

TOWN OF BLACKSTONE, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TOWN OF BLACKSTONE, VIRGINIA

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TOWN OF BLACKSTONE, VIRGINIA

TOWN COUNCIL

Annie Scott
Lonnie Morgan
Eric M. Nash

William D. Coleburn, Mayor

Nathaniel Miller
Jake Allman
Carolyn Williams
Sheila Jones

OTHER OFFICIALS

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

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

TOWN OF BLACKSTONE, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Town of Blackstone, Virginia, 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 financial position of the governmental activities, business-type activities and each major fund of Town of Blackstone, Virginia, as of June 30, 2022, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Blackstone, Virginia, 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 Principles

As described in Note 16 to the financial statements, in 2022, the Town of Blackstone, Virginia adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (Continued)

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 Town of Blackstone, Virginia'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.

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, 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 Town of Blackstone, Virginia'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 Town of Blackstone, Virginia'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Required Supplementary Information (Continued)

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.

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' 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 12, 2022, on our consideration of Town of Blackstone, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Blackstone, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Blackstone, Virginia's internal control over financial reporting and compliance.

Richmond, Virginia
December 12, 2022

Town of Blackstone, Virginia
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,737,051	\$ 6,793,455	\$ 8,530,506
Cash in custody of others	-	118,381	118,381
Receivables (net of allowance for uncollectibles):			
Taxes receivable	59,275	-	59,275
Accounts receivable	191,648	612,644	804,292
Leases receivable	163,542	-	163,542
Due from other governmental units	789,408	186,311	975,719
Net pension asset	763,794	311,365	1,075,159
Capital assets (net of accumulated depreciation):			
Land	1,192,822	249,575	1,442,397
Buildings and improvements	5,017,607	-	5,017,607
Utility plant in service	-	14,342,463	14,342,463
Machinery and equipment	2,297,816	526,021	2,823,837
Lease equipment	7,312	-	7,312
Infrastructure	2,451,750	-	2,451,750
Construction in progress	1,362,732	655,584	2,018,316
Total assets	<u>\$ 16,034,757</u>	<u>\$ 23,800,249</u>	<u>\$ 39,835,006</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 257,182	\$ 116,710	\$ 373,892
OPEB related items	31,188	22,194	53,382
Deferred amount on refunding	-	75,214	75,214
Total deferred outflows of resources	<u>\$ 288,370</u>	<u>\$ 214,118</u>	<u>\$ 502,488</u>
LIABILITIES			
Accounts payable	\$ 1,170,430	\$ 656,154	\$ 1,826,584
Accrued interest payable	-	80,774	80,774
Customer deposits payable	-	318,906	318,906
Short-term note payable	-	600,000	600,000
Unearned revenue	1,358,936	-	1,358,936
Long-term liabilities:			
Due within one year	89,064	547,342	636,406
Due in more than one year	681,191	10,302,422	10,983,613
Total liabilities	<u>\$ 3,299,621</u>	<u>\$ 12,505,598</u>	<u>\$ 15,805,219</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 10,020	\$ -	\$ 10,020
Lease related	161,446	-	161,446
Pension related items	860,220	353,347	1,213,567
OPEB related items	41,729	17,185	58,914
Total deferred inflows of resources	<u>\$ 1,073,415</u>	<u>\$ 370,532</u>	<u>\$ 1,443,947</u>
NET POSITION			
Net investment in capital assets	\$ 11,115,054	\$ 5,118,711	\$ 16,233,765
Restricted:			
Net pension asset	763,794	311,365	1,075,159
Unrestricted	71,243	5,708,161	5,779,404
Total net position	<u>\$ 11,950,091</u>	<u>\$ 11,138,237</u>	<u>\$ 23,088,328</u>

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

Town of Blackstone, Virginia
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 626,587	\$ -	\$ 183,778	\$ -	\$ (442,809)		\$ (442,809)
Public safety	1,968,825	68,310	955,757	-	(944,758)		(944,758)
Public works	1,790,190	717,710	1,613,807	-	541,327		541,327
Health and welfare	63,637	-	324,700	-	261,063		261,063
Parks, recreation, and cultural	195,633	-	-	-	(195,633)		(195,633)
Community development	2,023,149	69,784	733,738	366,689	(852,938)		(852,938)
Interest on long-term debt	6,113	-	-	-	(6,113)		(6,113)
Total governmental activities	\$ 6,674,134	\$ 855,804	\$ 3,811,780	\$ 366,689	\$ (1,639,861)		\$ (1,639,861)
Business-type activities:							
Electric Fund	\$ 4,397,861	\$ 4,847,722	\$ -	\$ 45,584		\$ 495,445	\$ 495,445
Water and Sewer Fund	2,897,968	3,153,613	-	49,920		305,565	305,565
Total business-type activities	\$ 7,295,829	\$ 8,001,335	\$ -	\$ 95,504		\$ 801,010	\$ 801,010
Total primary government	\$ 13,969,963	\$ 8,857,139	\$ 3,811,780	\$ 462,193			\$ (838,851)
General revenues:							
General property taxes					\$ 525,828	\$ -	\$ 525,828
Other local taxes:							
Local sales and use tax					258,176	-	258,176
Business license tax					216,089	-	216,089
Restaurant food tax					753,065	-	753,065
Other local taxes					324,746	-	324,746
Unrestricted revenues from use of money					69,141	63,144	132,285
Miscellaneous					165,027	39,130	204,157
Grants and contributions not restricted to specific programs					69,548	-	69,548
Transfers					209,081	(209,081)	-
Total general revenues and transfers					\$ 2,590,701	\$ (106,807)	\$ 2,483,894
Change in net position					\$ 950,840	\$ 694,203	\$ 1,645,043
Net position - beginning					10,999,251	10,444,034	21,443,285
Net position - ending					\$ 11,950,091	\$ 11,138,237	\$ 23,088,328

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

Town of Blackstone, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,182,522	-	\$ 554,529	\$ 1,737,051
Receivables (net of allowance for uncollectibles):				
Taxes receivable	59,275	-	-	59,275
Accounts receivable	175,611	16,037	-	191,648
Leases receivable	16,603	146,939	-	163,542
Due from other governmental units	458,049	267,063	64,296	789,408
Due from other funds	1,690	-	-	1,690
Total assets	<u>\$ 1,893,750</u>	<u>\$ 430,039</u>	<u>\$ 618,825</u>	<u>\$ 2,942,614</u>
LIABILITIES				
Accounts payable	\$ 697,956	\$ 444,652	\$ 27,822	\$ 1,170,430
Unearned revenue	1,358,936	-	-	1,358,936
Due to other funds	-	1,690	-	1,690
Total liabilities	<u>\$ 2,056,892</u>	<u>\$ 446,342</u>	<u>\$ 27,822</u>	<u>\$ 2,531,056</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 65,541	\$ -	\$ -	\$ 65,541
Lease related	16,386	145,060	-	161,446
Total deferred inflows of resources	<u>\$ 81,927</u>	<u>\$ 145,060</u>	<u>\$ -</u>	<u>\$ 226,987</u>
FUND BALANCES				
Nonspendable	\$ -	\$ -	\$ 236,031	\$ 236,031
Restricted	30,327	-	354,972	385,299
Unassigned (deficit)	(275,396)	(161,363)	-	(436,759)
Total fund balances (deficits)	<u>\$ (245,069)</u>	<u>\$ (161,363)</u>	<u>\$ 591,003</u>	<u>\$ 184,571</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,893,750</u>	<u>\$ 430,039</u>	<u>\$ 618,825</u>	<u>\$ 2,942,614</u>

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

Town of Blackstone, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	184,571
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		12,330,039
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.

Unavailable revenue - property taxes	\$ 55,521	
Net pension asset	763,794	819,315

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 257,182	
OPEB related items	31,188	288,370

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Compensated absences	\$ (113,700)	
Net OPEB liability	(96,320)	
Lease liability	(7,502)	
USDA loans	(530,134)	
Equipment purchase agreements	(22,599)	(770,255)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (860,220)	
OPEB related items	(41,729)	(901,949)

Net position of governmental activities		\$ 11,950,091
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The notes to financial statements are an integral part of this statement.

