

TOWN OF BLACKSTONE, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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TOWN OF BLACKSTONE, VIRGINIA

TOWN COUNCIL

Richard Eaton	William D. Coleburn, Mayor	Richard C. Keller
Eric M. Nash		Alfred V. Tucker
Barbara Thompson		Sam Moncure
		Lee F. Scott, Jr.

OTHER OFFICIALS

Town Manager	J. Larry Palmore
Town Clerk	Joan R. Palmore
Chief of Police	Nicholas C. Kuzmiak
Town Attorney	Kennon C. Walden Jr.

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TOWN OF BLACKSTONE, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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TOWN OF BLACKSTONE, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blackstone, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Blackstone, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

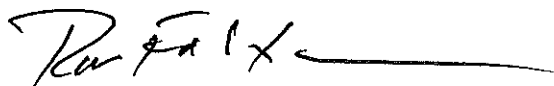
The Town of Blackstone has not presented a Management's Discussion and Analysis which is not a required part of the basic financial statements, but is supplementary information required by generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blackstone, Virginia, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2011, on our consideration of the Town of Blackstone, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information and the Schedules of Funding Progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Blackstone, Virginia's basic financial statements. The other supplementary information, supporting schedules, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town of Blackstone, Virginia. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in dark ink, appearing to read "R. F. 1X", followed by a long horizontal line extending to the right.

Richmond, Virginia
January 11, 2011

Town of Blackstone, Virginia
Statement of Net Assets
June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 224,917	\$ 1,884,969	\$ 2,109,886
Receivables (net of allowance for uncollectibles):			
Taxes receivable	69,987	-	69,987
Accounts receivable	236,357	478,421	714,778
Notes receivable	100,000	-	100,000
Due from other governmental units	192,977	-	192,977
Prepaid expenses	44,607	-	44,607
Capital assets (net of accumulated depreciation):			
Land	1,112,822	249,575	1,362,397
Buildings and improvements	7,044,162	-	7,044,162
Utility plant in service	-	12,326,450	12,326,450
Machinery and equipment	1,560,603	51,031	1,611,634
Infrastructure	399,680	-	399,680
Construction in progress	436,728	-	436,728
Total assets	\$ 11,422,840	\$ 14,990,446	\$ 26,413,286
LIABILITIES			
Accounts payable	\$ 655,607	\$ 265,609	\$ 921,216
Accrued interest payable	-	128,692	128,692
Customer deposits payable	-	153,688	153,688
Unearned revenue	1,109	-	1,109
Long-term liabilities:			
Due within one year	268,091	658,812	926,903
Due in more than one year	1,949,131	8,770,116	10,719,247
Total liabilities	\$ 2,873,938	\$ 9,976,917	\$ 12,850,855
DEFERRED OUTFLOW OF RESOURCES	\$ (60,570)	\$ -	\$ (60,570)
TOTAL LIABILITIES NET OF DEFERRED OUTFLOW OF RESOURCES	\$ 2,813,368	\$ 9,976,917	\$ 12,790,285
NET ASSETS			
Invested in capital assets, net of related debt	\$ 8,470,383	\$ 3,220,635	\$ 11,691,018
Unrestricted (deficit)	139,089	1,792,894	1,931,983
Total net assets	\$ 8,609,472	\$ 5,013,529	\$ 13,623,001

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

Town of Blackstone, Virginia
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	
			Grants and Contributions	Capital Grants and Contributions		Total	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 720,992	\$ -	\$ -	\$ -	\$ (720,992)	\$	\$ (720,992)
Public safety	1,132,805	21,935	164,824	-	(946,046)		(946,046)
Public works	2,674,742	851,474	1,019,454	395,718	(408,096)		(408,096)
Health and welfare	63,787	-	-	-	(63,787)		(63,787)
Parks, recreation, and cultural	31,664	-	-	-	(31,664)		(31,664)
Community development	117,731	27,248	131,626	285,525	326,668		326,668
Interest on long-term debt	105,556	-	-	-	(105,556)		(105,556)
Total governmental activities	\$ 4,847,277	\$ 900,657	\$ 1,315,904	\$ 681,243	\$ (1,949,473)		\$ (1,949,473)
Business-type activities:							
Electric Fund	\$ 3,388,478	\$ 3,621,942	\$ -	\$ -	\$	\$ 233,464	\$ 233,464
Water and Sewer Fund	2,211,695	2,134,271	-	-	(77,424)		(77,424)
Total business-type activities	\$ 5,600,173	\$ 5,756,213	\$ -	\$ -	\$	\$ 156,040	\$ 156,040
Total primary government	\$ 10,447,450	\$ 6,656,870	\$ 1,315,904	\$ 681,243		\$ (1,793,433)	
General revenues:							
General property taxes					\$ 413,321	\$ -	\$ 413,321
Other local taxes:							
Local sales and use tax					179,752	-	179,752
Business license tax					155,477	-	155,477
Restaurant food tax					554,895	-	554,895
Other local taxes					264,876	-	264,876
Unrestricted revenues from use of money and property					296,498	4	296,502
Miscellaneous					217,700	178,773	396,473
Grants and contributions not restricted to specific programs					61,821	-	61,821
Total general revenues					\$ 2,144,340	\$ 178,777	\$ 2,323,117
Change in net assets					\$ 194,867	\$ 334,817	\$ 529,684
Net assets - beginning - as restated					8,414,605	4,678,712	13,093,317
Net assets - ending					\$ 8,609,472	\$ 5,013,529	\$ 13,623,001

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

Town of Blackstone, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 663,114	\$ 414,196	\$ -	\$ 1,077,310
Receivables (net of allowance for uncollectibles):				
Taxes receivable	69,987	-	-	69,987
Accounts receivable	236,357	-	-	236,357
Notes receivable	-	-	100,000	100,000
Due from other governmental units	38,991	63,489	90,497	192,977
Prepaid items	-	-	44,607	44,607
Total assets	<u>\$ 1,008,449</u>	<u>\$ 477,685</u>	<u>\$ 235,104</u>	<u>\$ 1,721,238</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 584,770	\$ 26,852	\$ 43,985	\$ 655,607
Reconciled overdraft payable	-	31,732	820,661	852,393
Deferred revenue	66,665	-	-	66,665
Total liabilities	<u>\$ 651,435</u>	<u>\$ 58,584</u>	<u>\$ 864,646</u>	<u>\$ 1,574,665</u>
Fund balances:				
Reserved for:				
Prepaid items	\$ -	\$ -	\$ 44,607	\$ 44,607
Notes receivable	-	-	100,000	100,000
Unreserved, reported in:				
General fund	357,014	-	-	357,014
Special revenue funds	-	419,101	-	419,101
Capital projects funds	-	-	(774,149)	(774,149)
Total fund balances	<u>\$ 357,014</u>	<u>\$ 419,101</u>	<u>\$ (629,542)</u>	<u>\$ 146,573</u>
Total liabilities and fund balances	<u>\$ 1,008,449</u>	<u>\$ 477,685</u>	<u>\$ 235,104</u>	<u>\$ 1,721,238</u>

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

Town of Blackstone, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 146,573
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,553,995
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. This item consists of deferred tax revenues.	65,556
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	\$ (73,040)
General obligation bond	(1,895,000)
Capital leases	(188,612) (2,156,652)
	<hr/>
Net assets of governmental activities	<u>\$ 8,609,472</u>

