



**Town of Blacksburg, Virginia
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023**

TOWN OF BLACKSBURG, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2023

DEPARTMENT OF FINANCIAL SERVICES

TOWN OF BLACKSBURG, VIRGINIA

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INTRODUCTORY SECTION

December 15, 2023

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

Section 15.2-2511 of the *Code of Virginia*, requires an annual independent audit and report of financial activity of the Town of Blacksburg, Virginia (the “Town”) presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town for the fiscal year ended June 30, 2023.

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, 2023, 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, 2023, are fairly presented in conformity with GAAP. The independent auditor’s report is presented at the front of the financial section of this report.

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

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

Profile of the Government

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

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

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

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

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

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

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

Local Economy

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

While revenues have recovered, economic challenges have intensified over the past two years, resulting in inflation growing at rates not seen in 30 years. Year-over-year inflation has consistently hovered around 7% over the past year. Costs of materials, supplies, fuel, utilities and equipment combined with global supply chain issues have affected the costs of providing town services.

The Town continues to face staffing shortages and increasing competition for new employees. These staffing shortages have burdened existing town staff to continue to meet service demands. The implementation of a new employee compensation system in the current fiscal year has positioned the Town to be able to adjust to the current economic environment and our ability to recruit and retain staff. The recommended budget includes increases to keep the Town's pay rates competitive. While the Town has seen improvements in recruitment and retention of staff, these challenges will remain in the next fiscal year.

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

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

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

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

condition of the state's budget and its impact on the state's commitment to higher education and therefore the local economy is being monitored by the Town's leaders.

Due to Amazon's announcement of their second headquarters in Alexandria, Virginia, Virginia Tech will invest \$1 billion in an Innovation Campus that will be home to three academic buildings as part of the first phase of a new North Potomac Yard mixed-use development in Alexandria. The Virginia Tech Innovation Campus will triple the university's footprint in Northern Virginia and will be a magnet for leading tech talent, research, and education.

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

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

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

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

Long-term Financial Planning

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

in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

The fiscal year 2024 budget demonstrates a commitment to outstanding service delivery and progressiveness of local government. Revenue projections in fiscal year 2024 reflect revenue growth in all major categories. Economically sensitive revenue sources such as meals tax, lodging tax and sales tax are all projected to increase. The increased revenues are due to the pandemic recovery and inflationary cost increases to meals, lodging and goods purchase in local retailers and online. Property values have not been negatively impacted by the pandemic. Real Estate Tax revenues are projected to increase 31.6% due to a property value reassessment, a strong housing market, new development, and redevelopment. No property tax rate increase is projected in this budget. Revenues still need to be monitored closely because the local economy could be influenced by the unpredictability of ongoing pandemic, inflation, and other global events.

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

The Town's current vacancies are primarily due to retirements, career advancement, and employees finding higher salaries elsewhere. One part of the solution to address current staffing concerns is to look at employee compensation to ensure the Town's pay is competitive in the market. The Town implemented a new employee compensation system in the current fiscal year. The new compensation system resulted in more competitive starting salaries for new employees and provided market based adjustments to salaries of existing employees. While we are still facing staffing challenges, the new compensation system has reduced the number of vacancies from the previous year. Funding is also included to support cost of living increases to stay current with inflation. Increasing salaries is not the sole solution to this challenge, so staff are exploring creative strategies for recruiting and retention of employees to attract outstanding candidates and remain competitive with other local jurisdictions, Virginia Tech, and the private sector.

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

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

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

The Town continues to focus on our environmental sustainability goals and is making progress towards implementing the Climate Action Plan. The Town is establishing a culture of environmental sustainability into town operations as well as building sustainability and renewable energy into major capital projects. The new Police Station will meet Leadership in Energy and Environmental Design (LEED) Silver

standards. The Multi-Modal Transit Facility (MMTF) will also meet LEED Silver standards. The MMTF includes rapid chargers for on-route charging of electric buses to support BT's transition to an electric fleet. The Town is implementing energy efficiency upgrades in existing Town facilities and planning the conversion of our vehicle and equipment fleet to electric and hybrid-electric power. These plans will be implemented over the next several years. We are also having discussions with Virginia Tech to explore ways to collaborate on renewable energy projects.

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

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

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

Relevant Financial Policies

In accordance with State code and the Town's Investment Policy, the Town invests in Treasury securities, agency securities, certificates of deposit, the Commonwealth of Virginia's State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). To the extent possible, the Policy will match investments with anticipated cash flow requirements. The maturities of the investments range from overnight to eight years with an average maturity of five years. The average yield on investments for fiscal year 2023 was 5.11%.

Major Initiatives

Blacksburg Transit (BT) is an essential part of the Town's transportation network with ridership growing to a projected ridership of 3.5 million passengers in FY 2023. Because of the growing demands for service and the challenges of recruiting and retaining employees in a highly competitive job market, Blacksburg Transit reevaluated its model of using primarily part-time bus operators several years ago. As the reliance on BT increases and the system grows, more positions may be needed in future years. Future initiatives include discussion of further expansion of the system in the New River Valley including construction of a multi-modal facility which started during FY 2021. This facility will encourage individuals to use alternative transportation by creating a central hub for transit transfers. Blacksburg Transit has operated fare-free since the beginning of the pandemic in March 2020 and will remain fare-free. Systems similar to BT have operated fare-free since before the pandemic to allow for faster boarding, elimination of fare disputes, reduced cost of cash handling, and reduced health risk associated with handling cash. Cash fares account for approximately 1% of the revenue received by BT. The majority of the funding for Blacksburg Transit comes from the Town's receipt of federal and state grants in addition to funding from Virginia Tech and the Town of Christiansburg.

Despite the economic climate, there are various projects underway throughout Town including the transit multi-modal facility, various recreation projects, various streetscape and other infrastructure projects,

various water and sewer infrastructure projects, and the continued funding of the equipment replacement fund. All of these projects will contribute to the economic and sustainable future.

The Town's upcoming Capital Improvement Program (CIP) includes many projects over the next five years with estimated costs of \$128 million and a fiscal year 2024 total appropriation of \$19.18 million. While the CIP includes projects that enhance the quality of life in Blacksburg and maintain existing infrastructure, there are significant projects not included that have been identified as potential future projects. These projects require further discussion because of financial or political impacts requiring resolution before inclusion in the CIP. These projects include a new recreation facility and a downtown parking garage. The magnitude of these projects would impact future revenue generation, debt capacity, and operating expenses.