Town of Blackstone, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 525,946	\$ -	\$ -	\$ 525,946
Other local taxes	1,552,076	-	-	1,552,076
Permits, privilege fees, and regulatory licenses	6,506	-	-	6,506
Fines and forfeitures	24,249	-	-	24,249
Revenue from the use of money and property	64,524	25,629	4,885	95,038
Charges for services	729,368	-	69,784	799,152
Miscellaneous	100,220	58,446	6,361	165,027
Recovered costs	799,940	-	76,957	876,897
Intergovernmental:				
Commonwealth	1,749,347	91,730	155,472	1,996,549
Federal	1,304,689	626,946	319,833	2,251,468
Total revenues	<u>\$ 6,856,865</u>	<u>\$ 802,751</u>	<u>\$ 633,292</u>	<u>\$ 8,292,908</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,194,310	\$ -	\$ -	\$ 1,194,310
Public safety	1,679,907	-	-	1,679,907
Public works	3,254,925	-	-	3,254,925
Parks, recreation, and cultural	79,419	-	-	79,419
Community development	-	-	654,234	654,234
Capital projects	1,734,014	1,635,808	-	3,369,822
Debt service:				
Principal retirement	40,071	-	-	40,071
Interest and other fiscal charges	6,113	-	-	6,113
Total expenditures	<u>\$ 7,988,759</u>	<u>\$ 1,635,808</u>	<u>\$ 654,234</u>	<u>\$ 10,278,801</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,131,894)</u>	<u>\$ (833,057)</u>	<u>\$ (20,942)</u>	<u>\$ (1,985,893)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 159,081	\$ 569,440	\$ -	\$ 728,521
Transfers out	(519,440)	-	-	(519,440)
Issuance of USDA loan	498,300	-	-	498,300
Total other financing sources (uses)	<u>\$ 137,941</u>	<u>\$ 569,440</u>	<u>\$ -</u>	<u>\$ 707,381</u>
Net change in fund balances	\$ (993,953)	\$ (263,617)	\$ (20,942)	\$ (1,278,512)
Fund balances - beginning	748,884	102,254	611,945	1,463,083
Fund balances - ending (deficit)	<u>\$ (245,069)</u>	<u>\$ (161,363)</u>	<u>\$ 591,003</u>	<u>\$ 184,571</u>

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

Town of Blackstone, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds \$ (1,278,512)

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

Capital asset additions	\$ 3,480,877	
Depreciation expense	<u>(839,124)</u>	2,641,753

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

Property taxes	(118)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. A summary of items supporting this adjustment is as follows:

Issuance of USDA loans	\$ (498,300)	
Principal retirement on equipment purchase agreements	11,299	
Principal retired on lease liability	3,185	
Principal retirement on USDA loans	<u>25,587</u>	(458,229)

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

(Increase) decrease in compensated absences	\$ (9,674)	
Pension expense	58,946	
OPEB expense	<u>(3,326)</u>	45,946

Change in net position of governmental activities	<u><u>\$ 950,840</u></u>
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The notes to financial statements are an integral part of this statement.

Town of Blackstone, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Funds		
	Water and		
	Electric	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,227,999	\$ 1,565,456	\$ 6,793,455
Cash in custody of others	-	118,381	118,381
Accounts receivables, net of allowance for uncollectibles	422,906	189,738	612,644
Due from other governmental units	124,048	62,263	186,311
Total current assets	\$ 5,774,953	\$ 1,940,288	\$ 7,715,241
Noncurrent assets:			
Net pension asset	\$ 126,868	\$ 184,497	\$ 311,365
Capital assets (net of depreciation):			
Land	\$ 238,213	\$ 11,362	\$ 249,575
Utility plant in service	502,534	13,839,929	14,342,463
Machinery and equipment	254,775	271,246	526,021
Construction in progress	-	655,584	655,584
Total capital assets	\$ 995,522	\$ 14,778,121	\$ 15,773,643
Total noncurrent assets	\$ 1,122,390	\$ 14,962,618	\$ 16,085,008
Total assets	\$ 6,897,343	\$ 16,902,906	\$ 23,800,249
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 50,131	\$ 66,579	\$ 116,710
OPEB related items	8,903	13,291	22,194
Deferred amount on refunding	-	75,214	75,214
Total deferred outflows of resources	\$ 59,034	\$ 155,084	\$ 214,118
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 349,792	\$ 306,362	\$ 656,154
Accrued interest payable	-	80,774	80,774
Customer deposits payable	-	318,906	318,906
Short-term note payable	-	600,000	600,000
Compensated absences - current portion	2,727	5,268	7,995
USDA loans - current portion	-	14,247	14,247
Tobacco loan - current portion	-	8,900	8,900
Bonds payable - current portion	-	516,200	516,200
Total current liabilities	\$ 352,519	\$ 1,850,657	\$ 2,203,176
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 24,547	\$ 47,409	\$ 71,956
USDA loans - net of current portion	-	88,631	88,631
Tobacco loan - net of current portion	-	31,150	31,150
Bonds payable - net of current portion	-	10,071,018	10,071,018
Net OPEB liability	15,910	23,757	39,667
Total noncurrent liabilities	\$ 40,457	\$ 10,261,965	\$ 10,302,422
Total liabilities	\$ 392,976	\$ 12,112,622	\$ 12,505,598
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 144,424	\$ 208,923	\$ 353,347
OPEB related items	6,893	10,292	17,185
Total deferred inflows of resources	\$ 151,317	\$ 219,215	\$ 370,532
NET POSITION			
Net investment in capital assets	\$ 995,522	\$ 4,123,189	\$ 5,118,711
Restricted for net pension asset	126,868	184,497	311,365
Unrestricted	5,289,694	418,467	5,708,161
Total net position	\$ 6,412,084	\$ 4,726,153	\$ 11,138,237

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

Town of Blackstone, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	Water and		
	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ -	\$ 3,134,378	\$ 3,134,378
Electricity	4,795,209	-	4,795,209
Miscellaneous	26,155	12,975	39,130
Total operating revenues	<u>\$ 4,821,364</u>	<u>\$ 3,147,353</u>	<u>\$ 7,968,717</u>
OPERATING EXPENSES			
Personnel services	\$ 363,172	\$ 564,819	\$ 927,991
Fringe benefits	88,099	180,844	268,943
Contractual services	68,793	236,975	305,768
Electric power purchased	2,393,101	-	2,393,101
Other supplies and expenses	1,298,667	826,746	2,125,413
Depreciation	186,029	861,606	1,047,635
Total operating expenses	<u>\$ 4,397,861</u>	<u>\$ 2,670,990</u>	<u>\$ 7,068,851</u>
Operating income (loss)	<u>\$ 423,503</u>	<u>\$ 476,363</u>	<u>\$ 899,866</u>
NONOPERATING REVENUES (EXPENSES)			
Connection/reconnection fees	\$ 9,493	\$ 19,235	\$ 28,728
Pole attachment fees	43,020	-	43,020
State grant	-	44,500	44,500
Federal grants	45,584	5,420	51,004
Interest income	32,211	30,933	63,144
Interest expense	-	(226,978)	(226,978)
Total nonoperating revenues (expenses)	<u>\$ 130,308</u>	<u>\$ (126,890)</u>	<u>\$ 3,418</u>
Income before transfers	<u>\$ 553,811</u>	<u>\$ 349,473</u>	<u>\$ 903,284</u>
Transfers out	<u>\$ (209,081)</u>	<u>\$ -</u>	<u>\$ (209,081)</u>
Change in net position	<u>\$ 344,730</u>	<u>\$ 349,473</u>	<u>\$ 694,203</u>
Total net position - beginning	6,067,354	4,376,680	10,444,034
Total net position - ending	<u>\$ 6,412,084</u>	<u>\$ 4,726,153</u>	<u>\$ 11,138,237</u>

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

Town of Blackstone, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	Electric	Water and Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,977,347	\$ 3,101,493	\$ 8,078,840
Payments for operating expenses	(3,803,223)	(1,031,775)	(4,834,998)
Payments to and for employees	(488,491)	(763,813)	(1,252,304)
Net cash provided by (used for) operating activities	\$ 685,633	\$ 1,305,905	\$ 1,991,538
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (209,081)	\$ -	\$ (209,081)
Net cash provided by (used for) noncapital financing activities	\$ (209,081)	\$ -	\$ (209,081)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (205,292)	\$ (1,776,745)	\$ (1,982,037)
Principal payments on bonds and loans	-	(525,009)	(525,009)
Connection fees	9,493	19,235	28,728
Pole attachment fees	43,020	-	43,020
Construction grants	146,601	72,630	219,231
Issuance of tobacco loan	-	44,500	44,500
Issuance of short term note payable	-	600,000	600,000
Proceeds from indebtedness	-	1,070,000	1,070,000
Interest payments	-	(206,896)	(206,896)
Net cash provided by (used for) capital and related financing activities	\$ (6,178)	\$ (702,285)	\$ (708,463)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 32,211	\$ 30,933	\$ 63,144
Net cash provided by (used for) investing activities	\$ 32,211	\$ 30,933	\$ 63,144
Net increase (decrease) in cash and cash equivalents	\$ 502,585	\$ 634,553	\$ 1,137,138
Cash and cash equivalents - beginning	4,725,414	930,903	5,656,317
Cash and cash equivalents - ending	\$ 5,227,999	\$ 1,565,456	\$ 6,793,455
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 423,503	\$ 476,363	\$ 899,866
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	186,029	861,606	1,047,635
(Increase) decrease in cash in custody of others	-	(60,443)	(60,443)
(Increase) decrease in accounts receivable	155,983	(8,160)	147,823
(Increase) decrease in net pension asset/liability	(126,868)	(184,497)	(311,365)
Increase (decrease) in customer deposits payable	-	22,743	22,743
Increase (decrease) in accounts payable	(42,662)	36,396	(6,266)
Increase (decrease) in compensated absences	(7,719)	3,089	(4,630)
Total adjustments	\$ 262,130	\$ 829,542	\$ 1,091,672
Net cash provided by (used for) operating activities	\$ 685,633	\$ 1,305,905	\$ 1,991,538

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

Government-wide and Fund Financial Statements (Continued)

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

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

B. Individual Component Unit Disclosures

Blended Component Units. The Town has no blended component units at June 30, 2022.