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

Town of Blackstone, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 384,442	\$ -	\$ -	\$ 384,442
Other local taxes	1,155,000	-	-	1,155,000
Permits, privilege fees, and regulatory licenses	955	-	-	955
Fines and forfeitures	20,980	-	-	20,980
Revenue from the use of money and property	39,876	6,128	250,494	296,498
Charges for services	851,474	27,248	-	878,722
Miscellaneous	90,939	-	126,761	217,700
Recovered costs	1,374,517	91,359	-	1,465,876
Intergovernmental revenues:				
Commonwealth	1,163,461	120,583	129,913	1,413,957
Federal	46,051	275,135	323,825	645,011
Total revenues	<u>\$ 5,127,695</u>	<u>\$ 520,453</u>	<u>\$ 830,993</u>	<u>\$ 6,479,141</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,144,515	\$ -	\$ -	\$ 1,144,515
Public safety	1,185,585	-	-	1,185,585
Public works	2,090,957	-	-	2,090,957
Parks, recreation, and cultural	19,024	-	-	19,024
Community development	-	465,277	-	465,277
Capital projects	984,248	-	1,073,230	2,057,478
Debt service:				
Principal retirement	85,464	-	171,341	256,805
Interest and other fiscal charges	16,159	-	89,397	105,556
Total expenditures	<u>\$ 5,525,952</u>	<u>\$ 465,277</u>	<u>\$ 1,333,968</u>	<u>\$ 7,325,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (398,257)</u>	<u>\$ 55,176</u>	<u>\$ (502,975)</u>	<u>\$ (846,056)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 70,894	\$ -	\$ -	\$ 70,894
Transfers out	-	-	(70,894)	(70,894)
Issuance of debt	74,840	-	-	74,840
Total other financing sources (uses)	<u>\$ 145,734</u>	<u>\$ -</u>	<u>\$ (70,894)</u>	<u>\$ 74,840</u>
Net change in fund balances	\$ (252,523)	\$ 55,176	\$ (573,869)	\$ (771,216)
Fund balances - beginning, as restated	609,537	363,925	(55,673)	917,789
Fund balances - ending	<u>\$ 357,014</u>	<u>\$ 419,101</u>	<u>\$ (629,542)</u>	<u>\$ 146,573</u>

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

Town of Blackstone, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds	\$	(771,216)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 1,254,876		
Depreciation expense	(492,159)		762,717

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of changes in deferred taxes.		28,879
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. A summary of items supporting this adjustment is as follows:

Issuance of capital lease	\$ (74,840)		
Principal retirement on capital leases	85,464		
Principal retirement on general obligation bond	160,000		
Principal retirement on rural development loan	11,341		181,965

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 in accrued leave	\$ (7,478)		(7,478)
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Change in net assets of governmental activities	\$	<u>194,867</u>
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The notes to the financial statements are an integral part of this statement.

Town of Blackstone, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Enterprise Funds		
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,043,633	\$ 841,336	\$ 1,884,969
Accounts receivables, net of allowance for uncollectibles	287,710	190,711	478,421
Total current assets	<u>\$ 1,331,343</u>	<u>\$ 1,032,047</u>	<u>\$ 2,363,390</u>
Noncurrent assets:			
Capital assets:			
Land	\$ 238,213	\$ 11,362	\$ 249,575
Utility plant in service	1,118,318	11,208,132	12,326,450
Machinery and equipment	42,562	8,469	51,031
Total capital assets	<u>\$ 1,399,093</u>	<u>\$ 11,227,963</u>	<u>\$ 12,627,056</u>
Total noncurrent assets	<u>\$ 1,399,093</u>	<u>\$ 11,227,963</u>	<u>\$ 12,627,056</u>
 Total assets	 <u>\$ 2,730,436</u>	 <u>\$ 12,260,010</u>	 <u>\$ 14,990,446</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 231,849	\$ 33,760	\$ 265,609
Accrued interest payable	5,729	122,963	128,692
Customer deposits payable	-	153,688	153,688
Compensated absences - current portion	410	1,841	2,251
Bonds payable - current portion	105,151	551,410	656,561
Total current liabilities	<u>\$ 343,139</u>	<u>\$ 863,662</u>	<u>\$ 1,206,801</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 384,505	\$ 8,365,355	\$ 8,749,860
Compensated absences - net of current portion	3,692	16,564	20,256
Total noncurrent liabilities	<u>\$ 388,197</u>	<u>\$ 8,381,919</u>	<u>\$ 8,770,116</u>
Total liabilities	<u>\$ 731,336</u>	<u>\$ 9,245,581</u>	<u>\$ 9,976,917</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 909,437	\$ 2,311,198	\$ 3,220,635
Unrestricted	1,089,663	703,231	1,792,894
Total net assets	<u>\$ 1,999,100</u>	<u>\$ 3,014,429</u>	<u>\$ 5,013,529</u>

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

Town of Blackstone, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Electric	Water and Sewer	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ -	\$ 2,110,136	\$ 2,110,136
Electricity	3,614,166	-	3,614,166
Miscellaneous	905	177,868	178,773
Total operating revenues	<u>\$ 3,615,071</u>	<u>\$ 2,288,004</u>	<u>\$ 5,903,075</u>
OPERATING EXPENSES			
Personal services	\$ 256,658	\$ 373,317	\$ 629,975
Fringe benefits	105,207	140,200	245,407
Contractual services	72,362	43,276	115,638
Electric power purchased	1,911,760	-	1,911,760
Payment in lieu of taxes	500,000	-	500,000
Other supplies and expenses	423,619	751,843	1,175,462
Depreciation	93,576	581,894	675,470
Total operating expenses	<u>\$ 3,363,182</u>	<u>\$ 1,890,530</u>	<u>\$ 5,253,712</u>
Operating income (loss)	<u>\$ 251,889</u>	<u>\$ 397,474</u>	<u>\$ 649,363</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ -	\$ 4	\$ 4
Connection/reconnection fees	7,776	24,135	31,911
Interest expense	(25,296)	(321,165)	(346,461)
Total nonoperating revenues (expenses)	<u>\$ (17,520)</u>	<u>\$ (297,026)</u>	<u>\$ (314,546)</u>
Income before contributions and transfers	<u>\$ 234,369</u>	<u>\$ 100,448</u>	<u>\$ 334,817</u>
Change in net assets	<u>\$ 234,369</u>	<u>\$ 100,448</u>	<u>\$ 334,817</u>
Total net assets - beginning	1,764,731	2,913,981	4,678,712
Total net assets - ending	<u>\$ 1,999,100</u>	<u>\$ 3,014,429</u>	<u>\$ 5,013,529</u>

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

Town of Blackstone, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Electric	Water and Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 3,588,611	\$ 2,415,991	\$ 6,004,602
Payments for operating expenses	(2,880,870)	(914,300)	(3,795,170)
Payments to and for employees	(363,660)	(512,073)	(875,733)
Net cash provided (used) by operating activities	\$ 344,081	\$ 989,618	\$ 1,333,699
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to utility plant	\$ -	\$ (37,837)	\$ (37,837)
Principal payments on bonds	(101,138)	(536,871)	(638,009)
Connection fees	7,776	24,135	31,911
Interest payments	(26,479)	(325,535)	(352,014)
Net cash provided (used) by capital and related financing activities	\$ (119,841)	\$ (876,108)	\$ (995,949)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ -	\$ 4	\$ 4
Net cash provided (used) by investing activities	\$ -	\$ 4	\$ 4
Net increase (decrease) in cash and cash equivalents	\$ 224,240	\$ 113,514	\$ 337,754
Cash and cash equivalents - beginning	819,393	727,822	1,547,215
Cash and cash equivalents - ending	\$ 1,043,633	\$ 841,336	\$ 1,884,969
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 251,889	\$ 397,474	\$ 649,363
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	93,576	581,894	675,470
(Increase) decrease in accounts receivable	(26,459)	127,987	101,528
Increase (decrease) in customer deposits payable	-	6,719	6,719
Increase (decrease) in accounts payable	26,870	(119,181)	(92,311)
Increase (decrease) in compensated absences	(1,795)	(5,275)	(7,070)
Total adjustments	\$ 92,192	\$ 592,144	\$ 684,336
Net cash provided (used) by operating activities	\$ 344,081	\$ 989,618	\$ 1,333,699

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

Town of Blackstone, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Agency <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>40,670</u>
LIABILITIES	
Amounts held for others	\$ <u>40,670</u>

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2010

Note 1—Summary of Significant Accounting Policies:

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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

Government-wide and Fund Financial Statements (Continued)

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

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

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

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

A. Financial Reporting Entity

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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

A. Financial Reporting Entity (Continued)

body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Town of Blackstone (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units. The Town has no blended component units at June 30, 2010.

