502              | -                    |
| <b>TRANSFERS IN</b>                              | 5,330                | 194,335              | 341,309              | 111,233              | 93,899               | 177,521              | 445,848              | 170,183             | -                    | -                    |
| <b>TRANSFERS OUT</b>                             | (300,012)            | -                    | -                    | (289,512)            | (347,798)            | (266,937)            | (467,125)            | (263,034)           | (214,784)            | (168,383)            |
| Change in net position                           | 257,316              | 1,856,725            | 205,631              | (418,046)            | 332,274              | 1,184,946            | 1,125,334            | (167,960)           | 388,526              | (108,190)            |
| <b>NET POSITION AT JULY 1</b>                    | 12,815,031           | 10,958,306           | 10,752,675           | 11,170,721           | 10,838,447           | 10,195,161           | 9,069,827            | 9,237,787           | 10,002,488           | 10,110,678           |
| <b>NET POSITION AT JUNE 30</b>                   | <u>\$ 13,072,347</u> | <u>\$ 12,815,031</u> | <u>\$ 10,958,306</u> | <u>\$ 10,752,675</u> | <u>\$ 11,170,721</u> | <u>\$ 11,380,107</u> | <u>\$ 10,195,161</u> | <u>\$ 9,069,827</u> | <u>\$ 10,391,014</u> | <u>\$ 10,002,488</u> |

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

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

(Continued)

TABLE 19

## TOWN OF BLACKSBURG, VIRGINIA

**CONTINUING BOND DISCLOSURES**  
**TAXABLE RETAIL SALES AND**  
**TAXABLE RETAIL SALES PER CAPITA**  
**MONTGOMERY COUNTY (INCLUDING BLACKSBURG)**  
**Last Ten Calendar Years**

| <b>Calendar<br/>Year</b> | <b>Population</b> | <b>Taxable<br/>Retail Sales</b> | <b>Taxable<br/>Retail Sales<br/>Per Capita</b> |
|--------------------------|-------------------|---------------------------------|--|
| 2021                     | 114,972           | \$ 1,276,976,173                | 11,107   |
| 2020                     | 116,646           | 1,060,030,138                   | 9,088  |
| 2019                     | 116,784           | 1,130,766,791                   | 9,683  |
| 2018                     | 117,324           | 1,123,268,000                   | 9,574  |
| 2017                     | 116,217           | 1,089,716,203                   | 9,377  |
| 2016                     | 98,602            | 1,086,987,143                   | 11,024   |
| 2015                     | 97,653            | 1,045,664,373                   | 10,708   |
| 2014                     | 97,244            | 988,622,704                     | 10,166   |
| 2013                     | 96,207            | 975,623,640                     | 10,141   |
| 2012                     | 95,626            | 967,667,151                     | 10,119   |

(Continued)