Discretely Presented Component Units. The Town has no discretely presented component units at June 30, 2022.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, and postemployment benefits are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Fund

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

c. Capital Projects Fund

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

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

2. Proprietary Funds

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

a. Enterprise Funds

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues consist of charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents

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

E. Investments

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

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

F. Prepaid Items

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$403,370 at June 30, 2022 and is comprised of property taxes of \$15,003, electric revenues of \$295,467, and water and sewer charges of \$92,900.

Real and Personal Property Tax Data:

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

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

The Town bills and collects its own property taxes.

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

H. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of Town are depreciated/amortized using the straight-line method over the following estimated useful lives

Assets	Years
Buildings and Improvements	10-40
Machinery and Equipment	5-10
Lease Equipment	2-5
Infrastructure	20-40
Utility Plant	20-40

I. Leases

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity’s nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The Town recognizes lease liabilities and intangible right-to-use lease assets (leased equipment) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The leased equipment is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The Town recognizes leases receivable and deferred inflows of resources in the government-wide fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

I. Leases (Continued)

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the School Board uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

J. Compensated Absences

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

K. Use of Estimates

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

L. Net Position

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

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

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

M. Long-term Obligations

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

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

N. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance". The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

N. Fund Balance (Continued)

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

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

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

N. Fund Balance (Continued)

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

	General	Capital Projects	Special Revenue	Total
Fund balances:				
Nonspendable:				
Cemetery perpetual care	\$ -	\$ -	\$ 236,031	\$ 236,031
Total nonspendable fund balance	\$ -	\$ -	\$ 236,031	\$ 236,031
Restricted:				
Cemetery	\$ -	\$ -	\$ 50,671	\$ 50,671
Bus	-	-	304,301	304,301
Asset forfeiture	7,865	-	-	7,865
Youth donations	3,312	-	-	3,312
Vending	1,458	-	-	1,458
Special donations	2,241	-	-	2,241
Benefit bass tournament	2,257	-	-	2,257
National night out	89	-	-	89
Neighborhood cookouts	54	-	-	54
S. Wray donation	9,796	-	-	9,796
Shop with a Cop Program	3,255	-	-	3,255
Total restricted fund balance	\$ 30,327	\$ -	\$ 354,972	\$ 385,299
Unassigned	\$ (275,396)	\$ (161,363)	\$ -	\$ (436,759)
Total fund balances	\$ (245,069)	\$ (161,363)	\$ 591,003	\$ 184,571

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis amounts prepaid are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

P. Pensions

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

Q. Other Postemployment Benefits

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

Note 2—Stewardship, Compliance, and Accounting:

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

1. Prior to June 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Capital Projects, and Special Revenue Funds of the primary government.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 every year.
8. All budgetary data presented in the accompanying financial statements is from the revised budget as of June 30, 2022, as adopted, appropriated and legally amended.

Expenditures and Appropriations

Expenditures exceeded appropriations by \$1,604,234 in the General fund at June 30, 2022.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 3—Deposits and Investments:

Deposits

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

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Note 4—Due from Other Governments:

At June 30, 2022, the Town has receivables from other governments as follows:

	Governmental Activities	Business-type Activities
Other Local Governments:		
County of Nottoway	\$ 41,599	\$ -
Commonwealth of Virginia:		
Rolling stock tax	5,483	-
DMV	3,017	-
Communications tax	2,037	-
Fort Pickett water and sewer payment	-	62,263
SERCAP funding	89,708	
VDOT revenue sharing reimbursement	177,354	-
Federal Government:		
FEMA grant	90,216	124,048
Airport grant	315,698	
Transportation grant	64,296	-
Total due from other governments	<u>\$ 789,408</u>	<u>\$ 186,311</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Adjustments	Adjusted Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Governmental activities:</i>						
Capital assets not subject to depreciation:						
Land	\$ 1,192,822	\$ -	\$ 1,192,822	\$ -	\$ -	\$ 1,192,822
Construction in progress	102,971	-	102,971	1,271,211	11,450	1,362,732
Total capital assets not subject to depreciation	\$ 1,295,793	\$ -	\$ 1,295,793	\$ 1,271,211	\$ 11,450	\$ 2,555,554
Capital assets subject to depreciation:						
Buildings and improvements	\$ 8,433,418	\$ -	\$ 8,433,418	\$ 258,525	\$ -	\$ 8,691,943
Infrastructure	2,818,379	-	2,818,379	393,275	-	3,211,654
Lease equipment	-	10,687	10,687	-	-	10,687
Machinery and equipment	5,002,112	-	5,002,112	1,569,316	95,213	6,476,215
Total capital assets subject to depreciation	\$ 16,253,909	\$ 10,687	\$ 16,264,596	\$ 2,221,116	\$ 95,213	\$ 18,390,499
Accumulated depreciation:						
Buildings and improvements	\$ 3,456,310	\$ -	\$ 3,456,310	\$ 218,026	\$ -	\$ 3,674,336
Infrastructure	660,657	-	660,657	99,247	-	759,904
Lease equipment	-	-	-	3,375	-	3,375
Machinery and equipment	3,755,136	-	3,755,136	518,476	95,213	4,178,399
Total accumulated depreciation	\$ 7,872,103	\$ -	\$ 7,872,103	\$ 839,124	\$ 95,213	\$ 8,616,014
Total capital assets subject to depreciation, net	\$ 8,381,806	\$ 10,687	\$ 8,392,493	\$ 1,381,992	\$ -	\$ 9,774,485
Governmental activities capital assets, net	\$ 9,677,599	\$ 10,687	\$ 9,688,286	\$ 2,653,203	\$ 11,450	\$ 12,330,039

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 249,575	\$ -	\$ -	\$ 249,575
Construction in progress	590,205	655,584	590,205	655,584
Total capital assets not subject to depreciation	\$ 839,780	\$ 655,584	\$ 590,205	\$ 905,159
Capital assets subject to depreciation:				
Utility plant in service	\$ 31,163,999	\$ 1,880,578	\$ -	\$ 33,044,577
Buildings	24,852	-	-	24,852
Machinery and equipment	1,870,741	36,080	-	1,906,821
Total capital assets subject to depreciation	\$ 33,059,592	\$ 1,916,658	\$ -	\$ 34,976,250
Accumulated depreciation:				
Utility plant in service	\$ 17,752,494	\$ 949,620	\$ -	\$ 18,702,114
Buildings	24,852	-	-	24,852
Machinery and equipment	1,282,785	98,015	-	1,380,800
Total accumulated depreciation	\$ 19,060,131	\$ 1,047,635	\$ -	\$ 20,107,766
Total capital assets subject to depreciation, net	\$ 13,999,461	\$ 869,023	\$ -	\$ 14,868,484
Business-type activities capital assets, net	\$ 14,839,241	\$ 1,524,607	\$ 590,205	\$ 15,773,643

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 35,706
Public safety	327,495
Public works	179,765
Health and welfare	63,637
Parks, recreation and cultural	45,786
Community development	186,735
Total depreciation expense - governmental activities	<u>\$ 839,124</u>
Business-type activities:	
Electric fund	\$ 186,029
Water and Sewer fund	861,606
Total depreciation expense - business-type activities	<u>\$ 1,047,635</u>
Total depreciation expense - primary government	<u><u>\$ 1,886,759</u></u>

Note 6—Long-term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2022:

	Balance at July 1, 2021	Adjustments	Adjusted Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities:							
Compensated absences	\$ 104,026	\$ -	\$ 104,026	\$ 20,077	\$ 10,403	\$ 113,700	\$ 11,370
Net OPEB liability	122,221	-	122,221	41,959	67,860	96,320	-
Net pension liability	269,180	-	269,180	872,063	1,141,243	-	-
Equipment purchase agreement	33,898	-	33,898	-	11,299	22,599	11,299
Lease liability	-	10,687	10,687	-	3,185	7,502	3,357
Direct borrowings:							
USDA loans	57,421	-	57,421	498,300	25,587	530,134	63,038
Total Governmental Activities	<u>\$ 586,746</u>	<u>\$ 10,687</u>	<u>\$ 597,433</u>	<u>\$ 1,432,399</u>	<u>\$ 1,259,577</u>	<u>\$ 770,255</u>	<u>\$ 89,064</u>
Business-type Activities:							
Compensated absences	\$ 84,581	\$ -	\$ 84,581	\$ 3,828	\$ 8,458	\$ 79,951	\$ 7,995
Net OPEB liability	56,178	-	56,178	17,280	33,791	39,667	-
Net pension liability	110,481	-	110,481	335,288	445,769	-	-
General obligation bonds	8,274,000	-	8,274,000	1,070,000	371,981	8,972,019	381,563
Revenue bonds	1,749,836	-	1,749,836	-	134,637	1,615,199	134,637
Direct borrowings:							
Tobacco loan	-	-	-	44,500	4,450	40,050	8,900
USDA loans	116,819	-	116,819	-	13,941	102,878	14,247
Total Business-type Activities	<u>\$ 10,391,895</u>	<u>\$ -</u>	<u>\$ 10,391,895</u>	<u>\$ 1,470,896</u>	<u>\$ 1,013,027</u>	<u>\$ 10,849,764</u>	<u>\$ 547,342</u>
Total Primary Government	<u><u>\$ 10,978,641</u></u>	<u><u>\$ 10,687</u></u>	<u><u>\$ 10,989,328</u></u>	<u><u>\$ 2,903,295</u></u>	<u><u>\$ 2,272,604</u></u>	<u><u>\$ 11,620,019</u></u>	<u><u>\$ 636,406</u></u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6—Long-term Obligations: (Continued)