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

Awards and Acknowledgements

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Blacksburg for its comprehensive annual financial report for the fiscal year ended June 30, 2022. This was the forty-third 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, 2023. This is the thirty-second 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 Ann Bostic, Assistant Finance Director, and other personnel from various departments, who assisted in the preparation. The Mayor and Town Council continue to be very supportive of our efforts to produce the best financial reports possible for our citizens. We appreciate your support in granting us the time and funding to generate this document, and allowing us to submit it to the GFOA for consideration. Lastly, we would like to express our appreciation to our independent auditing firm, Brown, Edwards & Company, L.L.P., for their cooperation and assistance in these efforts.

Respectfully submitted,



Director of Finance
Town of Blacksburg



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Blacksburg
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

TOWN OF BLACKSBURG, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2023

MEMBERS OF TOWN COUNCIL

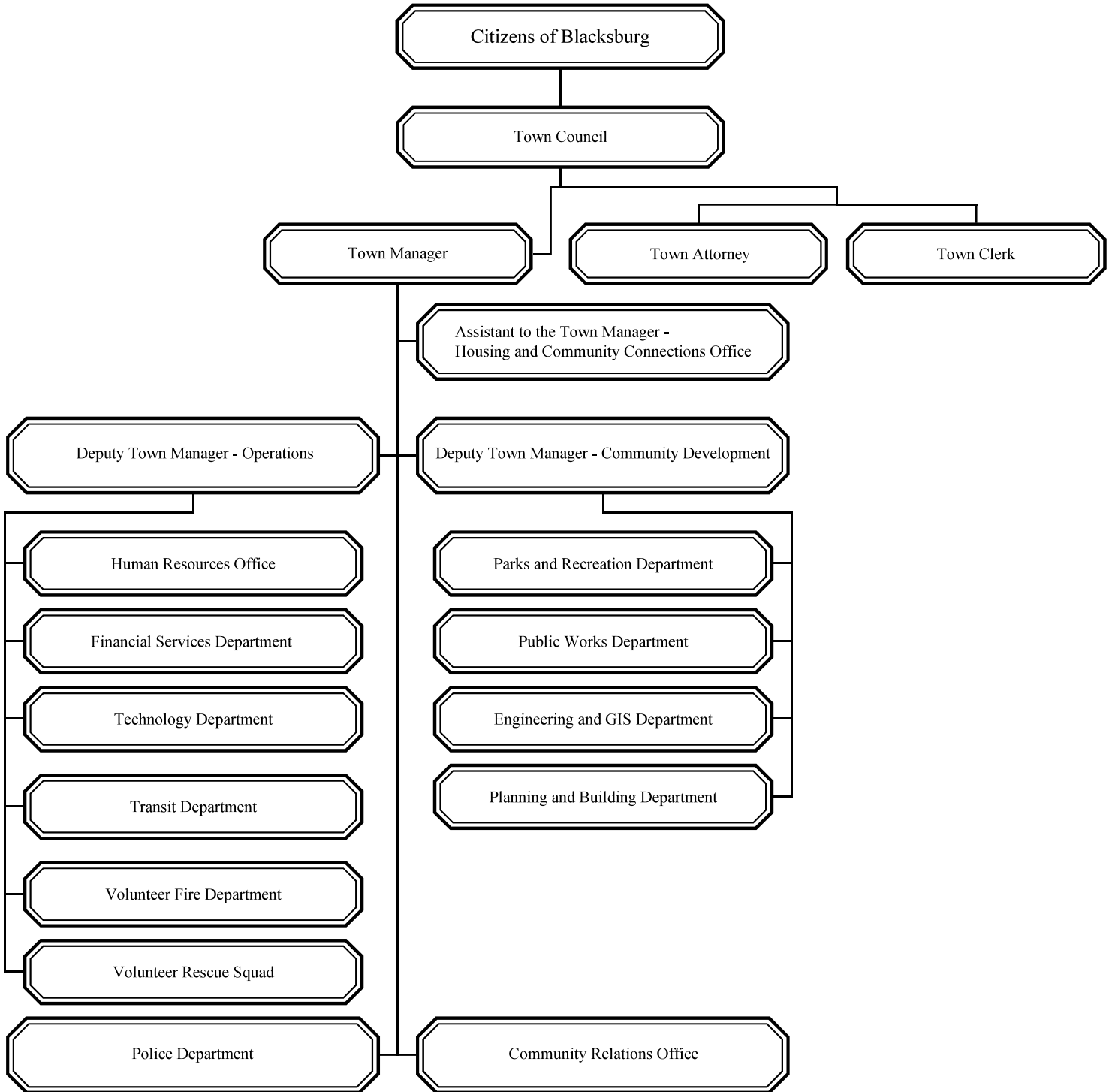
Leslie Hager-Smith Mayor
Susan Anderson Vice-Mayor
John Bush
Michael Sutphin
Susan Mattingly
Jerry R. Ford, Jr.
Lauren Colliver

GENERAL TOWN GOVERNMENT

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

INDEPENDENT AUDITORS

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



Please note that the number of employees in each Department/Office is reflected in their respective Funding Summary.

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blacksburg, Virginia (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison statement for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Notes 6 and 8 to the financial statements, in 2023, the Town adopted new accounting guidance, GASB No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 15, 2023

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, 2023. 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 \$137,923,561 (net position). Of this amount, \$14,524,238 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. In the current year, this balance increased primarily due to controlled spending, an increase in local tax revenues, and an increase in Transit capital funding.
- The Town's total net position increased by \$15,954,507. This increase is primarily attributable to capital grant funding received in the Transit fund. In addition, various taxes and fees exceeded expectations and surpassed budgeted amounts.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$32,988,321, an increase of \$4,885,665. This increase was attributable to staff shortages in many departments and the resulting lack of spending on capital projects. Of this combined ending fund balance, \$9,444,567 represents unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,767,609, or 33.2 percent of total general fund expenditures exclusive of debt service, capital projects, and transfers.
- In the current year, the Town implemented GASB Statement No. 96, Subscription Based Information Technology Agreements (SBITA), which improves the accounting and financial reporting for subscription based information technology arrangements by governments.