Discretely Presented Component Units. - The Town has no discretely presented component units.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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

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

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

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

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

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

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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

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

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund.

Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds: Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds

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

Enterprise Funds: Enterprise funds distinguish operating revenues and expenses from non-operating 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.

Fiduciary Funds

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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

D. Cash and Cash Equivalents

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

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

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

E. Investments

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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".

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 \$226,421 at June 30, 2010 and is comprised of property taxes of \$4,425, electric revenues of \$156,458, and water and sewer charges of \$65,538.

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.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

H. Compensated Absences

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

I. Retirement Plan

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

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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

J. Use of Estimates

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

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Net Assets

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

M. Long-term Obligations

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

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

N. Prepaid Items

Prepaid expenditures in governmental funds are offset by a reservation of fund balance.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

Note 2—Stewardship, Compliance, and Accounting:

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

1. Prior to June 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, every year.
7. All budgetary data presented in the accompanying financial statements is from the revised budget as of June 30, 2010, as adopted, appropriated and legally amended.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund during the year.

Fund Deficits

The capital projects fund did not realize sufficient revenue to affect its beginning deficit balance.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

Note 3—Deposits and Investments:

Deposits

All cash of the primary government is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

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

Credit Risk of Debt Securities

The Town's rated debt investment as of June 30, 2010 were rated by Standard and Poor's rating organization and the ratings are presented below using Standard and Poor's rating scale.

Locality's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
First American Prime Obligations Fund	<u>\$ 719,834</u>
Total	<u>\$ 719,834</u>

Interest Rate Risk

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
First American Prime Obligations Fund	<u>\$ 719,834</u>	<u>\$ 719,834</u>
Total	<u>\$ 719,834</u>	<u>\$ 719,834</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

Note 4—Due to/from Other Governments:

At June 30, 2010, the Town has receivables from other governments as follows:

	Primary Government
Other Local Governments:	
County of Nottoway	\$ 32,579
Commonwealth of Virginia:	
Rolling stock tax	176
DMV	3,086
Communications tax	3,150
Transportation grant	13,831
Indoor plumbing grant	28,750
Federal Government:	
Mass Transit grant	33,458
Mass Transit grant - ARRA	16,200
Community Development block grant	61,747
Total due from other governments	<u>\$ 192,977</u>

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Primary Government:</i>				
Capital assets not subject to depreciation:				
Land	\$ 1,112,822	\$ -	\$ -	\$ 1,112,822
Construction in progress	2,248,372	436,728	2,248,372	436,728
Total capital assets not subject to depreciation	<u>\$ 3,361,194</u>	<u>\$ 436,728</u>	<u>\$ 2,248,372</u>	<u>\$ 1,549,550</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 5,942,494	\$ 2,294,264	\$ -	\$ 8,236,758
Infrastructure	221,073	251,210	-	472,283
Machinery and equipment	2,457,138	521,046	-	2,978,184
Total capital assets subject to depreciation	<u>\$ 8,620,705</u>	<u>\$ 3,066,520</u>	<u>\$ -</u>	<u>\$ 11,687,225</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 977,613	\$ 214,983	\$ -	\$ 1,192,596
Infrastructure	44,215	28,388	-	72,603
Machinery and equipment	1,168,793	248,788	-	1,417,581
Total accumulated depreciation	<u>\$ 2,190,621</u>	<u>\$ 492,159</u>	<u>\$ -</u>	<u>\$ 2,682,780</u>
Total capital assets subject to depreciation, net	<u>\$ 6,430,084</u>	<u>\$ 2,574,361</u>	<u>\$ -</u>	<u>\$ 9,004,445</u>
Governmental activities capital assets, net	<u>\$ 9,791,278</u>	<u>\$ 3,011,089</u>	<u>\$ 2,248,372</u>	<u>\$ 10,553,995</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Proprietary Funds:</i>				
Capital assets not subject to depreciation:				
Land	\$ 249,575	\$ -	\$ -	\$ 249,575
Total capital assets not subject to depreciation	\$ 249,575	\$ -	\$ -	\$ 249,575
Capital assets subject to depreciation:				
Utility plant in service	\$ 21,867,333	\$ 37,837	\$ -	\$ 21,905,170
Buildings	24,852	-	-	24,852
Machinery and equipment	1,223,210	-	-	1,223,210
Total capital assets subject to depreciation	\$ 23,115,395	\$ 37,837	\$ -	\$ 23,153,232
Less: accumulated depreciation for:				
Utility plant in service	\$ 8,922,286	\$ 656,434	\$ -	\$ 9,578,720
Buildings	24,852	-	-	24,852
Machinery and equipment	1,153,142	19,037	-	1,172,179
Total accumulated depreciation	\$ 10,100,280	\$ 675,471	\$ -	\$ 10,775,751
Total capital assets subject to depreciation, net	\$ 13,015,115	\$ (637,634)	\$ -	\$ 12,377,481
Proprietary fund capital assets, net	\$ 13,264,690	\$ (637,634)	\$ -	\$ 12,627,056

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:	
General government	\$ 17,108
Public safety	151,584
Public works	193,932
Health and welfare	63,637
Parks, recreation and cultural	14,640
Community development	51,258
Total depreciation expense - governmental activities	\$ 492,159
Business type activities:	
Electric fund	\$ 93,577
Water and Sewer fund	581,894
Total depreciation expense - business type activities	\$ 675,471
Total depreciation expense - primary government	\$ 1,167,630

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2010

Note 6—Long Term Obligations:

The following is a summary of changes to long-term obligations for the fiscal year-ended June 30, 2010:

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Primary Government Obligations:					
General Fund Obligations:					
Compensated absences payable	\$ 65,562	\$ 14,034	\$ 6,556	\$ 73,040	\$ 7,304
Capital lease (Note 7)	199,236	74,840	85,464	188,612	90,787
Rural development loan	11,341	-	11,341	-	-
General obligation bond	2,055,000	-	160,000	1,895,000	170,000
Derivative instrument liability	-	60,570	-	60,570	-
Total General Fund Obligations	\$ 2,331,139	\$ 149,444	\$ 263,361	\$ 2,217,222	\$ 268,091
Enterprise Fund:					
Compensated absences payable	\$ 29,577	\$ -	\$ 7,070	\$ 22,507	\$ 2,251
General obligation bond	6,145,000	-	140,000	6,005,000	145,000
Revenue bonds	3,899,430	-	498,009	3,401,421	511,561
Total Enterprise Fund Obligations	\$ 10,074,007	\$ -	\$ 645,079	\$ 9,428,928	\$ 658,812
Total Primary Government Obligations	\$ 12,405,146	\$ 149,444	\$ 908,440	\$ 11,646,150	\$ 926,903

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

Year Ending June 30	General Obligations			
	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2011	\$ 170,000	\$ 96,924	\$ 90,787	\$ 10,040
2012	180,000	88,123	77,963	4,271
2013	185,000	79,039	19,862	365
2014	195,000	69,432	-	-
2015	210,000	59,308	-	-
2016	220,000	48,565	-	-
2017	230,000	36,891	-	-
2018	245,000	25,039	-	-
2019	260,000	12,315	-	-
Total	\$ 1,895,000	\$ 515,636	\$ 188,612	\$ 14,676

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2010

Note 6—Long-Term Obligations: (Continued)

