

Town of Blacksburg, Virginia

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

Fiscal Year Ended June 30, 2018



TOWN OF BLACKSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2018

DEPARTMENT OF FINANCIAL SERVICES

TOWN OF BLACKSBURG, VIRGINIA

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	vii
Directory of Principal Officials.....	viii
Organizational Chart.....	viii

FINANCIAL SECTION

Independent Auditor’s Report.....	1-3
Management’s Discussion and Analysis	4-13

Basic Financial Statements

Government-wide Financial Statements

Exhibit 1 Statement of Net Position	15
Exhibit 2 Statement of Activities.....	16

Fund Financial Statements

Exhibit 3 Balance Sheet – Governmental Funds.....	17
Exhibit 4 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18-19
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Non-GAAP Budgetary Basis).....	20
Exhibit 6 Statement of Net Position – Proprietary Funds.....	21
Exhibit 7 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	22
Exhibit 8 Statement of Cash Flows – Proprietary Funds.....	23-24
Exhibit 9 Statement of Fiduciary Net Position – Fiduciary Funds.....	25
Exhibit 10 Statement of Changes in Fiduciary Net Position – Fiduciary Fund	26

Notes to Financial Statements	27-73
-------------------------------------	-------

Required Supplementary Information

Exhibit 11 Schedule of Changes in Net Pension Liability and Related Ratios	75
Exhibit 12 Schedule of Pension Contributions.....	76
Exhibit 13 Schedule of Employer’s Share of Net OPEB Liability.....	76
Exhibit 14 Schedule of Changes in Net OPEB Liability and Related Ratios	77
Exhibit 15 Schedule of OPEB Contributions	78
Exhibit 16 Schedule of Investment Returns – OPEB Trust Fund	78

Notes to Required Supplementary Information	79-80
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TOWN OF BLACKSBURG, VIRGINIA

TABLE OF CONTENTS

Other Supplementary Information

Combining Statements

Exhibit A-1	Combining Balance Sheet – Non-Major Governmental Funds.....	83
Exhibit A-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	84
Exhibit B-1	Combining Statement of Fiduciary Net Position – Agency Funds	86
Exhibit B-2	Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	87

Supporting Schedules

Schedule 1	Schedule of Expenditures of Federal Awards.....	89
Schedule 2	Computation of Legal Debt Margin.....	90

STATISTICAL SECTION

Table 1	Net Position by Component.....	92
Table 2	Changes in Net Position by Component	93-94
Table 3	Fund Balances – Governmental Funds	95
Table 4	Changes in Fund Balances – Governmental Funds	96
Table 5	Assessed Value and Actual Value of Taxable Property	97
Table 6	Principal Property Tax Payers.....	98
Table 7	Property Tax Levies and Collections	99
Table 8	Water and Sewer Revenues by Component.....	100
Table 9	Water and Sewer Rates.....	101
Table 10	Principal Water and Sewer Customers.....	102
Table 11	Legal Debt Margin Information	103
Table 12	Ratios of Outstanding Debt by Type.....	104
Table 13	Pledged Revenue Coverage.....	105
Table 14	Demographic and Economic Statistics.....	106
Table 15	Principal Employers.....	107
Table 16	Full-Time Equivalent Town Government Employees by Function/Program.....	108
Table 17	Operating Indicators by Function/Program.....	109
Table 18	Capital Asset and Infrastructure Statistics by Function/Program.....	110
Table 19	Continuing Bond Disclosures.....	111-116

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	118-119
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	120-121
Summary of Compliance Matters	122
Schedule of Findings and Questioned Costs	123-124
Summary Schedule of Prior Audit Findings	125

INTRODUCTORY SECTION

November 28, 2018

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

Section 15.2-2511 of the *Code of Virginia*, requires an annual independent audit and report of financial activity of the Town of Blacksburg, Virginia (the “Town”) presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town for the fiscal year ended June 30, 2018.

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

The Town’s financial statements have been audited by the independent certified public accounting firm of Brown, Edwards & Company, L.L.P. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town’s financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor’s report is presented at the front of the financial section of this report.

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

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

Profile of the Government

The Town was founded and organized in 1798 and incorporated in 1871. The Town is located in Montgomery County, Virginia approximately 40 miles southwest of Roanoke, Virginia. The Town has a land area of 19.7 square miles. Blacksburg is one of the largest towns in Virginia with a 2010 census population of 42,620. The Town is empowered to levy a property tax on real properties located within its boundaries. Town residents are also citizens of and are subject to taxation by Montgomery County.

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

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

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

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

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

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

Local Economy

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

The economic condition and outlook for the Town is stable but impacted by the national economy and its impacts on the state budget. Maintaining current services with increasing employee benefit costs in conjunction with slight revenue growth defines the character of the municipal corporation for both fiscal year 2018 and for the near future. The cost of health insurance, retirement benefits, snow removal, and fleet related expenses are four areas where costs continue to grow. Concurrently, Federal and State revenues continue to decline with no relief in sight. Real estate tax is expected to increase in 2019 due to the increase in tax rate and the reassessment the County will undergo. With the improving economy the Town expects a continued increase in business license tax and meals tax. Some of the growth in this year's projected revenue is being used for one-time expenses with the goal of using that growth in the future to increase fund balance, implement a capital reserve fund, or incentivize economic development. Funding is also included to develop a plan to guide future development related to the growth of Virginia Tech. Student enrollment will increase by several thousand students over the next five years in what is the largest planned growth at Virginia Tech in decades.

The Town's major employer, Virginia Tech, is the largest university in the Commonwealth and is located on over 2,600 acres with more than 135 buildings on its campus. One of Virginia Tech's goals as outlined by the University President is to increase enrollment by 5,000 students. This growth will have a financial impact to the Town as more people will demand Town services. Virginia Tech continues to position itself as a major research institution with a high level of effort being concentrated on Intelligent Vehicle Highway System (IVHS) technology and Biotechnology. Growth in technology-based research and the spawning of businesses from the Corporate Research Center ("CRC") reflect well on the area and the wealth of resources offered by a major academic institution makes the Town an attractive venue for business. The CRC is now home to over 180 technology-based companies that collectively employ over 3,000 knowledge-based workers in 33 buildings over 230 acres. The emergence of the university as a major research institution has occurred during the past decade with a research portfolio of more than \$521 million, and it is currently ranked 43rd overall and 24th among public research universities in university research in the U.S. The university routinely ranks among the top 15 universities in the number of patents issued to U.S. universities. The university carries a \$1 billion endowment and currently has an operating budget of \$1.6 billion.

The presence of Virginia Tech as a corporate citizen brings many advantages to the economic condition of the Town. The combination of approximately 34,000 students and 8,000 faculty and administrators bring significant buying power to the merchants and tax base of the Town. Also the visitors generated by Virginia Tech for sports events as well as conferences and research endeavors bring significant buying power to the area. The presence of Virginia Tech offers the stability essential to a local government even during economic downturns as recently experienced in fiscal year 2009 thru fiscal year 2012. The State of Virginia, similar to many other state governments, is experiencing lower tax revenues and has lowered the state's funding of Virginia Tech. The condition of the state's budget and its impact on the state's commitment to higher education and therefore the local economy is being monitored by the Town's leaders.

Local industry serves as a strong complement to the presence of Virginia Tech. Manufacturers of automobile components and electronic/fiber-optic technology continue to provide an employment base that contributes significantly to the economy of the Town. The opening of the IMAX theatre in the First & Main shopping center has been met with great enthusiasm. Blacksburg is home to only the second IMAX theatre west of Richmond. The Old Blacksburg Middle School site is currently under rezoning and redevelopment review. This site has a lot of potential to draw in new business and revenue for the Town. Part of the Town Council's Strategic Goals is to construct a new police station and parking garage on the old school site. The

current estimate for the new police station is \$16.5 million. The Town increased the real estate tax rate by one cent to fund the debt service related to the police station.

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

The Virginia Tech/Montgomery Executive Airport is currently in the construction phase of expanding its runway. This \$37 million expansion will build greater capacity for economic development in the region and will fulfill FAA regulations.

Long-term Financial Planning

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

The fiscal year 2019 budget demonstrates a commitment to outstanding service delivery and progressiveness of local government. Revenue projections in fiscal year 2019 reflected the improving economic environment with reliance upon annual revenue to finance operating expenditures and included some increases to user fees. Calendar year 2019 is a reassessment year for Montgomery County. Preliminary figures indicate an increase in real estate tax revenues for the Town. Also the budget demonstrates the Town Council's Vision "*Blacksburg's vision is to be a dynamic, sustainable, livable community balancing environmental stewardship, economic opportunity, technological leadership, and the arts.*"

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

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

Relevant Financial Policies

In accordance with State code and the Town's Investment Policy, the Town invests in Treasury securities, agency securities, certificates of deposit, the Commonwealth of Virginia's State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). To the extent possible, the Policy will match investments with anticipated cash flow requirements. The maturities of the investments range from overnight to eight years with an average maturity of five years. The average yield on investments for fiscal year 2018 was 2.245%.

Major Initiatives

Blacksburg Transit expanded service into nearby Christiansburg in 2011. Future initiatives include discussion of further expansion of the system in the New River Valley including construction of a multi-modal facility. This facility will encourage individuals to use alternative transportation by creating a central hub for transit transfers.

Despite the economic climate, there are various projects underway throughout Town including the airport runway extension project, the transit multi-modal facility, design and construction of a new police station, various VDOT revenue sharing and other infrastructure projects, and the continued funding of the equipment replacement fund. All of these projects will contribute to the economic and sustainable future.

The Town's upcoming Capital Improvement Program (CIP) includes 121 projects over the next five years and a fiscal year 2019 total appropriation of \$14.687 million. While the CIP includes projects that enhance the quality of life in Blacksburg and maintain existing infrastructure, there are significant projects not included that have been identified as potential future projects. These projects require further discussion because of financial or political impacts requiring resolution before inclusion in the CIP. These projects include a new recreation facility and a downtown parking garage. The magnitude of these projects would impact future revenue generation, debt capacity, and operating expenses.

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

In February 2014, Town Council received recommendations from the Stormwater Stakeholders Advisory Group for the adoption of a Stormwater Enterprise Fund to provide a dedicated revenue source to fund stormwater infrastructure maintenance and improvements in compliance with environmental regulations. The Advisory Group recommended implementing a Stormwater Enterprise fee based on the amount of impervious surface controlled by a landowner. A monthly \$6 fee for single residential structures was recommended. The fee for non-residential land uses is based on an equivalency factor of impervious surface of a single residential property to a non-residential property. This fund was established in fiscal year 2015. The Town with the Advisory Group have evaluated the stormwater program and have recommend changes and improvements to be implemented in 2018 and 2019.

Awards and Acknowledgements

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Blacksburg for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the thirty-eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Distinguished Budget Presentation Award GFOA has also awarded the Town of Blacksburg with the prestigious Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2018. This is the twenty-seventh consecutive year that the Town has achieved this honor. In order to be awarded, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Susan A. Kaiser". The signature is written in a cursive style.

Director of Finance
Town of Blacksburg



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Blacksburg
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

TOWN OF BLACKSBURG, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2018

MEMBERS OF TOWN COUNCIL

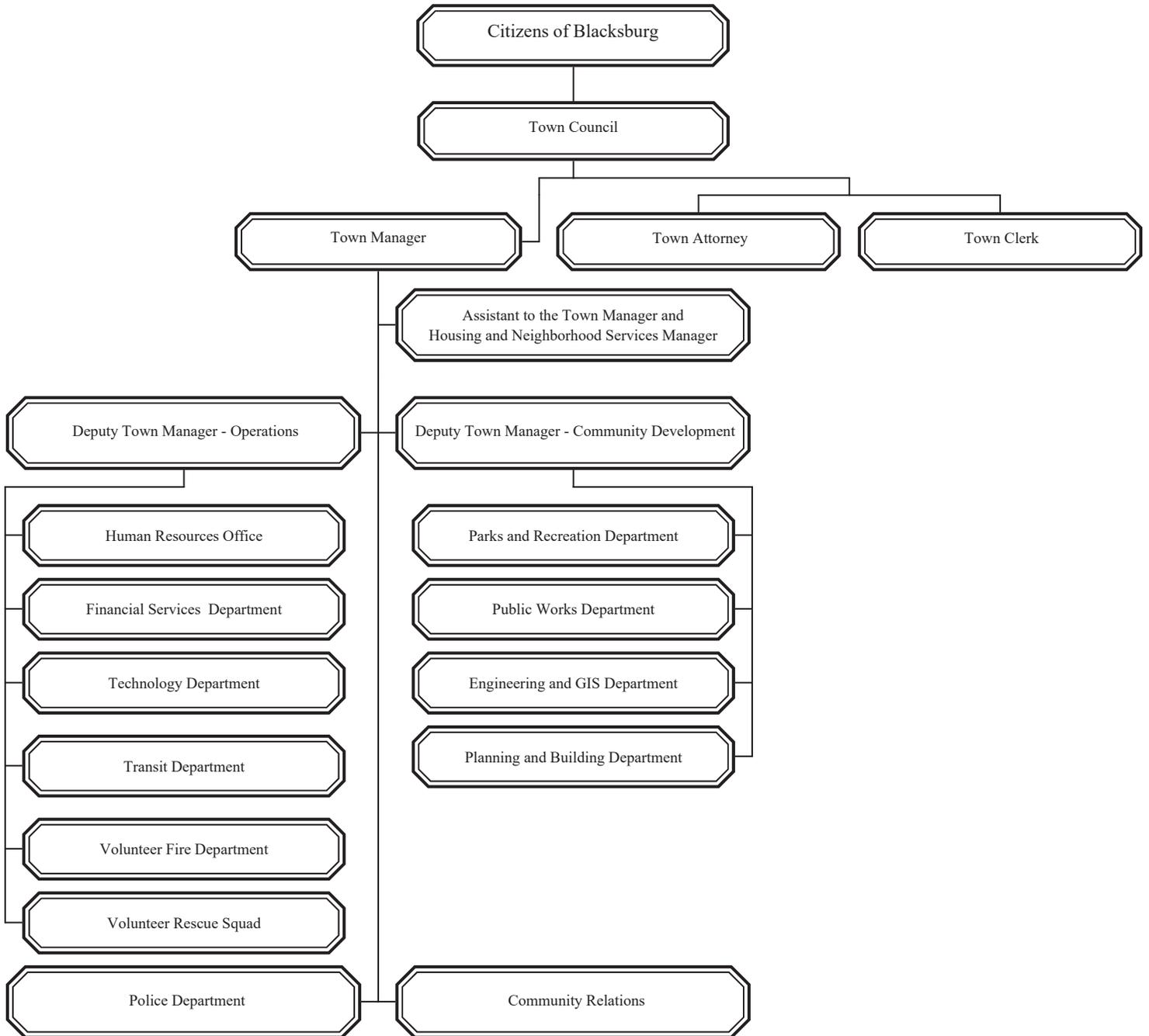
Leslie Hager-SmithMayor
Susan AndersonVice-Mayor
John Bush
Michael Sutphin
Susan Mattingly
Jerry R. Ford, Jr.
Lauren Colliver

GENERAL TOWN GOVERNMENT

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

INDEPENDENT AUDITORS

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



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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blacksburg, Virginia (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison statement for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As described in Note 11 to the financial statements, in 2018 the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Plans Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining nonmajor fund financial statements, the computation of legal debt margin, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The combining nonmajor fund financial statements, the computation of legal debt margin, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the computation of legal debt margin, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Blacksburg, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$89,601,598 (net position). Of this amount, (\$1,355,551) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. In the current year, unrestricted net position became negative. This negative balance was a direct result of the implementation of GASB 75 which required a large prior period adjustment for the recognition of other postemployment benefits.
- The Town's total net position increased by \$3,115,254. This increase is primarily attributable to an increase in real estate taxes, meals taxes and other local taxes due to improved economic conditions and an increase in student population.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$17,500,977 an increase of \$2,939,273 due to controlled spending and an increase in tax revenue. Of this total amount, \$4,838,201 represents unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,051,627, or 19 percent of total general fund expenditures exclusive of debt service, capital projects, and transfers.
- In 2018, the Town adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The overall effect of this new standard is to reflect the Town's long-term other postretirement benefit ("OPEB") obligations directly in the financial statements. Under previous accounting guidance, these amounts were recorded incrementally over time, but were not recognized in their entirety. Instead, the total liability which has now been recorded, was only disclosed. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the Town record a net OPEB liability directly on the statement of net position. Beginning net position has been restated as discussed in Note 17, and this has had a significant impact on the Town's net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis has not been restated.

Overview of the Financial Statements

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

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

Overview of the Financial Statements (Continued)

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

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

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

The government-wide financial statements can be found on pages 15 and 16 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 17 through 19 of this report.

Overview of the Financial Statements (Continued)

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

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

The basic proprietary fund financial statements can be found on pages 21 through 24 of this report.

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

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 73 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's defined benefit pension plan and the Town's other post-employment benefits plan. Required supplementary information can be found on pages 75 through 80 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$89,601,598 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (101 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued)

	The Town's Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 22,399,996	\$ 18,552,703	\$ 14,595,939	\$ 13,327,366	\$ 36,995,935	\$ 31,880,069
Capital assets	82,084,285	81,975,229	32,057,559	31,138,071	114,141,844	113,113,300
Total assets	<u>104,484,281</u>	<u>100,527,932</u>	<u>46,653,498</u>	<u>44,465,437</u>	<u>151,137,779</u>	<u>144,993,369</u>
Deferred outflows of resources	<u>2,387,542</u>	<u>3,563,260</u>	<u>782,754</u>	<u>1,145,325</u>	<u>3,170,296</u>	<u>4,708,585</u>
Long-term liabilities outstanding	44,446,196	38,818,924	11,860,614	9,668,293	56,306,810	48,487,217
Other liabilities	<u>3,048,453</u>	<u>2,394,996</u>	<u>2,981,460</u>	<u>2,836,378</u>	<u>6,029,913</u>	<u>5,231,374</u>
Total liabilities	<u>47,494,649</u>	<u>41,213,920</u>	<u>14,842,074</u>	<u>12,504,671</u>	<u>62,336,723</u>	<u>53,718,591</u>
Deferred inflows of resources	<u>1,759,583</u>	<u>112,880</u>	<u>610,171</u>	<u>138,384</u>	<u>2,369,754</u>	<u>251,264</u>
Net position						
Net investment in capital assets	62,454,999	61,688,322	28,161,024	26,811,761	90,616,023	88,500,083
Restricted	262,599	296,007	78,527	-	341,126	296,007
Unrestricted	<u>(5,100,007)</u>	<u>780,063</u>	<u>3,744,456</u>	<u>6,155,946</u>	<u>(1,355,551)</u>	<u>6,936,009</u>
Total net position	<u>\$ 57,617,591</u>	<u>\$ 62,764,392</u>	<u>\$ 31,984,007</u>	<u>\$ 32,967,707</u>	<u>\$ 89,601,598</u>	<u>\$ 95,732,099</u>

Unrestricted net position is used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position for business-type activities. Governmental activities and the government as a whole reported negative net position of \$5,100,007 and \$1,355,551, respectively. These negative balances were a direct result of implementing GASB Statement No. 75.

Governmental activities – Governmental activities increased net position by \$1,843,518 thereby accounting for a majority of the increase in the net position of the Town. The key element for this increase is the increase in real estate, meals taxes, and other local taxes revenue.

Business-type activities – Business-type activities increased the Town's net position by \$1,271,736. This increase is mainly attributable to the increase in net position to the transit and stormwater funds.