Overview of the Financial Statements

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$137,923,561 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (89 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 50,634,365	\$ 48,101,686	\$ 20,784,645	\$ 22,785,617	\$ 71,419,010	\$ 70,887,303
Capital assets	107,828,643	108,553,832	57,454,612	46,548,727	165,283,255	155,102,559
Total assets	<u>158,463,008</u>	<u>156,655,518</u>	<u>78,239,257</u>	<u>69,334,344</u>	<u>236,702,265</u>	<u>225,989,862</u>
Deferred outflows of resources	<u>5,539,393</u>	<u>6,794,951</u>	<u>1,916,616</u>	<u>2,303,486</u>	<u>7,456,009</u>	<u>9,098,437</u>
Long-term liabilities outstanding	66,906,727	65,430,895	9,295,378	8,483,252	76,202,105	73,914,147
Other liabilities	<u>19,006,744</u>	<u>21,056,230</u>	<u>6,208,428</u>	<u>6,772,267</u>	<u>25,215,172</u>	<u>27,828,497</u>
Total liabilities	<u>85,913,471</u>	<u>86,487,125</u>	<u>15,503,806</u>	<u>15,255,519</u>	<u>101,417,277</u>	<u>101,742,644</u>
Deferred inflows of resources	<u>3,511,195</u>	<u>8,511,112</u>	<u>1,306,241</u>	<u>2,865,489</u>	<u>4,817,436</u>	<u>11,376,601</u>
Net position						
Net investment in capital assets	66,483,172	65,397,885	57,290,757	44,472,641	123,773,929	109,870,526
Restricted	361,386	324,089	93,380	45,493	454,766	369,582
Unrestricted	<u>7,733,177</u>	<u>2,730,258</u>	<u>5,961,689</u>	<u>8,998,688</u>	<u>13,694,866</u>	<u>11,728,946</u>
Total net position	<u>\$ 74,577,735</u>	<u>\$ 64,452,232</u>	<u>\$ 63,345,826</u>	<u>\$ 53,516,822</u>	<u>\$ 137,923,561</u>	<u>\$ 121,969,054</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 and the government as a whole. Governmental activities reported unrestricted net position of \$7,733,177. This balance increased in the current year and is due to unfilled positions and related lack of spending coupled with an increase in local tax revenues.

Governmental activities – Governmental activities increased net position by \$6,125,503 thereby accounting for 38% of the increase in the net position of the Town. The key element for this increase is due to unfilled positions with a better overall performance in local tax revenues.

Business-type activities – Business-type activities increased the Town’s net position by \$9,829,004. This increase is mainly attributable to the capital funding received in the Transit fund from the Multi-Modal Transit Facility that’s under construction and purchase of several electric buses.

The Town’s Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 6,403,713	\$ 6,166,770	\$ 22,633,925	\$ 22,097,894	\$ 29,037,638	\$ 28,264,664
Operating grants and contributions	5,274,528	4,587,038	5,266,494	5,174,787	10,541,022	9,761,825
Capital grants and contributions	1,069,743	3,135,522	13,467,517	9,057,182	14,537,260	12,192,704
General revenues						
Property taxes	11,226,976	9,232,497	-	-	11,226,976	9,232,497
Other taxes	17,766,131	16,942,958	-	-	17,766,131	16,942,958
Other	2,214,049	1,174,681	341,392	341,392	2,555,441	1,304,887
Total revenues	<u>43,955,140</u>	<u>41,239,466</u>	<u>41,709,328</u>	<u>36,460,069</u>	<u>85,664,468</u>	<u>77,699,535</u>
Expenses						
Legislative	302,363	242,844	-	-	302,363	282,844
Executive	3,182,408	3,139,480	-	-	3,182,408	3,139,480
Legal	406,571	345,024	-	-	406,571	345,024
Financial services	1,959,315	1,840,022	-	-	1,959,315	1,840,022
Technology	1,376,814	925,312	-	-	1,376,814	925,312
Police	9,655,537	9,238,787	-	-	9,655,537	9,283,787
Fire and rescue	2,273,174	2,192,449	-	-	2,273,174	2,192,449
Public works	8,871,351	8,943,107	-	-	8,871,351	8,943,107
Recreation	3,258,813	2,750,632	-	-	3,258,813	2,750,632
Engineering and GIS	1,362,844	1,523,634	-	-	1,362,844	1,523,634
Planning and building	1,774,332	1,527,295	-	-	1,774,332	1,527,295
CDBG entitlement	404,297	1,159,472	-	-	404,297	1,159,472
HOME consortium	437,935	611,033	-	-	437,935	611,033
Interest on long-term debt	1,227,839	1,287,669	-	-	1,227,839	1,287,669
Unallocated depreciation	2,104,172	1,879,985	-	-	2,104,172	1,879,985
Water and sewer	-	-	12,997,265	12,602,866	12,997,265	12,602,866
Transit system	-	-	14,873,033	12,764,388	14,873,033	12,764,388
Solid waste and recycling	-	-	2,399,641	2,163,361	2,399,641	2,163,361
Stormwater	-	-	842,257	844,866	842,257	844,866
Total expenses	<u>38,597,765</u>	<u>37,651,745</u>	<u>31,112,196</u>	<u>28,375,481</u>	<u>69,709,961</u>	<u>66,027,226</u>
Excess before transfers	5,357,375	3,587,721	10,597,132	8,084,588	15,954,507	11,672,309
Transfers	768,128	771,315	(768,128)	(771,315)	-	-
Change in net position	6,125,503	4,359,036	9,829,004	7,313,273	15,954,507	11,672,309
Net position at July 1	<u>68,452,232</u>	<u>64,093,196</u>	<u>53,516,822</u>	<u>46,203,549</u>	<u>121,969,054</u>	<u>110,296,745</u>
Net position at June 30	<u>\$ 74,577,735</u>	<u>\$ 68,452,232</u>	<u>\$ 63,345,826</u>	<u>\$ 53,516,822</u>	<u>\$ 137,923,561</u>	<u>\$ 121,969,054</u>

Government-wide Financial Analysis (Continued)