TABLE 19

**TOWN OF BLACKSBURG, VIRGINIA**

**CONTINUING BOND DISCLOSURES**

**SUMMARY OF CAPITAL IMPROVEMENT PROGRAM**

|   | <u><b>FY 2023</b></u> | <u><b>FY 2024</b></u> | <u><b>FY 2025</b></u> | <u><b>FY 2026</b></u> | <u><b>FY 2027</b></u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>General Fund</u>                     |                       |                       |                       |                       |                       |
| Finance                                 | \$ 56,500             | \$ -                  | \$ -                  | \$ 30,500             | \$ 16,500             |
| Fire                                    | 506,400               | 356,400               | 356,400               | 391,400               | 391,400               |
| Rescue                                  | 214,083               | 609,083               | 214,083               | 214,083               | 214,083               |
| Parks and Recreation                    | 1,193,000             | 1,835,000             | 630,000               | 185,000               | 1,775,000             |
| Planning and Building                   | 297,000               | 80,719                | -                     | -                     | -                     |
| Engineering and GIS                     | 1,457,500             | 4,083,000             | 4,531,000             | 567,500               | 508,500               |
| Police                                  | 755,831               | 571,331               | 446,331               | 446,331               | 446,331               |
| Public Works                            | 1,778,139             | 3,142,639             | 2,520,639             | 1,659,639             | 2,334,639             |
| Technology                              | 126,100               | 342,900               | 176,700               | 122,600               | 377,400               |
| Town Manager's Office                   | 416,000               | 1,820,000             | 310,000               | 1,660,000             | 15,160,000            |
| Housing and Neighborhood Services       | 62,500                | 98,771                | 49,948                | 162,750               | -                     |
| Community Relations                     | 15,000                | 15,000                | 15,000                | 15,000                | 15,000                |
| General Fund Total                      | <u>6,878,053</u>      | <u>12,954,843</u>     | <u>9,250,101</u>      | <u>5,454,803</u>      | <u>21,238,853</u>     |
| <u>Water/Sewer</u>                      |                       |                       |                       |                       |                       |
| Finance Department                      | 225,000               | 225,000               | 225,000               | 225,000               | 251,000               |
| Engineering and GIS                     | 3,802,470             | 809,400               | 180,000               | 155,570               | 100,000               |
| Public Works                            | 705,595               | 951,926               | 1,039,081             | 1,022,721             | 1,019,224             |
| Water/Sewer Total                       | <u>4,733,065</u>      | <u>1,986,326</u>      | <u>1,444,081</u>      | <u>1,403,291</u>      | <u>1,370,224</u>      |
| <u>VDOT Revenue Sharing</u>             |                       |                       |                       |                       |                       |
| Public Works                            | 300,000               | 100,000               | 300,000               | 995,000               | 995,000               |
| Engineering and GIS                     | 75,000                | -                     | -                     | 450,000               | 6,891,500             |
| VDOT Revenue Sharing Total              | <u>375,000</u>        | <u>100,000</u>        | <u>300,000</u>        | <u>1,445,000</u>      | <u>7,886,500</u>      |
| Stormwater Fund                         | 1,227,500             | 350,000               | 304,500               | 466,500               | 602,500               |
| Transit Fund                            | 7,607,300             | 6,522,200             | 10,479,000            | 1,838,400             | 13,774,400            |
| Equipment Replacement Fund              | 2,793,000             | 2,304,500             | 1,687,550             | 1,845,500             | 3,684,000             |
| Major Building Systems Replacement Fund | 43,500                | 66,591                | 15,281                | 28,200                | 41,096                |
| Solid Waste & Recycling Fund            | 395,033               | 145,033               | 395,033               | 95,033                | 95,033                |
| Grand Total                             | <u>\$ 24,052,451</u>  | <u>\$ 24,429,493</u>  | <u>\$ 23,875,546</u>  | <u>\$ 12,576,727</u>  | <u>\$ 48,692,606</u>  |

Source: Adopted Capital Improvement Program Fiscal Years Ending 2022/2023-2026/2027

(Continued)

TABLE 19

## TOWN OF BLACKSBURG, VIRGINIA

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

Last Ten Fiscal Years

| <b>Fiscal<br/>Year</b> | <b>Population</b> | <b>Total<br/>Assessed<br/>Valuation</b> | <b>Total<br/>Bonded<br/>Debt</b> | <b>Ratio of Total<br/>Bonded Debt to<br/>Assessed Valuation</b> | <b>Total<br/>Bonded Debt<br/>Per Capita</b> |
|------------------------|-------------------|---|----------------------------------|---|---|
| 2022                   | 44,949            | \$ 3,576,441,568                        | 51,109,242                       | 1.4291%   | 1,137.05                                    |
| 2021                   | 44,826            | 3,468,769,218                           | 53,766,227                       | 1.5500  | 1,199.44                                    |
| 2020                   | 44,233            | 3,423,801,746                           | 23,600,705                       | 0.6893  | 533.55                                      |
| 2019                   | 44,678            | 3,409,726,982                           | 25,846,065                       | 0.7580  | 578.50                                      |
| 2018                   | 44,563            | 3,007,362,906                           | 28,226,425                       | 0.9386  | 633.40                                      |
| 2017                   | 45,038            | 2,935,798,817                           | 25,673,839                       | 0.8745  | 570.05                                      |
| 2016                   | 44,215            | 2,854,270,760                           | 27,978,409                       | 0.9802  | 632.78                                      |
| 2015                   | 43,985            | 2,770,114,940                           | 30,246,181                       | 1.0919  | 687.65                                      |
| 2014                   | 43,609            | 2,548,308,538                           | 22,727,998                       | 0.8919  | 521.18                                      |
| 2013                   | 42,627            | 2,524,597,482                           | 24,855,998                       | 0.9846  | 583.10                                      |