Government-wide Financial Analysis (Continued)

	The Town's Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 5,737,882	\$ 5,102,985	\$ 18,727,786	\$ 16,938,032	\$ 24,465,668	\$ 22,041,017
Operating grants and contributions	4,341,240	4,519,119	3,786,504	3,638,434	8,127,744	8,157,553
Capital grants and contributions	1,421,680	1,316,730	4,514,324	2,968,324	5,936,004	4,285,054
General revenues						
Property taxes	7,664,056	7,278,919	-	-	7,664,056	7,278,919
Other taxes	14,373,850	13,495,056	-	-	14,373,850	13,495,056
Other	1,358,089	1,199,052	178,801	213,485	1,536,890	1,412,537
Total revenues	<u>34,896,797</u>	<u>32,911,861</u>	<u>27,142,342</u>	<u>23,758,275</u>	<u>62,104,212</u>	<u>56,670,136</u>
Expenses						
Legislative	277,701	283,446	-	-	277,701	283,446
Executive	2,966,322	2,456,229	-	-	2,966,322	2,456,229
Legal	409,074	359,036	-	-	409,074	359,036
Financial services	1,738,665	1,706,593	-	-	1,738,665	1,706,593
Technology	701,968	651,746	-	-	701,968	651,746
Police	8,260,990	8,136,657	-	-	8,260,990	8,136,657
Fire and rescue	1,806,268	1,754,609	-	-	1,806,268	1,754,609
Public works	8,834,761	7,997,543	-	-	8,834,761	7,997,543
Recreation	2,543,602	2,426,104	-	-	2,543,602	2,426,104
Engineering and GIS	1,082,524	1,285,509	-	-	1,082,524	1,285,509
Planning and building	1,238,064	1,099,762	-	-	1,238,064	1,099,762
CDBG entitlement	592,902	520,577	-	-	592,902	520,577
HOME consortium	235,603	105,081	-	-	235,603	105,081
Interest on long-term debt	835,422	696,604	-	-	835,422	696,604
Unallocated depreciation	1,885,354	1,698,347	-	-	1,885,354	1,698,347
Water and sewer	-	-	10,960,655	10,315,742	10,960,655	10,315,742
Transit system	-	-	11,977,354	11,418,619	11,912,281	11,418,619
Solid waste and recycling	-	-	1,931,437	1,736,542	1,931,437	1,736,542
Stormwater	-	-	710,292	667,701	710,292	667,701
Total expenses	<u>33,409,220</u>	<u>31,177,843</u>	<u>25,579,738</u>	<u>24,138,604</u>	<u>58,988,958</u>	<u>55,316,447</u>
Excess before transfers	1,487,577	1,734,018	1,627,677	(380,329)	3,115,254	1,353,689
Transfers	355,941	216,099	(355,941)	(216,099)	-	-
Change in net position	1,843,518	1,950,117	1,271,736	(596,428)	3,115,254	1,353,689
Net position at July 1, as restated	<u>55,774,073</u>	<u>60,814,275</u>	<u>30,712,271</u>	<u>33,564,135</u>	<u>86,486,344</u>	<u>94,378,410</u>
Net position at June 30	<u>\$ 57,617,591</u>	<u>\$ 62,764,392</u>	<u>\$ 31,984,007</u>	<u>\$ 32,967,707</u>	<u>\$ 89,601,598</u>	<u>\$ 95,732,099</u>

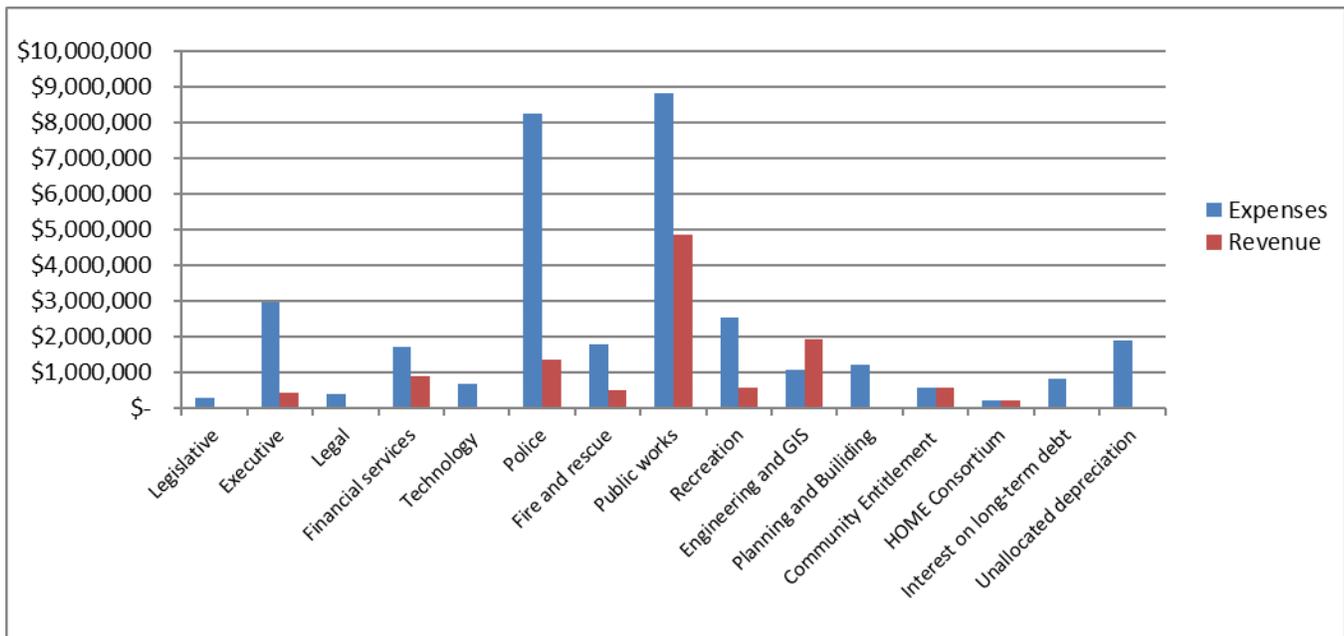
Government-wide Financial Analysis (Continued)

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. However, there were five noteworthy exceptions:

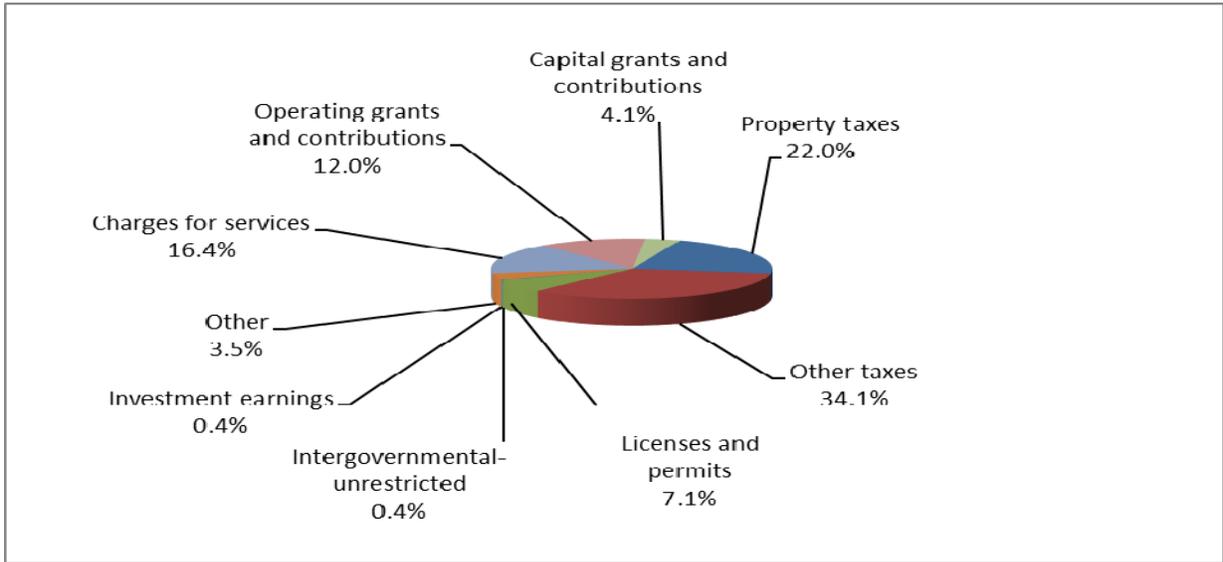
- Executive expense increased due to professional services for housing and various Town-wide studies.
- Public works increased due to an increase in depreciation and an increase for paving for South Main Street.
- Engineering and GIS decreased due to employee turnover and unfilled positions while Planning and Building increased due to the increase in the number of employees.
- Interest increased due the issuance of new bonds in the current year.

For business-type activities, the operating expenses for the transit fund are higher than the revenues that fund can generate. The operating revenues of the water and sewer fund were more than expenses for the current year mainly due to new developments in Town. The operating revenue of the stormwater fund was higher than the expenses. The stormwater fund, in its infancy, is currently building net position to assist in future stormwater projects while the solid waste and recycling fund showed only a slight deficit of expenses over revenues.

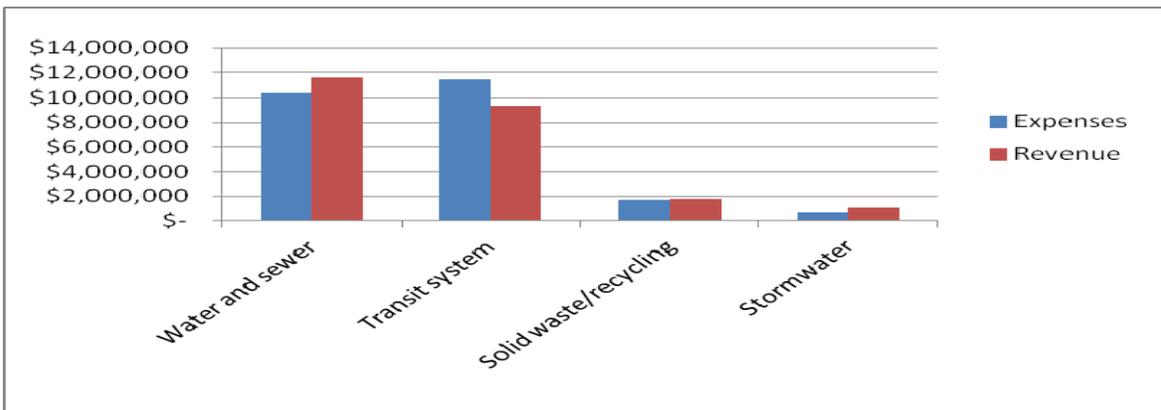
Expenses and Program Revenues – Governmental Activities



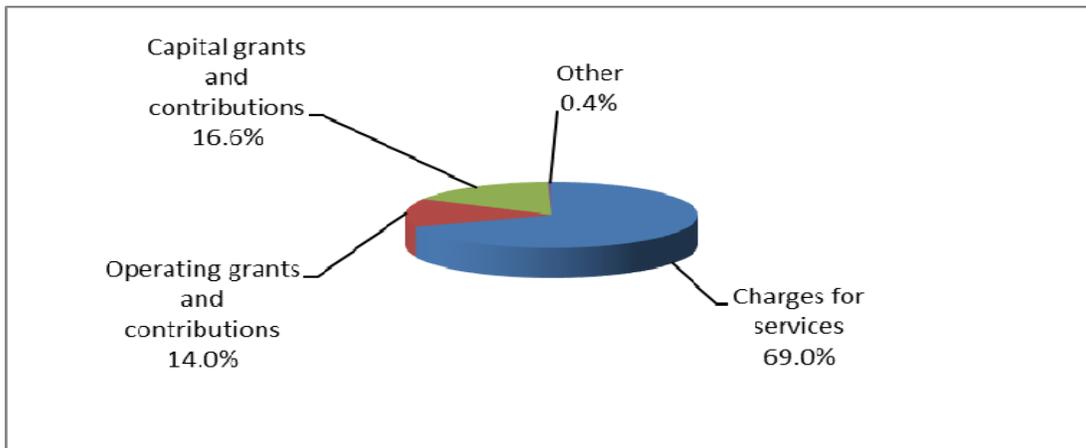
Revenues by Source – Governmental Activities



Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

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

As of the end of the current fiscal year, the Town's total governmental funds reported an ending fund balance of \$17,500,977, an increase of \$2,939,273 in comparison with the prior year. Of that amount, \$348,871 was nonspendable, \$262,599 was restricted, \$2,706,402 was committed, \$9,344,904 was assigned, and \$4,838,201 was unassigned.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As part of the Town's financial management practices, general fund unassigned fund balance is targeted at no less than 10% of operating expenditures exclusive of capital improvements and will strive to increase the level to a target of 15%. Unassigned fund balance represents 19.30% of total general fund expenditures exclusive of debt service, capital projects, and transfers, while total fund balance represents 23.14% of that same amount.

The fund balance of the Town's general fund increased by \$591,596 during the current fiscal year. Key factors in this change were due to increases in real estate, meals tax, and other local tax revenues.

The general capital projects fund increased \$2,333,583 due to the receipt of bond proceeds in the current year for various capital projects.

The urban construction fund increased \$19,204 due to receipt of investment earnings coupled with the lack of construction projects in the current year.

The equipment replacement capital projects fund decreased slightly by \$5,110 which reflects equipment related expenditures in excess of annual transfers into the fund from user funds.

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

The nonmajor governmental funds which track CDBG and HOME grant activity did not change.

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

Unrestricted net position of the water and sewer, transit system, solid waste and recycling, and stormwater funds at the end of the year amounted to \$1,446,955, \$948,312, \$284,173, and \$1,065,016 respectively. The total increase in net position was \$1,271,736. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town’s business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled \$1,106,252. Increases in appropriations can be briefly summarized as follows:

- \$884,496 in various departments for the reappropriation of prior year encumbrances and \$210,089 for paving.

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

- Police was under budget due to controlled spending and to the rollover of prior year encumbrances.
- Executive and Planning and Building were under budget due to the rollover of prior year encumbrances.
- Engineering and GIS was under budget due to an unfilled position.
- Transfers out was under budget due to the timing of the current year debt issuance and related debt payments.
- General property taxes was over budget due to a higher assessed value than planned and due to an increase in the tax rate.
- Other local taxes, most notably meals taxes, were over budget due to better economic conditions.
- Intergovernmental revenue was under budget due to timing of grant funding.

Capital Asset and Debt Administration

Capital assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$114,141,844 (net of accumulated depreciation). This includes land, buildings and system improvements, machinery and equipment, roads, highways, and bridges. The total increase in the Town’s investment in capital assets for the current fiscal year was approximately 0.9 percent.

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

- Renovations on the golf course totaling \$890,000.
- Engineering and design services for the new Transit Multi-Modal facility totaling \$762,000.
- The purchase of a \$250,000 ambulance and the \$155,000 purchase of a new solid waste boom loader.
- The purchase of four articulated buses totaling \$2,800,000.
- The prepayment of a new fire pumper totaling \$712,000.

The Town's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 10,773,477	\$ 10,773,477	\$ 219,247	\$ 213,314	\$ 10,992,724	\$ 10,986,791
Buildings and improvements	22,688,539	22,705,759	3,182,588	3,240,844	25,871,127	25,946,603
Water system – plant	-	-	3,708,914	3,920,620	3,708,914	3,920,620
Sewer system – plant	-	-	8,527,250	8,913,954	8,527,250	8,913,954
Infrastructure	38,064,009	39,119,569	-	-	38,064,009	39,119,569
Machinery and equipment	8,200,890	6,861,764	12,961,404	12,283,893	21,162,294	19,145,657
Construction in progress	2,357,370	2,514,660	3,458,156	2,565,446	5,815,526	5,080,106
Total	\$ 82,084,285	\$ 81,975,229	\$ 32,057,559	\$ 31,138,071	\$ 114,141,844	\$ 113,113,300

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

Long-term debt – At the end of the current fiscal year, the Town had total bonded debt outstanding of \$27,902,753, all of which is backed by the full faith and credit of the government.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 22,580,893	\$ 21,091,398	\$ 5,174,106	\$ 4,338,600	\$ 27,754,999	\$ 25,429,998
Capital lease obligations	147,754	209,648	-	-	147,754	209,648
	\$ 22,728,647	\$ 21,301,046	\$ 5,174,106	\$ 4,338,600	\$ 27,902,753	\$ 25,639,646

The Town's total debt increased by \$2,263,107 (8.83 percent) during the current fiscal year due to the issuance of bonds.

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

Additional information on the Town's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County (it is unavailable for the Town) is currently 3.1 percent, which has increased slightly from a year ago. This compares to the state's average unemployment rate of 3.2 percent and the national average rate of 4.0 percent.
- Inflationary trends in the region compare favorably to national indices.
- A 2% cost-of-living adjustment was given to employees along with a pay for performance bonus which also increases most benefit costs.
- Water and Sewer rates are expected to increase to cover operational and capital costs.
- Real estate tax rates increased to .26/\$100 effective in June 2018. Fiscal year 2019 will see a full year with this tax rate alongside a reassessment year for Montgomery County.

All of these factors were considered in preparing the Town's budget for the 2019 fiscal year.

Requests for Information

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

**BASIC FINANCIAL
STATEMENTS**

TOWN OF BLACKSBURG, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents (Note 2)	\$ 8,541,544	\$ 4,691,868	\$ 13,233,412
Investments (Note 2)	5,842,879	3,675,801	9,518,680
Receivables, net (Note 3)	1,678,990	1,578,769	3,257,759
Due from other governmental units (Note 5)	1,325,906	1,917,423	3,243,329
Inventories	429,220	1,387,626	1,816,846
Building and land held for resale	912,472	-	912,472
Prepays	62,927	-	62,927
Restricted assets:			
Cash and cash equivalents (Note 2)	3,606,058	1,344,452	4,950,510
Capital assets: (Note 6)			
Land and construction in progress	13,130,847	3,677,403	16,808,250
Other capital assets, net	68,953,438	28,380,156	97,333,594
Total assets	<u>104,484,281</u>	<u>46,653,498</u>	<u>151,137,779</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 9)	2,136,494	674,068	2,810,562
Deferred outflows related to other post employment benefits (Note 11)	149,576	49,711	199,287
Deferred charge on refunding	101,472	58,975	160,447
Total deferred outflows of resources	<u>2,387,542</u>	<u>782,754</u>	<u>3,170,296</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,349,350	2,537,223	3,886,573
Accrued payroll and related liabilities	1,202,933	194,746	1,397,679
Accrued interest payable	236,800	55,557	292,357
Public improvement and other deposits	259,370	193,934	453,304
Noncurrent liabilities:			
Net pension liability (Note 9)	11,864,448	3,743,252	15,607,700
Other post employment benefit liability (Note 11)	7,464,986	2,364,429	9,829,415
Other noncurrent liabilities due within one year (Note 7)	1,960,571	837,440	2,798,011
Other noncurrent liabilities due in more than one year (Note 7)	23,156,191	4,915,493	28,071,684
Total liabilities	<u>47,494,649</u>	<u>14,842,074</u>	<u>62,336,723</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes and grants (Note 3)	263,866	136,692	400,558
Deferred inflows related to pensions (Note 9)	1,360,923	429,373	1,790,296
Deferred inflows related to other post employment benefits (Note 11)	134,794	44,106	178,900
Total deferred inflows of resources	<u>1,759,583</u>	<u>610,171</u>	<u>2,369,754</u>
NET POSITION			
Net investment in capital assets	62,454,999	28,161,024	90,616,023
Restricted for:			
Capital outlay	262,599	78,527	341,126
Unrestricted	<u>(5,100,007)</u>	<u>3,744,456</u>	<u>(1,355,551)</u>
Total net position	<u>\$ 57,617,591</u>	<u>\$ 31,984,007</u>	<u>\$ 89,601,598</u>

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

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
Legislative	\$ 277,701	\$ -	\$ -	\$ -	\$ (277,701)	\$ -	\$ (277,701)
Executive	2,966,322	452,262	-	-	(2,514,060)	-	(2,514,060)
Legal	409,074	36,317	-	-	(372,757)	-	(372,757)
Financial services	1,738,665	905,617	-	-	(833,048)	-	(833,048)
Technology	701,968	-	-	-	(701,968)	-	(701,968)
Police	8,260,990	317,924	1,063,676	-	(6,879,390)	-	(6,879,390)
Fire and rescue	1,806,268	381,436	-	142,485	(1,282,347)	-	(1,282,347)
Public works	8,834,761	1,589,207	3,277,564	-	(3,967,990)	-	(3,967,990)
Recreation	2,543,602	573,030	-	-	(1,970,572)	-	(1,970,572)
Engineering and GIS	1,082,524	1,385,384	-	547,395	850,255	-	850,255
Planning and building	1,238,064	-	-	-	(1,238,064)	-	(1,238,064)
CDBG entitlement	592,902	96,705	-	496,197	-	-	-
HOME consortium	235,603	-	-	235,603	-	-	-
Interest on long-term debt	835,422	-	-	-	(835,422)	-	(835,422)
Unallocated depreciation	1,885,354	-	-	-	(1,885,354)	-	(1,885,354)
Total governmental activities	33,409,220	5,737,882	4,341,240	1,421,680	(21,908,418)	-	(21,908,418)
Business-type activities:							
Water and sewer	10,960,655	11,416,693	-	-	-	456,038	456,038
Transit system	11,977,354	4,414,207	3,771,446	4,514,324	-	722,623	722,623
Solid waste and recycling	1,931,437	1,835,849	15,058	-	-	(80,530)	(80,530)
Stormwater	710,292	1,061,037	-	-	-	350,745	350,745
Total business-type activities	25,579,738	18,727,786	3,786,504	4,514,324	-	1,448,876	1,448,876
Total	\$ 58,988,958	\$ 24,465,668	\$ 8,127,744	\$ 5,936,004	(21,908,418)	1,448,876	(20,459,542)
General revenues:							
					7,664,056	-	7,664,056
					1,413,869	-	1,413,869
					5,620,477	-	5,620,477
					103,077	-	103,077
					712,294	-	712,294
					4,058,305	-	4,058,305
					2,465,828	-	2,465,828
					1,126	-	1,126
					134,119	-	134,119
					270,666	86,147	356,813
					(141,176)	(78,335)	(219,511)
					1,093,354	170,989	1,264,343
					355,941	(355,941)	-
					23,751,936	(177,140)	23,574,796
					1,843,518	1,271,736	3,115,254
					55,774,073	30,712,271	86,486,344
					\$ 57,617,591	\$ 31,984,007	\$ 89,601,598