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

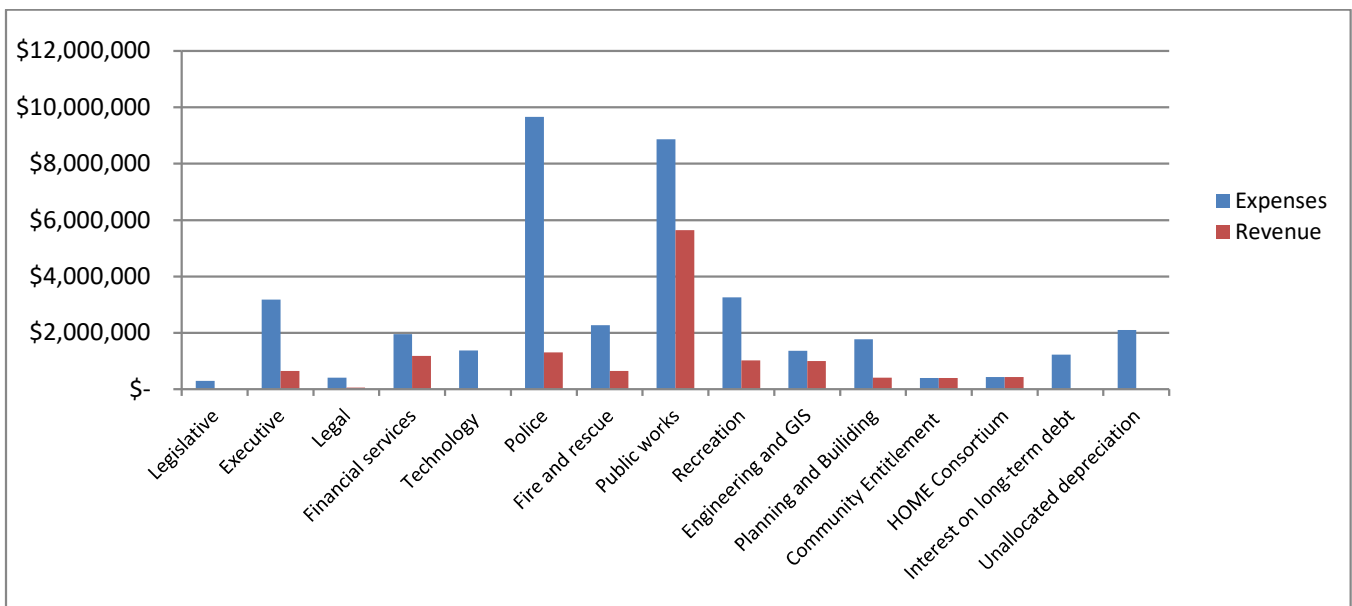
- Majority of departments increased due to the new compensation plan effective 7/1/22 that raised minimum wage to \$15 per hour..
- CDBG and HOME grant funding revenue and expenditures both decreased due to the emphasis on a public input program to decide the use of the Town’s ARPA funds.
- Technology and Public Works increased due to completion of capital projects.

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

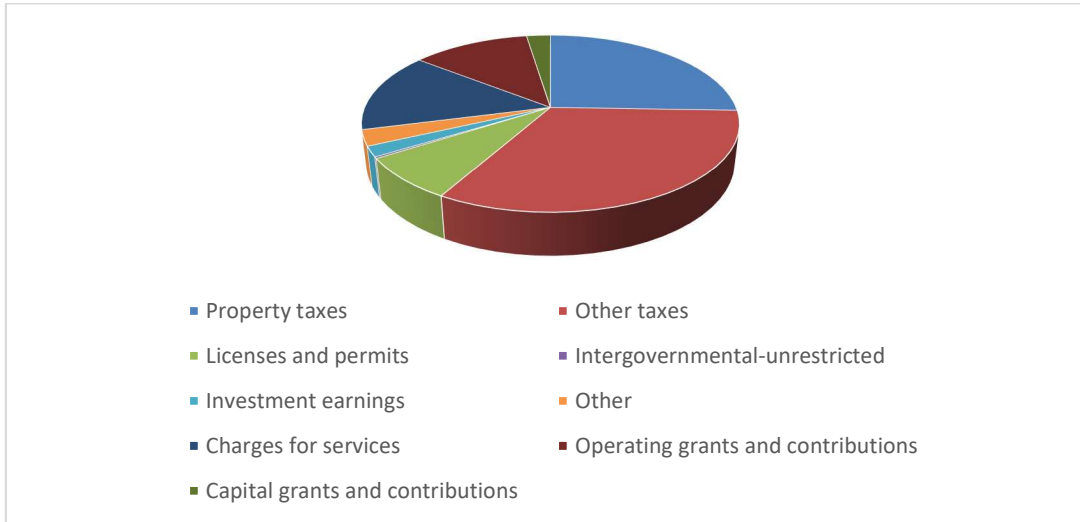
- Capital grants increased in the current year due to several electric bus purchases and the construction of the multi-modal facility for Transit.
- Operating grants increased in the current year due to increased funding from the state for highway maintenance and police reimburse.
- Sales and use tax, meals tax, lodging tax, property taxes, and business licenses taxes all increased during the current year due to higher valuations, increased prices, and increased spending.

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

Expenses and Program Revenues – Governmental Activities



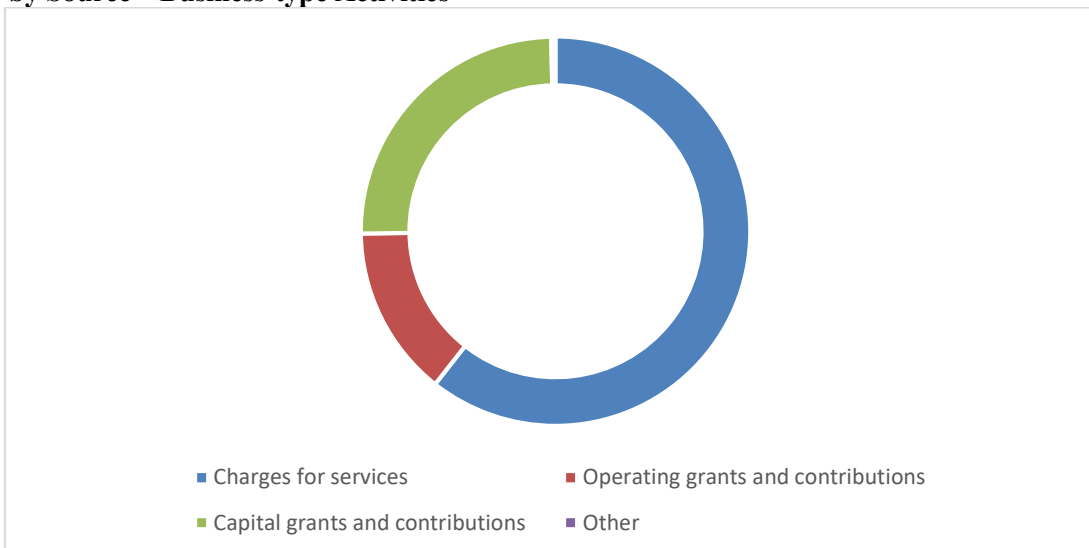
Revenues by Source – Governmental Activities



Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

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

As of the end of the current fiscal year, the Town's total governmental funds reported an ending fund balance of \$32,988,321, an increase of \$4,885,665 in comparison with the prior year. Of that amount, \$9,063 was nonspendable, \$1,276,325 was restricted, \$14,440,932 was committed, \$7,817,434 was assigned, and \$9,444,567 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 33.02% of total general fund expenditures exclusive of debt service, capital projects, and transfers, while total general fund balance represents 48.64% of that same amount.

The fund balance of the Town's general fund increased by \$1,982,405 during the current fiscal year. The key factor for this increase was due to unfilled positions causing reduced spending.

The general capital projects fund increased \$1,536,121 due mainly to the funding for projects that have not yet started.

The COVID relief fund was created in 2022 to track activity as it relates to CARES and ARPA funding and related eligible expenditures. The majority of the grant funds are currently unearned as they have not been spent. The Midtown tax district fund is newly created and tracks special assessment real estate taxes and other local taxes to pay for debt service as it relates to the new parking garage.