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

Year Ending June 30	Enterprise Fund Obligations			
	Revenue Bonds		General Obligation Bond	
	Principal	Interest	Principal	Interest
2011	\$ 511,561	\$ 77,244	\$ 145,000	\$ 257,816
2012	524,831	61,328	145,000	252,560
2013	542,659	44,812	150,000	246,660
2014	560,119	27,540	160,000	240,460
2015	377,758	10,710	165,000	233,960
2016	287,285	3,686	170,000	227,260
2017	123,852	-	175,000	220,360
2018	123,852	-	185,000	213,160
2019	123,852	-	190,000	205,660
2020	88,109	-	200,000	197,860
2021	68,770	-	205,000	189,658
2022	68,773	-	215,000	181,021
2023	-	-	225,000	171,805
2024	-	-	235,000	161,971
2025	-	-	245,000	151,559
2026	-	-	255,000	140,590
2027	-	-	270,000	128,905
2028	-	-	280,000	116,530
2029	-	-	295,000	103,593
2030	-	-	310,000	89,981
2031	-	-	325,000	75,693
2032	-	-	340,000	60,730
2033	-	-	355,000	44,915
2034	-	-	375,000	28,125
2035	-	-	390,000	9,750
Total	<u>\$ 3,401,421</u>	<u>\$ 225,320</u>	<u>\$ 6,005,000</u>	<u>\$ 3,950,582</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2010

Note 6—Long-Term Obligations: (Continued)

Long-Term Obligations:

	<u>Total Amount</u>
<u>General Fund:</u>	
Capital Lease obligations (Note 7)	\$ 188,612
<u>General Obligation Bond:</u>	
\$2,055,000 general obligation bond issued May 21, 2009, due in annual installments through May 1, 2019 with interest due monthly at varying rates.	\$ 1,895,000
Derivative instrument liability	\$ 60,570
Compensated absences (payable from General Fund)	\$ 73,040
Total Long-Term Obligations, General Fund	\$ 2,217,222

Enterprise Fund:

Revenue Bonds:

\$2,431,481 Utility Revenue Bond, Series 1995, issued July 7, 1995, due in semi-annual installments through April 1, 2016; interest at 3%	\$ 911,427
\$1,107,095 Utility Revenue Bond, issued February 1, 2000, due in semi-annual installments through August 1, 2019; interest at 0%	515,078
\$2,794,722 Utility Revenue Bond, issued October 1, 2001, due in semi-annual installments through October 1, 2014; interest at 4.68%	1,149,672
\$1,386,875 Utility Revenue Bond, issued April 17, 2002, due in semi-annual installments through April 1, 2022; interest at 0%	825,244
Total Revenue Bonds Payable	\$ 3,401,421

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

Note 6—Long-Term Obligations: (Continued)

General Obligation Bond:

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

\$ 6,005,000

Compensated absences (payable from Enterprise Fund)

\$ 22,507

Total Long-Term Obligations, Enterprise Fund

\$ 9,428,928

Total Long-Term Obligations, Primary Government

\$ 11,646,150

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

Interest rate swap

Objective of the interest rate swap. As a means to lower its borrowing costs, when compared against fixed-rate loans at the time of issuance in May 2009, the Town entered into an interest rate swap in connection with its \$2,055,000 variable rate demand general obligation bonds. The intention of the swap was to effectively change the Town's variable interest rate on the bonds to a synthetic fixed rate of 5.12 percent. Utilizing the synthetic instrument method, the Town has determined that the swap is an effective hedging derivative instrument and hedge accounting applies.

Terms. The bonds and the related swap agreement mature on May 1, 2019. The swap's notional value of \$1,955,570 is more than the balance outstanding on the bonds payable of \$1,895,000. The difference of \$60,570 is reported in these financial statements as a derivative instrument liability within the long-term obligations of the Town.

A corresponding deferred outflow of resources is reported on the statement of net assets as a reduction to total liabilities before computing net assets. The swap was entered into at the same time as the bonds were issued.

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

	As of and for the year ended June 30, 2010	
Fair value	\$	(60,570)
Change in fair value		(60,570)

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

Note 7—Capital Leases:

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 894,240
Less: accumulated depreciation	(349,561)
Total	<u>\$ 544,679</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ended June 30	Governmental Activities
2011	\$ 100,827
2012	82,234
2013	<u>20,227</u>
Total minimum lease payments	\$ 203,288
Less: amount representing interest	<u>(14,676)</u>
Present value of minimum lease payments	<u>\$ 188,612</u>

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

Note 8—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$66,665 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$65,556 at June 30, 2010.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled \$1,109 at June 30, 2010.

Note 9—Litigation:

At June 30, 2010, 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) AS OF JUNE 30, 2010

Note 11—Defined Benefit Pension Plan:

Primary Government:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. The employer has assumed the 5% member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2010 was 7.88% of annual covered payroll.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2010

Note 11—Defined Benefit Pension Plan: (Continued)

Primary Government: (Continued)

C. Annual Pension Cost

For fiscal year 2010, the Town's annual pension cost of \$162,405 (which did not include the employee share assumed by the employer which was \$94,203) was equal to the Town's required and actual contributions.

Three Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
Town:			
June 30, 2010	\$ 162,405	100%	\$ -
June 30, 2009	173,775	100%	-
June 30, 2008	244,516	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2010

Note 11—Defined Benefit Pension Plan: (Continued)

Primary Government: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 79.66% funded. The actuarial accrued liability for benefits was \$5,830,307, and the actuarial value of assets was \$4,644,200, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,186,107. The covered payroll (annual payroll of active employees covered by the plan) was \$2,046,913, and ratio of the UAAL to the covered payroll was 57.95%.

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

Note 12—Surety Bonds:

	Amount
Virginia Municipal Group:	
J. Larry Palmore, Town Manager and Treasurer	\$ 50,000
Joan Palmore, Town Clerk	100,000
Town employees - blanket bond	25,000

Note 13—Restatement of Beginning Net Assets:

The following changes were made to beginning fund balances at June 30, 2010:

	Governmental Activities	General Fund
Net assets as previously reported at June 30, 2009	\$ 8,269,155	\$ -
Fund balance as previously reported at June 30, 2009	-	464,087
Record common stock Town received in prior year	145,450	145,450
Fund balance, general fund, as restated at July 1, 2009	\$ 8,414,605	\$ 609,537

TOWN OF BLACKSTONE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2010

Note 14—Notes Receivable:

The Town has two interest bearing notes receivable for \$80,000 and \$20,000 respectively secured by separate deeds of trust. The interest rate on both notes is 3%. The \$80,000 note is payable monthly over ten years beginning February 6, 2010, with the first 12 interest only payments at \$200.00 a month and the remaining 108 payments at combined principal and interest amounts of \$846.16. The \$20,000 note is payable monthly beginning July 9, 2010 over five years at combined principal interest amounts of \$359.40. Both notes resulted from the Downtown Revitalization Project.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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Town of Blackstone, Virginia
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	<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				
General property taxes	\$ 376,000	\$ 376,000	\$ 384,442	\$ 8,442
Other local taxes	1,002,700	1,002,700	1,155,000	152,300
Permits, privilege fees, and regulatory licenses	1,300	1,300	955	(345)
Fines and forfeitures	35,000	35,000	20,980	(14,020)
Revenue from the use of money and property	13,500	13,500	39,876	26,376
Charges for services	857,000	857,000	851,474	(5,526)
Miscellaneous	294,900	294,900	90,939	(203,961)
Recovered costs	902,235	902,235	1,374,517	472,282
Intergovernmental revenues:				
Commonwealth	1,841,550	1,841,550	1,163,461	(678,089)
Federal	1,102,000	1,102,000	46,051	(1,055,949)
Total revenues	\$ 6,426,185	\$ 6,426,185	\$ 5,127,695	\$ (1,298,490)
EXPENDITURES				
Current:				
General government administration	\$ 885,699	\$ 882,899	\$ 1,144,515	\$ (261,616)
Public safety	1,293,564	1,292,514	1,185,585	106,929
Public works	2,001,621	2,004,421	2,090,957	(86,536)
Parks, recreation, and cultural	10,600	10,600	19,024	(8,424)
Capital projects	2,212,313	2,213,363	984,248	1,229,115
Debt service:				
Principal retirement	-	-	85,464	(85,464)
Interest and other fiscal charges	-	-	16,159	(16,159)
Total expenditures	\$ 6,403,797	\$ 6,403,797	\$ 5,525,952	\$ 877,845
Excess (deficiency) of revenues over (under) expenditures	\$ 22,388	\$ 22,388	\$ (398,257)	\$ (420,645)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 70,894	\$ 70,894
Issuance of debt	-	-	74,840	74,840
Total other financing sources and uses	\$ -	\$ -	\$ 145,734	\$ 145,734
Net change in fund balances	\$ 22,388	\$ 22,388	\$ (252,523)	\$ (274,911)
Fund balances - beginning - as restated	-	-	609,537	609,537
Fund balances - ending	\$ 22,388	\$ 22,388	\$ 357,014	\$ 334,626