TOWN OF BLACKSBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Urban Construction	Capital Projects		Debt Service	Nonmajor Funds	Total Governmental Funds
			General Capital Projects	Equipment Replacement			
ASSETS							
Cash and cash equivalents	\$ 3,449,984	\$ -	\$ 2,684,057	\$ 2,147,998	\$ -	\$ 62,393	\$ 8,344,432
Cash and cash equivalents, restricted	-	262,599	3,343,459	-	-	-	3,606,058
Investments	3,342,676	-	387,191	2,113,012	-	-	5,842,879
Receivables, net	961,840	-	266	716,884	-	-	1,678,990
Due from other governmental units	1,005,109	-	96,869	-	-	223,928	1,325,906
Inventories	285,944	-	-	-	-	-	285,944
Prepaid expenditures	13,557	-	49,370	-	-	-	62,927
Total assets	<u>\$ 9,059,110</u>	<u>\$ 262,599</u>	<u>\$ 6,561,212</u>	<u>\$ 4,977,894</u>	<u>\$ -</u>	<u>\$ 286,321</u>	<u>\$ 21,147,136</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 917,724	\$ -	\$ 269,141	\$ 86,790	\$ -	\$ 49,669	\$ 1,323,324
Accrued payroll and related liabilities	1,186,992	-	-	-	-	4,032	1,191,024
Public improvement and other deposits	259,370	-	-	-	-	-	259,370
Compensated absences	152,145	-	-	-	-	-	152,145
Total liabilities	<u>2,516,231</u>	<u>-</u>	<u>269,141</u>	<u>86,790</u>	<u>-</u>	<u>53,701</u>	<u>2,925,863</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable/deferred revenue	486,989	-	-	-	-	233,307	720,296
Total deferred inflows of resources	<u>486,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,307</u>	<u>720,296</u>
FUND BALANCES							
Nonspendable	299,501	-	49,370	-	-	-	348,871
Restricted	-	262,599	-	-	-	-	262,599
Committed	704,762	-	1,703,776	85,125	-	212,739	2,706,402
Assigned	-	-	4,538,925	4,805,979	-	-	9,344,904
Unassigned	5,051,627	-	-	-	-	(213,426)	4,838,201
Total fund balances	<u>6,055,890</u>	<u>262,599</u>	<u>6,292,071</u>	<u>4,891,104</u>	<u>-</u>	<u>(687)</u>	<u>17,500,977</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,059,110</u>	<u>\$ 262,599</u>	<u>\$ 6,561,212</u>	<u>\$ 4,977,894</u>	<u>\$ -</u>	<u>\$ 286,321</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	81,787,319
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	456,430
Building and land purchased that is being held for future resale and is not reported in the funds.	912,472
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and capital lease payable	(22,728,647)
Accrued interest payable	(236,800)
Compensated absences	(1,847,430)
Deferred amounts	(244,098)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions:	2,085,852
Deferred inflows related to pensions:	(1,328,665)
Net pension liability:	<u>(11,583,222)</u>
Deferred outflows and inflows of resources related to other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to OPEB:	145,962
Deferred inflows related to OPEB:	(131,585)
Net OPEB liability:	<u>(7,292,617)</u>
The internal service fund is used by management to charge the costs of the central garage. Its assets and liabilities are included in the governmental activities' statements of net position.	121,643
Net position of governmental activities	<u>\$ 57,617,591</u>

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	Urban Construction	Capital Projects		Debt Service	Nonmajor Funds	Total Governmental Funds
			General Capital Projects	Equipment Replacement			
REVENUES							
General property taxes	\$ 7,690,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,690,970
Other local taxes	11,955,222	-	-	-	-	-	11,955,222
Business license taxes	2,463,245	-	-	-	-	-	2,463,245
Permits and fees	481,019	-	-	-	-	-	481,019
Intergovernmental	4,833,556	-	198,690	-	-	731,800	5,764,046
Charges for services	3,914,674	-	-	-	-	-	3,914,674
Fines and forfeitures	300,959	-	-	-	-	-	300,959
Unrealized loss on investments	(106,889)	-	-	(34,287)	-	-	(141,176)
Investment earnings	212,271	19,204	-	39,191	-	-	270,666
Other	697,840	-	3,263	-	-	96,705	797,808
Total revenues	32,442,867	19,204	201,953	4,904	-	828,505	33,497,433
EXPENDITURES							
Current:							
Legislative	280,349	-	-	-	-	-	280,349
Executive	2,777,192	-	-	-	-	-	2,777,192
Legal	412,937	-	-	-	-	-	412,937
Financial services	1,710,541	-	-	-	-	-	1,710,541
Technology	558,845	-	-	-	-	-	558,845
Police	8,003,770	-	-	-	-	-	8,003,770
Fire and rescue	1,141,264	-	-	-	-	-	1,141,264
Public works	6,651,096	-	-	-	-	-	6,651,096
Recreation	2,328,265	-	-	-	-	-	2,328,265
Engineering and GIS	1,053,730	-	-	-	-	-	1,053,730
Planning and building	1,253,732	-	-	-	-	-	1,253,732
CDBG Entitlement	-	-	-	-	-	592,902	592,902
HOME Consortium	-	-	-	-	-	235,603	235,603
Capital outlays	-	-	2,933,369	1,910,212	-	-	4,843,581
Debt service:							
Principal retirement	-	-	-	-	1,822,399	-	1,822,399
Interest and fiscal charges	-	-	-	-	812,507	-	812,507
Total expenditures	26,171,721	-	2,933,369	1,910,212	2,634,906	828,505	34,478,713
Excess (deficiency) of revenues over expenditures	6,271,146	19,204	(2,731,416)	(1,905,308)	(2,634,906)	-	(981,280)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	72,503	-	3,177,497	-	-	-	3,250,000
Premium on debt proceeds	41,000	-	115,331	-	-	-	156,331
Sale of general capital assets	158,281	-	-	-	-	-	158,281
Transfers in	392,306	-	2,455,702	1,994,097	2,634,906	-	7,477,011
Transfers out	(6,343,640)	-	(683,531)	(93,899)	-	-	(7,121,070)
Total other financing sources (uses)	(5,679,550)	-	5,064,999	1,900,198	2,634,906	-	3,920,553
Net change in fund balance	591,596	19,204	2,333,583	(5,110)	-	-	2,939,273
FUND BALANCES AT JULY 1	5,464,294	243,395	3,958,488	4,896,214	-	(687)	14,561,704
FUND BALANCES AT JUNE 30	\$ 6,055,890	\$ 262,599	\$ 6,292,071	\$ 4,891,104	\$ -	\$ (687)	\$ 17,500,977

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
Year Ended June 30, 2018**

Net changes in fund balances	\$ 2,939,273
Adjustments for the statement of activities:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded new capital assets in the current period.	
Capital outlay	4,128,144
Depreciation expense	(4,045,957)
Disposal of assets	(24,162)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(71,531)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatments of long-term debt and related items	
Principal repayment	1,822,399
Amortization of deferred costs	3,261
Proceeds from issuance of debt	(3,250,000)
Deferred amount on refunding	(8,011)
Net Premium on new debt	(156,331)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Accrued interest payable	(18,165)
Change in compensated absences	(93,518)
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense	250,323
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	222,170
The internal service fund is used by management to change the costs of the central garage. The change in net position of internal service funds is reported with governmental activities.	145,623
Change in net position of governmental activities	<u>\$ 1,843,518</u>

TOWN OF BLACKSBURG, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 7,503,800	\$ 7,503,800	\$ 7,690,970	\$ 187,170
Other local taxes	11,634,500	11,634,500	11,955,222	320,722
Business license taxes	2,389,900	2,389,900	2,463,245	73,345
Permits and fees	430,000	430,000	481,019	51,019
Intergovernmental	4,783,900	4,993,989	4,833,556	(160,433)
Charges for services	3,894,500	3,894,500	3,914,674	20,174
Fines and forfeitures	207,500	207,500	300,959	93,459
Unrealized gain on investments	-	-	(106,889)	(106,889)
Investment earnings	162,000	162,000	212,271	50,271
Other	847,400	847,400	697,840	(149,560)
Total revenues	<u>31,853,500</u>	<u>32,063,589</u>	<u>32,442,867</u>	<u>379,278</u>
EXPENDITURES				
Current:				
Legislative	302,834	302,834	280,349	22,485
Executive	2,852,610	3,053,031	2,875,133	177,898
Legal	366,900	396,580	412,937	(16,357)
Financial services	1,797,597	1,837,793	1,742,595	95,198
Technology	591,000	608,749	566,192	42,557
Police	8,597,475	8,320,190	8,124,101	196,089
Fire and rescue	1,160,199	1,216,063	1,203,569	12,494
Public works	6,232,558	6,757,580	6,744,922	12,658
Recreation	2,344,292	2,397,424	2,397,424	-
Engineering and GIS	1,170,936	1,176,629	1,061,783	114,846
Planning and building	1,443,805	1,601,875	1,467,478	134,397
Contingency	65,389	38,199	-	38,199
Total expenditures	<u>26,925,595</u>	<u>27,706,947</u>	<u>26,876,483</u>	<u>830,464</u>
Excess of revenues over expenditures	<u>4,927,905</u>	<u>4,356,642</u>	<u>5,566,384</u>	<u>1,209,742</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	380,000	380,000	392,306	12,306
Transfers out	(6,491,905)	(6,816,805)	(6,343,640)	473,165
Bond proceeds	-	-	113,503	113,503
Sale of general capital assets	100,000	100,000	158,281	58,281
Prior year re-appropriations	1,084,000	1,084,000	-	(1,084,000)
Total other financing sources (uses)	<u>(4,927,905)</u>	<u>(5,252,805)</u>	<u>(5,679,550)</u>	<u>(426,745)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (896,163)</u>	<u>\$ (113,166)</u>	<u>\$ 782,997</u>

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

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities – Enterprise Funds				Total	Governmental Activities – Internal Service Fund
	Water and Sewer	Transit System	Solid Waste and Recycling	Stormwater		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,003,411	\$ 1,459,959	\$ 308,270	\$ 920,228	\$ 4,691,868	\$ 197,112
Cash and investments, restricted	1,344,452	-	-	-	1,344,452	-
Investments	1,948,593	1,435,189	-	292,019	3,675,801	-
Receivables, net	1,162,283	115,940	233,354	67,192	1,578,769	-
Due from other governmental units	-	1,917,423	-	-	1,917,423	-
Inventories	-	1,387,626	-	-	1,387,626	143,276
Total current assets	6,458,739	6,316,137	541,624	1,279,439	14,595,939	340,388
Noncurrent assets:						
Land and construction in progress	281,711	3,238,357	21,385	135,950	3,677,403	45,620
Other capital assets, net	13,338,590	14,547,474	469,337	24,755	28,380,156	251,346
Total noncurrent assets	13,620,301	17,785,831	490,722	160,705	32,057,559	296,966
Total assets	20,079,040	24,101,968	1,032,346	1,440,144	46,653,498	637,354
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	166,271	472,740	14,456	20,601	674,068	50,642
Deferred outflows related to other post-employment benefits	12,325	34,889	1,042	1,455	49,711	3,614
Deferred charge on refunding	58,975	-	-	-	58,975	-
Total deferred outflows of resources	237,571	507,629	15,498	22,056	782,754	54,256
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	1,775,292	622,735	119,378	19,818	2,537,223	26,026
Accrued payroll and related liabilities	40,604	146,683	3,092	4,367	194,746	11,909
Accrued interest payable	55,557	-	-	-	55,557	-
Customer deposits	193,934	-	-	-	193,934	-
Compensated absences	53,338	131,122	4,445	4,445	193,350	13,334
Bonds payable	644,090	-	-	-	644,090	-
Total current liabilities	2,762,815	900,540	126,915	28,630	3,818,900	51,269
Noncurrent liabilities:						
Compensated absences	99,394	146,240	4,063	9,924	259,621	29,636
Other post-employment benefits	587,612	1,657,506	50,199	69,112	2,364,429	172,369
Net pension liability	923,340	2,625,236	80,275	114,401	3,743,252	281,226
Bonds and leases payable	4,655,872	-	-	-	4,655,872	-
Total noncurrent liabilities	6,266,218	4,428,982	134,537	193,437	11,023,174	483,231
Total liabilities	9,029,033	5,329,522	261,452	222,067	14,842,074	534,500
DEFERRED INFLOWS OF RESOURCES						
Grants	-	135,331	1,361	-	136,692	-
Deferred inflows related to pensions	105,913	301,130	9,208	13,122	429,373	32,258
Deferred inflows related to other post-employment benefits	10,944	30,944	928	1,290	44,106	3,209
Total deferred inflows of resources	116,857	467,405	11,497	14,412	610,171	35,467
NET POSITION						
Net investment in capital assets	9,723,766	17,785,831	490,722	160,705	28,161,024	296,966
Restricted	-	78,527	-	-	78,527	-
Unrestricted	1,446,955	948,312	284,173	1,065,016	3,744,456	(175,323)
Total net position	\$ 11,170,721	\$ 18,812,670	\$ 774,895	\$ 1,225,721	\$ 31,984,007	\$ 121,643

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

TOWN OF BLACKSBURG, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018**

	Business-type Activities – Enterprise Funds					Governmental Activities – Internal Service Fund
	Water and Sewer	Transit System	Solid Waste and Recycling	Stormwater	Total	
OPERATING REVENUES						
Charges for services	\$ 10,742,869	\$ 4,414,207	\$ 1,835,849	\$ 1,061,037	\$ 18,053,962	\$ 1,336,776
Availability and transfer fees	485,198	-	-	-	485,198	-
Meter installation	122,307	-	-	-	122,307	-
Connection fees	66,319	-	-	-	66,319	-
Other	133,367	13,030	272	24,320	170,989	-
Total operating revenues	<u>11,550,060</u>	<u>4,427,237</u>	<u>1,836,121</u>	<u>1,085,357</u>	<u>18,898,775</u>	<u>1,336,776</u>
OPERATING EXPENSES						
Personal services	1,183,420	5,807,831	112,154	160,141	7,263,546	385,334
Contractual services	6,756,949	533,758	1,368,889	110,027	8,769,623	58,672
Administration	1,331,691	665,500	355,936	401,372	2,754,499	14,857
Depreciation	863,965	2,831,206	52,028	4,716	3,751,915	31,854
Other	633,583	2,073,986	42,430	34,036	2,784,035	700,436
Total operating expenses	<u>10,769,608</u>	<u>11,912,281</u>	<u>1,931,437</u>	<u>710,292</u>	<u>25,323,618</u>	<u>1,191,153</u>
Operating income (loss)	<u>780,452</u>	<u>(7,485,044)</u>	<u>(95,316)</u>	<u>375,065</u>	<u>(6,424,843)</u>	<u>145,623</u>
NONOPERATING REVENUES (EXPENSES)						
Loss on disposal of capital assets	-	(65,073)	-	-	(65,073)	-
Intergovernmental revenue	-	3,771,446	15,058	-	3,786,504	-
Unrealized loss on investments	(43,784)	(24,536)	-	(10,015)	(78,335)	-
Interest income	40,552	33,009	-	12,586	86,147	-
Interest expense	(191,047)	-	-	-	(191,047)	-
Net nonoperating revenues (expenses)	<u>(194,279)</u>	<u>3,714,846</u>	<u>15,058</u>	<u>2,571</u>	<u>3,538,196</u>	<u>-</u>
Income (loss) before contributions and transfers	586,173	(3,770,198)	(80,258)	377,636	(2,886,647)	145,623
CAPITAL CONTRIBUTIONS	-	4,514,324	-	-	4,514,324	-
TRANSFERS IN	93,899	-	155,275	135,950	385,124	-
TRANSFERS OUT	<u>(347,798)</u>	<u>-</u>	<u>(290,267)</u>	<u>(103,000)</u>	<u>(741,065)</u>	<u>-</u>
Change in net position	332,274	744,126	(215,250)	410,586	1,271,736	145,623
NET POSITION AT JULY 1, as restated (Note 16)	<u>10,838,447</u>	<u>18,068,544</u>	<u>990,145</u>	<u>815,135</u>	<u>30,712,271</u>	<u>(23,980)</u>
NET POSITION AT JUNE 30	<u>\$ 11,170,721</u>	<u>\$ 18,812,670</u>	<u>\$ 774,895</u>	<u>\$ 1,225,721</u>	<u>\$ 31,984,007</u>	<u>\$ 121,643</u>

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

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	<u>Business-type Activities – Enterprise Funds</u>				<u>Total</u>	<u>Governmental Activities – Internal Service Fund</u>
	<u>Water and Sewer</u>	<u>Transit System</u>	<u>Solid Waste and Recycling</u>	<u>Stormwater</u>		
OPERATING ACTIVITIES						
Receipts from customers	\$ 11,170,749	\$ 4,487,178	\$ 1,818,654	\$ 1,051,042	\$ 18,527,623	\$ 1,336,776
Payments to suppliers	(8,376,644)	(3,130,512)	(1,768,620)	(541,601)	(13,817,377)	(771,415)
Payments to employees	(1,353,881)	(5,771,750)	(107,170)	(165,378)	(7,398,179)	(383,832)
Other receipts	133,367	13,030	272	24,320	170,989	-
Net cash provided by (used in) operating activities	<u>1,573,591</u>	<u>(4,402,054)</u>	<u>(56,864)</u>	<u>368,383</u>	<u>(2,516,944)</u>	<u>181,529</u>
NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds	(347,798)	-	(290,267)	(103,000)	(741,065)	-
Operating assistance grants received	-	3,755,445	16,419	-	3,771,864	-
Transfers from other funds	93,899	-	155,275	135,950	385,124	-
Net cash provided by (used in) noncapital financing activities	<u>(253,899)</u>	<u>3,755,445</u>	<u>(118,573)</u>	<u>32,950</u>	<u>3,415,923</u>	<u>-</u>
CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(261,208)	(4,517,565)	(159,275)	(135,950)	(5,073,998)	(82,885)
Proceeds from sale of capital assets	-	25,402	-	-	25,402	-
Contribution of capital by other governments	-	4,092,197	-	-	4,092,197	-
Proceeds from issuance of capital debt	1,490,000	-	-	-	1,490,000	-
Principal paid on capital debt	(654,494)	-	-	-	(654,494)	-
Interest paid on capital debt	(100,536)	-	-	-	(100,536)	-
Net cash provided by (used in) capital and related financing activities	<u>473,762</u>	<u>(399,966)</u>	<u>(159,275)</u>	<u>(135,950)</u>	<u>(221,429)</u>	<u>(82,885)</u>
INVESTING ACTIVITIES						
Net purchases of investments	(558,258)	153,658	-	(107,222)	(511,822)	-
Interest received	40,552	33,009	-	12,586	86,147	-
Net cash provided by (used in) investing activities	<u>(517,706)</u>	<u>186,667</u>	<u>-</u>	<u>(94,636)</u>	<u>(425,675)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	1,275,748	(859,908)	(334,712)	170,747	251,875	98,644
CASH AND CASH EQUIVALENTS						
Beginning at July 1	2,072,115	2,319,867	642,982	749,481	5,784,445	98,468
Ending at June 30	<u>\$ 3,347,863</u>	<u>\$ 1,459,959</u>	<u>\$ 308,270</u>	<u>\$ 920,228</u>	<u>\$ 6,036,320</u>	<u>\$ 197,112</u>
RECONCILIATION TO STATEMENT OF NET POSITION:						
Cash and cash equivalents	\$ 2,003,411	\$ 1,459,959	\$ 308,270	\$ 920,228	\$ 4,691,868	\$ 197,112
Cash and cash equivalents, restricted	1,344,452	-	-	-	1,344,452	-
	<u>\$ 3,347,863</u>	<u>\$ 1,459,959</u>	<u>\$ 308,270</u>	<u>\$ 920,228</u>	<u>\$ 6,036,320</u>	<u>\$ 197,112</u>

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	<u>Business-type Activities – Enterprise Funds</u>					<u>Governmental Activities – Internal Service Fund</u>
	<u>Water and Sewer</u>	<u>Transit System</u>	<u>Solid Waste and Recycling</u>	<u>Stormwater</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME (LOSS)						
TO NET CASH PROVIDED BY (USED IN)						
OPERATING ACTIVITIES						
Operating income (loss)	\$ 780,452	\$ (7,485,044)	\$ (95,316)	\$ 375,065	\$ (6,424,843)	\$ 145,623
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	863,965	2,831,206	52,028	4,716	3,751,915	31,854
Pension expense net of employer contributions	(124,078)	77,368	5,373	(4,195)	(45,532)	(4,988)
Other post employment benefit expense net of employer contributions	(20,600)	(58,203)	(1,751)	(2,427)	(82,981)	(6,042)
Change in assets and liabilities						
(Increase) decrease in:						
Receivable, net	(202,122)	72,971	(17,195)	(9,995)	(156,341)	-
Inventories	-	62,545	-	-	62,545	(6,008)
(Decrease) increase in:						
Accounts payable and accrued liabilities	345,579	80,187	(1,365)	3,834	428,235	8,558
Accrued payroll and related liabilities	(25,783)	16,916	1,362	1,385	(6,120)	12,532
Unearned grants	(54,340)	-	-	-	(54,340)	-
Customer deposits	10,518	-	-	-	10,518	-
Net cash provided by (used in) operating activities	<u>\$ 1,573,591</u>	<u>\$ (4,402,054)</u>	<u>\$ (56,864)</u>	<u>\$ 368,383</u>	<u>\$ (2,516,944)</u>	<u>\$ 181,529</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital asset purchases financed by accounts payable	<u>\$ -</u>	<u>\$ 401,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,397</u>	<u>\$ -</u>
Increase in due from other governmental units for capital and operating grants	<u>\$ -</u>	<u>\$ 489,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,415</u>	<u>\$ -</u>

(Continued)

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

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Other Post- Employment Benefits	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 1,266,033
Investments		
Fixed Income	908,013	-
Stocks	2,334,890	-
Real Estate	302,671	-
Alternative investments	778,297	-
	4,323,871	1,266,033
Total assets		
LIABILITIES		
Liability to agency	-	1,266,033
	-	1,266,033
Total liabilities		
NET POSITION		
Other post-employment benefits	4,323,871	-
	4,323,871	-
Total net position restricted for post-employment benefits	\$ 4,323,871	\$ -

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

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

The following entities are excluded from the accompanying financial statements:

Jointly Governed Organizations:

New River Valley Regional Water Authority

The New River Valley Regional Water Authority was created by a concurrent resolution of the Town and other participating governing bodies. The Authority operates and maintains a water supply system for the Town, Virginia Tech, Montgomery County, and the Town of Christiansburg. Each governing body appoints one member of the five-member board of directors. Two at-large members are appointed by joint resolution of each of the member localities. All indebtedness is payable solely from the revenues of the water system. Although the Town is one of the Authority’s customers, the Town has no obligation for any of its indebtedness. During fiscal year 2018, the Town paid \$2,867,703 to the Authority for purchases of water.