The equipment replacement capital projects fund increased by \$1,329,842 which reflects annual transfers into the fund from user funds in excess of equipment related expenditures.

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

The nonmajor governmental funds which track CDBG, HOME, and the urban construction grant activity changed slightly by \$2,685 due to investment activity.

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

Unrestricted net position of the water and sewer, transit system, solid waste and recycling, and stormwater funds at the end of the year amounted to \$1,706,872, \$2,744,811, \$(94,801), and \$1,604,807 respectively. The total increase in net position was \$9,829,004. 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 \$542,177. This increase in appropriations was due to the reappropriation of prior year encumbrances.

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

- Most departments saw a favorable variance in expenditures due to unfilled positions and other controlled spending.
- Other local taxes such as sales and use, meals and lodging taxes and business licenses taxes were much higher than previously budgeted due to increased prices and spending.
- Real estate taxes were higher than previously budgeted due to a 31.63% 2023 reassessment.

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, 2023, amounts to \$165,283,256 (net of accumulated depreciation). This includes land, buildings and system improvements, vehicles, machinery and equipment, water and sewer infrastructure, stormwater improvements, roads, highways, and bridges. The total increase in the Town’s investment in capital assets for the current fiscal year was approximately 16.74 percent.

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

- Construction on the new Transit Multi-Modal facility totaling \$10,234,426.
- Purchase of three electric buses for Transit totaling \$2,682,578.
- Construction on the new parking garage totaling \$819,050.
- Construction on the new police station totaling \$702,945.
- Construction of the Hand n Hand Playground totaling \$839,376.
- Purchase of nineteen replacement vehicles totaling \$765,647.

The Town's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 15,014,079	\$ 15,014,079	\$ 219,247	\$ 219,247	\$ 15,233,326	\$ 15,233,326
Buildings and improvements	36,474,156	20,289,010	4,073,589	4,116,592	40,547,745	24,405,602
Water system – plant	-	-	3,544,484	3,736,511	3,544,484	3,736,511
Sewer system – plant	-	-	7,324,762	7,497,498	7,324,762	7,497,498
Infrastructure	34,834,888	36,446,583	-	-	34,834,888	36,446,583
Machinery and equipment	9,616,436	9,415,431	12,554,340	12,116,607	22,170,776	21,532,038
Construction in progress	11,390,111	27,187,682	29,738,190	18,862,272	41,128,301	46,049,954
Right-to-use assets	184,898	201,047	-	-	184,898	201,047
SBITA assets - software	314,075	-	-	-	314,075	-
Total	<u>\$ 107,828,643</u>	<u>\$ 108,553,832</u>	<u>\$ 54,454,612</u>	<u>\$ 46,548,727</u>	<u>\$ 165,283,255</u>	<u>\$ 155,102,559</u>

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 \$45,580,814, all of which is backed by the full faith and credit of the government.

The Town's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 43,131,363	\$ 45,163,358	\$ 2,248,636	\$ 2,766,641	\$ 45,379,999	\$ 47,929,999
Lease liability	200,815	219,265	-	-	200,815	219,265
SBITA liability	207,615	-	-	-	207,615	-
	<u>\$ 43,539,793</u>	<u>\$ 45,382,623</u>	<u>\$ 2,248,636</u>	<u>\$ 2,766,641</u>	<u>\$ 45,788,429</u>	<u>\$ 48,149,264</u>

The Town's total debt decreased by \$2,360,834 (5.16 percent) during the current fiscal year due to the scheduled payments of principal with no new bonds issued in the current year. No new lease liabilities were recorded in the current year to comply with GASB Statement No. 87, Leases. GASB Statement No. 96, SBITA was implemented in this fiscal year.

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

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County (it is unavailable for the Town) is currently 2.7 percent. This compares to the state's average unemployment rate of 2.8 percent and the national average rate of 3.7 percent.
- Inflationary trends in the region compare favorably to national indices.
- Water and Sewer rates are expected to increase to cover operational and capital costs.
- Real estate tax rates will remain steady at .26/\$100.
- The Town budgeted \$3.97 million of fund balance to cover one-time capital costs in anticipation of revenue shortfalls.

All of these factors were considered in preparing the Town's budget for the 2024 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.

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BASIC FINANCIAL STATEMENTS

EXHIBIT 1

TOWN OF BLACKSBURG, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents (Note 2)	\$ 23,821,992	\$ 9,541,982	\$ 33,363,974
Investments (Note 2)	4,336,967	2,342,293	6,679,260
Receivables, net (Note 3)	1,496,038	2,486,751	3,982,789
Internal balances (Note 4)	87,870	(87,870)	-
Due from other governmental units (Note 5)	1,694,308	3,988,891	5,683,199
Inventories	167,157	1,699,820	1,866,977
Prepays	1,500	-	1,500
Current lease receivable (Note 7)	171,402	-	171,402
Restricted assets:			
Cash and cash equivalents (Note 2)	18,742,034	812,778	19,554,812
Lease receivable (Note 7)	115,097	-	115,097
Capital assets: (Note 6)			
Land and construction in progress	26,404,190	29,957,436	56,361,626
Other capital assets, net	81,424,453	27,497,176	108,921,629
Total assets	<u>158,463,008</u>	<u>78,239,257</u>	<u>236,702,265</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 10)	3,238,340	1,096,569	4,334,909
Deferred outflows related to other post-employment benefits (Note 12)	2,239,636	784,352	3,023,988
Deferred charge on refunding	61,417	35,695	97,112
Total deferred outflows of resources	<u>5,539,393</u>	<u>1,916,616</u>	<u>7,456,009</u>
LIABILITIES			
Accounts payable and accrued liabilities	861,733	4,881,322	5,743,055
Accrued payroll and related liabilities	1,198,083	123,150	1,321,233
Accrued interest payable	435,865	32,917	468,782
Public improvement and other deposits	629,191	232,705	861,896
Unearned revenue (Note 3)	13,277,708	-	13,277,708
Noncurrent liabilities due within one year:			
Other noncurrent liabilities (Note 8)	2,604,164	938,334	3,542,498
Noncurrent liabilities due in more than one year:			
Net pension liability (Note 10)	12,476,675	4,224,865	16,701,540
Other post-employment benefit liability (Note 12)	8,587,136	3,009,487	11,596,623
Other noncurrent liabilities (Note 8)	45,842,916	2,061,026	47,903,942
Total liabilities	<u>85,913,471</u>	<u>15,503,806</u>	<u>101,417,277</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes and grants (Note 3)	39,616	216,839	256,455
Leases (Note 7)	278,729	-	278,729
Deferred inflows related to pensions (Note 10)	2,219,930	751,714	2,971,644
Deferred inflows related to other post-employment benefits (Note 12)	972,920	337,688	1,310,608
Total deferred inflows of resources	<u>3,511,195</u>	<u>1,306,241</u>	<u>4,817,436</u>
NET POSITION			
Net investment in capital assets	66,483,172	57,290,757	123,773,929
Restricted for:			
Capital outlay	296,260	93,380	389,640
Special tax district	65,126	-	65,126
Unrestricted	7,733,177	5,961,689	13,694,866
Total net position	<u>\$ 74,577,735</u>	<u>\$ 63,345,826</u>	<u>\$ 137,923,561</u>