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

Year Ending June 30	Governmental Activities					
	Direct Borrowings				Equipment	
	USDA Loans		Lease Liability		Purchase Agreement	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 63,038	\$ 10,714	\$ 3,357	\$ 314	\$ 11,299	\$ -
2024	64,413	9,339	3,537	133	11,300	-
2025	65,818	7,934	608	4	-	-
2026	56,477	6,579	-	-	-	-
2027	49,158	5,470	-	-	-	-
2028	46,351	4,457	-	-	-	-
2029	47,345	3,463	-	-	-	-
2030	48,361	2,447	-	-	-	-
2031	49,315	1,409	-	-	-	-
2032	39,858	57	-	-	-	-
Total	<u>\$ 530,134</u>	<u>\$ 51,869</u>	<u>\$ 7,502</u>	<u>\$ 451</u>	<u>\$ 22,599</u>	<u>\$ -</u>

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6—Long-term Obligations: (Continued)

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

Year Ending June 30	Business-type Activities							
	Revenue Bonds		General Obligation Bonds		Direct Borrowings			
	Principal	Interest	Principal	Interest	Tobacco Loan		USDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 134,637	\$ -	\$ 381,563	\$ 146,661	\$ 8,900	\$ -	\$ 14,247	\$ 2,169
2024	134,637	-	391,013	136,918	8,900	-	14,571	1,845
2025	134,637	-	401,141	126,935	8,900	-	14,903	1,513
2026	134,637	-	411,450	116,692	8,900	-	12,662	1,189
2027	134,637	-	421,446	106,187	4,450	-	11,043	933
2028	134,637	-	432,633	95,426	-	-	11,294	682
2029	134,637	-	443,516	84,379	-	-	11,550	425
2030	134,637	-	454,599	73,057	-	-	11,813	163
2031	134,637	-	465,890	61,449	-	-	795	2
2032	134,637	-	477,891	49,553	-	-	-	-
2033	134,637	-	489,609	37,351	-	-	-	-
2034	134,192	-	502,050	24,848	-	-	-	-
2035	-	-	514,718	12,029	-	-	-	-
2036	-	-	149,500	3,708	-	-	-	-
TBD	-	-	3,035,000	-	-	-	-	-
Total	<u>\$ 1,615,199</u>	<u>\$ -</u>	<u>\$ 8,972,019</u>	<u>\$ 1,075,193</u>	<u>\$ 40,050</u>	<u>\$ -</u>	<u>\$ 102,878</u>	<u>\$ 8,921</u>

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Total Amount</u>
<u>Governmental Activities:</u>	
<u>Equipment Purchase Agreement:</u>	
\$64,200 equipment purchase agreement, dated September 1, 2018, due in varying annual installments through September 1, 2023, with 0% interest.	\$ 22,599
<u>Lease liability:</u>	
\$10,687 copier lease, due in monthly installments of \$306 through August 27, 2024, interest at 5.25%.	\$ 7,502
<u>Direct Borrowing:</u>	
<u>USDA Loans:</u>	
\$67,000 USDA loan issued September 10, 2020, due in monthly installments of \$1,182 through September 10, 2025 with interest due at 2.25%.	\$ 44,395
\$21,000 USDA loan issued July 28, 2021, due in monthly installments of \$371 through June 28, 2026 with interest due at 2.25%.	16,979
\$20,300 USDA loan issued June 9, 2022, due in monthly installments of \$359 through May 9, 2027 with interest due at 2.25%.	20,300
\$78,000 USDA loan issued March 3, 2022, due in monthly installments of \$723 through March 3, 2032 with interest due at 2.125%.	75,653
\$275,000 USDA loan issued April 11, 2022, due in monthly installments of \$2,547 through March 11, 2032 with interest due at 2.125%.	268,807
\$104,000 USDA loan issued June 15, 2022, due in monthly installments of \$964 through June 15, 2032 with interest due at 2.125%.	104,000
Total USDA Loans	\$ 530,134
Compensated absences (payable from General Fund)	\$ 113,700
Net OPEB liability	\$ 96,320
Total Long-term Obligations, Governmental Activities	\$ 770,255

The Town's outstanding notes from direct borrowing related to governmental activities of \$530,134 and business-type activities of \$102,878 contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

Business-type Activities:

Revenue Bond:

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

\$ 1,615,199

Total Revenue Bonds

\$ 1,615,199

General Obligation Bonds:

\$4,405,000 Refunding General Obligation Bond, issued July 25, 2020, due in annual principal installments through August 1, 2034; interest payable semi-annually at rate of 2.55%.

\$ 4,139,519

\$2,421,000 Refunding General Obligation Bond, issued July 7, 2016, due in annual principal installments through February 1, 2036; interest payable semi-annually at rate of 2.48%.

1,797,500

\$3,035,000 general obligation bond issued March 5, 2020, repayment date still to be determined.

3,035,000

Total General Obligation Bonds

\$ 8,972,019

Direct Borrowing:

USDA Loans:

\$21,000 USDA loan issued August 6, 2020, due in monthly installments of \$370 through November 3, 2025 with interest due at 2.25%.

\$ 14,601

\$107,000 USDA loan issued July 1, 2020, due in monthly installments of \$998 through July 1, 2030 with interest due at 2.25%.

88,277

Total USDA Loans

\$ 102,878

Tobacco loan:

\$44,500 tobacco loan, issued September 7, 2021, due in semi-annual installments of \$4,450 through August 1, 2026, interest at 0%.

\$ 40,050

Compensated absences (payable from Enterprise Funds)

\$ 79,951

Net OPEB liability

\$ 39,667

Total Long-term Obligations, Business-type Activities

\$ 10,849,764

Total Long-term Obligations, Primary Government

\$ 11,620,019

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 7—Leases Receivable:

The Town leases a tower and parking spaces to tenants under the following lease contracts. In fiscal year 2022, the Town recognized lease revenue and interest revenue in the amount of \$25,897 and 5,253, respectively. A description of the leases are as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
Medical center	7/1/2021	6/1/2029	Monthly	3.25%	\$ 146,939
Airport FBO building	7/1/2021	1/1/2023	Monthly	3.25%	2,080
Post Office parking lot	7/1/2021	6/1/2027	Monthly	3.25%	14,523
Total					<u>\$ 163,542</u>

Note 8—Deferred/Unavailable Revenue:

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

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$55,521 at June 30, 2022.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2022 but paid in advance by the taxpayers totaled \$10,020 at June 30, 2022.

Note 9—Litigation:

At June 30, 2022, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

Note 10—Risk Management:

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Pension Plans:

Plan Description

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

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

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:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	29
Inactive members:	
Vested inactive members	15
Non-vested inactive members	25
Inactive members active elsewhere in VRS	40
Total inactive members	80
Active members	53
Total covered employees	162

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Pension Plans: (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 employer contribution rate for the year ended June 30, 2022 was 5.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$151,245 and \$132,411 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset/Liability

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

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 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%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75, net of pension plan investment expenses, including inflation

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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 for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 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%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

- Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years
- Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Pension Plans: (Continued)

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

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 for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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 Strate	6.00%	3.29%	0.20%
PIP - Private Investment Partner	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

The above allocation provides a one-year expected 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 return for the System, stochastic projections are employed to model future returns under various economic conditions. These 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 return of 6.75% which was roughly at the 40th 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%.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Pension Plans: (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; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 9,355,188	\$ 8,975,527	\$ 379,661
Changes for the year:			
Service cost	\$ 245,192	\$ -	\$ 245,192
Interest	615,955	-	615,955
Assumption changes	314,812	-	314,812
Differences between expected and actual experience	44,751	-	44,751
Contributions - employer		132,304	(132,304)
Contributions - employee		114,421	(114,421)
Net investment income		2,434,684	(2,434,684)
Benefit payments, including refunds	(459,862)	(459,862)	-
Administrative expenses	-	(6,109)	6,109
Other changes	-	230	(230)
Net changes	\$ 760,848	\$ 2,215,668	\$ (1,454,820)
Balances at June 30, 2021	\$ 10,116,036	\$ 11,191,195	\$ (1,075,159)

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Pension Plans: (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability (Asset)	\$ 343,225	\$ (1,075,159)	\$ (2,232,389)

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 \$54,544. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,882	\$ -
Change in assumptions	189,389	-
Net difference between projected and actual earnings on pension plan investments	-	1,209,191
Proportionate Share	4,376	4,376
Employer contributions subsequent to the measurement date	151,245	-
Total	\$ 373,892	\$ 1,213,567

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Pension Plans: (Continued)

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

\$151,245 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2023	\$ (138,492)
2024	(203,489)
2025	(281,695)
2026	(367,244)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive 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.