Montgomery Regional Solid Waste Authority

The Town is a member of the Montgomery Regional Solid Waste Authority, which was created by a joint resolution on December 14, 1994 by the Towns of Blacksburg and Christiansburg, Montgomery County, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Authority, which began operation in August 1995, operates a sanitary landfill and recycling facility. Each jurisdiction provides collection of solid waste and recyclables from within its jurisdiction and delivers the collected materials to the Authority for disposal of waste in the landfill, and processing and marketing of the recyclables. All Authority operations are financed by tipping fees and the individual jurisdictions are not liable for the debt of the Authority. The Town paid \$326,665 in tipping fees during fiscal year 2018.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Jointly Governed Organizations: (Continued)

Blacksburg-VPI Sanitation Authority

The Blacksburg-VPI Sanitation Authority was created by a concurrent resolution of the Town and Virginia Tech. The Authority operates and maintains a wastewater treatment system for the Town and Virginia Tech. The five-member board of directors consists of one member appointed by each governing body. Three at-large members are appointed by joint resolution. All indebtedness of the Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2018, the Town paid \$3,263,400 to the Authority for purchase of wastewater treatment services.

Virginia Tech-Montgomery Regional Airport Authority

The Virginia Tech-Montgomery Regional Airport Authority (the “Airport Authority”) was created by concurrent resolutions of the governing bodies of the Towns of Blacksburg and Christiansburg, Montgomery County, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Airport Authority utilizes revenues generated by the airport and contributions by the members to fund all airport activities. The Airport Authority has bonded indebtedness. All indebtedness of the Airport Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2018, the Town paid \$50,000 toward the operations of the airport.

Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization

The Town is a member of the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization (the “MPO”). The MPO is a transportation policy-making organization serving the Blacksburg, Christiansburg, and Montgomery County area. The MPO provides the information, tools, and public input necessary to improve the performance of the transportation system of the region. Future transportation needs are addressed, giving consideration to all possible strategies and the community’s vision. The Town has three members within this organization, two of which are voting members that are appointed by Town Council. During fiscal year 2018, the Town paid \$6,600 toward operations of the MPO.

Montgomery Regional Tourism Board

The Town is a member of the Montgomery Regional Tourism Board (the “MRTB”). The MRTB functions as a joint tourism agency that serves the County of Montgomery and the Towns of Blacksburg and Christiansburg to promote tourism in the region. Per the operating agreement, the board consists of the County Administrator and both Town Managers. Funding for tourism expenditures are based on the amount of funding received from hotel occupancy taxes. The Town pays 1% of the 7% transient lodging tax collections to the MRTB less 15% of this amount for the Town’s own tourism efforts. During fiscal year 2018, the Town paid \$179,123 to the MRTB.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Jointly Governed Organizations: (Continued)

New River Valley Emergency Communications Regional Authority

The Town is a member of the New River Valley Emergency Communications Regional Authority (the “Communications Authority”). The Communications Authority is a regional partnership, serving the County of Montgomery, the Towns of Blacksburg and Christiansburg, and Virginia Tech. The Communications Authority provides 911 dispatch and emergency communication services to the community and agencies in these localities. The Communications Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. During fiscal year 2018, the Town paid \$821,033 toward operations of the Communications Authority.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

The Town reports the following major governmental funds:

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

The *urban construction fund* accounts for the revenue and construction activity relating to highway planning and construction funded by federal and state funds.

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

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

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

The Town reports the following major proprietary funds:

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

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

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

	<u>General Fund</u>
Net change in fund balance (non-GAAP budgetary basis)	\$ (113,166)
Encumbrances at June 30, 2018	<u>704,762</u>
Net change in fund balance (GAAP basis)	<u>\$ 591,596</u>

E. Cash and Cash Equivalents

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

F. Investments

Investments are stated at fair value.

G. Allowance for Uncollectible Accounts

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

H. Inventories

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

I. Building and Land Held for Resale

Building and land held for resale represent a property that was purchased by the Town to settle a lawsuit during fiscal year 2015. The Town intends on selling the property and thus will not be placed into service to benefit the Town.

J. Capital Assets

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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

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

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

J. Deferred Outflows/Inflows of Resources

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

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

K. Compensated Absences

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

L. Other Post-employment Benefit Trust Fund

The Town's policy is to fund a portion of the annual required contribution of its other post-employment benefit liability by contributing to the VACo/VML Pooled OPEB Trust Fund. The OPEB Trust Fund assets and investments are recorded at fair value. The Trust Fund Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. Further information regarding the Town's other post-employment benefits liability is included in Note 11 and in the required supplementary information immediately following the notes.

M. Long-Term Obligations

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

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

N. Pensions and Other Postemployment Benefits (OPEB):

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

O. Fund Balances/Net Position

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

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

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

Restricted Amounts

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

Minimum Fund Balance Policy

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

O. Fund Balances (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances outstanding as of June 30 total \$704,762 in the general fund, \$1,788,901 in the capital projects fund, and \$212,739 in nonmajor governmental funds. Encumbrances outstanding at the end of the year are reappropriated as part of subsequent year's budget.

Restricted Net Position

Restricted net position for governmental activities consists of unspent grant fund proceeds for the Urban Construction fund.

P. Estimates

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

Note 2. Deposits and Investments

Deposits

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

Investments

Investment Policy:

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 2. Deposits and Investments (Continued)

Investments (Continued)

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

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

Credit Risk:

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

The Town's investments in LGIP and SNAP are rated AAAM by Standard and Poor's and represent 32.33% of the Town's investment. Most of the Town's certificates of deposit are under \$250,000 and are secured by FDIC.

Concentration of Credit Risk:

The intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity; accordingly, the Policy places certain limits on the amount the Town may invest in any one issuer. The portions of the Town's portfolio that exceed 5% of the total portfolio at June 30, 2018 are shown in the table below under Interest Rate Risk.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk:

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

Interest Rate Risk:

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity*</u>	<u>Percentage of Portfolio</u>
SNAP	\$ 4,687,911	1	29.03%
LGIP	1,465,305	1	9.07%
Certificates of deposit	<u>10,005,437</u>	1,860	<u>61.90%</u>
Total investments	<u>\$ 16,158,653</u>		<u>100.00%</u>
Portfolio weighted average maturity			
*Weighted average maturity in days			

Investments	\$ 16,158,653
Deposits	<u>11,543,949</u>
Total deposits and investments	<u>\$ 27,702,602</u>
Reconciliation of deposits and investments to Exhibit 1:	
Cash and cash equivalents	\$ 13,233,412
Cash and cash equivalents, restricted	4,950,510
Investments	<u>9,518,680</u>
Total deposits and investments	<u>\$ 27,702,602</u>

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 3. Receivables, Net

Receivables are as follows:

	Governmental Activities			Business-Type Activities			
	General		Equipment Replacement	Water and Sewer	Transit System	Solid	
	General	Capital Projects				Waste and Recycling	Stormwater
Receivables							
Interest	\$ 18,765	\$ -	\$ 7,197	\$ 7,151	\$ 5,984	\$ -	\$ 2,145
Taxes	909,569	-	-	-	-	-	-
Accounts	58,126	266	709,687	1,157,998	109,956	234,292	65,047
	986,460	266	716,884	1,165,149	115,940	234,292	67,192
Less: allowance for uncollectibles	(24,620)	-	-	(2,866)	-	(938)	-
Receivables, net	<u>\$ 961,840</u>	<u>\$ 266</u>	<u>\$ 716,884</u>	<u>\$1,162,283</u>	<u>\$ 115,940</u>	<u>\$ 233,354</u>	<u>\$ 67,192</u>

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

	Unavailable	Deferred	Total
Included in receivables:			
Delinquent property taxes	\$ 134,404	\$ -	\$ 134,404
Sales tax	118,695	-	118,695
Telecommunication tax	91,024	-	91,024
Meals tax and BPOL	107,977	-	107,977
Other	4,330	-	4,330
	<u>456,430</u>	<u>-</u>	<u>456,430</u>
Included in cash:			
Grants	-	233,307	233,307
Other	-	1,000	1,000
Subsequent years' tax collections	-	29,559	29,559
Total unavailable/deferred revenue for governmental funds	<u>\$ 456,430</u>	<u>\$ 263,866</u>	<u>\$ 720,296</u>

Deferred inflows of resources for deferred revenue in the transit fund and the solid waste and recycling fund represent grant payments received for future year activities. Amounts in the non-major governmental funds relate to program income received under the CDBG and HOME programs.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 4. Transfers

Interfund transfers are as follows:

	Transfers Out:						Total
	General	General Capital	Equipment Replacement	Water and Sewer	Solid Waste and Recycling	Stormwater	
Transfers In:							
General	\$ -	\$ 392,306	\$ -	\$ -	\$ -	\$ -	\$ 392,306
General capital	2,155,702	-	-	-	200,000	100,000	2,455,702
Equipment replacement	1,553,032	-	-	347,798	90,267	3,000	1,994,097
Solid waste and recycling	-	155,275	-	-	-	-	155,275
Stormwater	-	135,950	-	-	-	-	135,950
Debt Service	2,634,906	-	-	-	-	-	2,634,906
Water and sewer	-	-	93,899	-	-	-	93,899
Total	\$ 6,343,640	\$ 683,531	\$ 93,899	\$ 347,798	\$ 290,267	\$ 103,000	\$ 7,862,135

The primary purposes of the transfers are as follows:

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 5. Due from Other Governmental Units

Amounts due from other governmental units are as follows:

	Governmental Activities	Business-Type Activities
Federal:		
Transit capital assistance grant	\$ -	\$ 785,853
Transit operational assistance grant		89,413
Community Development Planning Entitlement Grant	140,886	-
HOME funding	83,042	-
Other Federal:		
Transit Grants	-	31,679
Commonwealth of Virginia:		
Transit Grants	-	1,010,478
Telecommunications tax	181,371	-
VDOT Revenue Sharing	96,869	-
Other:		
Sales tax	355,061	-
VDOT Primary Extension Paving	172,096	-
Other – includes airport and VASAP	296,581	-
	\$ 1,325,906	\$ 1,917,423

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 6. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	\$ 10,773,477	\$ -	\$ -	\$ 10,773,477
Construction in progress	2,514,660	1,853,934	(2,011,224)	2,357,370
Total capital assets, not depreciated	13,288,137	1,853,934	(2,011,224)	13,130,847
Capital assets, depreciated				
Buildings and improvements	34,497,346	981,041	-	35,478,387
Infrastructure	56,253,010	656,560	-	56,909,570
Machinery and equipment	20,623,259	2,730,718	(927,092)	22,426,885
Total capital assets depreciated	111,373,615	4,368,319	(927,092)	114,814,842
Less accumulated depreciation for:				
Buildings and improvements	11,791,587	998,261	-	12,789,848
Infrastructure	17,133,441	1,712,120	-	18,845,561
Machinery and equipment	13,761,495	1,367,430	(902,930)	14,225,995
Total accumulated depreciation	42,686,523	4,077,811	(902,930)	45,861,404
Total capital assets, depreciated, net	68,687,092	290,508	(24,162)	68,953,438
Governmental activities, capital assets, net	<u>\$ 81,975,229</u>	<u>\$ 2,144,442</u>	<u>\$ (2,035,386)</u>	<u>\$ 82,084,285</u>
Business-Type Activities				
Capital assets, not depreciated				
Land	\$ 213,314	\$ 5,933	\$ -	\$ 219,247
Construction in progress	2,565,446	937,028	(44,318)	3,458,156
Total capital assets, not depreciated	2,778,760	942,961	(44,318)	3,677,403
Capital assets, depreciated				
Buildings and improvements	7,653,531	204,060	-	7,857,591
Water system-plant	11,444,829	-	-	11,444,829
Sewer system-plant	15,739,489	44,318	-	15,783,807
Machinery and equipment	33,154,601	3,614,857	(340,235)	36,429,223
Total capital assets depreciated	67,992,450	3,863,235	(340,235)	71,515,450
Less accumulated depreciation for:				
Buildings and improvements	4,412,687	262,316	-	4,675,003
Water system-plant	7,524,209	211,706	-	7,735,915
Sewer system-plant	6,825,535	431,022	-	7,256,557
Machinery and equipment	20,870,708	2,846,871	(249,760)	23,467,819
Total accumulated depreciation	39,633,139	3,751,915	(249,760)	43,135,294
Total capital assets, depreciated, net	28,359,311	111,320	(90,475)	28,380,156
Business-Type activities, capital assets, net	<u>\$ 31,138,071</u>	<u>\$ 1,054,281</u>	<u>\$ (134,793)</u>	<u>\$ 32,057,559</u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Capital Assets (Continued)

The Virginia Department of Transportation (VDOT) and the Federal Transit Administration (FTA) have provided grants for certain Transit System capital assets which have a total net book value of \$17,669,175 as of June 30. The Town cannot dispose of these assets without prior approval from the grantors.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Executive	\$ 1,915
Financial services	6,766
Technology	14,007
Police	431,044
Fire and rescue	650,180
Public works	938,293
Recreation	262,794
Planning and engineering	28,838
Unallocated depreciation	1,712,120
Internal service fund	31,854
	<u>\$ 4,077,811</u>
Business-type activities:	
Water and sewer	\$ 863,965
Transit system	2,831,206
Stormwater	4,716
Solid Waste and Recycling	52,028
	<u>\$ 3,751,915</u>

Construction Commitments

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

Project	Spent to Date	Remaining Commitment
Bennett Hill/Progress Neighborhood Stabilization	\$ 415,393	\$ 202,689
Municipal Park Restroom	-	95,190
Multi-Modal Facility Design	2,573,068	526,868
Research Center Drive Phase 1 Construction	-	367,156
Hubbard Street Sidewalk Expansion	-	263,947
Huckleberry Trail Construction – North Extension	48,312	732,860
	<u>\$ 3,036,773</u>	<u>\$ 2,188,710</u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 7. Long-Term Liabilities

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds \$	21,091,398	\$ 3,250,000	\$ 1,760,505	\$ 22,580,893	\$ 1,730,910
Net discounts/premiums	192,500	156,331	3,261	345,570	-
	<u>21,283,898</u>	<u>3,406,331</u>	<u>1,763,766</u>	<u>22,926,463</u>	<u>1,730,910</u>
Total bonds payable					
Capital lease	209,648	-	61,894	147,754	64,182
Compensated absences	1,839,316	1,289,131	1,085,902	2,042,545	165,479
	<u>\$ 23,332,862</u>	<u>\$ 4,695,462</u>	<u>\$ 2,911,562</u>	<u>\$ 25,116,762</u>	<u>\$ 1,960,571</u>
<u>Business-Type</u>					
<u>Activities:</u>					
General obligation bonds \$	4,338,600	\$ 1,490,000	\$ 654,494	\$ 5,174,106	\$ 644,090
Net discounts/premiums	51,341	72,497	(2,018)	125,856	-
	<u>4,389,941</u>	<u>1,562,497</u>	<u>652,476</u>	<u>5,299,962</u>	<u>644,090</u>
Total bonds payable					
Compensated absences	466,200	456,271	469,500	452,971	193,350
	<u>\$ 4,856,141</u>	<u>\$ 2,018,768</u>	<u>\$ 1,121,976</u>	<u>\$ 5,752,933</u>	<u>\$ 837,440</u>

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

The gross amount of parking meters and pay stations acquired under the capital lease is \$312,701.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7. Long-Term Liabilities (Continued)

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

Year Ended June 30	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		Capital Lease		General Obligations Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,730,910	\$ 654,987	\$ 64,182	\$ 4,516	\$ 644,090	\$ 132,991
2020	1,618,700	619,219	66,553	2,144	621,300	119,275
2021	1,641,685	583,564	17,019	155	633,315	105,675
2022	1,521,240	546,217	-	-	508,760	91,735
2023	1,541,995	510,691	-	-	518,005	80,067
2024-2028	5,731,363	1,920,683	-	-	1,478,636	212,009
2029-2033	4,425,000	1,076,428	-	-	405,000	91,388
2034-2038	2,405,000	538,331	-	-	365,000	27,450
2039-2043	1,355,000	251,207	-	-	-	-
2044-2045	610,000	32,200	-	-	-	-
	<u>\$ 22,580,893</u>	<u>\$ 6,733,527</u>	<u>\$ 147,754</u>	<u>\$ 6,815</u>	<u>\$ 5,174,106</u>	<u>\$ 860,590</u>

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Date	Amount of Original Issue	Governmental Activities	Business-type Activities
<u>General Obligation Bonds:</u>						
General Obligation Bonds	2.13	10-09	09-18	\$ 1,625,000	\$ 164,400	\$ 35,600
General Obligation Bonds	5.21	10-09	03-30	3,180,000	2,120,000	-
General Obligation Bonds	1.92	11-11	10-25	9,545,000	2,660,040	2,344,960
General Obligation Bonds	1.94	11-12	03-32	3,855,000	2,850,000	-
General Obligation Bonds	2.00-5.00	03-15	06-45	15,170,000	11,711,453	1,383,546
General Obligation Bonds	2.98	10-17	03-37	4,740,000	3,075,000	1,410,000
					22,580,893	5,174,106
				Net discounts/premiums	345,570	125,856
					<u>\$ 22,962,463</u>	<u>\$ 5,299,962</u>
<u>Capital Lease:</u>						
Parking meters and pay stations	3.65	08-15	08-20	\$ 312,701	\$ 147,754	\$ -

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 8. Net Position/Fund Equity

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

	General Fund	Other Governmental Funds
Nonspendable:		
Inventories	\$ 285,944	\$ -
Prepays	13,557	49,370
Total nonspendable	299,501	49,370
Restricted for:		
Urban construction – capital outlays	-	262,599
Committed to:		
Executive	97,941	-
Financial services	32,054	-
Technology	7,347	-
Police	120,331	-
Fire and rescue	62,305	-
Public works	93,826	-
Recreation	69,159	-
Engineering and GIS	8,053	-
Planning and building	213,746	-
General capital projects	-	1,703,776
Equipment replacement	-	85,125
CDBG capital projects	-	202,689
HOME capital projects	-	10,050
Total committed	704,762	2,001,640
Assigned to:		
General capital projects	-	4,538,925
Equipment replacement	-	4,805,979
Total assigned	-	9,344,904
Unassigned	5,051,627	(213,426)
Total fund balance	\$ 6,055,890	\$ 11,445,087

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan

Plan Description

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

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan is as follows:

Plan 1 - Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

- **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** –The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
- **Normal Retirement Age** – Age 65 or age 60 for hazardous duty employees.
- **Earliest Unreduced Retirement Eligibility** - Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service, for hazardous duty employees.
- **Earliest Reduced Retirement Eligibility** – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. 50 with at least five years of creditable service for hazardous duty employees.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
 - **Eligibility** – For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
 - **Exceptions to COLA Effective Dates** – The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- **Disability Coverage** for members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.
- **Purchase of Prior Service** – Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