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

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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	\$ 302,363	\$ -	\$ -	\$ -	\$ (302,363)	\$ -	\$ (302,363)
Executive	3,182,408	648,231	-	-	(2,534,177)	-	(2,534,177)
Legal	406,571	55,686	-	-	(350,885)	-	(350,885)
Financial services	1,959,315	1,182,070	-	-	(777,245)	-	(777,245)
Technology	1,376,814	-	-	-	(1,376,814)	-	(1,376,814)
Police	9,655,537	152,328	1,151,977	-	(8,351,232)	-	(8,351,232)
Fire and rescue	2,273,174	465,287	-	179,847	(1,628,040)	-	(1,628,040)
Public works	8,871,351	1,519,586	4,122,551	-	(3,229,214)	-	(3,229,214)
Recreation	3,258,813	984,732	-	32,903	(2,241,178)	-	(2,241,178)
Engineering and GIS	1,362,844	987,274	-	14,761	(360,809)	-	(360,809)
Planning and building	1,774,332	408,519	-	-	(1,365,813)	-	(1,365,813)
CDBG entitlement	404,297	-	-	404,297	-	-	-
HOME consortium	437,935	-	-	437,935	-	-	-
Interest on long-term debt	1,227,839	-	-	-	(1,227,839)	-	(1,227,839)
Unallocated depreciation	2,104,172	-	-	-	(2,104,172)	-	(2,104,172)
Total governmental activities	38,597,765	6,403,713	5,274,528	1,069,743	(25,849,781)	-	(25,849,781)
Business-type activities:							
Water and sewer	12,997,265	13,398,125	-	225,268	-	626,128	626,128
Transit system	14,873,033	5,743,790	5,252,016	13,235,880	-	9,358,653	9,358,653
Solid waste and recycling	2,399,641	2,374,996	14,478	-	-	(10,167)	(10,167)
Stormwater	842,257	1,117,014	-	6,369	-	281,126	281,126
Total business-type activities	31,112,196	22,633,925	5,266,494	13,467,517	-	10,255,740	10,255,740
Total	\$ 69,709,961	\$ 29,037,638	\$ 10,541,022	\$ 14,537,260	(25,849,781)	10,255,740	(15,594,041)
General revenues:							
Property taxes					11,226,976	-	11,226,976
Sales and use taxes					1,918,315	-	1,918,315
Meals taxes					7,249,015	-	7,249,015
Utility taxes					113,326	-	113,326
Franchise taxes					733,601	-	733,601
Other local taxes					4,338,607	-	4,338,607
Business license taxes					3,413,267	-	3,413,267
Intergovernmental revenue-unrestricted					118,931	-	118,931
Gain on sale of assets					107,052	38,803	145,855
Unrestricted investment earnings					829,507	125,039	954,546
Other					1,158,559	177,550	1,336,109
Transfers (Note 4)					768,128	(768,128)	-
Total general revenues and transfers					31,975,284	(426,736)	31,548,548
Change in net position					6,125,503	9,829,004	15,954,507
Net position at July 1					68,452,232	53,516,822	121,969,054
Net position at June 30					\$ 74,577,735	\$ 63,345,826	\$ 137,923,561

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

TOWN OF BLACKSBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	COVID Relief	Midtown Tax District	Capital Projects		Debt Service	Nonmajor Funds	Total Governmental Funds
				General Capital Projects	Equipment Replacement			
ASSETS								
Cash and cash equivalents	\$ 11,209,255	\$ -	\$ -	\$ 7,932,779	\$ 4,296,248	\$ -	\$ -	\$ 23,438,282
Cash and cash equivalents, restricted	-	13,254,978	65,126	5,125,670	-	-	296,260	18,742,034
Investments	3,004,162	-	-	115,574	1,217,231	-	-	4,336,967
Receivables, net	1,488,869	-	-	271	4,767	-	-	1,493,907
Lease receivable	286,499	-	-	-	-	-	-	286,499
Due from other funds	863,503	-	-	-	-	-	-	863,503
Due from other governmental units	786,282	-	-	60,683	-	-	847,343	1,694,308
Inventories	7,563	-	-	-	-	-	-	7,563
Prepaid expenditures	1,500	-	-	-	-	-	-	1,500
Total assets	<u>\$ 17,647,633</u>	<u>\$ 13,254,978</u>	<u>\$ 65,126</u>	<u>\$ 13,234,977</u>	<u>\$ 5,518,246</u>	<u>\$ -</u>	<u>\$ 1,143,603</u>	<u>\$ 50,864,563</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 614,653	\$ 2,270	\$ -	\$ 101,365	\$ 58,211	\$ -	\$ 68,810	\$ 845,309
Accrued payroll and related liabilities	1,190,009	-	-	-	-	-	2,900	1,192,909
Public improvement and other deposits	379,191	-	-	250,000	-	-	-	629,191
Due to other funds	-	-	-	-	-	-	775,633	775,633
Compensated absences	104,993	-	-	-	-	-	-	104,993
Unearned revenue	-	13,252,708	-	25,000	-	-	-	13,277,708
Total liabilities	<u>2,288,846</u>	<u>13,254,978</u>	<u>-</u>	<u>376,365</u>	<u>58,211</u>	<u>-</u>	<u>847,343</u>	<u>16,825,743</u>
DEFERRED INFLOWS OF RESOURCES								
Leases	278,729	-	-	-	-	-	-	278,729
Unavailable/deferred revenue	771,770	-	-	-	-	-	-	771,770
Total deferred inflows of resources	<u>1,050,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,050,499</u>
FUND BALANCES (Note 9)								
Nonspendable	9,063	-	-	-	-	-	-	9,063
Restricted	-	-	65,126	914,939	-	-	296,260	1,276,325
Committed	597,816	-	-	11,943,673	1,576,401	-	323,042	14,440,932
Assigned	3,933,800	-	-	-	3,883,634	-	-	7,817,434
Unassigned	9,767,609	-	-	-	-	-	(323,042)	9,444,567
Total fund balances	<u>14,308,288</u>	<u>-</u>	<u>65,126</u>	<u>12,858,612</u>	<u>5,460,035</u>	<u>-</u>	<u>296,260</u>	<u>32,988,321</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,647,633</u>	<u>\$ 13,254,978</u>	<u>\$ 65,126</u>	<u>\$ 13,234,977</u>	<u>\$ 5,518,246</u>	<u>\$ -</u>	<u>\$ 1,143,603</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.	107,151,308
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	498,973
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	732,154
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	(43,131,363)
Accrued interest payable	(435,865)
Compensated absences	(1,878,898)
Lease & SBITA payable	(408,430)
Deferred amounts	(2,828,895)
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:	3,174,294
Deferred inflows related to pensions:	(2,176,025)
Net pension liability:	<u>(12,229,918)</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 other post-employment benefits:	2,196,491
Deferred inflows related to other post-employment benefits:	(954,118)
Net other post-employment benefits liability:	<u>(8,421,450)</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.	<u>301,156</u>
Net position of governmental activities	<u>\$ 74,577,735</u>