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

Plan Description

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$14,986 and \$13,027 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the entity reported a liability of \$135,987 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.01170% as compared to 0.01069% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$5,250. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,510	\$ 1,036
Net difference between projected and actual earnings on GLI OPEB plan investments	-	32,457
Change in assumptions	7,497	18,606
Changes in proportionate share	15,389	6,815
Employer contributions subsequent to the measurement date	<u>14,986</u>	<u>-</u>
Total	<u>\$ 53,382</u>	<u>\$ 58,914</u>

\$14,986 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (7,020)
2024	(4,401)
2025	(2,848)
2026	(6,960)
2027	711
Thereafter	-

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

Actuarial Assumptions

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

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides 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 return for the System, stochastic projections are employed to model future returns under various economic conditions. These 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 return of 6.75%, which was roughly at the 40th 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%.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 198,682	\$ 135,987	\$ 85,358

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive 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.

Note 13—Surety Bonds:

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 14—Interfund Transfers:

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 159,081	\$ 519,440
Capital projects	569,440	-
Electric	-	209,081
Total	<u>\$ 728,521</u>	<u>\$ 728,521</u>

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

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

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VML. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2022 was \$25,389.

Note 16—Commitments and Contingencies:

Federal programs in which the Town participates were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of the Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 16—Commitments and Contingencies: (Continued)

While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The Town is committed on a construction contract with DH.G. Reynolds Company, Inc. for Main Street Improvements, Phase II-B. The construction contract total is \$1,043,505 with \$1,043,505 outstanding at June 30, 2022.

The Town is committed on a construction contract with J.R. Caskey, Inc. for Apron rehabilitation project. The construction contract total is \$498,757 with \$319,368 outstanding at June 30, 2022.

Note 17 Adoption of Accounting Principles:

The Town implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

Primary Government:

	Governmental Activities	General Fund	Capital Projects
Lessee activity:			
Lease assets	\$ 10,687	\$ -	\$ -
Lease liabilities	\$ 10,687	\$ -	\$ -
Lessor activity:			
Leases receivable	\$ 163,542	\$ 16,603	\$ 146,939
Deferred inflows of resources - leases	\$ 163,542	\$ 16,603	\$ 146,939

Note 18—Upcoming Pronouncements:

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 18—Upcoming Pronouncements: (Continued)

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

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

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

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

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to Town, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

On June 5, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,158,936 from the initial allocation are reported as unearned revenue as of June 30. On July 2, 2022, the Town received its share of the second half of the CSLFRF funds.

Note 20—Short-Term Note Payable:

On July 1, 2021, the Town obtained short-term financing in the form of a revenue anticipation note. The due date of repayment was originally June 30, 2022. However, the Town obtained an extended due date of August 11, 2022, when the note was paid back in full. As of June 30, 2022, the balance owed was \$600,000

Town of Blackstone, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 495,700	\$ 528,800	\$ 525,946	\$ (2,854)
Other local taxes	1,208,000	1,395,540	1,552,076	156,536
Permits, privilege fees, and regulatory licenses	4,250	4,250	6,506	2,256
Fines and forfeitures	18,500	18,500	24,249	5,749
Revenue from the use of money and property	29,100	171,250	64,524	(106,726)
Charges for services	654,000	654,000	729,368	75,368
Miscellaneous	15,000	83,885	100,220	16,335
Recovered costs	769,184	811,010	799,940	(11,070)
Intergovernmental:				
Commonwealth	1,266,875	1,324,116	1,749,347	425,231
Federal	857,000	1,855,079	1,304,689	(550,390)
Total revenues	\$ 5,317,609	\$ 6,846,430	\$ 6,856,865	\$ 10,435
EXPENDITURES				
Current:				
General government administration	\$ 1,050,440	\$ 1,108,270	\$ 1,194,310	\$ (86,040)
Public safety	1,508,240	1,545,357	1,679,907	(134,550)
Public works	1,900,199	2,158,880	3,254,925	(1,096,045)
Parks, recreation, and cultural	23,800	23,800	79,419	(55,619)
Capital projects	1,327,000	1,492,366	1,734,014	(241,648)
Debt service:				
Principal retirement	48,462	48,462	40,071	8,391
Interest and other fiscal charges	7,390	7,390	6,113	1,277
Total expenditures	\$ 5,865,531	\$ 6,384,525	\$ 7,988,759	\$ (1,604,234)
Excess (deficiency) of revenues over (under) expenditures	\$ (547,922)	\$ 461,905	\$ (1,131,894)	\$ (1,593,799)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 159,081	\$ 159,081	\$ 159,081	\$ -
Transfers out	(88,639)	(1,166,830)	(519,440)	647,390
Issuance of USDA loan	-	-	498,300	498,300
Total other financing sources (uses)	\$ 70,442	\$ (1,007,749)	\$ 137,941	\$ 1,145,690
Net change in fund balances	\$ (477,480)	\$ (545,844)	\$ (993,953)	\$ (448,109)
Fund balances - beginning	477,480	545,844	748,884	203,040
Fund balances - ending	\$ -	\$ -	\$ (245,069)	\$ (245,069)

Town of Blackstone, Virginia
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ 4,885	\$ 2,385
Charges for services	57,061	57,061	69,784	12,723
Miscellaneous	-	-	6,361	6,361
Recovered costs	78,117	78,117	76,957	(1,160)
Intergovernmental:				
Commonwealth	135,517	135,517	155,472	19,955
Federal	371,301	371,301	319,833	(51,468)
Total revenues	<u>\$ 644,496</u>	<u>\$ 644,496</u>	<u>\$ 633,292</u>	<u>\$ (11,204)</u>
EXPENDITURES				
Current:				
Community development	\$ 675,655	\$ 685,395	\$ 654,234	\$ 31,161
Total expenditures	<u>\$ 675,655</u>	<u>\$ 685,395</u>	<u>\$ 654,234</u>	<u>\$ 31,161</u>
Net change in fund balances	\$ (31,159)	\$ (40,899)	\$ (20,942)	\$ 19,957
Fund balances - beginning	31,159	40,899	611,945	571,046
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,003</u>	<u>\$ 591,003</u>

Town of Blackstone, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 245,192	\$ 221,634	\$ 203,635
Interest	615,955	586,553	514,506
Changes in benefit terms	-	-	502,413
Changes of assumptions	314,812	-	265,280
Differences between expected and actual experience	44,751	7,482	168,969
Benefit payments	(459,862)	(300,314)	(330,120)
Net change in total pension liability	\$ 760,848	\$ 515,355	\$ 1,324,683
Total pension liability - beginning	9,355,188	8,839,833	7,515,150
Total pension liability - ending (a)	<u>\$ 10,116,036</u>	<u>\$ 9,355,188</u>	<u>\$ 8,839,833</u>
 Plan fiduciary net position			
Contributions - employer	\$ 132,304	\$ 80,360	\$ 78,286
Contributions - employee	114,421	103,859	97,314
Net investment income	2,434,684	170,699	565,201
Benefit payments	(459,862)	(300,314)	(330,120)
Administrator charges	(6,109)	(5,796)	(5,631)
Other	230	(202)	(356)
Net change in plan fiduciary net position	\$ 2,215,668	\$ 48,606	\$ 404,694
Plan fiduciary net position - beginning	8,975,527	8,926,921	8,522,227
Plan fiduciary net position - ending (b)	<u>\$ 11,191,195</u>	<u>\$ 8,975,527</u>	<u>\$ 8,926,921</u>
 Town's net pension liability (asset) - ending (a) - (b)	\$ (1,075,159)	\$ 379,661	\$ (87,088)
 Plan fiduciary net position as a percentage of the total pension liability	110.63%	95.94%	100.99%
 Covered payroll	\$ 2,412,471	\$ 2,199,687	\$ 2,035,841
 Town's net pension liability (asset) as a percentage of covered payroll	-44.57%	17.26%	-4.28%

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

Exhibit 12

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

Town of Blackstone, Virginia
Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2022	\$ 151,245	\$ 151,245	\$ -	\$ 2,775,136	5.45%
2021	132,411	132,411	-	2,412,471	5.49%
2020	81,205	81,205	-	2,199,687	3.69%
2019	77,944	77,944	-	2,035,841	3.83%
2018	93,508	93,508	-	2,011,967	4.65%
2017	69,399	69,399	-	2,011,054	3.45%
2016	119,272	119,272	-	2,090,676	5.70%
2015	121,223	121,223	-	2,113,608	5.74%
2014	182,279	182,279	-	2,032,098	8.97%
2013	177,115	177,115	-	1,974,531	8.97%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Town of Blackstone, Virginia
Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 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:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Blackstone, Virginia
 Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.01170% \$	135,987 \$	2,412,471	5.64%	67.45%
2020	0.01069%	178,399	2,199,687	8.11%	52.64%
2019	0.01038%	168,910	2,035,841	8.30%	52.00%
2018	0.01058%	160,000	2,011,967	7.95%	51.22%
2017	0.01090%	164,000	2,011,054	8.15%	48.86%

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

Town of Blackstone, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2014 through June 30, 2022