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 6,128	\$ 1,128
Charges for services	27,750	27,750	27,248	(502)
Recovered costs	164,049	164,049	91,359	(72,690)
Intergovernmental revenues:				
Commonwealth	218,563	218,563	120,583	(97,980)
Federal	252,888	252,888	275,135	22,247
Total revenues	<u>\$ 668,250</u>	<u>\$ 668,250</u>	<u>\$ 520,453</u>	<u>\$ (147,797)</u>
EXPENDITURES				
Current:				
Community development	\$ 691,831	\$ 691,831	\$ 465,277	\$ 226,554
Total expenditures	<u>\$ 691,831</u>	<u>\$ 691,831</u>	<u>\$ 465,277</u>	<u>\$ 226,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (23,581)</u>	<u>\$ (23,581)</u>	<u>\$ 55,176</u>	<u>\$ 78,757</u>
Net change in fund balances	\$ (23,581)	\$ (23,581)	\$ 55,176	\$ 78,757
Fund balances - beginning	23,581	23,581	363,925	340,344
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,101</u>	<u>\$ 419,101</u>

Town of Blackstone, Virginia
Schedule of Pension Funding Progress
As of June 30, 2010

Primary Government:

Town Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 4,644,200	\$ 5,830,307	\$ 1,186,107	79.66%	\$ 2,046,913	57.95%
6/30/2008	4,494,584	5,513,125	1,018,541	81.53%	2,065,020	49.32%
6/30/2007	3,894,016	4,951,720	1,057,704	78.64%	1,880,938	56.23%
6/30/2006	3,405,296	4,680,774	1,275,478	72.75%	1,733,932	73.56%
6/30/2005	3,091,307	4,866,281	1,774,974	63.53%	1,840,612	96.43%
6/30/2004	2,939,210	4,132,576	1,193,366	71.12%	1,761,596	67.74%
6/30/2003	2,795,147	3,646,087	850,940	76.66%	1,426,220	59.66%
6/30/2002	2,607,474	3,606,103	998,629	72.31%	1,786,110	55.91%
6/30/2001	2,378,535	3,081,972	703,437	77.18%	1,720,633	40.88%
6/30/2000	2,023,295	2,675,774	652,479	75.62%	1,544,787	42.24%

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OTHER SUPPLEMENTARY INFORMATION

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Town of Blackstone, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 250,494	\$ 250,494
Miscellaneous	125,857	125,857	126,761	904
Intergovernmental revenues:				
Commonwealth	267,939	267,939	129,913	(138,026)
Federal	2,107,989	2,107,989	323,825	(1,784,164)
Total revenues	<u>\$ 2,501,785</u>	<u>\$ 2,501,785</u>	<u>\$ 830,993</u>	<u>\$ (1,670,792)</u>
EXPENDITURES				
Capital projects	\$ 2,501,785	\$ 2,501,785	\$ 1,073,230	\$ 1,428,555
Debt service:				
Principal retirement	-	-	171,341	(171,341)
Interest and other fiscal charges	-	-	89,397	(89,397)
Total expenditures	<u>\$ 2,501,785</u>	<u>\$ 2,501,785</u>	<u>\$ 1,333,968</u>	<u>\$ 1,167,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (502,975)</u>	<u>\$ (502,975)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (70,894)	\$ (70,894)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,894)</u>	<u>\$ (70,894)</u>
Net change in fund balances	\$ -	\$ -	\$ (573,869)	\$ (573,869)
Fund balances - beginning	-	-	(55,673)	(55,673)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (629,542)</u>	<u>\$ (629,542)</u>

Town of Blackstone, Virginia
 Fiduciary Funds
 Statement of Changes in Assets and Liabilities - Agency Funds
 For the Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Blackstone Memorial Center Committee				
Assets:				
Cash and cash equivalents	\$ 39,990	\$ 680	\$ -	\$ 40,670
Liabilities:				
Amounts held for others	\$ 39,990	\$ 680	\$ -	\$ 40,670

SUPPORTING SCHEDULES

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Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 303,500	\$ 303,500	\$ 309,649	\$ 6,149
Personal property taxes	64,000	64,000	65,892	1,892
Penalties	4,500	4,500	5,056	556
Interest	4,000	4,000	3,845	(155)
Total general property taxes	<u>\$ 376,000</u>	<u>\$ 376,000</u>	<u>\$ 384,442</u>	<u>\$ 8,442</u>
Other local taxes:				
Local sales and use taxes	\$ 180,000	\$ 180,000	\$ 179,752	\$ (248)
Consumption tax	10,000	10,000	8,747	(1,253)
Business license taxes	155,600	155,600	155,477	(123)
Motor vehicle licenses	40,000	40,000	39,985	(15)
Bank stock taxes	90,000	90,000	105,276	15,276
Cigarette taxes	65,000	65,000	83,393	18,393
Hotel and motel room taxes	21,000	21,000	27,475	6,475
Restaurant food taxes	441,100	441,100	554,895	113,795
Total other local taxes	<u>\$ 1,002,700</u>	<u>\$ 1,002,700</u>	<u>\$ 1,155,000</u>	<u>\$ 152,300</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 1,300	\$ 1,300	\$ 955	\$ (345)
Fines and forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 35,000	\$ 20,980	\$ (14,020)
Revenue from use of money and property:				
Revenue from use of money	\$ 1,000	\$ 1,000	\$ 4,476	\$ 3,476
Revenue from use of property	12,500	12,500	35,400	22,900
Total revenue from use of money and property	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 39,876</u>	<u>\$ 26,376</u>
Charges for services:				
Charges for sanitation and waste removal	\$ 307,000	\$ 307,000	\$ 306,220	\$ (780)
Charges for garage services	-	-	20,900	20,900
Charges for airport maintenance	-	-	1,500	1,500
Charges for aviation fuel	550,000	550,000	522,854	(27,146)
Total charges for services	<u>\$ 857,000</u>	<u>\$ 857,000</u>	<u>\$ 851,474</u>	<u>\$ (5,526)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 294,900	\$ 294,900	\$ 90,939	\$ (203,961)