TOWN OF BLACKSBURG, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General	COVID Relief	Midtown Tax District	Capital Projects		Debt Service	Nonmajor Funds	Total Governmental Funds
				General Capital Projects	Equipment Replacement			
REVENUES								
General property taxes	\$ 11,100,060	\$ -	\$ 15,532	\$ -	\$ -	\$ -	\$ -	\$ 11,115,592
Other local taxes	14,277,969	-	-	-	-	-	-	14,277,969
Business license taxes	3,414,020	-	-	-	-	-	-	3,414,020
Permits and fees	408,519	-	-	-	-	-	-	408,519
Intergovernmental	5,461,027	112,279	-	14,761	-	-	842,232	6,430,299
Charges for services	4,858,600	-	-	2,645	-	-	-	4,861,245
Fines and forfeitures	150,176	-	-	-	-	-	-	150,176
Investment earnings	732,675	-	19,080	-	75,067	-	2,685	829,507
Other	888,035	-	-	-	-	-	-	888,035
Total revenues	41,291,081	112,279	34,612	17,406	75,067	-	844,917	42,375,362
EXPENDITURES								
Current:								
Legislative	299,151	-	-	-	-	-	-	299,151
Executive	3,244,319	110,309	-	-	-	-	-	3,354,628
Legal	397,905	-	-	-	-	-	-	397,905
Financial services	1,906,300	-	-	-	-	-	-	1,906,300
Technology	954,367	-	-	-	-	-	-	954,367
Police	9,194,043	-	-	-	-	-	-	9,194,043
Fire and rescue	1,426,164	-	-	-	-	-	-	1,426,164
Public works	6,315,730	-	-	-	-	-	-	6,315,730
Recreation	2,808,538	-	-	-	-	-	-	2,808,538
Engineering and GIS	1,202,603	1,970	-	-	-	-	-	1,204,573
Planning and building	1,668,785	-	-	-	-	-	-	1,668,785
CDBG Entitlement	-	-	-	-	-	-	404,297	404,297
HOME Consortium	-	-	-	-	-	-	437,935	437,935
Capital outlays	-	-	-	3,343,364	1,091,158	-	-	4,434,522
Debt service:								
Principal retirement	-	-	-	-	-	2,176,806	-	2,176,806
Interest and fiscal charges	-	-	198,675	-	-	1,197,456	-	1,396,131
Total expenditures	29,417,905	112,279	198,675	3,343,364	1,091,158	3,374,262	842,232	38,379,875
Excess (deficiency) of revenues over expenditures	11,873,176	-	(164,063)	(3,325,958)	(1,016,091)	(3,374,262)	2,685	3,995,487
OTHER FINANCING SOURCES (USES)								
Lease receipts	14,998	-	-	-	-	-	-	14,998
Sale of general capital assets	107,052	-	-	-	-	-	-	107,052
Transfers in	176,592	-	198,675	5,038,671	2,345,933	3,374,262	-	11,134,133
Transfers out	(10,189,413)	-	-	(176,592)	-	-	-	(10,366,005)
Total other financing sources (uses)	(9,890,771)	-	198,675	4,862,079	2,345,933	3,374,262	-	890,178
Net change in fund balance	1,982,405	-	34,612	1,536,121	1,329,842	-	2,685	4,885,665
FUND BALANCES AT JULY 1	12,325,883	-	30,514	11,322,491	4,130,193	-	293,575	28,102,656
FUND BALANCES AT JUNE 30	\$ 14,308,288	\$ -	\$ 65,126	\$ 12,858,612	\$ 5,460,035	\$ -	\$ 296,260	\$ 32,988,321

(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, 2023**

Net changes in fund balances	\$ 4,885,665
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	3,988,851
Right-to-use asset	418,462
Depreciation expense	(4,991,377)
Amortization expense	(120,536)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	185,526
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	2,176,806
Amortization of net discounts/premiums	158,203
Deferred amount on refunding	(8,011)
SBITA issuance	(333,976)
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	18,100
Change in compensated absences	(107,334)
Governmental funds report employer other post-employment benefit contributions as expenditures. However, in the statement of activities, the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.	
	(404,059)
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.	
	236,781
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.	
	22,402
Change in net position of governmental activities	\$ 6,125,503

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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 9,988,100	\$ 9,988,100	\$ 11,100,060	\$ 1,111,960
Other local taxes	12,260,500	12,260,500	14,277,969	2,017,469
Business license taxes	3,016,200	3,016,200	3,414,020	397,820
Permits and fees	577,100	577,100	408,519	(168,581)
Intergovernmental	4,910,100	4,910,100	5,461,027	550,927
Charges for services	4,951,700	4,951,700	4,858,600	(93,100)
Fines and forfeitures	125,500	125,500	150,176	24,676
Investment earnings	150,000	150,000	732,675	582,675
Other	655,800	655,800	888,035	232,235
Total revenues	<u>36,635,000</u>	<u>36,635,000</u>	<u>41,291,081</u>	<u>4,656,081</u>
EXPENDITURES				
Current:				
Legislative	321,066	321,066	299,151	21,915
Executive	3,766,029	3,940,589	3,349,301	591,288
Legal	404,427	435,270	405,405	29,865
Financial services	2,130,676	2,115,490	1,929,999	185,491
Technology	1,027,523	1,124,972	970,398	154,574
Police	10,411,515	10,494,679	9,238,759	1,255,920
Fire and rescue	1,300,888	1,455,149	1,442,263	12,886
Public works	7,636,295	7,374,119	6,416,625	957,494
Recreation	3,089,494	3,183,186	2,817,428	365,758
Engineering and GIS	1,561,568	1,644,803	1,477,607	167,196
Planning and building	1,700,095	1,700,318	1,668,785	31,533
Contingency	510,083	23,772	-	23,772
Total expenditures	<u>33,859,659</u>	<u>33,813,413</u>	<u>30,015,721</u>	<u>3,797,692</u>
Excess of revenues over expenditures	<u>2,775,341</u>	<u>2,821,587</u>	<u>11,275,360</u>	<u>8,453,773</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	176,592	76,592
Transfers out	(9,718,341)	(10,306,764)	(10,189,413)	117,351
Sale of general capital assets	120,000	120,000	107,052	(12,948)
Lease receipts	-	-	14,998	14,998
Prior year re-appropriations	6,723,000	6,723,000	-	(6,723,000)
Total other financing sources (uses)	<u>(2,775,341)</u>	<u>(3,363,764)</u>	<u>(9,890,771)</u>	<u>(6,527,007)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (542,177)</u>	<u>\$ 1,384,589</u>	<u>\$ 1,926,766</u>