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
2022	\$ 14,986	\$ 14,986	\$ -	\$ 2,775,136	0.54%
2021	13,027	13,027	-	2,412,471	0.54%
2020	11,438	11,438	-	2,199,687	0.52%
2019	10,586	10,586	-	2,035,841	0.52%
2018	10,462	10,462	-	2,011,967	0.52%
2017	10,457	10,457	-	2,011,054	0.52%
2016	10,035	10,035	-	2,090,676	0.48%
2015	9,368	9,368	-	2,113,608	0.44%
2014	10,063	10,063	-	2,032,098	0.50%

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

Town of Blackstone, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 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:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Blackstone, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Revenue from the use of money and property	\$ 23,800	\$ 23,800	\$ 25,629	\$ 1,829
Miscellaneous	22,700	22,700	58,446	35,746
Intergovernmental:				
Commonwealth	-	-	91,730	91,730
Federal	1,017,100	1,018,924	626,946	(391,978)
Total revenues	<u>\$ 1,063,600</u>	<u>\$ 1,065,424</u>	<u>\$ 802,751</u>	<u>\$ (262,673)</u>
EXPENDITURES				
Capital projects	\$ 1,161,130	\$ 1,649,914	\$ 1,635,808	\$ 14,106
Total expenditures	<u>\$ 1,161,130</u>	<u>\$ 1,649,914</u>	<u>\$ 1,635,808</u>	<u>\$ 14,106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (97,530)</u>	<u>\$ (584,490)</u>	<u>\$ (833,057)</u>	<u>\$ (248,567)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 107,480	\$ 594,440	\$ 569,440	\$ (25,000)
Transfers out	(9,950)	(9,950)	-	9,950
Total other financing sources (uses)	<u>\$ 97,530</u>	<u>\$ 584,490</u>	<u>\$ 569,440</u>	<u>\$ (15,050)</u>
Net change in fund balances	\$ -	\$ -	\$ (263,617)	\$ (263,617)
Fund balances - beginning	-	-	102,254	102,254
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (161,363)</u>	<u>\$ (161,363)</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 383,500	\$ 397,150	\$ 396,760	\$ (390)
Personal property taxes	100,700	116,175	117,477	1,302
Penalties	5,000	6,775	7,413	638
Interest	6,500	8,700	4,296	(4,404)
Total general property taxes	<u>\$ 495,700</u>	<u>\$ 528,800</u>	<u>\$ 525,946</u>	<u>\$ (2,854)</u>
Other local taxes:				
Local sales and use taxes	\$ 175,000	\$ 179,500	\$ 258,176	\$ 78,676
Consumption tax	15,000	15,000	14,142	(858)
Business license taxes	175,000	212,000	216,089	4,089
Motor vehicle licenses	50,000	50,000	57,976	7,976
Bank stock taxes	110,000	131,000	131,068	68
Cigarette taxes	90,000	90,000	87,318	(2,682)
Hotel and motel room taxes	18,000	31,000	34,242	3,242
Restaurant food taxes	575,000	687,040	753,065	66,025
Total other local taxes	<u>\$ 1,208,000</u>	<u>\$ 1,395,540</u>	<u>\$ 1,552,076</u>	<u>\$ 156,536</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 4,250	\$ 4,250	\$ 6,506	\$ 2,256
Fines and forfeitures:				
Court fines and forfeitures	\$ 18,500	\$ 18,500	\$ 24,249	\$ 5,749
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 152,150	\$ 46,075	\$ (106,075)
Revenue from use of property	19,100	19,100	18,449	(651)
Total revenue from use of money and property	<u>\$ 29,100</u>	<u>\$ 171,250</u>	<u>\$ 64,524</u>	<u>\$ (106,726)</u>
Charges for services:				
Charges for fire service	\$ 10,000	\$ 10,000	\$ 11,658	\$ 1,658
Charges for sanitation and waste removal	484,000	484,000	479,394	(4,606)
Charges for aviation fuel	160,000	160,000	238,316	78,316
Total charges for services	<u>\$ 654,000</u>	<u>\$ 654,000</u>	<u>\$ 729,368</u>	<u>\$ 75,368</u>
Miscellaneous:				
Miscellaneous	\$ 15,000	\$ 83,885	\$ 100,220	\$ 16,335

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2022

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
General administration allocation	\$ 533,124	\$ 553,124	\$ 553,125	\$ 1
DMV	34,500	34,500	28,985	(5,515)
Garage labor	60,000	60,000	63,543	3,543
Recovered costs	25,000	46,826	53,266	6,440
County fire and rescue	42,000	42,000	-	(42,000)
County recreation	2,000	2,000	2,000	-
Fire contribution	55,560	55,560	82,782	27,222
Excise tax refund	7,000	7,000	16,239	9,239
Total recovered costs	<u>\$ 769,184</u>	<u>\$ 811,010</u>	<u>\$ 799,940</u>	<u>\$ (11,070)</u>
Total revenue from local sources	<u>\$ 3,193,734</u>	<u>\$ 3,667,235</u>	<u>\$ 3,802,829</u>	<u>\$ 135,594</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ -	\$ -	\$ 225	\$ 225
Rolling stock tax	6,000	6,000	5,532	(468)
Auto rental tax	-	6,900	6,918	18
Games of skill	-	576	1,152	576
Communications tax	13,000	13,000	12,735	(265)
Personal property tax relief funds	42,985	42,985	42,986	1
Total noncategorical aid	<u>\$ 61,985</u>	<u>\$ 69,461</u>	<u>\$ 69,548</u>	<u>\$ 87</u>
Categorical aid:				
Other categorical aid:				
Streets and highway maintenance	\$ 1,100,000	\$ 1,149,765	\$ 1,149,766	\$ 1
DJCP grants for law enforcement	90,780	90,780	107,194	16,414
Litter control	2,000	2,000	2,479	479
Fire programs and grants	12,110	12,110	15,000	2,890
Fire assistance grant	-	-	2,123	2,123
Airport grants	-	-	369,832	369,832
FEMA grant	-	-	33,405	33,405
Total other categorical aid	<u>\$ 1,204,890</u>	<u>\$ 1,254,655</u>	<u>\$ 1,679,799</u>	<u>\$ 425,144</u>
Total categorical aid	<u>\$ 1,204,890</u>	<u>\$ 1,254,655</u>	<u>\$ 1,679,799</u>	<u>\$ 425,144</u>
Total revenue from the Commonwealth	<u>\$ 1,266,875</u>	<u>\$ 1,324,116</u>	<u>\$ 1,749,347</u>	<u>\$ 425,231</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2022

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Other categorical aid:				
Transportation safety	\$ -	\$ -	\$ 9,590	\$ 9,590
USDA grant	843,000	843,000	324,700	(518,300)
FEMA grant	-	147,746	204,556	56,810
Department of Justice grant	14,000	16,876	14,055	(2,821)
ARPA grant	-	679,543	568,010	(111,533)
CARES grant	-	167,914	183,778	15,864
Total other categorical aid	\$ 857,000	\$ 1,855,079	\$ 1,304,689	\$ (550,390)
Total revenue from the federal government	\$ 857,000	\$ 1,855,079	\$ 1,304,689	\$ (550,390)
Total General Fund	\$ 5,317,609	\$ 6,846,430	\$ 6,856,865	\$ 10,435
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,500	\$ 2,500	\$ 4,885	\$ 2,385
Charges for services:				
Charges for cemetery care	\$ 500	\$ 500	\$ 40	\$ (460)
Cemetery lot sales	11,300	11,300	9,920	(1,380)
Charges for bus fares	45,261	45,261	59,824	14,563
Total charges for services	\$ 57,061	\$ 57,061	\$ 69,784	\$ 12,723
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 6,361	\$ 6,361
Recovered costs:				
Reimbursement from localities	\$ 78,117	\$ 78,117	\$ 76,957	\$ (1,160)
Total revenue from local sources	\$ 137,678	\$ 137,678	\$ 157,987	\$ 20,309
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grant	\$ 135,517	\$ 135,517	\$ 155,472	\$ 19,955
Total revenue from the Commonwealth	\$ 135,517	\$ 135,517	\$ 155,472	\$ 19,955

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Transportation grant	\$ 371,301	\$ 371,301	\$ 319,833	\$ (51,468)
Total revenue from the federal government	\$ 371,301	\$ 371,301	\$ 319,833	\$ (51,468)
Total Special Revenue Fund	\$ 644,496	\$ 644,496	\$ 633,292	\$ (11,204)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 23,800	\$ 23,800	\$ 25,629	\$ 1,829
Miscellaneous:				
Miscellaneous	\$ 22,700	\$ 22,700	\$ 58,446	\$ 35,746
Total revenue from local sources	\$ 46,500	\$ 46,500	\$ 84,075	\$ 37,575
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT revenue sharing	\$ -	\$ -	\$ 1,730	\$ 1,730
Total revenue from the Commonwealth	\$ -	\$ -	\$ 91,730	\$ 1,730
Revenue from the federal government:				
Categorical aid:				
VDOT TAP 21	\$ 229,920	\$ 229,920	\$ 366,689	\$ 136,769
Community development block grant	787,180	787,180	258,433	(528,747)
CARES grant	-	1,824	1,824	-
Total categorical aid	\$ 1,017,100	\$ 1,018,924	\$ 626,946	\$ (391,978)
Total revenue from the federal government	\$ 1,017,100	\$ 1,018,924	\$ 626,946	\$ (391,978)
Total Capital Projects Fund	\$ 1,063,600	\$ 1,065,424	\$ 802,751	\$ (352,673)
Total Revenues -- Primary Government	\$ 7,025,705	\$ 8,556,350	\$ 8,292,908	\$ (353,442)