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
General administration allocation	\$ 356,735	\$ 356,735	\$ 380,129	\$ 23,394
DMV	32,000	32,000	30,232	(1,768)
Zoning variance	3,500	3,500	2,425	(1,075)
Medical center construction	-	-	40,050	40,050
Castle housing rehabilitation	-	-	88,119	88,119
County fire and rescue	10,000	10,000	255,035	245,035
County recreation	-	-	2,000	2,000
Excise tax refund	-	-	76,527	76,527
Payment in lieu of taxes-Electric fund	500,000	500,000	500,000	-
Total recovered costs	<u>\$ 902,235</u>	<u>\$ 902,235</u>	<u>\$ 1,374,517</u>	<u>\$ 472,282</u>
Total revenue from local sources	<u>\$ 3,482,635</u>	<u>\$ 3,482,635</u>	<u>\$ 3,918,183</u>	<u>\$ 435,548</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Wine taxes	3,000	3,000	-	(3,000)
Rolling stock tax	5,100	5,100	176	(4,924)
Communications tax	19,950	19,950	18,659	(1,291)
Personal property tax relief funds	43,000	43,000	42,986	(14)
Total noncategorical aid	<u>\$ 74,050</u>	<u>\$ 74,050</u>	<u>\$ 61,821</u>	<u>\$ (12,229)</u>
Categorical aid:				
Other categorical aid:				
Streets and highway maintenance	\$ 790,000	\$ 790,000	\$ 792,370	\$ 2,370
DJCP grants for law enforcement	100,000	100,000	89,694	(10,306)
Street improvements grant	375,000	375,000	201,445	(173,555)
Law enforcement special equip	200,000	200,000	3,468	(196,532)
Litter control	2,000	2,000	1,713	(287)
Fire department grant	300,500	300,500	12,950	(287,550)
Total other categorical aid	<u>\$ 1,767,500</u>	<u>\$ 1,767,500</u>	<u>\$ 1,101,640</u>	<u>\$ (665,860)</u>
Total categorical aid	<u>\$ 1,767,500</u>	<u>\$ 1,767,500</u>	<u>\$ 1,101,640</u>	<u>\$ (665,860)</u>
Total revenue from the Commonwealth	<u>\$ 1,841,550</u>	<u>\$ 1,841,550</u>	<u>\$ 1,163,461</u>	<u>\$ (678,089)</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Other categorical aid:				
Transportation safety	\$ 2,000	\$ 2,000	\$ 8,180	\$ 6,180
ISTEA grant	1,100,000	1,100,000	25,639	(1,074,361)
Department of Justice grant	-	-	12,232	12,232
Total other categorical aid	<u>\$ 1,102,000</u>	<u>\$ 1,102,000</u>	<u>\$ 46,051</u>	<u>\$ (1,055,949)</u>
Total categorical aid	<u>\$ 1,102,000</u>	<u>\$ 1,102,000</u>	<u>\$ 46,051</u>	<u>\$ (1,055,949)</u>
Total revenue from the federal government	<u>\$ 1,102,000</u>	<u>\$ 1,102,000</u>	<u>\$ 46,051</u>	<u>\$ (1,055,949)</u>
Total General Fund	<u>\$ 6,426,185</u>	<u>\$ 6,426,185</u>	<u>\$ 5,127,695</u>	<u>\$ (1,298,490)</u>
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 6,128</u>	<u>\$ 1,128</u>
Charges for services:				
Charges for cemetery care	\$ 3,000	\$ 3,000	\$ 2,400	\$ (600)
Cemetery lot sales	6,000	6,000	5,400	(600)
Charges for bus fares	18,750	18,750	19,448	698
Total charges for services	<u>\$ 27,750</u>	<u>\$ 27,750</u>	<u>\$ 27,248</u>	<u>\$ (502)</u>
Recovered costs:				
Reimbursement from localities	\$ 164,049	\$ 164,049	\$ 91,359	\$ (72,690)
Total recovered costs	<u>\$ 164,049</u>	<u>\$ 164,049</u>	<u>\$ 91,359</u>	<u>\$ (72,690)</u>
Total revenue from local sources	<u>\$ 196,799</u>	<u>\$ 196,799</u>	<u>\$ 124,735</u>	<u>\$ (72,064)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Transportation grant	\$ 120,563	\$ 120,563	\$ 120,583	\$ 20
Airport grant	98,000	98,000	-	(98,000)
Total categorical aid	<u>\$ 218,563</u>	<u>\$ 218,563</u>	<u>\$ 120,583</u>	<u>\$ (97,980)</u>
Total revenue from the Commonwealth	<u>\$ 218,563</u>	<u>\$ 218,563</u>	<u>\$ 120,583</u>	<u>\$ (97,980)</u>

Town of Blackstone, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
Page 4 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Transportation grant	\$ 252,888	\$ 252,888	\$ 217,099	\$ (35,789)
Transportation grant - ARRA	-	-	58,036	58,036
Total categorical aid	<u>\$ 252,888</u>	<u>\$ 252,888</u>	<u>\$ 275,135</u>	<u>\$ 22,247</u>
Total revenue from the federal government	<u>\$ 252,888</u>	<u>\$ 252,888</u>	<u>\$ 275,135</u>	<u>\$ 22,247</u>
Total Special Revenue Fund	<u>\$ 668,250</u>	<u>\$ 668,250</u>	<u>\$ 520,453</u>	<u>\$ (147,797)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 281	\$ 281
Revenue from the use of property	-	-	250,213	250,213
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,494</u>	<u>\$ 250,494</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ 125,857</u>	<u>\$ 125,857</u>	<u>\$ 126,761</u>	<u>\$ 904</u>
Total revenue from local sources	<u>\$ 125,857</u>	<u>\$ 125,857</u>	<u>\$ 377,255</u>	<u>\$ 251,398</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Indoor plumbing grant	<u>\$ 267,939</u>	<u>\$ 267,939</u>	<u>\$ 129,913</u>	<u>\$ (138,026)</u>
Total revenue from the Commonwealth	<u>\$ 267,939</u>	<u>\$ 267,939</u>	<u>\$ 129,913</u>	<u>\$ (138,026)</u>
Revenue from the federal government:				
Categorical aid:				
Downtown revitalization	\$ 2,107,989	\$ 2,107,989	\$ 285,525	\$ (1,822,464)
USDA generator grant	-	-	38,300	38,300
Total categorical aid	<u>\$ 2,107,989</u>	<u>\$ 2,107,989</u>	<u>\$ 323,825</u>	<u>\$ (1,784,164)</u>
Total revenue from the federal government	<u>\$ 2,107,989</u>	<u>\$ 2,107,989</u>	<u>\$ 323,825</u>	<u>\$ (1,784,164)</u>
Total Capital Projects Fund	<u>\$ 2,501,785</u>	<u>\$ 2,501,785</u>	<u>\$ 830,993</u>	<u>\$ (1,670,792)</u>
Grand Total Revenues -- Primary Government	<u>\$ 9,596,220</u>	<u>\$ 9,596,220</u>	<u>\$ 6,479,141</u>	<u>\$ (3,117,079)</u>

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 2
Page 1 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 13,460	\$ 13,460	\$ 13,456	\$ 4
General and financial administration:				
Town Manager and financial administration	\$ 845,739	\$ 842,939	\$ 1,124,784	\$ (281,845)
Independent Auditor	21,000	21,000	-	21,000
Total general and financial administration	\$ 866,739	\$ 863,939	\$ 1,124,784	\$ (260,845)
Board of elections:				
Electoral board and officials	\$ 5,500	\$ 5,500	\$ 6,275	\$ (775)
Total general government administration	\$ 885,699	\$ 882,899	\$ 1,144,515	\$ (261,616)
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,116,199	\$ 1,116,199	\$ 1,028,175	\$ 88,024
Fire and rescue services:				
Fire department	\$ 177,365	\$ 176,315	\$ 157,410	\$ 18,905
Total public safety	\$ 1,293,564	\$ 1,292,514	\$ 1,185,585	\$ 106,929
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street maintenance	\$ 879,480	\$ 879,480	\$ 889,947	\$ (10,467)
Traffic lights	5,200	5,200	2,302	2,898
Streetlights	19,500	19,500	204	19,296
Total maintenance of highways, streets, bridges & sidewalks	\$ 904,180	\$ 904,180	\$ 892,453	\$ 11,727
Sanitation and waste removal:				
Refuse collection	\$ 239,798	\$ 239,798	\$ 227,304	\$ 12,494
Maintenance of general buildings and grounds:				
General properties	\$ 693,459	\$ 696,259	\$ 633,873	\$ 62,386
Garage department	164,184	164,184	189,638	(25,454)
Fuel purchases	-	-	147,689	(147,689)
Total maintenance of general buildings and grounds	\$ 857,643	\$ 860,443	\$ 971,200	\$ (110,757)
Total public works	\$ 2,001,621	\$ 2,004,421	\$ 2,090,957	\$ (86,536)