- **Hybrid Opt-In Election** - Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.
- **Retirement Contributions** - Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction.
- **Creditable Service** - Same as Plan 1.
- **Vesting** - Same as Plan 1.
- **Calculating the Benefit** - See definition under Plan 1.
- **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013. Sheriffs, regional jail superintendents, and hazardous duty employees are same as Plan 1.
- **Normal Retirement Age** - Normal Social Security retirement age. Hazardous duty employees are the same as Plan 1.
- **Earliest Unreduced Retirement Eligibility** - Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty employees are the same as Plan 1.
- **Earliest Reduced Retirement Eligibility** - Age 60 with at least five years (60 months) of creditable service. Hazardous duty employees are the same as Plan 1.
- **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
 - **Eligibility** – Same as Plan 1.
 - **Exceptions to COLA Effective Dates** – Same as Plan 1.
- **Purchase of Prior Service** – Same as Plan 1.
- **Disability Coverage** – Same as Plan 1 except that the retirement multiplier is 1.65%.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- **Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees and those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- **Creditable Service** –
 - **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
 - **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Vesting –**
 - **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
 - **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
- **Calculating the Benefit -**
 - **Defined Benefit Component:** See definition under Plan 1.
 - **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation -** Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier –** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age –**
 - **Defined Benefit Component:** Same as Plan 2, however, not applicable for hazardous duty employees.
 - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Earliest Unreduced Retirement Eligibility –**
 - **Defined Benefit Component:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.
- **Earliest Reduced Retirement Eligibility –**
 - **Defined Benefit Component:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.
 - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement**
 - **Defined Benefit Component:** Same as Plan 2.
 - **Defined Contribution Component –** Not Applicable.
 - **Eligibility –** Same as Plan 1 and 2.
 - **Exceptions to COLA Effective Dates –** Same as Plan 1 and 2.
- **Disability Coverage -** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service –**
 - **Defined Benefit Component –** Same as Plan 1, with the following exceptions:
 - Hybrid Retirement Plan members are ineligible for ported service.
 - **Defined Contribution Component –** Not Applicable.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	170
Inactive members:	
Vested inactive members	46
Non-vested inactive members	65
Inactive members active elsewhere in VRS	87
Total inactive members	198
Active members	292
Total covered employees	660

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2018 was 13.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$2,014,663 and \$1,909,659 for the years ended June 30, 2018 and June 30, 2017, respectively.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

Note 9. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.50%
General Employees - Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees - Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest):
 Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering
 rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes
 to line of duty rates, and no changes to salary scale.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.30 %

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2016, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2016	\$ 72,451,537	\$ 53,055,941	\$ 19,395,595
Changes for the year:			
Change in proportion	28,443	20,830	7,613
Service cost	1,538,193	-	1,538,193
Interest	4,966,957	-	4,966,957
Changes of assumptions	(341,901)	-	(341,901)
Differences between expected and actual experience	(919,137)	-	(919,137)
Contributions – employer	-	1,909,659	(1,909,659)
Contributions – employee	-	694,792	(694,792)
Net investment income	-	6,478,029	(6,478,029)
Benefit payments, including refunds of employee contributions	(3,046,913)	(3,046,913)	-
Administrative expenses	-	(37,087)	37,087
Other changes	-	(5,772)	5,772
Net changes	<u>2,225,642</u>	<u>6,013,538</u>	<u>(3,787,895)</u>
Balances at June 30, 2017	<u>\$ 74,677,179</u>	<u>\$ 59,069,479</u>	<u>\$ 15,607,700</u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liability of the Town using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Town's net pension liability	\$ 25,898,819	\$ 15,607,700	\$ 7,098,569

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

For the year ended June 30, 2018, the Town recognized pension expense \$1,736,141. At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 795,899	\$ 682,247
Change in assumptions	-	253,782
Net difference between projected and actual earnings on pension plan investments	-	854,267
Employer contributions subsequent to the measurement date	2,014,663	-
Total	\$ 2,810,562	\$ 1,790,296

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plan (Continued)

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

The \$2,014,663 reported as deferred outflows of resources related to pensions resulting from the Town's contributions made after the measurement date of the net pension liability/collective net pension liability but before the Town's reporting period will be recognized as a reduction of the net pension liability/collective net pension liability in the subsequent fiscal year rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Reduction to Pension Expense</u>
2019	\$ (445,935)
2020	233,227
2021	(225,759)
2022	(555,930)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2018, approximately \$232,556 was payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

Note 10. Property Taxes

Property is assessed at its current market value on January 1 by Montgomery County, Virginia. Real estate taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on June 5 and December 5. Town Council approves the tax rate for both installments in April of each year. The Town bills and collects the real estate taxes. A penalty of 10% of the tax or \$10, whichever is greater, but not to exceed the tax, is assessed after June 5 and December 5. Taxes were levied at a rate of \$.26 and \$.25 per \$100 of assessed valuation for the 2018 and 2017 calendar years, respectively. The Town places liens on property as necessary to supplement collection efforts. The Commonwealth of Virginia has no limitation on tax rates.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 11. Other Post-Employment Benefits

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

Trust Fund Investments

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

The following was the Board’s adopted asset allocation policy as of June 30, 2018:

Asset Class (Strategy)	Allocation - Portfolio I	Allocation - Portfolio II
Total Equity	59%	32%
Total Fixed Income	21%	58%
Total Real Assets	10%	5%
Diversified Hedge Funds	10%	5%
Total	100%	100%

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

Rate of Return – For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 9.45 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 11. Other Post-Employment Benefits (Continued)

Plan Description and benefits provided

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

Similar to the pension plan, two fiduciary entities, as described in Note 9, participate in the Town's other postemployment benefits as cost sharing participants. These entities are excluded from the Town's other postemployment benefit liabilities. The related required supplementary information is reported for the plan as a whole.

Membership

The number of participants at June 30, 2018 was as follows:

Retirees and spouses currently receiving benefits	80
Active employees	<u>276</u>
Total	<u><u>356</u></u>

Contributions

The Town contributed \$999,063 and \$927,406 during the years ended June 30, 2018 and 2017, respectively.

Net OPEB Liability

The Town's total net OPEB liability of \$8,687,850 was measured as of June 30, 2018 and was determined by an actuarial valuation performed as of June 30, 2018.

Actuarial Assumptions and Other Inputs

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 11. Other Post-Employment Benefits (Continued)

Actuarial Assumptions and Other Inputs (Continued)

In the July 1, 2016 actuarial valuation, the entry age normal method was used to determine liabilities. Under this method, the actuarial present value of all plan benefits is determined as of the valuation date and then allocated between the period before and after the valuation date. The present value of plan benefits earned prior to the valuation date is called the actuarial liability. The present value of plan benefits to be earned after the valuation date is called the present value of future normal costs. The actuarial assumptions used a 7.00% discount rate and an initial annual healthcare cost trend rate of 6.90% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.20%. An inflation rate of 2.5% and a payroll growth rate of 3% per year were used.

It is assumed that 100% of active members are married at retirement with husbands three years older than their wives. The unfunded actuarial accrued liability is being amortized over a closed period of 28 years as of June 30, 2018 as a level percent of payroll. The age-related claims cost assumption was updated and the assumed percentage of future retirees who elect medical coverage at retirement and also elect to cover their spouse was decreased from 20% to 10% based on inspection of actual spouse election experience as of July 1, 2016.

Long-Term Expected Rate of Return

The best-estimate range for the long-term expected rate of return is determined by taking the annual average long-term future inflation and real return components, with each component being reasonable in our professional opinion, including the anticipated effects of return volatility and correlation among various asset classes. The data used in the assessment of reasonability were the 2017 Horizon Survey of Capital Market Assumptions (consensus 10-year real returns) and the 2018 Social Security Trustees Report (inflation).

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	19.60%	1.17%	0.99%
High Yield Bonds	1.40%	3.38%	2.77%
Large Cap US Equities	26.00%	5.53%	4.14%
Small Cap US Equities	10.00%	6.58%	4.57%
Developed Foreign Equities	13.00%	6.43%	4.66%
Emerging Market Equities	5.00%	8.76%	5.64%
Private Equity	5.00%	9.10%	6.63%
Hedge Funds / Absolute Return	10.00%	3.03%	2.63%
Real Estate (REITS)	7.00%	5.05%	3.86%
Commodities	3.00%	3.37%	1.78%
Assumed Inflation		2.60%	2.60%
Portfolio Real Mean Return		4.97%	4.22%
Portfolio Nominal Mean Return		7.57%	6.93%
Portfolio Standard Deviation			12.55%
Long-Term Expected Rate of Return			7.00%

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 11. Other Post-Employment Benefits (Continued)

Discount Rate

The discount rate used to measure the net OPEB liability was 7%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2017	\$ 12,184,273	\$ 3,279,253	\$ 8,905,020
Changes for the year:			
Service cost	236,721	-	236,721
Interest	855,109	-	855,109
Contributions – employer	-	999,063	(999,063)
Net investment income	-	313,965	(313,965)
Benefit payments	(417,352)	(417,352)	-
Administrative expenses	-	(4,028)	4,028
	674,478	891,647	(217,170)
Balances at June 30, 2018	\$ 12,858,751	\$ 4,170,900	\$ 8,687,850

Sensitivity of the Net OPEB Liability

The following presents the Net OPEB Liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net OPEB Liability	\$ 10,665,067	\$ 8,687,850	\$ 7,073,050

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

Note 11. Other Post-Employment Benefits (Continued)

Sensitivity of the Net OPEB Liability (Continued)

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net OPEB Liability	\$ 6,717,216	\$ 8,687,850	\$ 11,170,716

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$810,100. At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	51,632
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 51,632</u>

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

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2019	\$ (12,908)
2020	(12,908)
2021	(12,908)
2022	(12,908)

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 11. Other Post-Employment Benefits (Continued)

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

Plan Description

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

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

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

Contributions

Contributions to the VRS GLI program was based on actuarially determined rates from actuarial valuations as of June 30, 2015. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. The contribution requirements for the GLI Program are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. Employers may elect to pay all or part of the employee contribution. The Town contributed \$190,611 and \$182,910 during the years ended June 30, 2018 and 2017, respectively.

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

The net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 11. Other Post-Employment Benefits (Continued)

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

June 30, 2018 proportionate share of liability	\$1,141,565
June 30, 2017 proportion	.07863%
June 30, 2016 proportion	.07801%
June 30, 2018 expense	\$190,611

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 25,068
Change in assumptions	-	58,813
Net difference between projected and actual earnings on OPEB plan investments	-	43,387
Changes in proportion	8,676	-
Employer contributions subsequent to the measurement date	190,611	-
Total	<u>\$ 199,287</u>	<u>\$ 127,268</u>

The \$190,611 reported as deferred outflows of resources related to OPEB resulting from the Town's contributions made after the measurement date of the net other postemployment liability but before the Town's reporting period will be recognized as a reduction of the net other postemployment liability in the subsequent fiscal year rather than in the current fiscal period.. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2019	\$ (29,648)
2020	(29,648)
2021	(29,648)
2022	(29,648)

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 11. Other Post-Employment Benefits (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2016, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation*	7.0%;

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 10.

Net OPEB Liabilities

The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 2,942,426
Plan fiduciary net position	1,437,586
Employers’ net OPEB liability (asset)	\$ 1,504,840
Plan fiduciary net position as a percentage of total OPEB liability	48.86%

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 11. Other Post-Employment Benefits (Continued)

Net OPEB Liabilities (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.30 %

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 11. Other Post-Employment Benefits (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liabilities was 7.00%. The discount rate used to measure the LODA OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities of the Town, as well as what the Town's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
	<u> </u>	<u> </u>	<u> </u>
GLI Net OPEB liability	<u>\$ 1,477,204</u>	<u>\$ 1,141,565</u>	<u>\$ 870,469</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2018, approximately \$16,547 was payable to the Virginia Retirement System for the legally required contributions of GLI related to June 2018 payroll.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 12. Risk Management

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

Note 13. Commitments and Contingencies

Special Purpose Grants

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

Landfill

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

VDOT Land Contribution

During 2007, \$1,725,000 of land was contributed to the Town by the Virginia Department of Transportation (VDOT). This land was intended by VDOT to be used for open space and recreational purposes for the general public. The Town also had the right to designate a portion of the land, up to eight acres, for future commercial use. If the town elected not to devote the land for the specific purpose within ten years, the land was to be conveyed back to VDOT. In 2014, the Town negotiated the sale of four acres to construct an assisted living facility. The sale generated \$750,000 which was reinvested in the property to construct roads, infrastructure, and a public trail. Currently the Town has a contract to sell an additional four acres for \$750,000 to expand the residential facility to include a memory care unit. The proceeds from this sale will reimburse the town for the cost to develop over six acres of athletic fields which was completed in 2018. The closing of these additional acres and resulting revenue is expected by June 2019.

Cook's Clean Center

A claim was filed against the Town by a property owner on North Main Street that alleged the Town eliminated access to parking spaces at their place of business. During 2015, the Town settled the lawsuit whereby the Town purchased the building for \$900,000. Currently, the Town has appropriated \$215,000 to remediate the building and has acquired grant funding to further assist in the remediation. Upon remediation, the Town intends on leasing or selling the property.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 13. Commitments and Contingencies (Continued)

Litigation

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

Note 14. Cemetery Trust Disclosure

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

Note 15. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued **Statement No. 83**, *Certain Asset Retirement Obligations* in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this Statement are effective for periods beginning after June 15, 2018.

The GASB issued **Statement No. 84**, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in March 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for periods beginning after June 15, 2018.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 15. New Accounting Standards (Continued)

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

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

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

The requirements of this Statement are effective for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 16. Adoption of New Standard and Prior Period Restatement

In the current year the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions. The new Statement requires governments providing defined benefit postemployment benefits to recognize the long-term obligation for those benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of other postemployment benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the plans are determined, and assumptions and methods used to calculate the liability. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

The following is a summary of the restatements to net position, as applicable, resulting from the adoption of GASB Statement No. 75:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water and Sewer Fund</u>	<u>Transit System</u>
Net Position, July 1, 2017, as previously stated	\$ 62,764,392	\$ 32,967,707	\$ 11,380,107	\$ 19,667,411
Recognition of other postemployment benefit related liabilities and deferred outflows/inflows in accordance with GASB No. 75	<u>(6,990,319)</u>	<u>(2,255,436)</u>	<u>(541,660)</u>	<u>(1,598,867)</u>
Net Position, July 1, 2017, as restated	<u>\$ 55,774,073</u>	<u>\$ 30,712,271</u>	<u>\$ 10,838,447</u>	<u>\$ 18,068,544</u>
		<u>Solid Waste and Recycling</u>	<u>Stormwater</u>	<u>Internal Service</u>
Net Position, July 1, 2017, as previously stated		\$ 1,035,993	\$ 884,196	\$ 137,177
Recognition of other postemployment benefit related liabilities and deferred outflows/inflows in accordance with GASB No. 75		<u>(45,848)</u>	<u>(69,061)</u>	<u>(161,157)</u>
Net Position, July 1, 2017, as restated		<u>\$ 990,145</u>	<u>\$ 815,135</u>	<u>\$ (23,980)</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2018

	Plan Year			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 1,594,893	\$ 1,526,474	\$ 1,529,256	\$ 1,485,346
Interest on total pension liability	5,150,045	4,842,808	4,590,812	4,369,226
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(953,018)	1,252,548	565,459	-
Changes in assumptions	(354,504)	-	-	-
Benefit payments, including refunds of employee contributions	(3,159,226)	(3,306,250)	(2,864,895)	(2,513,240)
Net change in total pension liability	2,278,190	4,315,580	3,820,632	3,341,332
Total pension liability - beginning	<u>75,151,683</u>	<u>70,836,103</u>	<u>67,015,471</u>	<u>63,674,139</u>
Total pension liability - ending	<u>77,429,873</u>	<u>75,151,683</u>	<u>70,836,103</u>	<u>67,015,471</u>
Plan Fiduciary Net Position				
Contributions - employer	1,980,051	1,942,175	1,915,988	1,761,278
Contributions - employee	720,403	709,864	690,768	689,129
Net investment income	6,716,817	942,503	2,417,663	7,204,828
Benefit payments, including refunds of employee contributions	(3,159,226)	(3,306,250)	(2,864,895)	(2,513,240)
Administrative expenses	(38,454)	(33,878)	(32,864)	(38,519)
Other	(5,985)	(402)	(510)	379
Net change in plan fiduciary net position	6,213,606	254,012	2,126,150	7,103,855
Plan fiduciary net position - beginning	<u>55,033,248</u>	<u>54,779,236</u>	<u>52,653,086</u>	<u>45,549,231</u>
Plan fiduciary net position - ending	<u>61,246,854</u>	<u>55,033,248</u>	<u>54,779,236</u>	<u>52,653,086</u>
Net pension liability - ending	<u>\$ 16,183,019</u>	<u>\$ 20,118,435</u>	<u>\$ 16,056,867</u>	<u>\$ 14,362,385</u>
Plan fiduciary net position as a percentage of total pension liability	<u>79%</u>	<u>73%</u>	<u>77%</u>	<u>79%</u>
Covered employee payroll	<u>\$ 14,536,186</u>	<u>\$ 13,279,500</u>	<u>\$ 13,766,189</u>	<u>\$ 13,426,101</u>
Net pension liability as a percentage of covered employee payroll	<u>111%</u>	<u>151%</u>	<u>117%</u>	<u>107%</u>

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

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

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2018

Town Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 2,088,926	\$ 2,088,926	\$ -	\$ 14,536,186	14.37%
2017	2,008,302	2,008,302	-	14,536,186	14.45
2016	1,953,058	1,953,058	-	13,279,500	14.71
2015	1,920,383	1,920,383	-	13,766,189	13.95

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

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2018

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2018	0.08%	\$ 1,184,000	\$ 13,896,607	8.52%	48.86%

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

June 30, 2018

	Fiscal Year	
	2018	2017
Total OPEB Liability		
Service cost	\$ 245,403	\$ 229,349
Interest on total pension liability	886,471	839,767
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(432,659)	(403,756)
Net change in total OPEB liability	699,215	665,360
Total OPEB liability - beginning	12,631,141	11,965,781
Total OPEB liability - ending	13,330,356	12,631,141
Plan Fiduciary Net Position		
Contributions - employer	1,035,704	927,406
Net investment income	325,480	328,404
Benefit payments, including refunds of employee contributions	(432,659)	(403,756)
Administrative expenses	(4,176)	(3,474)
Net change in plan fiduciary net position	924,349	848,580
Plan fiduciary net position - beginning	3,399,522	2,550,942
Plan fiduciary net position - ending	4,323,871	3,399,522
Net OPEB liability - ending	\$ 9,006,485	\$ 9,231,619
Plan fiduciary net position as a percentage of total OPEB liability	32%	27%
Covered employee payroll	\$ 13,896,607	\$ 13,896,607
Net OPEB liability as a percentage of covered employee payroll	65%	66%

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

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2018

Town Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Town of Blacksburg - Retiree Health					
2018	\$ 832,800	\$ 1,035,704	\$ (202,904)	\$ 13,896,600	7.45%
2017	808,500	927,406	(118,906)	13,896,600	6.67%
2016	725,400	598,280	127,120	13,279,500	4.51%
2015	475,816	417,561	58,255	13,469,522	3.10%
2014	417,061	417,561	(500)	13,030,418	3.20%
2013	417,061	544,900	(127,839)	13,030,418	4.18%
2012	513,141	513,700	(559)	12,584,838	4.08%
2011	513,141	422,800	90,341	12,584,838	3.36%
2010	511,958	302,900	209,058	12,218,220	2.48%
2009	511,958	219,500	292,458	12,218,220	1.80%

* - For fiscal years ending June 30, 2016 through June 30, 2018, employer contributions include an estimated implicit subsidy payment for retirees from the Town's own resources.