(Continued)



TABLE 19

## TOWN OF BLACKSBURG, VIRGINIA

CONTINUING BOND DISCLOSURES  
CERTAIN OTHER REVENUES

## Last Ten Fiscal Years

| <b>Fiscal<br/>Year</b> | <b>Vehicle<br/>License<br/>Receipts<sup>1</sup></b> | <b>Business<br/>License<br/>Receipts</b> | <b>Meals Tax<br/>Receipts<sup>2</sup></b> |
|------------------------|---|--|---|
| 2022                   | \$ 219,003  | \$ 3,246,402                             | \$ 6,649,113                              |
| 2021                   | 252,386   | 2,787,873                                | 5,220,788                                 |
| 2020                   | 271,724   | 2,823,101                                | 4,953,659                                 |
| 2019                   | 278,377   | 2,664,578                                | 5,919,740                                 |
| 2018                   | 265,046   | 2,463,245                                | 5,667,284                                 |
| 2017                   | 252,233   | 2,155,424                                | 5,493,780                                 |
| 2016                   | 225,065   | 2,304,720                                | 5,374,077                                 |
| 2015                   | 237,129   | 2,170,173                                | 5,051,799                                 |
| 2014                   | 235,411   | 2,066,822                                | 4,579,931                                 |
| 2013                   | 246,334   | 1,908,934                                | 4,459,804                                 |

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

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

## COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blacksburg, Virginia (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 2, 2022.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, which we consider to be a significant deficiency.**

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs, as Item 2022-002.**

## Town of Blacksburg's Response to Finding

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 2, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

*Opinion on Compliance for Each Major Federal Program*

We have audited the Town of Blacksburg, Virginia's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2022. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Blacksburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the Town's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

## **Report on Compliance for Each Major Federal Program (Continued)**

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Blacksburg, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blacksburg, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

### **Report on Internal Control over Compliance (Continued)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 2, 2022

**TOWN OF BLACKSBURG, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**June 30, 2022**

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

**STATE COMPLIANCE MATTERS**

*Code of Virginia*

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Fire Programs Aid to Localities

*State Agency Requirements*

Highway Maintenance Funds

**FEDERAL COMPLIANCE MATTERS**

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.



**TOWN OF BLACKSBURG, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2022**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One significant deficiency** relating to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The programs tested as major were:

| Name of Program                                      | Assistance<br>Listing<br>Number |
|--|---------------------------------|
| Federal Transit Cluster – Capital Improvement Grants | 20.500                          |
| Federal Transit Cluster – Formula Grants             | 20.507                          |

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The Town was determined to be a **low-risk auditee**.

## **TOWN OF BLACKSBURG, VIRGINIA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**June 30, 2022**

#### **B. FINDINGS – FINANCIAL STATEMENT AUDIT**

##### **2022-001: Segregation of Duties (Significant Deficiency)**

*Condition:*

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

*Recommendation:*

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

*Management's Response:*

The auditee concurs with this recommendation.

#### **C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None noted.

#### **D. FINDINGS – COMMONWEALTH OF VIRGINIA**

##### **2022-002: Budget Appropriations**

*Condition:*

The General Fund expenditures exceeded budgeted appropriations in police, fire and rescue, public works, and recreation at the functional level for the year ended June 30, 2022.

*Recommendation:*

Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by the Town Council and the budget amended accordingly.

*Management's Response:*

This finding was a result of retiree payouts that were properly accrued into the current fiscal year and due to the enactment of GASB Statement No. 87. While management concurs with this finding, it is worth noting that the Town budgets on a modified accrual basis and retiree payouts are budgeted in the year the employee retires. In addition, the Town did not budget for the new lease standard.

**TOWN OF BLACKSBURG, VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2022**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2021-001: Segregation of Duties (Significant Deficiency)**

*Condition:*

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

*Current Status:*

Condition still present. See finding 2022-001 in the Schedule of Findings and Questioned Costs.