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 36,520	\$ 36,520	\$ 31,033	\$ 5,487
General and financial administration:				
Town Manager and financial administration	\$ 1,013,920	\$ 1,071,750	\$ 1,163,277	\$ (91,527)
Total general government administration	\$ 1,050,440	\$ 1,108,270	\$ 1,194,310	\$ (86,040)
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,293,070	\$ 1,324,431	\$ 1,396,075	\$ (71,644)
Fire and rescue services:				
Fire department	\$ 215,170	\$ 220,926	\$ 283,832	\$ (62,906)
Total public safety	\$ 1,508,240	\$ 1,545,357	\$ 1,679,907	\$ (134,550)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street maintenance	\$ 1,010,490	\$ 1,259,162	\$ 1,778,057	\$ (518,895)
Traffic lights	32,650	32,650	4,722	27,928
Total maintenance of highways, streets, bridges and sidewalks	\$ 1,043,140	\$ 1,291,812	\$ 1,782,779	\$ (490,967)
Sanitation and waste removal:				
Refuse collection	\$ 419,000	\$ 383,943	\$ 406,995	\$ (23,052)
Maintenance of general buildings and grounds:				
General properties	\$ 41,450	\$ 63,269	\$ 97,646	\$ (34,377)
Airport	171,500	171,500	713,660	(542,160)
Garage department	225,109	248,356	253,845	(5,489)
Total maintenance of general buildings and grounds	\$ 438,059	\$ 483,125	\$ 1,065,151	\$ (582,026)
Total public works	\$ 1,900,199	\$ 2,158,880	\$ 3,254,925	\$ (1,096,045)
Parks, recreation, and cultural:				
Cultural enrichment:				
Museum	\$ 13,200	\$ 13,200	\$ 14,172	\$ (972)
Library:				
Contribution to library	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Library administration	8,600	8,600	63,247	(54,647)
Total library	\$ 10,600	\$ 10,600	\$ 65,247	\$ (54,647)
Total parks, recreation, and cultural	\$ 23,800	\$ 23,800	\$ 79,419	\$ (55,619)

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Administration	\$ -	\$ 9,247	\$ 48,086	\$ (38,839)
Police department	109,000	113,103	177,143	(64,040)
Street maintenance	300,000	301,227	305,834	(4,607)
Garbage department	170,500	170,500	163,717	6,783
Garage	2,500	4,324	8,931	(4,607)
Carriage museum	-	109,824	127,295	(17,471)
Fire department	745,000	780,493	830,320	(49,827)
Total capital projects	\$ 1,327,000	\$ 1,492,366	\$ 1,734,014	\$ (241,648)
Debt service:				
Principal retirement	\$ 48,462	\$ 48,462	\$ 40,071	\$ 8,391
Interest and other fiscal charges	7,390	7,390	6,113	1,277
Total debt service	\$ 55,852	\$ 55,852	\$ 46,184	\$ 9,668
Total General Fund	\$ 5,865,531	\$ 6,384,525	\$ 7,988,759	\$ (1,604,234)
Special Revenue Fund:				
Community Development:				
Planning and community development:				
Bus program	\$ 661,355	\$ 671,095	\$ 639,806	\$ 31,289
Cemetery	14,300	14,300	14,428	(128)
Total planning and community development	\$ 675,655	\$ 685,395	\$ 654,234	\$ 31,161
Total Special Revenue Fund	\$ 675,655	\$ 685,395	\$ 654,234	\$ 31,161
Capital Projects Fund:				
Capital projects:				
Church Street project	\$ 7,000	\$ 7,000	\$ 46,570	\$ (39,570)
Medical center	16,850	18,674	17,564	1,110
East end grant	795,880	795,880	285,693	510,187
Weatherization	54,000	54,000	23,956	30,044
Capital improvement	287,400	749,360	1,223,027	(473,667)
Total capital projects	\$ 1,161,130	\$ 1,649,914	\$ 1,635,808	\$ 14,106
Total Capital Projects Fund	\$ 1,161,130	\$ 1,649,914	\$ 1,635,808	\$ 14,106
Total Expenditures -- Primary Government	\$ 7,702,316	\$ 8,719,834	\$ 10,278,801	\$ (1,558,967)

Table 1

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

Fiscal Year	General Government Administration			Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural		Community Development	Interest on Long-term Debt	Enterprise Funds		Total
	\$		\$				\$	\$			\$	\$	
2012-13	521,580		1,333,146		1,358,171	66,112	56,315		1,019,675	93,037	7,026,437		11,474,473
2013-14	329,954		1,264,552		1,643,590	63,637	46,604		901,498	76,411	6,358,400		10,684,646
2014-15	394,002		1,417,354		2,455,263	63,637	77,746		740,463	74,059	6,590,681		11,813,205
2015-16	279,462		1,459,714		2,262,961	63,637	72,641		740,701	78,686	6,556,738		11,514,540
2016-17	281,371		1,360,570		2,449,110	63,637	68,554		1,104,329	29,863	6,000,066		11,357,500
2017-18	342,731		1,345,450		1,955,439	63,637	13,563		1,065,627	41,852	5,942,174		10,770,473
2018-19	323,397		1,192,583		1,377,062	63,637	49,935		1,653,360	50,989	5,759,354		10,470,317
2019-20	534,715		1,428,089		2,517,171	63,637	77,227		1,579,398	23,749	6,375,074		12,599,060
2020-21	453,699		1,669,370		2,175,799	63,637	50,530		1,234,139	4,748	6,446,286		12,098,208
2021-22	626,587		1,968,825		1,790,190	63,637	195,633		2,023,149	6,113	7,295,829		13,969,963

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total	
2012-13	\$ 7,316,769	\$ 1,441,142	\$ 922,371	\$	396,805	1,185,004	300,519	235,640	74,226	\$ 11,872,476	
2013-14	7,940,599	1,520,869	261,239		396,882	1,211,102	301,730	254,845	61,343	11,948,609	
2014-15	7,721,456	1,498,272	290,811		406,988	1,184,214	301,133	245,989	67,234	11,716,097	
2015-16	7,623,381	1,580,312	531,195		478,623	1,267,456	301,529	137,946	66,773	11,987,215	
2016-17	7,713,900	1,728,359	118,021		489,439	1,293,787	317,100	171,011	71,531	11,903,148	
2017-18	8,030,879	2,247,926	7,819		498,533	1,345,775	333,659	347,170	60,653	12,872,414	
2018-19	8,111,224	1,856,219	18,511		533,584	1,407,365	353,754	201,204	71,468	12,553,329	
2019-20	7,550,498	2,322,243	690,849		511,745	1,272,034	144,320	297,650	63,787	12,853,126	
2020-21	7,544,142	2,723,798	322,836		510,858	1,321,644	153,235	275,558	63,218	12,915,289	
2021-22	8,857,139	3,812,932	462,193		525,828	1,552,076	132,285	204,157	68,396	15,615,006	

Table 3

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

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2013	\$ 765,294	\$ 1,315,433	\$ 1,880,862	\$ 34,069	\$ 512,445	\$ 291,652	\$ 4,799,755
2014	816,634	1,234,279	2,864,976	49,014	454,775	282,960	5,702,638
2015	824,748	1,340,444	2,249,838	42,585	454,935	311,354	5,223,904
2016	805,130	1,595,748	2,412,202	25,484	501,801	281,431	5,621,796
2017	792,224	1,211,708	2,332,880	20,480	539,829	310,012	5,207,133
2018	872,244	1,218,877	2,229,215	24,308	546,954	334,335	5,225,933
2019	927,630	1,283,978	2,200,295	29,560	656,368	309,814	5,407,645
2020	928,205	1,277,157	2,430,323	20,779	559,466	105,610	5,321,540
2021	980,164	1,564,104	2,317,299	19,780	565,957	100,502	5,547,806
2022	1,194,310	1,679,907	3,254,925	79,419	654,234	46,184	6,908,979

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

(2) Excludes expenditures for capital projects.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2013	\$ 405,650	\$ 1,185,004	\$ 3,610	\$ 22,459	\$ 20,542	\$ 851,774	\$ 177,322	\$ 968,894	\$ 1,515,368	\$ 5,150,623
2014	403,667	1,211,102	4,345	30,916	21,753	1,134,812	156,308	680,400	1,582,212	5,225,515
2015	403,928	1,184,214	3,140	32,238	20,806	682,330	177,724	819,305	1,565,506	4,889,191
2016	474,365	1,267,456	2,740	26,281	21,552	958,113	65,015	769,239	1,645,239	5,230,000
2017	485,746	1,293,787	3,810	18,974	27,864	811,257	92,504	776,296	1,644,092	5,154,330
2018	471,214	1,345,775	4,065	18,764	33,554	768,198	219,270	795,594	1,662,528	5,318,962
2019	549,036	1,407,365	4,260	21,135	57,404	752,035	99,528	790,383	1,911,515	5,592,661
2020	528,487	1,272,034	5,575	15,700	72,806	651,391	180,121	822,384	1,805,874	5,354,372
2021	528,924	1,321,644	4,775	9,149	64,631	717,278	140,605	870,561	2,275,102	5,932,669
2022	525,946	1,552,076	6,506	24,249	69,409	799,152	106,581	876,897	3,529,341	7,490,157

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

(2) Excludes Capital projects fund.