Virginia Retirement System - Group Life Insurance - General Employees

2018	\$ 197,697	\$ 197,697	\$ -	\$ 14,536,186	1.36%
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Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

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

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST
June 30, 2018

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

2018	9.45%
2017	12.69%

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2018

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 –Hazardous Duty/Public Safety Employees:

- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and LODA OPEB

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

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 14% to 15%
- Applicable to: Pension and GLI OPEB

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018**

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Applicable to: Pension, GLI OPEB, and LODA OPEB

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OTHER SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

TOWN OF BLACKSBURG, VIRGINIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

	<u>CDBG</u>	<u>HOME</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 35,881	\$ 26,512	\$ 62,393
Due from other governmental units	140,886	83,042	223,928
Total assets	<u>176,767</u>	<u>109,554</u>	<u>286,321</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	49,669	-	49,669
Accrued payroll and related liabilities	2,391	1,641	4,032
Total liabilities	<u>52,060</u>	<u>1,641</u>	<u>53,701</u>
DEFERRED INFLOWS OF RESOURCES			
Grants	124,707	108,600	233,307
Total deferred inflows of resources	<u>124,707</u>	<u>108,600</u>	<u>233,307</u>
FUND BALANCES			
Committed	202,689	10,050	212,739
Unassigned	(202,689)	(10,737)	(213,426)
Total fund balances	<u>-</u>	<u>(687)</u>	<u>(687)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 176,767</u>	<u>\$ 109,554</u>	<u>\$ 286,321</u>

TOWN OF BLACKSBURG, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2018

	<u>CDBG</u>	<u>HOME</u>	<u>Total</u>
REVENUES			
Intergovernmental	\$ 496,197	\$ 235,603	\$ 731,800
Other	96,705	-	96,705
Total revenues	<u>592,902</u>	<u>235,603</u>	<u>828,505</u>
EXPENDITURES			
CDBG Entitlement	592,902	-	592,902
HOME Consortium	-	235,603	235,603
Total expenditures	<u>592,902</u>	<u>235,603</u>	<u>828,505</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES AT JULY 1	<u>-</u>	<u>(687)</u>	<u>(687)</u>
FUND BALANCES AT JUNE 30	<u>\$ -</u>	<u>\$ (687)</u>	<u>\$ (687)</u>

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FIDUCIARY FUNDS

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

New River Valley Alcohol Safety Action Program

Virginia Tech/Montgomery Regional Airport Authority

TOWN OF BLACKSBURG, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 June 30, 2018

	<u>New River Valley Alcohol Safety Action Program</u>	<u>Virginia Tech/ Montgomery Regional Airport Authority</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 117,118	\$ 1,148,915	\$ 1,266,033
Total assets	<u>\$ 117,118</u>	<u>\$ 1,148,915</u>	<u>\$ 1,266,033</u>
LIABILITIES			
Liability to agency	\$ 117,118	\$ 1,148,915	\$ 1,266,033
Total liabilities	<u>\$ 117,118</u>	<u>\$ 1,148,915</u>	<u>\$ 1,266,033</u>

TOWN OF BLACKSBURG, VIRGINIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
New River Valley Alcohol Safety Action Program				
ASSETS				
Cash and cash equivalents	\$ 194,661	\$ -	\$ 77,543	\$ 117,118
Total assets	<u>\$ 194,661</u>	<u>\$ -</u>	<u>\$ 77,543</u>	<u>\$ 117,118</u>
LIABILITIES				
Liability to agency	\$ 194,661	\$ -	\$ 77,543	\$ 117,118
Total liabilities	<u>\$ 194,661</u>	<u>\$ -</u>	<u>\$ 77,543</u>	<u>\$ 117,118</u>
Virginia Tech/Montgomery Regional Airport Authority				
ASSETS				
Cash and cash equivalents	\$ 2,096,735	\$ -	\$ 947,820	\$ 1,148,915
Total assets	<u>\$ 2,096,735</u>	<u>\$ -</u>	<u>\$ 947,820</u>	<u>\$ 1,148,915</u>
LIABILITIES				
Liability to agency	\$ 2,096,735	\$ -	\$ 947,820	\$ 1,148,915
Total liabilities	<u>\$ 2,096,735</u>	<u>\$ -</u>	<u>\$ 947,820</u>	<u>\$ 1,148,915</u>
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 2,291,396	\$ -	\$1,025,363	\$ 1,266,033
Total assets	<u>\$ 2,291,396</u>	<u>\$ -</u>	<u>\$1,025,363</u>	<u>\$ 1,266,033</u>
LIABILITIES				
Liability to agency	\$ 2,291,396	\$ -	\$1,025,363	\$ 1,266,033
Total liabilities	<u>\$ 2,291,396</u>	<u>\$ -</u>	<u>\$1,025,363</u>	<u>\$ 1,266,033</u>

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SUPPORTING SCHEDULES

TOWN OF BLACKSBURG, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Block Grants	14.218	\$ 592,902	\$ 424,646
HOME Investment Partnership Program	14.239	235,603	-
<u>DEPARTMENT OF JUSTICE</u>			
Edward Byrne Memorial Formula Grant Program	16.579	994	-
<u>DEPARTMENT OF TRANSPORTATION</u>			
<u>Transit Cluster:</u>			
Federal Transit - Capital Investment Grant	20.500	2,526,702	-
Federal Transit - Formula Grant	20.507	1,553,347	-
MPO Grant	20.500	59,162	-
Federal Transit Cluster Subtotal		<u>4,139,211</u>	
<u>Virginia Department of Rail and Public Transportation</u>			
Job Access Reverse Commute	20.516	249,523	-
VA-90-X422, VA2017024			
73018-94/95/99			
73115-40/41/43			
73116-30			
73117-6/13/14/15/16/17/18/20/46/47/48/50/51/52			
73114-19			
46018-11			
<u>Department of Motor Vehicles</u>			
Alcohol Impaired Driving Countermeasurer Incentive Grant	20.601	30,698	-
K8-2017-57161/K8-2018-58083			
M2HVE-2017-57405/SC-2017-57338/SC-2018-58099			
Total Expenditures of Federal Awards		<u>\$ 5,248,931</u>	

Notes to Schedule of Expenditures of Federal Awards

Basis of Accounting

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

Subrecipients

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

De Minimus Indirect Cost Rate

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

SCHEDULE 2

TOWN OF BLACKSBURG, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2018

Total assessed value of real estate (including public service corporations)	<u>\$ 3,007,362,906</u>
Debt limit: 10% of total assessed value of real estate (1)	<u>\$ 300,736,291</u>
Less: Amount of debt applicable to debt limit:	
General bonded debt	22,580,893
Enterprise debt	5,174,106
Capital lease obligations	<u>147,754</u>
	<u>27,902,753</u>
Legal debt margin	<u>\$ 272,833,538</u>

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

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STATISTICAL SECTION

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

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

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

TABLE 1

Town of Blacksburg, Virginia

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

	<u>2018**</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities										
Net investment in capital assets	\$ 62,454,999	\$ 61,688,322	\$ 61,556,627	\$ 55,065,864	\$ 52,856,050	\$ 46,489,358	\$ 38,424,336	\$ 26,949,080	\$ 25,764,585	\$ 19,969,681
Restricted	262,599	296,007	602,302	1,029,041	1,999,902	4,232,468	4,977,107	8,177,561	8,930,797	9,742,165
Unrestricted	(5,100,007)	780,063	(1,344,654)	(3,123,873)	8,002,610	9,741,501	10,740,636	12,577,701	7,386,710	8,044,842
Total governmental activities net position	<u>\$ 57,617,591</u>	<u>\$ 62,764,392</u>	<u>\$ 60,814,275</u>	<u>\$ 52,971,032</u>	<u>\$ 62,858,562</u>	<u>\$ 60,463,327</u>	<u>\$ 54,142,079</u>	<u>\$ 47,704,342</u>	<u>\$ 42,082,092</u>	<u>\$ 37,756,688</u>
Business-type activities										
Net investment in capital assets	\$ 28,161,024	\$ 26,811,761	\$ 27,111,499	\$ 27,565,755	\$ 29,013,749	\$ 25,779,737	\$ 23,184,487	\$ 22,697,086	\$ 23,031,456	\$ 15,723,568
Restricted	78,527	-	-	132,442	-	49,080	49,080	191,159	101,920	49,702
Unrestricted	3,744,456	6,155,946	6,452,636	4,872,167	6,834,729	6,566,905	7,655,159	7,993,716	7,826,479	7,181,687
Total business-type activities net position	<u>\$ 31,984,007</u>	<u>\$ 32,967,707</u>	<u>\$ 33,564,135</u>	<u>\$ 32,570,364</u>	<u>\$ 35,848,478</u>	<u>\$ 32,395,722</u>	<u>\$ 30,888,726</u>	<u>\$ 30,881,961</u>	<u>\$ 30,959,855</u>	<u>\$ 22,954,957</u>
Primary government										
Net investment in capital assets	\$ 90,616,023	\$ 88,500,083	\$ 88,668,126	\$ 82,631,619	\$ 81,869,799	\$ 72,269,095	\$ 61,608,823	\$ 49,646,166	\$ 48,796,041	\$ 35,693,249
Restricted	341,126	296,007	602,302	1,161,483	1,999,902	4,281,548	5,026,187	8,368,720	9,032,717	9,791,867
Unrestricted	(1,355,551)	6,936,009	5,107,982	1,748,294	14,837,339	16,308,406	18,395,795	20,571,417	15,213,189	15,266,529
Total primary government net position	<u>\$ 89,601,598</u>	<u>\$ 95,732,099</u>	<u>\$ 94,378,410</u>	<u>\$ 85,541,396</u>	<u>\$ 98,707,040</u>	<u>\$ 92,859,049</u>	<u>\$ 85,030,805</u>	<u>\$ 78,586,303</u>	<u>\$ 73,041,947</u>	<u>\$ 60,751,645</u>

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

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

Town of Blacksburg, Virginia

TABLE 2

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
Legislative	\$ 277,701	\$ 283,446	\$ 276,373	\$ 277,068	\$ 270,763	\$ 251,958	\$ 241,530	\$ 231,703	\$ 245,076	\$ 232,377
Executive	2,966,322	2,456,229	2,343,384	2,220,361	2,256,772	1,921,674	1,701,070	1,403,791	1,170,592	1,406,801
Legal	409,074	359,036	318,363	324,788	331,616	294,699	273,191	264,370	249,725	294,780
Judicial	-	-	-	-	-	-	6,100	8,467	8,856	7,758
Financial services	1,738,665	1,706,593	1,623,761	1,606,641	1,600,576	1,560,128	1,440,990	1,550,048	1,479,279	1,484,055
Technology	701,968	651,746	767,541	632,548	626,438	601,503	551,139	527,641	534,597	549,092
Police	8,260,990	8,136,657	7,805,731	7,962,990	7,691,501	7,943,511	7,307,087	6,444,171	6,836,813	6,528,290
Fire and rescue	1,806,268	1,754,609	1,493,402	1,371,343	1,278,687	1,220,682	1,219,788	1,019,455	562,261	859,936
Public works	8,834,761	7,997,543	8,106,501	8,137,865	7,680,338	7,736,614	6,919,603	8,112,983	8,389,547	7,349,912
Recreation	2,543,602	2,426,104	2,404,483	2,337,016	2,370,603	2,291,017	2,334,189	2,242,560	1,705,504	1,847,169
Engineering and GIS	1,082,524	1,285,509	1,116,935	1,403,154	1,793,233	1,615,665	1,417,586	1,382,101	1,343,738	1,103,459
Planning and building	1,238,064	1,099,762	1,029,530	917,969	1,231,734	953,747	901,087	857,945	865,270	927,270
CDBG entitlement	592,902	520,577	707,711	514,028	402,360	623,505	379,983	437,066	1,111,071	416,456
HOME consortium	235,603	105,081	826,954	1,462,016	672,216	726,653	647,794	473,848	1,163,994	203,055
Interest on long-term debt	835,422	696,604	738,393	694,561	552,382	684,779	622,997	719,046	735,300	615,742
Unallocated depreciation	1,885,354	1,698,347	1,634,138	1,520,348	1,258,229	945,610	755,705	470,750	428,824	264,006
Total governmental activities	33,409,220	31,177,843	31,193,200	31,382,696	30,017,448	29,371,745	26,719,839	26,145,945	26,830,447	24,090,158
Business-type activities										
Water and sewer	10,960,655	10,315,742	9,816,136	9,661,045	9,344,964	8,862,137	8,588,121	8,688,140	8,452,170	8,255,456
Transit system	11,977,354	11,418,619	10,068,972	10,038,822	10,003,945	8,609,385	8,382,557	8,102,931	6,883,924	6,236,561
Solid waste and recycling	1,931,437	1,736,542	1,660,484	1,629,828	1,671,055	1,584,094	1,484,319	1,445,065	1,420,779	1,402,489
Stormwater	710,292	667,701	685,973	199,721	-	-	-	-	-	-
Golf course	-	-	-	-	-	-	-	-	411,879	417,135
Total business-type activities expense	25,579,738	24,138,604	22,231,565	21,529,416	21,019,964	19,055,616	18,454,997	18,236,136	17,168,752	16,311,641
Total primary government expenses	\$ 58,988,958	\$ 55,316,447	\$ 53,424,765	\$ 52,912,112	\$ 51,037,412	\$ 48,427,361	\$ 45,174,836	\$ 44,382,081	\$ 43,999,199	\$ 40,401,799
Program Revenues										
Governmental activities										
Charges for services										
Public Safety	\$ 699,360	\$ 535,868	\$ 515,691	\$ 571,652	\$ 510,587	\$ 597,170	\$ 705,233	\$ 579,807	\$ 565,693	\$ 516,416
Public Works	1,589,207	1,371,477	1,425,330	1,496,304	1,633,230	1,459,679	1,419,076	1,366,649	1,284,492	1,286,722
Other Activities	3,449,315	3,195,640	3,284,590	2,953,583	2,557,517	2,194,673	2,816,666	2,294,680	2,986,244	2,490,258
Operating grants and contributions	4,341,240	4,519,119	4,277,408	4,150,390	4,072,899	3,982,480	3,919,134	3,908,463	3,892,484	3,855,423
Capital grants and contributions	1,421,680	1,316,730	7,804,684	4,173,342	4,081,847	7,846,314	5,407,444	5,303,881	6,110,555	13,868,890
Total governmental activities program revenues	11,500,802	10,938,834	17,307,703	13,345,271	12,856,080	16,080,316	14,267,553	13,453,480	14,839,468	22,017,709

(Continued)

Town of Blacksburg, Virginia

TABLE 2

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities										
Charges for services										
Water and sewer	\$ 11,416,693	\$ 10,240,386	\$ 10,696,762	\$ 9,349,690	\$ 9,558,396	\$ 8,730,119	\$ 8,406,428	\$ 8,138,579	\$ 8,099,125	\$ 8,051,821
Transit system	4,414,207	3,889,641	3,671,868	3,878,193	3,898,564	3,587,399	3,161,117	3,230,281	2,872,835	2,842,638
Solid waste and recycling	1,835,849	1,765,773	1,737,437	1,701,665	1,735,237	1,666,645	1,607,847	1,539,940	1,585,386	1,496,231
Stormwater	1,061,037	1,042,232	1,014,048	529,585	-	-	-	-	-	-
Golf course	-	-	-	-	-	-	-	-	215,725	237,418
Operating grants and contributions	3,786,504	3,638,434	3,380,129	3,640,253	3,194,624	3,023,237	2,706,887	2,682,891	2,197,223	2,244,815
Capital grants and contributions	4,514,324	2,968,324	2,402,524	2,426,973	6,076,151	3,559,305	2,273,015	2,531,592	8,640,465	1,487,346
Total business-type activities program revenues	27,028,614	23,544,790	22,902,768	21,526,359	24,462,972	20,566,705	18,155,294	18,123,283	23,610,759	16,360,269
Total primary government program revenues	\$ 38,529,416	\$ 34,483,624	\$ 40,210,471	\$ 34,871,630	\$ 37,319,052	\$ 36,647,021	\$ 32,422,847	\$ 31,576,763	\$ 38,450,227	\$ 38,377,978
Net (expense) revenue										
Governmental activities	\$ (21,908,418)	\$ (20,239,009)	\$ (13,885,497)	\$ (18,037,425)	\$ (17,161,368)	\$ (13,291,429)	\$ (12,452,286)	\$ (12,692,465)	\$ (11,990,979)	\$ (2,072,449)
Business-type activities	1,448,876	(593,814)	671,203	(3,057)	3,443,008	1,511,089	(299,703)	(112,853)	6,442,007	48,628
Total primary government net expense	\$ (20,459,542)	\$ (20,832,823)	\$ (13,214,294)	\$ (18,040,482)	\$ (13,718,360)	\$ (11,780,340)	\$ (12,751,989)	\$ (12,805,318)	\$ (5,548,972)	\$ (2,023,821)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 7,664,056	\$ 7,278,919	\$ 7,140,994	\$ 6,303,580	\$ 5,624,078	\$ 5,544,687	\$ 5,554,193	\$ 5,454,459	\$ 5,338,784	\$ 5,181,131
Other local taxes	11,908,022	11,327,459	11,077,000	10,718,380	10,327,472	10,352,187	9,865,455	9,059,494	8,626,597	8,063,424
Business license taxes	2,465,828	2,167,597	2,304,712	2,159,852	2,079,603	1,907,716	1,465,896	1,658,592	1,605,017	1,690,356
Intergovernmental revenue unrestricted	1,126	3,642	81,781	70,146	19,911	125,615	89,005	641,965	201,150	148,427
Investment earnings	270,666	171,491	179,249	188,008	178,730	301,616	298,900	262,730	356,410	499,393
Unrealized gain/(loss) on investments	(141,176)	(72,585)	64,431	(66,326)	49,404	45,290	86,708	(230,085)	-	-
Other	1,227,473	1,096,504	850,709	954,538	1,017,954	1,126,961	1,288,300	1,270,394	1,375,506	912,687
Transfers	355,941	216,099	29,864	321,301	259,451	208,605	241,566	197,166	(1,187,081)	111,541
Total governmental activities	23,751,936	22,189,126	21,728,740	20,649,479	19,556,603	19,612,677	18,890,023	18,314,715	16,316,383	16,606,959
Business-type activities:										
Investment earnings	86,147	80,659	109,330	56,527	57,799	44,049	91,241	115,643	171,771	397,264
Unrealized gain/(loss) on investments	(78,335)	(42,820)	41,114	(19,629)	20,796	9,662	44,437	(123,550)	-	-
Other	170,989	175,646	201,988	303,302	190,604	150,801	151,689	240,032	204,039	342,509
Transfers	(355,941)	(216,099)	(29,864)	(321,301)	(259,451)	(208,605)	(241,566)	(197,166)	1,187,081	(111,541)
Total business-type activities	(177,140)	(2,614)	322,568	18,899	9,748	(4,093)	45,801	34,959	1,562,891	628,232
Total primary government	\$ 23,574,796	\$ 22,186,512	\$ 22,051,308	\$ 20,668,378	\$ 19,566,351	\$ 19,608,584	\$ 18,935,824	\$ 18,349,674	\$ 17,879,274	\$ 17,235,191
Changes in Net Position										
Governmental activities	\$ 1,843,518	\$ 1,950,117	\$ 7,843,243	\$ 2,612,054	\$ 2,395,235	\$ 6,321,248	\$ 6,437,737	\$ 5,622,250	\$ 4,325,404	\$ 14,534,510
Business-type activities	1,271,736	(596,428)	993,771	15,842	3,452,756	1,506,996	(253,902)	(77,894)	8,004,898	676,860
Total primary government	\$ 3,115,254	\$ 1,353,689	\$ 8,837,014	\$ 2,627,896	\$ 5,847,991	\$ 7,828,244	\$ 6,183,835	\$ 5,544,356	\$ 12,330,302	\$ 15,211,370

Town of Blacksburg, Virginia

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

Post-GASB 54 Implementation:	2018	2017	2016	2015	2014	2013	2012	2011
General Fund								
Nonspendable	\$ 299,501	\$ 281,892	\$ 293,667	\$ 276,220	\$ 254,012	\$ 244,566	\$ 437,906	\$ 395,245
Restricted	-	-	-	-	-	19,161	18,969	18,614
Committed	704,762	896,163	208,725	232,077	362,950	248,061	295,076	392,826
Unassigned	5,051,627	4,286,239	4,118,814	2,018,265	3,987,120	4,334,512	4,498,310	3,985,734
Total general fund	<u>\$ 6,055,890</u>	<u>\$ 5,464,294</u>	<u>\$ 4,621,206</u>	<u>\$ 2,526,562</u>	<u>\$ 4,604,082</u>	<u>\$ 4,846,300</u>	<u>\$ 5,250,261</u>	<u>\$ 4,792,419</u>
All Other Governmental Funds								
Nonspendable	\$ 49,370	\$ 42,940	\$ 71,567	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	262,599	296,007	602,302	1,029,041	1,999,902	4,213,307	4,958,138	8,158,947
Committed	2,001,640	669,829	1,111,021	8,672,105	3,305,731	7,219,912	9,280,961	4,375,945
Assigned	9,344,904	8,456,700	7,954,443	8,199,620	6,396,132	6,194,653	6,737,264	6,857,823
Unassigned	(213,426)	(368,066)	(203,216)	(1,269,650)	(2,393,078)	(4,025,738)	(6,872,010)	(2,463,749)
Total all other governmental funds	<u>\$ 11,445,087</u>	<u>\$ 9,097,410</u>	<u>\$ 9,536,117</u>	<u>\$ 16,631,116</u>	<u>\$ 9,308,687</u>	<u>\$ 13,602,134</u>	<u>\$ 14,104,353</u>	<u>\$ 16,928,966</u>
Total all governmental funds	<u>\$ 17,500,977</u>	<u>\$ 14,561,704</u>	<u>\$ 14,157,323</u>	<u>\$ 19,157,678</u>	<u>\$ 13,912,769</u>	<u>\$ 18,448,434</u>	<u>\$ 19,354,614</u>	<u>\$ 21,721,385</u>

Note: 2011 was the first year of implementing GASB 54 which revised fund balance classifications.