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 2
Page 2 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Cultural enrichment:				
Museum	\$ -	\$ -	\$ 1,021	\$ (1,021)
Library:				
Contribution to library	\$ 2,000	\$ 2,000	\$ 7,738	\$ (5,738)
Library administration	8,600	8,600	10,265	(1,665)
Total library	<u>\$ 10,600</u>	<u>\$ 10,600</u>	<u>\$ 18,003</u>	<u>\$ (7,403)</u>
Total parks, recreation, and cultural	<u>\$ 10,600</u>	<u>\$ 10,600</u>	<u>\$ 19,024</u>	<u>\$ (8,424)</u>
Capital projects:				
Administration	\$ 9,600	\$ 9,600	\$ 63,057	\$ (53,457)
Police department	231,113	231,113	28,490	202,623
Street maintenance	\$ 1,475,000	\$ 1,475,000	\$ 589,638	\$ 885,362
Garbage department	3,200	3,200	7,197	(3,997)
Garage department	5,000	5,000	-	5,000
General	50,000	50,000	44,331	5,669
Fire department	438,400	439,450	251,535	187,915
Total capital projects	<u>\$ 2,212,313</u>	<u>\$ 2,213,363</u>	<u>\$ 984,248</u>	<u>\$ 1,229,115</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 85,464	\$ (85,464)
Interest and other fiscal charges	-	-	16,159	(16,159)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,623</u>	<u>\$ (101,623)</u>
Total General Fund	<u>\$ 6,403,797</u>	<u>\$ 6,403,797</u>	<u>\$ 5,525,952</u>	<u>\$ 877,845</u>
Special Revenue Funds:				
Special Revenue Fund:				
Community Development:				
Planning and community development:				
Bus program	\$ 589,331	\$ 589,331	\$ 457,498	\$ 131,833
Cemetery	2,500	2,500	840	1,660
Airport	100,000	100,000	6,939	93,061
Total planning and community development	<u>\$ 691,831</u>	<u>\$ 691,831</u>	<u>\$ 465,277</u>	<u>\$ 226,554</u>
Total Special Revenue Fund	<u>\$ 691,831</u>	<u>\$ 691,831</u>	<u>\$ 465,277</u>	<u>\$ 226,554</u>

Town of Blackstone, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 2
Page 3 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Funds:				
Capital Projects Fund:				
Capital projects:				
Indoor plumbing rehab	\$ 267,939	\$ 267,939	\$ 194,426	\$ 73,513
Medical center	-	-	434,387	(434,387)
Broadband study	-	-	9,000	(9,000)
Castle housing rehabilitation	125,857	125,857	20,615	105,242
Fire siren	-	-	8,125	(8,125)
Downtown revitalization	2,107,989	2,107,989	406,677	1,701,312
Total capital projects	<u>\$ 2,501,785</u>	<u>\$ 2,501,785</u>	<u>\$ 1,073,230</u>	<u>\$ 1,428,555</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 171,341	\$ (171,341)
Interest and other fiscal charges	-	-	89,397	(89,397)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,738</u>	<u>\$ (260,738)</u>
Total Capital Projects Fund	<u>\$ 2,501,785</u>	<u>\$ 2,501,785</u>	<u>\$ 1,333,968</u>	<u>\$ 1,167,817</u>
Total Primary Government	<u>\$ 9,597,413</u>	<u>\$ 9,597,413</u>	<u>\$ 7,325,197</u>	<u>\$ 2,272,216</u>

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OTHER STATISTICAL SECTION

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Table 1

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

Fiscal Year	General Government Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Enterprise Funds	Total
2003-04	\$ 312,959	\$ 1,287,012	\$ 549,128	\$ -	\$ 9,069	\$ 169,581	\$ 16,594	\$ 6,057,729	\$ 8,402,072
2004-05	247,110	1,056,944	996,097	-	11,672	243,017	8,325	5,639,032	8,202,197
2005-06	379,338	1,330,903	1,229,299	-	11,566	312,198	6,906	5,939,434	9,209,644
2006-07	438,710	1,381,715	1,667,300	-	(242,019)	390,624	3,194	6,458,979	10,098,503
2007-08	765,509	1,564,640	3,126,359	47,121	25,640	472,599	21,556	6,659,667	12,683,091
2008-09	273,519	1,317,646	1,389,844	100,000	31,555	233,371	100,989	6,579,703	10,026,627
2009-10	720,992	1,132,805	2,674,742	63,787	31,664	117,731	105,556	5,600,173	10,447,450

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

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	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		
2003-04	\$ 4,661,406	\$ 885,540	\$ 166,436	\$	313,722	772,506	137,237	\$ 162,415	\$ 56,031	\$	7,155,293
2004-05	5,685,997	1,193,327	317,341		308,648	786,977	84,943	69,134	48,790		8,495,157
2005-06	6,183,042	1,681,177	61,759		320,134	820,539	166,090	221,919	51,081		9,505,741
2006-07	6,708,900	1,210,377	121,763		392,458	862,395	127,463	185,919	52,099		9,661,374
2007-08	7,098,916	1,131,351	3,183,061		382,855	864,671	78,049	252,156	52,425		13,043,484
2008-09	7,029,526	1,718,438	1,996,751		398,720	1,094,802	48,291	131,022	48,633		12,466,183
2009-10	6,656,870	1,315,904	681,243		413,321	1,155,000	296,502	396,473	61,821		10,977,134

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

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
2001	\$ 544,020	\$ 905,045	\$ 1,251,969	\$ 6,479	\$ -	\$ -	2,707,513
2002	622,468	933,469	1,633,269	9,589	-	-	3,198,795
2003	577,939	983,357	1,411,724	8,501	62,607	-	3,044,128
2004	599,803	1,082,439	1,369,793	6,954	58,781	49,815	3,167,585
2005	577,595	1,082,161	1,390,467	5,247	49,713	85,915	3,191,098
2006	696,102	1,158,600	1,426,872	11,451	85,486	85,915	3,464,426
2007	792,118	1,135,603	1,842,748	8,091	252,843	49,815	4,081,218
2008	881,308	1,366,326	2,508,697	11,000	238,804	120,218	5,126,353
2009	864,999	1,183,054	1,655,405	10,499	318,784	787,675	4,820,416
2010	1,144,515	1,185,585	2,090,957	19,024	465,277	362,361	5,267,719

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

(2) Excludes Capital Projects funds.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2001	\$ 288,950	\$ 714,076	\$ 595	\$ 17,549	\$ 302,982	\$ 240,340	\$ 89,455	\$ 917,776	\$ 748,531	\$ 3,320,254
2002	271,845	762,665	706	16,481	341,027	239,983	301,106	479,854	776,104	3,189,771
2003	306,634	772,488	513	27,244	127,574	235,662	895,458	468,995	901,238	3,735,806
2004	309,998	772,506	4,188	35,951	114,590	252,414	154,055	1,314,498	1,015,093	3,973,293
2005	296,102	786,977	820	38,204	18,392	878,722	23,624	1,120,248	1,242,117	4,405,206
2006	325,612	820,539	895	33,055	21,126	438,991	134,772	1,127,899	1,732,258	4,635,147
2007	391,102	862,395	1,500	28,728	40,740	823,118	185,288	902,288	1,384,239	4,619,398
2008	388,355	864,671	1,805	30,142	36,621	1,115,387	236,096	1,062,803	4,142,053	7,877,933
2009	378,692	1,094,802	670	32,406	48,153	744,923	98,258	1,356,787	2,049,443	5,804,134
2010	384,442	1,155,000	955	20,980	46,004	878,722	90,939	1,465,876	1,605,230	5,648,148