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2013	\$ 424,152	\$ 417,836	98.51%	\$ 16,801	\$ 434,637	102.47%	\$ 57,766	13.62%
2014	440,704	426,248	96.72%	7,942	434,190	98.52%	54,561	12.38%
2015	435,685	414,839	95.22%	19,661	434,500	99.73%	60,880	13.97%
2016	502,356	492,940	98.13%	10,593	503,533	100.23%	60,058	11.96%
2017	500,778	496,872	99.22%	11,250	508,122	101.47%	67,346	13.45%
2018	521,022	494,294	94.87%	4,880	499,174	95.81%	102,101	19.60%
2019	549,699	528,861	96.21%	42,249	571,110	103.90%	80,989	14.73%
2020	552,123	522,795	94.69%	31,358	554,153	100.37%	64,067	11.60%
2021	557,575	524,730	94.11%	27,879	552,609	99.11%	56,231	10.08%
2022	583,499	545,011	93.40%	12,211	557,222	95.50%	61,192	10.49%

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

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Mobile Homes	Aircraft	Public Service (2)	Total
2013	\$ 157,806,241	\$ 14,539,977	\$ 1,064,449	\$ 255,501	\$ -	\$ 3,061,884	\$ 176,728,052
2014	160,190,541	12,712,449	1,295,547	219,921	-	4,737,411	179,155,869
2015	164,124,609	13,474,069	1,543,514	195,505	-	4,746,566	184,084,263
2016	163,462,415	13,687,055	1,881,247	177,018	-	4,456,508	183,664,243
2017	165,478,656	14,196,225	660,810	157,796	-	4,441,082	184,934,569
2018	171,650,370	15,148,809	597,222	129,451	-	4,035,387	191,561,239
2019	178,228,559	16,974,104	374,228	82,634	-	4,353,476	200,013,001
2020	173,657,064	17,366,821	809,292	61,324	40,500	4,087,065	196,022,066
2021	173,672,629	17,751,464	899,325	49,505	-	3,804,746	196,177,669
2022	177,704,829	19,522,584	748,438	47,305	-	3,791,921	201,815,077

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

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

Table 7

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

Fiscal Year	Real Estate		Personal Property	Machinery and Tools	Mobile Homes	Aircraft	Public Utility							
							Real Estate	Personal Property						
2013	\$	0.20	\$	0.65	\$	0.65	\$	-	\$	0.20	\$	0.65		
2014		0.20		0.65		0.65		0.20		-		0.20		0.65
2015		0.20		0.65		0.65		0.20		-		0.20		0.65
2016		0.22		0.85		0.85		0.22		-		0.22		0.85
2017		0.22		0.85		0.85		0.22		-		0.22		0.85
2018		0.22		0.85		0.85		0.22		-		0.22		0.85
2019		0.22		0.85		0.85		0.22		-		0.22		0.85
2020		0.22		0.85		0.85		0.22		0.50		0.22		0.85
2021		0.22		0.85		0.85		0.22		0.50		0.22		0.85
2022		0.22		0.85		0.85		0.22		0.50		0.22		0.85

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Payable from Enterprise Revenue	Bonded Debt			
2013	3,621	\$ 176,728,052	\$ 6,925,000	\$ 5,565,000	\$ 1,360,000	0.77%	376	
2014	3,621	179,155,869	6,750,000	5,585,000	1,165,000	0.65%	322	
2015	3,621	184,084,263	6,334,000	5,379,000	955,000	0.52%	264	
2016	3,621	183,664,243	5,915,000	5,180,000	735,000	0.40%	203	
2017	3,621	184,934,569	7,786,500	7,281,500	505,000	0.27%	139	
2018	3,621	191,561,239	8,780,250	8,520,250	260,000	0.14%	72	
2019	3,621	200,013,001	8,205,250	8,205,250	-	0.00%	-	
2020	3,621	196,022,066	7,947,000	7,947,000	-	0.00%	-	
2021	3,352	196,177,669	8,274,000	8,274,000	-	0.00%	-	
2022	3,352	201,815,077	8,972,019	8,972,019	-	0.00%	-	

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

(2) From Table 6

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

Table 9

Town of Blackstone, Virginia
Computation of Legal Debt Margin
June 30, 2022

Assessed value of real property, January 1, 2021 (1)	\$ 183,405,471
Debt limit: 10% of assessed value	\$ 18,340,547
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 10,587,218
Less: Revenue bonds	(1,615,199)
Net general obligation bonds and loans	\$ 8,972,019
Legal debt limit	\$ 9,368,528

(1) Assessed value of real property, including public service corporations as of January 1, 2021.

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

Table 10

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

Fiscal Year	Water and Sewer Revenue Bonds						
	Gross Revenues (1)	Operating Expenses (2) (3)	Net Revenues		Debt Service		Coverage
			Operating	Available for Debt Service	Principal	Interest	
2013	\$ 2,143,670	\$ 2,008,750	\$	134,920	\$ 433,318	\$ 51,072	28%
2014	2,258,846	2,099,687		159,159	537,836	29,085	28%
2015	2,299,665	2,061,434		238,231	719,557	35,181	32%
2016	2,216,110	2,019,402		196,708	258,490	-	76%
2017	2,455,979	1,915,063		540,916	258,489	-	209%
2018	2,534,261	1,941,855		592,406	258,489	-	229%
2019	2,587,720	2,062,279		525,441	286,030	-	184%
2020	2,318,711	2,298,060		20,651	203,407	-	10%
2021	2,681,378	2,461,431		219,947	272,181	-	81%
2022	3,147,353	2,670,990		476,363	134,637	-	354%

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

(2) Net of depreciation and amortization.

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



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Blackstone, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Blackstone, Virginia's basic financial statements and have issued our report thereon dated December 12, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 12, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Blackstone, Virginia's 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 Town of Blackstone, Virginia's major federal programs for the year ended June 30, 2022. The Town of Blackstone, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

We are required to be independent of Town of Blackstone, Virginia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Blackstone, Virginia'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 Town of Blackstone, Virginia's federal programs.

Auditors' 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 Town of Blackstone, Virginia'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 judgment made by a reasonable user of the report on compliance about Town of Blackstone, Virginia'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 risks 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 Town of Blackstone, Virginia'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 Town of Blackstone, 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 Town of Blackstone, 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 a 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 Auditors' 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 were not 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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 12, 2022

Town of Blackstone, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Direct Payments:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 247,641
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	2,499
Total 97.036			<u>\$ 250,140</u>
Total Department of Homeland Security			<u>\$ 250,140</u>
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants (Community Facilities Loans and Grants Cluster)	10.766	N/A	\$ 823,000
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 1,103
Pass-through Payments:			
Virginia Department of Criminal Justice Services:			
COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034	390002-90000	979
Edward Byrne Memorial Justice Assistance Grant Program	16.738	390002-472820, 494021	11,973
Total Department of Justice			<u>\$ 14,055</u>
Department of Transportation:			
Pass-through Payments:			
Virginia Department of Transportation:			
Highway Planning and Construction (ISTEA)			
(Highway Planning and Construction Cluster)	20.205	60302300-110967	\$ 366,688
Federal Transit Formula Grants (Federal Transit Cluster)	20.507	6090100-42500	319,833
Virginia Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	60500700-53000	9,590
Total Department of Transportation			<u>\$ 696,111</u>
Department of the Treasury:			
Pass Through Payments:			
County of Nottoway, Virginia:			
COVID-19 - Coronavirus Relief Fund	21.019	Not Available	\$ 191,022
Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	Not Available	568,010
Total Department of Treasury			<u>\$ 759,032</u>
Department of Housing and Urban Development:			
Pass-through Payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	5330500-50790	\$ 258,434
Total Expenditures of Federal Awards			<u><u>\$ 2,800,772</u></u>

See accompanying notes to schedule of expenditures of federal awards.

Town of Blackstone, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Blackstone, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Blackstone, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Town of Blackstone, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,304,689
Special Revenue Fund	319,833
Capital Projects Fund	626,946
Electric Fund	45,584
Water and Sewer Fund	5,420
Total primary government	\$ <u>2,302,472</u>

USDA Loan Proceeds	\$ <u>498,300</u>
Total federal expenditures per basic financial statements	\$ <u><u>2,800,772</u></u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>2,800,772</u></u>
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Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

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

TOWN OF BLACKSTONE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

_____ yes	<u>✓</u> no
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Federal Awards

Internal control over major programs:

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

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

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

_____ yes	<u>✓</u> no
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Identification of major programs:

Assistance Listing Number(s)
10.766

Name of Federal Program or Cluster
Community Facilities Loans and Grants (Community
Facilities Loans and Grants Cluster)

Dollar threshold used to distinguish between type A
and type B programs: \$750,000

Auditee qualified as low-risk auditee? ✓ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Town of Blackstone, Virginia

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

There were no prior year findings.