Pre-GASB 54 Implementation:	2010	2009
General Fund		
Reserved	\$ 821,151	\$ 746,527
Unreserved	2,391,309	2,375,247
Total general fund	<u>\$ 3,212,460</u>	<u>\$ 3,121,774</u>
All Other Governmental Funds		
Reserved	\$ 7,875,695	\$ 2,409,125
Unreserved, reported in:		
Special Revenue funds	1,708,900	7,874,938
Capital projects funds	7,574,327	5,730,126
Total all other governmental funds	<u>\$ 17,158,922</u>	<u>\$ 16,014,189</u>
Total all governmental funds	<u>\$ 20,371,382</u>	<u>\$ 19,135,963</u>

TABLE 4

Town of Blacksburg, Virginia

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 19,646,192	\$ 18,578,071	\$ 18,179,697	\$ 17,057,725	\$ 15,979,783	\$ 15,904,094	\$ 15,354,299	\$ 14,731,137	\$ 13,714,423	\$ 13,137,175
Permits, privilege fees, and licenses	2,944,264	2,539,735	2,936,235	2,517,700	2,587,860	2,211,583	2,484,167	2,321,328	2,319,880	2,582,295
Fines and forfeitures	300,959	188,183	170,986	240,394	236,673	344,153	450,017	347,444	345,875	274,391
Revenue from use of money	129,490	98,906	243,680	121,682	228,134	346,906	385,608	84,894	356,410	499,393
Charges for services	3,914,674	3,677,197	3,596,057	3,111,037	2,994,939	2,813,066	2,969,731	2,738,117	3,245,746	2,177,797
Other	797,808	783,624	1,237,138	1,197,960	1,059,617	654,999	607,268	619,939	850,887	838,495
Intergovernmental	5,764,046	5,439,491	7,866,927	8,144,768	7,617,779	11,929,785	9,195,584	9,802,060	10,204,189	17,872,740
Total revenues	33,497,433	31,305,207	34,230,720	32,391,266	30,704,785	34,204,586	31,446,674	30,644,919	31,037,410	37,382,286
Expenditures										
General government	5,739,864	5,296,990	5,104,713	5,836,463	4,820,475	4,433,781	3,980,022	4,157,031	4,011,434	4,093,075
Judicial	-	-	-	-	-	-	5,720	7,705	8,094	6,996
Public safety	9,145,034	8,946,257	8,558,742	8,673,279	8,099,953	8,471,349	7,897,882	7,321,785	7,438,072	7,124,781
Public works	6,651,096	5,770,596	5,851,727	5,904,498	5,438,879	5,676,805	5,654,285	5,364,738	5,138,371	4,557,804
Recreation	2,328,265	2,238,996	2,153,379	2,301,245	2,065,887	2,036,250	1,972,667	1,938,326	1,539,526	1,641,839
Planning and engineering	2,307,462	2,137,749	2,131,305	2,266,072	2,247,140	2,225,383	2,062,767	1,995,305	1,969,816	1,787,791
Other	828,505	625,658	1,534,665	1,976,044	1,074,576	1,350,158	1,027,777	910,914	2,775,065	914,393
Capital outlays	4,843,581	3,697,779	11,761,229	8,049,302	10,423,543	12,937,636	9,557,271	7,107,725	6,755,768	6,484,576
Debt service										
Principal retirement	1,822,399	1,759,953	1,809,486	1,506,403	1,535,192	1,522,291	1,339,083	1,216,743	1,064,287	1,072,009
Interest and fiscal charges	812,507	696,804	734,720	582,601	539,668	651,726	791,066	759,790	735,455	621,646
Total expenditures	34,478,713	31,170,782	39,639,966	37,095,907	36,245,313	39,305,379	34,288,540	30,780,062	31,435,888	28,304,910
Excess of revenues over (under) expenditures	(981,280)	134,425	(5,409,246)	(4,704,641)	(5,540,528)	(5,100,793)	(2,841,866)	(135,143)	(398,478)	9,077,376
Other Financing Sources (Uses)										
Proceeds from issuance of debt	3,250,000	-	-	9,495,000	-	3,855,000	-	1,270,000	4,515,750	-
Capital lease proceeds	-	-	312,701	-	-	-	-	-	-	-
Premium on debt proceeds	156,331	-	-	268,138	-	60,661	-	-	-	-
Proceeds from issuance of refunding debt	-	-	-	3,813,690	-	-	5,387,540	1,994,645	-	-
Sale of general capital assets	158,281	53,857	66,326	21,093	844,711	70,347	-	-	-	-
Payments to bond escrow agents	-	-	-	(3,982,356)	-	-	(5,154,011)	(1,976,665)	(1,307,861)	-
Transfers in	7,477,011	5,956,258	6,060,345	9,923,375	4,862,515	4,475,827	10,094,828	6,230,527	5,943,752	4,584,280
Transfers out	(7,121,070)	(5,740,159)	(6,030,481)	(9,589,390)	(4,702,363)	(4,267,222)	(9,853,262)	(6,033,361)	(7,517,774)	(4,472,739)
Total other financing sources (uses)	3,920,553	269,956	408,891	9,949,550	1,004,863	4,194,613	475,095	1,485,146	1,633,867	111,541
Net change in fund balances	\$ 2,939,273	\$ 404,381	\$ (5,000,355)	\$ 5,244,909	\$ (4,535,665)	\$ (906,180)	\$ (2,366,771)	\$ 1,350,003	\$ 1,235,389	\$ 9,188,917
Debt service as a percentage of noncapital expenditures	8.68%	8.93%	10.33%	7.13%	7.79%	8.08%	8.76%	8.25%	7.31%	7.62%

TABLE 5

Town of Blacksburg, Virginia

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

Fiscal Year	Real Estate	Public Service Corporation	Total Assessed Value	Total Direct Tax Rate(1)
2018	\$ 2,953,459,060	\$ 53,903,846	3,007,362,906	0.26
2017	2,882,249,520	53,549,297	2,935,798,817	0.25
2016	2,802,938,760	51,332,000	2,854,270,760	0.25
2015	2,718,917,780	51,197,160	2,770,114,940	0.25
2014	2,499,516,720	48,791,818	2,548,308,538	0.22
2013	2,476,699,300	47,898,182	2,524,597,482	0.22
2012	2,472,590,460	49,735,455	2,522,325,915	0.22
2011	2,467,477,960	46,881,818	2,514,359,778	0.22
2010	2,380,745,200	49,227,727	2,429,972,927	0.22
2009	2,336,135,300	42,748,182	2,378,883,482	0.22

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

(1) Per \$100 of assessed value.

TABLE 6

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

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Foxridge Association	\$ 104,500,000	1	3.47%	\$ 61,604,900	1	2.59%
CAP IX Blacksburg, LLC	76,000,000	2	2.53%	-	-	-
Related Properties, LLC	61,500,000	3	2.04%	-	-	-
Retreat at Blacksburg LLC	50,000,000	4	1.66%			
The Village at Blacksburg LLC	47,000,000	5	1.56%	29,811,000	2	1.25%
BSE AH Blacksburg Apts LLC	34,602,800	6	1.15%	17,766,400	9	0.75%
Maple Ridge Land LLC	34,085,700	7	1.13%	20,116,766	4	0.85%
Blacksburg APF Partners LLC	30,644,200	8	1.02%	-	-	-
University Mall LLC	22,502,000	9	0.75%	18,457,800	8	0.78%
HCA Montgomery Regional Hospital	22,207,100	10	0.74%	18,933,100	6	0.80%
CSB LLC II	-	-	-	19,121,900	5	0.80%
Terrace View Association	-	-	-	16,971,400	10	0.71%
Fairmont NB Blacksburg, LLC	-	-	-	22,316,600	3	0.94%
Diversified Interest	-	-	-	18,845,200	7	0.79%
	<u>\$ 483,041,800</u>		<u>16.06%</u>	<u>\$ 243,945,066</u>		<u>10.26%</u>

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 7,621,604	\$ 7,410,844	97.23%	\$ -	7,410,844	97.23%
2017	7,246,451	7,049,974	97.29%	165,290	7,215,264	99.57%
2016	7,092,708	6,864,745	96.79%	215,044	7,079,789	99.82%
2015	6,273,943	6,109,693	97.38%	155,008	6,264,701	99.85%
2014	5,585,423	5,407,901	96.82%	175,271	5,583,172	99.96%
2013	5,542,953	5,293,072	95.49%	247,175	5,540,247	99.95%
2012	5,539,488	5,319,413	96.03%	219,074	5,538,487	99.98%
2011	5,417,877	5,236,517	96.65%	180,751	5,417,268	99.99%
2010	5,302,922	5,052,796	95.28%	249,668	5,302,464	99.99%
2009	5,161,566	4,987,516	96.63%	173,635	5,161,151	99.99%

Source: Director of Financial Services, Town of Blacksburg

TABLE 8

Town of Blacksburg, Virginia

Water and Sewer Revenues By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Water Revenues										
Residential	\$ 3,421,454	\$ 2,885,426	\$ 2,538,354	\$ 2,520,194	\$ 2,424,371	\$ 2,254,407	\$ 2,199,971	\$ 2,031,664	\$ 1,958,341	\$ 1,934,448
Commercial	2,493,900	2,200,186	2,309,540	2,077,680	1,896,259	1,890,082	1,719,976	1,707,310	1,677,257	1,598,453
Other	382,631	339,839	610,472	317,531	434,628	311,287	313,704	317,962	316,771	588,799
Total Water Revenues	<u>6,297,985</u>	<u>5,425,451</u>	<u>5,458,366</u>	<u>4,915,405</u>	<u>4,755,258</u>	<u>4,455,776</u>	<u>4,233,651</u>	<u>4,056,936</u>	<u>3,952,369</u>	<u>4,121,700</u>
Sewer Revenues										
Residential	2,599,131	2,603,412	2,181,450	2,281,379	2,214,446	2,147,557	2,147,604	2,194,556	2,185,772	2,082,715
Commercial	2,134,285	2,122,261	2,233,201	2,060,846	1,925,000	1,932,524	1,888,145	1,914,708	1,926,293	1,768,908
Other	33,461	14,655	19,219	12,632	11,441	7,677	9,624	5,594	7,222	3,406
Total Sewer Revenues	<u>4,766,877</u>	<u>4,740,328</u>	<u>4,433,870</u>	<u>4,354,857</u>	<u>4,150,887</u>	<u>4,087,758</u>	<u>4,045,373</u>	<u>4,114,858</u>	<u>4,119,287</u>	<u>3,855,029</u>
Availability Fees	<u>485,198</u>	<u>212,612</u>	<u>938,888</u>	<u>197,798</u>	<u>765,235</u>	<u>305,962</u>	<u>261,151</u>	<u>107,103</u>	<u>172,396</u>	<u>381,541</u>
Total revenues	<u>\$ 11,550,060</u>	<u>\$ 10,378,391</u>	<u>\$ 10,831,124</u>	<u>\$ 9,468,060</u>	<u>\$ 9,671,380</u>	<u>\$ 8,849,496</u>	<u>\$ 8,540,175</u>	<u>\$ 8,278,897</u>	<u>\$ 8,244,052</u>	<u>\$ 8,358,270</u>

*Detail breakdown between residential and commercial customer is not available for years prior to 2007.

TABLE 9

Town of Blacksburg, Virginia

**Water and Sewer Rates
Last Ten Fiscal Years**

Fiscal Year	Basic in Town Rate					Outside Town Limits Rate				
	Volume Charge Per 1,000 Gallons		Fixed Charge Per Bill			Volume Charge Per 1,000 Gallons		Fixed Charge Per Bill		
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer		
2018	\$ 6.47	\$ 5.72	\$ 2.94	\$ 2.96	\$ 11.32	\$ 10.01	\$ 5.15	\$ 5.18		
2017	\$ 5.49	\$ 5.69	\$ 2.94	\$ 2.96	\$ 9.61	\$ 9.96	\$ 5.15	\$ 5.18		
2016	\$ 5.21	\$ 5.43	\$ 3.09	\$ 3.12	\$ 9.09	\$ 9.50	\$ 5.39	\$ 5.45		
2015	\$ 4.88	\$ 5.17	\$ 3.05	\$ 3.08	\$ 8.52	\$ 9.04	\$ 5.33	\$ 5.39		
2014	\$ 4.55	\$ 4.85	\$ 3.03	\$ 3.06	\$ 7.95	\$ 8.49	\$ 5.30	\$ 5.36		
2013	\$ 4.22	\$ 4.70	\$ 2.94	\$ 2.97	\$ 7.38	\$ 8.23	\$ 5.15	\$ 5.20		
2012	\$ 3.92	\$ 4.64	\$ 2.62	\$ 2.65	\$ 6.85	\$ 8.14	\$ 4.59	\$ 4.65		
2011	\$ 3.76	\$ 4.77	\$ 2.58	\$ 2.61	\$ 6.57	\$ 8.35	\$ 4.52	\$ 4.57		
2010	\$ 3.58	\$ 4.77	\$ 2.55	\$ 2.58	\$ 6.26	\$ 8.35	\$ 4.46	\$ 4.52		
2009	\$ 3.51	\$ 4.47	\$ 2.47	\$ 2.50	\$ 6.14	\$ 7.82	\$ 4.32	\$ 4.38		

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

Customer	Fiscal Year 2018			Fiscal Year 2009		
	Revenue	Rank	Percentage of Total Town Revenue	Revenue	Rank	Percentage of Total Town Revenue
HH Hunt	\$ 1,074,690	1	9.30%	\$ 663,410	1	9.68%
Federal Mogul Division	168,116	2	1.46%	121,237	2	1.77%
Chasewood Apartments	168,038	3	1.45%	96,090	6	1.40%
Related Properties, LLC	152,017	4	1.32%	-	-	-
Mid-Atlantic Apt. Mgmt, LLC	131,504	5	1.14%	-	-	-
Montgomery Regional Hospital	128,902	6	1.12%	98,719	4	1.44%
CAP IX Blacksburg, LLC	122,747	7	1.06%	-	-	-
BSE AH Blacksburg Apts LLC	111,870	8	0.97%	-	-	-
Chase Management Group	103,570	9	0.90%	-	-	-
University Terrace	94,140	10	0.82%	80,074	10	1.17%
Moog Components Group	-	-	-	96,949	5	1.41%
Windsor Hills Apartments	-	-	-	81,725	9	1.19%
Terrace View	-	-	-	235,289	2	3.43%
Montgomery County PSA	-	-	-	95,979	7	1.40%
Blacksburg Estates, LLC	-	-	-	83,965	8	1.23%
	<u>\$ 2,255,594</u>		<u>19.53%</u>	<u>\$ 1,653,437</u>		<u>24.12%</u>

TABLE 11

Town of Blacksburg, Virginia

**Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	300,736,291	\$ 293,579,882	\$ 285,427,076	\$ 277,011,494	\$ 254,830,854	\$ 252,459,748	\$ 252,232,592	\$ 251,435,978	\$ 242,997,293	\$ 237,888,348
Total net debt applicable to limit	<u>27,902,753</u>	<u>25,639,646</u>	<u>28,016,334</u>	<u>30,115,454</u>	<u>22,866,069</u>	<u>25,047,773</u>	<u>23,390,669</u>	<u>24,927,552</u>	<u>25,361,515</u>	<u>23,749,761</u>
Legal debt margin	<u>\$ 272,833,538</u>	<u>\$ 267,940,236</u>	<u>\$ 257,410,742</u>	<u>\$ 246,896,040</u>	<u>\$ 231,964,785</u>	<u>\$ 227,411,975</u>	<u>\$ 228,841,923</u>	<u>\$ 226,508,426</u>	<u>\$ 217,635,778</u>	<u>\$ 214,138,587</u>
Total net debt applicable to the limit as a percentage of debt limit	9.28%	8.73%	9.82%	10.87%	8.97%	9.92%	9.27%	9.91%	10.44%	9.98%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	<u>\$ 3,007,362,906</u>
Debt limit (10% of assessed value)	\$ 300,736,291
Less debt applicable to limit:	
General obligation bonds	27,754,999
Other long-term obligations	<u>147,754</u>
Legal debt margin	<u>\$ 272,833,538</u>

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

TABLE 12

Town of Blacksburg, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt			Percentage of Actual Value of Taxable Property	Per Capita	Other Governmental Debt
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total General Bonded Debt			Capital Leases
2018	\$ 22,926,463	\$ -	22,926,463	0.762%	514.47	\$ 147,754
2017	21,283,898	-	21,283,898	0.725%	472.58	209,648
2016	22,978,340	-	22,978,340	0.805%	519.70	269,336
2015	24,651,641	-	24,651,641	0.890%	560.46	82,456
2014	16,471,607	-	16,471,607	0.646%	377.71	138,071
2013	17,953,095	-	17,953,095	0.711%	421.17	191,775
2012	15,568,488	-	15,568,488	0.617%	365.29	243,673
2011	16,623,947	-	16,623,947	0.661%	390.05	293,768
2010	16,506,446	-	16,506,446	0.679%	363.43	340,032
2009	14,011,262	-	14,011,262	0.589%	310.83	382,691

Fiscal Year	Business-type Activities		Total Primary Government	Percentage of Actual Value of Taxable Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases				
2018	\$ 5,299,962	\$ -	28,374,179	0.943%	0.13%	636.72
2017	4,389,941	-	25,883,487	0.882%	0.13%	574.70
2016	5,000,069	-	28,247,745	0.990%	0.12%	638.87
2015	5,594,540	-	30,328,637	1.095%	0.10%	689.52
2014	6,256,391	-	22,866,069	0.897%	0.13%	524.34
2013	6,902,903	-	25,047,773	0.992%	0.11%	587.60
2012	7,578,509	-	23,390,670	0.927%	0.12%	548.82
2011	8,009,837	-	24,927,552	0.661%	0.11%	577.99
2010	8,515,037	-	25,361,515	0.679%	0.11%	558.39
2009	9,355,808	-	23,749,761	0.589%	0.11%	526.87

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements on page 43. See Table 14 for personal income and population data. These ratios are calculated using personal income for the prior calendar year.

Town of Blacksburg, Virginia

Water & Sewer Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 11,550,060	\$ 9,905,643	1,644,417	\$ 654,494	\$ 191,047	1.94
2017	10,378,391	9,205,986	1,172,405	616,735	120,255	1.59
2016	10,831,124	8,695,812	2,135,312	602,335	137,567	2.89
2015	9,468,060	8,500,153	967,907	664,211	194,525	1.13
2014	9,671,380	8,236,126	1,435,254	646,512	190,382	1.71
2013	8,849,496	7,779,527	1,069,969	675,606	205,213	1.21
2012	8,540,175	7,469,812	1,070,363	601,205	263,889	1.24
2011	8,278,897	7,546,113	732,784	555,546	326,962	0.83
2010	8,244,052	7,342,883	901,169	798,457	347,884	0.79
2009	8,358,270	7,121,807	1,236,463	529,097	390,962	1.34

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

Town of Blacksburg, Virginia

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended (1)	Population (2)	Total Personal Income (3) Thousands of Dollars	Per Capita Personal Income (3)	Unemployment Rate
2018	44,563	*	*	3.10%
2017	45,038	\$ 4,163,163	\$ 35,822	4.20
2016	44,215	3,906,250	33,650	4.10
2015	43,985	3,818,058	33,184	5.10
2014	43,609	3,649,374	31,800	6.30
2013	42,627	3,534,206	31,168	6.30
2012	42,620	3,404,296	30,428	6.40
2011	42,620	3,175,190	28,668	6.50
2010	45,419	3,089,516	27,844	8.90
2009	45,077	2,927,637	27,308	9.40

* Information not yet available.

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

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

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

Town of Blacksburg, Virginia

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2018			Fiscal Year 2009		
	Rank	Number of Employees	Percent of Total Employment	Rank	Number of Employees	Percent of Total Employment
Virginia Tech	1	> 5,000		1	14,688	
Virginia Tech Corporate Research Center	2	> 1,000		2	2,200	
Moog	3	> 1,000		3	1,168	
HCA Montgomery Regional Hospital	4	500 to 999		4	537	
NRV Community Services	5	250 to 499		-	-	
Town of Blacksburg	6	250 to 499		-	-	
Eaglepicher Wolverine LLC	7	250 to 499		7	175	
Spectrum (Tetra)	8	100 to 249		6	240	
Federal-Mogul Corporation	9	100 to 249		5	330	
Virginia Tech Services, Inc.	10	100 to 249		-	-	
Luna Innovations	-	-		8	92	
NanoSonic	-	-		9	69	
VTLS, Inc.	-	-		10	60	

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

TABLE 16

Town of Blacksburg, Virginia

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government										
Management	20.12	20.12	18.84	18.84	19.87	21.37	20.37	20.37	19.87	21.71
Finance	13.60	13.60	15.00	15.00	14.50	14.50	13.50	13.50	13.50	15.00
Technology	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50
Police										
Officers	63.00	64.00	64.00	63.00	63.00	63.00	63.00	62.00	62.00	62.00
Civilians	15.69	14.50	17.78	17.78	17.78	18.18	18.78	18.78	18.78	19.08
Fire and Rescue										
Firefighters	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Civilians (all volunteer professionals)	1.50	1.50	1.00	1.00	1.63	1.00	2.00	2.00	2.00	2.63
Public works	65.58	64.44	64.33	63.29	61.92	64.52	56.90	58.77	58.77	65.25
Parks and recreation	42.93	42.53	42.26	41.39	41.12	47.12	46.37	46.37	40.83	23.54
Planning and Engineering	25.00	22.00	24.00	24.00	24.60	22.00	21.98	21.50	21.50	40.41
Water and Sewer	24.72	24.94	25.07	23.73	24.23	24.23	24.25	24.25	24.25	24.37
Golf Course	*	*	*	*	*	*	*	*	6.00	6.00
Solid Waste	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Stormwater	2.00	2.00	2.00	-	-	-	-	-	-	-
Transit	121.13	111.67	113.49	105.94	105.07	104.07	97.14	95.14	89.21	93.18
Total	<u>402.27</u>	<u>388.30</u>	<u>394.77</u>	<u>380.97</u>	<u>380.72</u>	<u>387.99</u>	<u>372.29</u>	<u>370.68</u>	<u>364.71</u>	<u>381.67</u>

Source: Town’s Adopted Operating Budget

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

* Golf Course was rolled into the General Fund in 2011 and is included with Parks and recreation.