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

(2) Excludes Capital projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2001	\$ 307,110	\$ 306,119	99.68%	\$ 553	\$ 306,672	99.86%	\$ 20,624	6.72%
2002	309,103	302,596	97.89%	2,578	305,174	98.73%	14,585	4.72%
2003	355,906	334,870	94.09%	4,993	339,863	95.49%	17,372	4.88%
2004	366,339	342,061	93.37%	2,797	344,858	94.14%	19,818	5.41%
2005	347,742	328,309	94.41%	2,304	330,613	95.07%	26,270	7.55%
2006	356,439	351,394	98.58%	5,024	356,418	99.99%	24,958	7.00%
2007	433,157	425,429	98.22%	-	425,429	98.22%	26,237	6.06%
2008	427,249	420,649	98.46%	757	421,406	98.63%	31,204	7.30%
2009	423,708	406,576	95.96%	8,463	415,039	97.95%	36,635	8.65%
2010	417,968	410,236	98.15%	8,201	418,437	100.11%	59,502	14.24%

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

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

Table 6

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

Fiscal Year	Real Estate (1)	Machinery					Total
		Personal Property	and Tools	Mobile Homes	Public Service (2)		
2001	\$ 111,679,700	\$ 14,327,888	\$ 1,774,291	\$ 591,332	\$ 6,289,620	\$ 134,662,831	
2002	112,640,165	14,554,138	1,764,922	640,089	5,953,937	135,553,251	
2003	114,218,906	13,773,404	1,937,546	542,819	5,917,627	136,390,302	
2004	115,920,896	15,545,085	1,455,650	483,625	5,636,593	139,041,849	
2005	116,642,006	13,548,593	2,274,611	450,949	5,339,664	138,255,823	
2006	117,739,751	14,833,072	2,329,980	449,227	4,242,097	139,594,127	
2007	153,074,984	15,935,101	1,851,056	476,386	5,210,837	176,548,364	
2008	152,806,641	15,309,035	1,739,285	453,044	4,946,755	175,254,760	
2009	153,148,654	15,082,778	1,662,745	374,435	3,814,016	174,082,628	
2010	153,997,331	13,790,012	1,867,357	314,950	3,706,860	173,676,510	

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility		
					Real Estate	Personal Property	Personal Property
2001	\$	0.17	\$	0.65	\$	0.17	\$ 0.65
2002		0.17		0.65		0.17	0.65
2003		0.20		0.65		0.20	0.65
2004		0.20		0.65		0.20	0.65
2005		0.20		0.65		0.20	0.65
2006		0.20		0.65		0.20	0.65
2007		0.20		0.65		0.20	0.65
2008		0.20		0.65		0.20	0.65
2009		0.20		0.65		0.20	0.65
2010		0.20		0.65		0.20	0.65

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of		Net Bonded Debt per Capita
				Payable from Enterprise Revenue	Debt		Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	
2001	3,675	\$ 134,662,831	\$ -	\$ -	-	-	0.00%	\$ -	-
2002	3,675	135,553,251	-	-	-	-	0.00%	-	-
2003	3,675	136,390,302	-	-	-	-	0.00%	-	-
2004	3,675	139,041,849	-	-	-	-	0.00%	-	-
2005	3,675	138,255,823	6,665,000	6,665,000	-	-	0.00%	-	-
2006	3,675	139,594,127	6,540,000	6,540,000	-	-	0.00%	-	-
2007	3,675	176,548,364	6,410,000	6,410,000	-	-	0.00%	-	-
2008	3,675	175,254,760	6,760,000	6,280,000	480,000	131	0.27%	131	131
2009	3,675	174,082,628	8,200,000	6,145,000	2,055,000	559	1.18%	559	559
2010	3,675	173,676,510	7,900,000	6,005,000	1,895,000	516	1.09%	516	516

(1) Bureau of Census

(2) From Table 6

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

Table 9

Town of Blackstone, Virginia
Computation of Legal Debt Margin
At June 30, 2010

Assessed value of real property, January 1, 2009 (1)	<u>\$ 157,977,830</u>
Debt limit: 10% of assessed value	\$ 15,797,783
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 11,301,421
Less: Revenue bonds	<u>(3,401,421)</u>
Net general obligation bonds and loans	<u>\$ 7,900,000</u>
Legal debt limit	<u>\$ 7,897,783</u>

(1) Assessed value of real property, including public service corporations as of January 1, 2009.

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

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COMPLIANCE SECTION

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blackstone, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the Town of Blackstone, Virginia's basic financial statements and have issued our report thereon dated January 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2010-01).

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the Town of Blackstone, Virginia, in a separate letter dated January 11, 2011.

The Town of Blackstone, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Blackstone, Virginia's response and, accordingly, we express no opinion on it.

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



Richmond, Virginia
January 11, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

***Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133
Independent Auditor's Report***

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

Compliance

We have audited Town of Blackstone, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Blackstone, Virginia's major federal programs for the year ended June 30, 2010. The Town of Blackstone, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Blackstone, Virginia's management. Our responsibility is to express an opinion on the Town of Blackstone, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Blackstone, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Blackstone, Virginia's compliance with those requirements.

In our opinion, the Town of Blackstone, Virginia complied, in all material respects, with the 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, 2010.

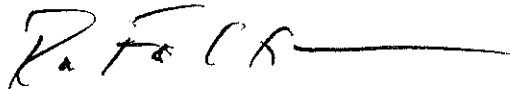
Internal Control Over Compliance

Management of the Town of Blackstone, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Blackstone, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Blackstone, Virginia's internal control over compliance.

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

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

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



Richmond, Virginia
January 11, 2011

Town of Blackstone, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants	10.780	N/A	\$ 38,300
Department of Justice:			
Direct payments:			
DOJ grant	16.xxx	N/A	\$ 12,232
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Transportation:			
Highway planning and construction (ISTEA)	20.205	unknown	\$ 25,639
Department of Motor Vehicles:			
State and community highway safety program	20.600	6050700-59122	8,180
Department of Rail and Public Transportation:			
Formula grants for other than urbanized areas	20.509	6090100-42008/42009	217,099
ARRA - Formula grants for other than urbanized areas	20.509	6090100-44010	58,036
Total Department of Transportation			\$ 308,954
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grant	14.228	5330500-50796	\$ 285,525
Total Expenditures of Federal Awards			\$ 645,011

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, 2010

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Blackstone, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Town of Blackstone, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Blackstone, Virginia.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note C - 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	\$ 46,051
Special Revenue Fund	275,135
Capital Projects Fund	323,825
Total primary government	\$ <u>645,011</u>

Total federal expenditures per basic financial statements	\$ <u>645,011</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>645,011</u></u>
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Town of Blackstone, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

Section I-Summary of Auditors' Results**Financial Statements**

Type of auditor's report issued:

unqualified

Internal control over financial reporting:

Material weakness(es) identified?

✓ yes no

Significant deficiency(ies) identified?

 yes✓ none reported

Noncompliance material to financial statements noted?

 yes✓ no**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

 yes✓ no

Significant deficiency(ies) identified?

 yes✓ none reportedType of auditor's report issued on compliance
for major programs:unqualifiedAny findings disclosed that are required to be
reported in accordance with section 510(a) of
OMB Circular A-133? yes✓ no

Identification of major programs:

CFDA Number(s)

14.228

20.509

Name of Federal Program or Cluster

Community Development Block Grant

Formula Grants for Other Than Urbanized Areas and
ARRA - Formula Grants for Other Than Urbanized AreasDollar threshold used to distinguish between type A
and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 yes✓ no

Section II-Financial Statement Findings

2010-01

Financial Reporting

Criteria:	Internal controls should be in place that provide assurance that audited financial statements reconcile to the Town's internal documents.
Condition:	Inadequate internal controls over financial statement reporting.
Effect:	Audited financial statements, including related footnotes, may contain an undetected material misstatement.
Recommendation:	Procedures should be implemented providing for the posting of all year-end adjusting entries to allow for reconciliation between the audited financial statements and the Town's general ledger reports. This may require hiring an accounting consultant to assist with posting of year-end accruals in order to get ready for the annual audit.
Management's Response:	The Town is considering corrective action for FY11.

Section III-Federal Award Findings and Questioned Costs

None

Town of Blackstone, Virginia
Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2010

There were Financial Statement Findings in the prior year and a description of those findings are included in the Audited Annual Financial Report for the fiscal year ended June 30, 2009.

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