TABLE 17

Town of Blacksburg, Virginia

Operating Indicators by Function/Program
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
General Government										
Fleet										
Pieces of equipment maintained	437	417	410	406	391	377	376	371	378	379
Building permits issued	3,050	2,312	3,278	1,717	1,864	1,730	596	1,291	1,323	783
Public safety										
Police										
Physical arrests	802	751	774	793	915	1,097	1,195	1,688	1,598	1,077
Parking violations	6,110	2,979	1,999	3,240	3,727	5,689	7,252	7,051	5,486	5,717
Traffic violations	2,508	2,539	2,915	3,219	3,443	4,206	5,213	3,735	3,580	6,223
Fire										
Emergency responses	1,049	930	918	916	982	973	889	973	1,018	1,035
Public works										
Refuse collection										
Refuse collected (tons per day)	19.48	19.68	19.23	20	20	20	20	20	20	19
Recyclables collected (tons per day)	6.43	6.57	6.42	5	5	5	5	5	4	4
Other public works										
Street resurfacing (miles)	4.02	5.72	5.50	5.80	4.80	4.80	3.63	3.57	4.00	2.25
Parks, recreation, and cultural										
Parks and recreation										
Park acreage owned by the Town - Developed	530.21	544	544	544	544	544	544	544	544	428
Park acreage owned by the Town - Undeveloped	101.22	-	-	-	-	-	-	-	-	-
Library										
Volumes in collection	70,815	78,603	83,165	83,165	83,165	86,137	86,280	86,280	84,886	83,575
Water										
Number of customer accounts	9,442	9,446	9,159	9,203	9,159	8,917	8,927	8,832	8,791	8,724
Miles of distribution lines	182	182	177	177	177	169	168	168	168	168
Volume pumped (million gallons per day average)	2.7	2.5	2.3	2.3	2.3	2.2	2.5	2.5	2.6	2.6
Sewer										
Number of customer accounts	8,766	8,753	8,484	8,509	8,260	8,213	8,174	8,124	8,080	8,016
Miles of sanitary sewers	145	144	156	156	156	156	155	155	154	154

Source: Town individual departments and Budget Document.

TABLE 18

Town of Blacksburg, Virginia

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

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public safety										
Law enforcement vehicles	70	75	73	74	70	69	72	62	56	56
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Miles of streets	330	325	354	354	354	350	344	344	343	306
Streetlights	1,828	1,828	1,826	1,804	1,804	1,804	1,613	1,613	1,585	1,565
Parks, recreation, and cultural										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks/athletic fields - Developed	30	35	35	35	35	35	30	30	30	30
Parks/athletic fields - Undeveloped	8	-	-	-	-	-	-	-	-	-
Water and sewage										
Water mains (miles)	182	182	177	177	177	169	168	168	168	168
Storm sewers (miles)	89.5	83	83	35	35	46	37	37	37	37
Sanitary sewers (miles)	145	144	156	156	156	156	155	155	154	154

Source: Town individual departments and Budget Document.

TOWN OF BLACKSBURG, VIRGINIA

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES										
Taxes	\$ 19,646,192	\$ 18,578,071	\$ 18,179,697	\$ 17,057,725	\$ 15,979,783	\$ 15,904,094	\$ 15,354,299	\$ 14,731,137	\$ 13,714,423	\$ 13,137,175
Licenses and permits	2,944,264	2,539,735	2,936,235	2,517,700	2,587,860	2,211,583	2,484,167	2,321,328	2,319,880	2,582,295
Intergovernmental	4,833,556	4,661,068	4,493,518	4,355,564	4,386,406	4,375,613	4,348,396	4,046,573	4,088,926	3,978,598
Charges for services	3,914,674	3,677,197	3,596,057	3,111,037	2,994,939	2,813,066	2,969,731	2,738,117	3,245,746	2,177,797
Fines and forfeitures	300,959	188,183	170,986	240,394	236,673	344,153	450,017	347,444	345,875	274,391
Investment earnings	212,271	112,370	130,313	143,674	112,883	215,624	195,149	155,437	230,070	253,226
Unrealized gain/(loss)	(106,889)	(49,402)	42,634	(42,994)	32,203	31,281	63,339	(167,835)	-	-
Other	697,840	709,975	1,082,572	819,082	607,722	649,599	601,113	611,757	656,452	708,743
Other financing sources	664,090	216,487	434,783	3,962,746	94,711	186,008	5,399,273	3,365,573	2,520,095	-
Total revenues	<u>33,106,957</u>	<u>30,633,684</u>	<u>31,066,795</u>	<u>32,164,928</u>	<u>27,033,180</u>	<u>26,731,021</u>	<u>31,865,484</u>	<u>28,149,531</u>	<u>27,121,467</u>	<u>23,112,225</u>
EXPENDITURES										
Current:										
Legislative	280,349	281,047	281,218	278,374	269,326	253,817	240,263	231,586	243,323	226,409
Executive	2,777,192	2,414,343	2,319,402	3,086,873	2,150,690	1,850,440	1,609,640	1,611,610	1,547,838	1,657,238
Legal	412,937	361,134	325,269	333,877	330,220	298,964	270,487	257,808	247,270	282,623
Judicial	-	-	-	-	-	-	5,720	7,705	8,094	6,996
Financial services	1,710,541	1,696,527	1,655,338	1,625,381	1,566,972	1,555,497	1,419,112	1,611,673	1,528,293	1,497,448
Technology	558,845	543,939	523,486	511,958	503,267	475,063	440,520	444,354	444,710	429,357
Police	8,003,770	7,745,463	7,498,893	7,698,863	7,142,942	7,512,440	7,023,927	6,446,560	6,623,523	6,349,597
Fire and rescue	1,141,264	1,200,794	1,059,849	974,416	957,011	958,909	873,955	875,225	814,549	775,184
Public works	6,651,096	5,770,596	5,851,727	5,904,498	5,438,879	5,676,805	5,654,285	5,364,738	5,138,371	4,557,804
Recreation	2,328,265	2,238,996	2,153,379	2,301,245	2,065,887	2,036,250	1,972,667	1,938,326	1,539,526	1,641,839
Planning and engineering	2,307,462	2,137,749	2,131,305	2,266,072	2,247,140	2,225,383	2,062,767	1,995,305	1,969,816	1,787,791
Nondepartmental and transfers	3,708,734	2,943,251	2,628,079	7,171,887	2,528,204	2,141,589	2,550,139	1,831,484	5,125,726	2,640,740
Debt service	2,634,906	2,456,757	2,544,206	2,089,004	2,074,860	2,149,825	7,284,160	3,953,198	1,799,742	1,693,655
Total expenditures	<u>32,515,361</u>	<u>29,790,596</u>	<u>28,972,151</u>	<u>34,242,448</u>	<u>27,275,398</u>	<u>27,134,982</u>	<u>31,407,642</u>	<u>26,569,572</u>	<u>27,030,781</u>	<u>23,546,681</u>
Excess (deficiency) of revenues over expenditures	<u>591,596</u>	<u>843,088</u>	<u>2,094,644</u>	<u>(2,077,520)</u>	<u>(242,218)</u>	<u>(403,961)</u>	<u>457,842</u>	<u>1,579,959</u>	<u>90,686</u>	<u>(434,456)</u>
FUND BALANCES AT JULY 1	<u>5,464,294</u>	<u>4,621,206</u>	<u>2,526,562</u>	<u>4,604,082</u>	<u>4,846,300</u>	<u>5,250,261</u>	<u>4,792,419</u>	<u>3,212,460</u>	<u>3,121,774</u>	<u>3,556,230</u>
FUND BALANCES AT JUNE 30	<u>\$ 6,055,890</u>	<u>\$ 5,464,294</u>	<u>\$ 4,621,206</u>	<u>\$ 2,526,562</u>	<u>\$ 4,604,082</u>	<u>\$ 4,846,300</u>	<u>\$ 5,250,261</u>	<u>\$ 4,792,419</u>	<u>\$ 3,212,460</u>	<u>\$ 3,121,774</u>
Reserved:										
Reserved/Committed* for encumbrances	\$ 704,762	\$ 896,163	\$ 208,725	\$ 232,077	\$ 362,950	\$ 248,061	\$ 295,076	\$ 392,826	\$ 454,443	\$ 366,398
Reserved/Nonspendable* for inventories	285,944	281,892	293,667	276,220	254,012	244,566	215,145	183,615	158,005	127,676
Reserved/Restricted for museum lifetime memberships	-	-	-	-	-	19,161	18,969	18,614	18,158	17,737
Reserved for Toms Creek Interchange	-	-	-	-	-	-	-	-	-	-
Reserved/Nonspendable* for prepaid expenditures	13,557	-	-	-	-	-	222,761	211,630	190,545	234,716
Total	1,004,263	1,178,055	502,392	508,297	616,962	511,788	751,951	806,685	821,151	746,527
Total unreserved/unassigned* fund balance	5,051,627	4,286,239	4,118,814	2,018,265	3,987,120	4,334,512	4,498,310	3,985,734	2,391,309	2,375,247
Ending fund balance	<u>\$ 6,055,890</u>	<u>\$ 5,464,294</u>	<u>\$ 4,621,206</u>	<u>\$ 2,526,562</u>	<u>\$ 4,604,082</u>	<u>\$ 4,846,300</u>	<u>\$ 5,250,261</u>	<u>\$ 4,792,419</u>	<u>\$ 3,212,460</u>	<u>\$ 3,121,774</u>

* During 2011, the Town implemented GASB 54, as a result fund balance categories were revised as required by the standard.

(Continued)

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

	<u>2018**</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUES										
Charges for services	\$ 10,742,869	\$ 9,892,531	\$ 9,352,300	\$ 9,027,449	\$ 8,573,721	\$ 8,304,725	\$ 8,041,176	\$ 7,861,176	\$ 7,751,109	\$ 7,389,028
Availability and transfer fees	485,198	212,612	938,888	197,798	765,235	305,962	261,151	159,153	222,256	432,081
Meter installation	122,307	69,596	310,743	68,924	145,874	84,857	63,363	48,488	71,210	142,700
Connection fees	66,319	65,647	94,831	55,519	73,566	34,575	40,738	69,762	54,550	80,102
Other	133,367	138,005	134,362	118,370	112,984	119,377	133,747	140,318	144,927	314,359
Total operating revenues	<u>11,550,060</u>	<u>10,378,391</u>	<u>10,831,124</u>	<u>9,468,060</u>	<u>9,671,380</u>	<u>8,849,496</u>	<u>8,540,175</u>	<u>8,278,897</u>	<u>8,244,052</u>	<u>8,358,270</u>
OPERATING EXPENSES										
Personal services	1,183,420	1,508,688	1,223,565	1,527,626	1,512,028	1,531,539	1,406,099	1,402,094	1,429,945	1,362,647
Contractual services	6,756,949	6,007,699	5,735,846	5,238,730	5,003,294	4,617,489	4,613,068	4,758,024	4,545,424	4,372,996
Administration	1,331,691	1,201,972	1,199,587	1,328,574	1,266,064	1,194,376	1,101,954	887,100	867,200	850,000
Depreciation	863,965	989,501	982,757	948,684	918,456	877,397	854,420	894,398	761,403	758,919
Other	633,583	487,627	536,814	405,223	454,740	436,123	348,691	498,895	500,314	536,164
Total operating expenses	<u>10,769,608</u>	<u>10,195,487</u>	<u>9,678,569</u>	<u>9,448,837</u>	<u>9,154,582</u>	<u>8,656,924</u>	<u>8,324,232</u>	<u>8,440,511</u>	<u>8,104,286</u>	<u>7,880,726</u>
Operating income (loss)	<u>780,452</u>	<u>182,904</u>	<u>1,152,555</u>	<u>19,223</u>	<u>516,798</u>	<u>192,572</u>	<u>215,943</u>	<u>(161,614)</u>	<u>139,766</u>	<u>477,544</u>
NONOPERATING EXPENSES										
Intergovernmental revenue	-	-	-	-	-	-	15,000	-	-	-
Interest income	40,552	27,225	46,476	5,446	7,868	44,049	46,158	74,796	143,402	320,949
Interest expense	(191,047)	(120,255)	(137,567)	(212,208)	(190,382)	(205,213)	(263,889)	(326,962)	(347,884)	(374,730)
Unrealized gain/(loss) on investments	(43,784)	(16,051)	15,346	(8,237)	4,914	9,662	29,800	(90,690)	-	-
Gain (loss) on disposition of asset	-	25,000	25,804	329	4,610	19,123	-	-	-	7,910
Net nonoperating expenses	<u>(194,279)</u>	<u>(84,081)</u>	<u>(49,941)</u>	<u>(214,670)</u>	<u>(172,990)</u>	<u>(132,379)</u>	<u>(172,931)</u>	<u>(342,856)</u>	<u>(204,482)</u>	<u>(45,871)</u>
Income (loss) before contributions and transfers	586,173	98,823	1,102,614	(195,447)	343,808	60,193	43,012	(504,470)	(64,716)	431,673
CAPITAL CONTRIBUTIONS	-	1,175,539	43,997	120,338	259,502	-	340,000	340,000	-	-
TRANSFERS IN	93,899	177,521	445,848	170,183	-	-	-	-	214,675	64,169
TRANSFERS OUT	(347,798)	(266,937)	(467,125)	(263,034)	(214,784)	(168,383)	(211,010)	(164,110)	(184,045)	(164,323)
Change in net position	332,274	1,184,946	1,125,334	(167,960)	388,526	(108,190)	172,002	(328,580)	(34,086)	331,519
NET POSITION AT JULY 1	<u>10,838,447</u>	<u>10,195,161</u>	<u>9,069,827</u>	<u>9,237,787</u>	<u>10,002,488</u>	<u>10,110,678</u>	<u>9,938,676</u>	<u>10,267,256</u>	<u>10,301,342</u>	<u>9,969,823</u>
NET POSITION AT JUNE 30	<u>\$ 11,170,721</u>	<u>\$ 11,380,107</u>	<u>\$ 10,195,161</u>	<u>\$ 9,069,827</u>	<u>\$ 10,391,014</u>	<u>\$ 10,002,488</u>	<u>\$ 10,110,678</u>	<u>\$ 9,938,676</u>	<u>\$ 10,267,256</u>	<u>\$ 10,301,342</u>

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

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

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

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

Calendar Year	Population	Taxable Retail Sales	Taxable Retail Sales Per Capita
2017	116,217	\$ 1,089,716,203	9,377
2016	98,602	1,086,987,143	11,024
2015	97,653	1,045,664,373	10,708
2014	97,244	988,622,704	10,166
2013	96,207	975,623,640	10,141
2012	95,626	967,667,151	10,119
2011	94,392	911,189,094	9,653
2010	94,392	892,050,066	9,450
2009	91,395	897,455,302	9,820
2008	90,517	925,283,130	10,222

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA
CONTINUING BOND DISCLOSURES
SUMMARY OF CAPITAL IMPROVEMENT PROGRAM

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
<u>General Fund</u>					
Finance	\$ 150,000	\$ 26,500	\$ 53,300	\$ 35,000	\$ -
Fire	383,500	308,500	308,500	283,500	283,500
Rescue	508,958	158,958	158,958	158,958	158,958
Parks and Recreation	1,240,000	409,000	360,000	60,000	35,000
Planning and Building	150,000	-	-	-	-
Engineering and GIS	129,500	5,000	5,000	50,000	30,000
Police	456,525	1,850,525	350,525	15,350,525	350,525
Public Works	1,102,151	1,212,651	1,122,651	1,097,651	927,651
Technology	215,700	118,200	48,400	192,900	195,900
Town Manager's Office	375,000	75,000	450,000	870,000	50,000
Housing and Neighborhood Services	-	30,000	-	-	-
WTOB	-	17,000	-	-	-
General Fund Total	<u>4,711,334</u>	<u>4,211,334</u>	<u>2,857,334</u>	<u>18,098,534</u>	<u>2,031,534</u>
<u>Water/Sewer</u>					
Finance Department	135,000	170,000	135,000	135,000	135,000
Engineering and GIS	2,563,350	523,550	679,250	-	-
Public Works	691,738	612,668	667,398	682,798	682,798
Water/Sewer Total	<u>3,390,088</u>	<u>1,306,218</u>	<u>1,481,648</u>	<u>817,798</u>	<u>817,798</u>
<u>VDOT Revenue Sharing</u>					
Public Works	460,000	235,000	235,000	235,000	235,000
Engineering and GIS	495,000	750,000	2,200,000	-	-
Parks and Recreation	-	-	200,000	-	-
VDOT Revenue Sharing Total	<u>955,000</u>	<u>985,000</u>	<u>2,635,000</u>	<u>235,000</u>	<u>235,000</u>
Stormwater Fund	293,000	303,000	313,000	323,000	113,000
Transit Fund	3,222,715	4,640,798	4,665,692	11,144,708	10,128,566
Equipment Replacement Fund	1,929,000	3,127,000	609,000	1,337,000	1,279,000
Major Building Systems Replacement Fund	705,050	49,850	85,050	21,800	25,300
Solid Waste & Recycling Fund	256,267	56,267	56,267	56,267	56,267
Grand Total	<u>\$ 15,462,454</u>	<u>\$ 14,679,467</u>	<u>\$ 12,702,991</u>	<u>\$ 32,034,107</u>	<u>\$ 14,686,465</u>

Source: Adopted Capital Improvement Program Fiscal Years Ending 2017/2018-2021/2022

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

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

Last Ten Fiscal Years

Fiscal Year	Population	Total Assessed Valuation	Total Bonded Debt	Ratio of Total Bonded Debt to Assessed Valuation	Total Bonded Debt Per Capita
2018	44,563	\$ 3,007,362,906	\$ 28,226,425	0.9386%	633.40
2017	45,038	2,935,798,817	25,673,839	0.8745	570.05
2016	44,215	2,854,270,760	27,978,409	0.9802	632.78
2015	43,985	2,770,114,940	30,246,181	1.0919	687.65
2014	43,609	2,548,308,538	22,727,998	0.8919	521.18
2013	42,627	2,524,597,482	24,855,998	0.9846	583.10
2012	42,620	2,522,325,915	23,146,997	0.9180	543.36
2011	42,620	2,514,359,778	24,633,787	0.9800	578.26
2010	45,419	2,429,972,927	25,361,515	1.0440	595.06
2009	45,077	2,378,883,342	23,367,071	0.9820	558.39

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

CONTINUING BOND DISCLOSURES
CERTAIN OTHER REVENUES

Last Ten Fiscal Years

Fiscal Year	Vehicle License Receipts¹	Business License Receipts	Meals Tax Receipts²
2018	\$ 265,046	\$ 2,463,245	\$ 5,667,284
2017	252,233	2,155,424	5,493,780
2016	225,065	2,304,720	5,374,077
2015	237,129	2,170,173	5,051,799
2014	235,411	2,066,822	4,579,931
2013	246,334	1,908,934	4,459,804
2012	234,208	1,860,603	4,237,159
2011	253,230	1,658,993	4,177,991
2010	239,507	1,605,817	3,558,541
2009	190,041	1,690,776	3,318,092

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

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

COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blacksburg, Virginia (the “Town”), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated November 28, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2006-001, that we consider to be a significant deficiency.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.**

Town of Blacksburg's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 28, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Blacksburg, Virginia's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal programs, based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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's internal control over compliance.

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 28, 2018

TOWN OF BLACKSBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2018

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

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Highway Maintenance Funds

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

TOWN OF BLACKSBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

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

<u>Name of Program:</u>	<u>CFDA #</u>
Federal Transit – Capital Improvement Grants	20.500
Federal Transit – Formula Grants	20.507

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2006-001: Segregation of Duties (Significant Deficiency)

Condition:

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

Recommendation:

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

Management's Response:

The auditee concurs with this recommendation.

TOWN OF BLACKSBURG, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

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

None noted.

D. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

None noted.

TOWN OF BLACKSBURG, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2018

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2006-001: Segregation of Duties (Significant Deficiency)

Condition:

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

Current Status:

Condition still present.

B. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

2017-001: Stormwater Utility Reporting

Condition:

The Virginia Auditor of Public Accounts (“APA”) requires that the locality’s Stormwater Utility Report be submitted to the APA by October 1. During our testing, we noted that this report was not filed for the year ended June 30, 2017.

Current Status

Condition cleared in the current year.



TOWN OF
Blacksburg
VIRGINIA

www.blacksburg.gov