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities – Enterprise Funds					Governmental Activities – Internal Service Fund
	Water and Sewer	Transit System	Solid Waste and Recycling	Stormwater	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,187,422	\$ 4,704,358	\$ -	\$ 1,650,202	\$ 9,541,982	\$ 383,710
Cash and investments, restricted	812,778	-	-	-	812,778	-
Investments	897,255	1,331,368	-	113,670	2,342,293	-
Receivables, net	1,364,350	744,231	307,785	70,385	2,486,751	2,131
Due from other governmental units	-	3,988,891	-	-	3,988,891	-
Inventories	-	1,699,820	-	-	1,699,820	159,594
Total current assets	6,261,805	12,468,668	307,785	1,834,257	20,872,515	545,435
Noncurrent assets:						
Land and construction in progress	1,965,659	27,052,579	265,320	673,878	29,957,436	-
Other capital assets, net	11,925,716	14,402,904	530,617	637,939	27,497,176	178,362
Total noncurrent assets	13,891,375	41,455,483	795,937	1,311,817	57,454,612	178,362
Total assets	20,153,180	53,924,151	1,103,722	3,146,074	78,327,127	723,797
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	224,607	811,920	24,462	35,580	1,096,569	64,046
Deferred outflows related to other post-employment benefits	151,785	592,995	16,107	23,465	784,352	43,145
Deferred charge on refunding	35,695	-	-	-	35,695	-
Total deferred outflows of resources	412,087	1,404,915	40,569	59,045	1,916,616	107,191
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	2,412,792	2,323,079	142,643	2,808	4,881,322	16,424
Accrued payroll and related liabilities	18,945	99,504	1,926	2,775	123,150	5,174
Accrued interest payable	32,917	-	-	-	32,917	-
Customer deposits	232,705	-	-	-	232,705	-
Due to other funds	-	-	87,870	-	87,870	-
Compensated absences	45,547	346,665	5,061	5,061	402,334	12,652
Bonds payable	536,000	-	-	-	536,000	-
Total current liabilities	3,278,906	2,769,248	237,500	10,644	6,296,298	34,250
Noncurrent liabilities:						
Compensated absences	128,324	46,384	25,735	16,001	216,444	20,432
Other post-employment benefits	582,942	2,274,552	61,867	90,126	3,009,487	165,686
Net pension liability	865,365	3,128,165	94,248	137,087	4,224,865	246,757
Bonds payable	1,844,582	-	-	-	1,844,582	-
Total noncurrent liabilities	3,421,213	5,449,101	181,850	243,214	9,295,378	432,875
Total liabilities	6,700,119	8,218,349	419,350	253,858	15,591,676	467,125
DEFERRED INFLOWS OF RESOURCES						
Grants	-	216,839	-	-	216,839	-
Deferred inflows related to pensions	153,971	556,583	16,769	24,391	751,714	43,905
Deferred inflows related to other post-employment benefits	66,228	254,178	7,036	10,246	337,688	18,802
Total deferred inflows of resources	220,199	1,027,600	23,805	34,637	1,306,241	62,707
NET POSITION						
Net investment in capital assets	11,938,077	43,244,926	795,937	1,311,817	57,290,757	178,362
Restricted	-	93,380	-	-	93,380	-
Unrestricted	1,706,872	2,744,811	(94,801)	1,604,807	5,961,689	122,794
Total net position	\$ 13,644,949	\$ 46,083,117	\$ 701,136	\$ 2,916,624	\$ 63,345,826	\$ 301,156

TOWN OF BLACKSBURG, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2023**

	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	\$ 12,919,334	\$ 5,743,790	\$ 2,374,996	\$ 1,117,014	\$ 22,155,134	\$ 1,272,202
Availability and transfer fees	360,713	-	-	-	360,713	-
Meter installation	95,736	-	-	-	95,736	-
Connection fees	22,342	-	-	-	22,342	-
Other	153,232	2,091	-	22,227	177,550	-
Total operating revenues	<u>13,551,357</u>	<u>5,745,881</u>	<u>2,374,996</u>	<u>1,139,241</u>	<u>22,811,475</u>	<u>1,272,202</u>
OPERATING EXPENSES						
Personal services	1,369,620	7,181,633	205,022	227,457	8,983,732	425,068
Contractual services	8,304,186	919,115	1,688,720	43,475	10,955,496	88,353
Administration	1,345,651	1,110,200	376,295	501,659	3,333,805	17,088
Depreciation	903,376	2,647,273	71,827	31,755	3,654,231	20,589
Other	993,633	3,014,812	57,777	37,911	4,104,133	698,702
Total operating expenses	<u>12,916,466</u>	<u>14,873,033</u>	<u>2,399,641</u>	<u>842,257</u>	<u>31,031,397</u>	<u>1,249,800</u>
Operating income (loss)	<u>634,891</u>	<u>(9,127,152)</u>	<u>(24,645)</u>	<u>296,984</u>	<u>(8,219,922)</u>	<u>22,402</u>
NONOPERATING REVENUES (EXPENSES)						
Gain on disposal of capital assets	21,000	17,803	-	-	38,803	-
Intergovernmental revenue	-	3,078,073	14,478	-	3,092,551	-
ARPA operating grant revenue	-	2,173,943	-	-	2,173,943	-
Investment earnings/(loss)	67,837	31,510	-	25,692	125,039	-
Interest expense	(80,799)	-	-	-	(80,799)	-
Net nonoperating revenues (expenses)	<u>8,038</u>	<u>5,301,329</u>	<u>14,478</u>	<u>25,692</u>	<u>5,349,537</u>	<u>-</u>
Income (loss) before contributions and transfers	642,929	(3,825,823)	(10,167)	322,676	(2,870,385)	22,402
CAPITAL CONTRIBUTIONS	225,268	13,235,880	-	6,369	13,467,517	-
TRANSFERS OUT	<u>(295,595)</u>	<u>-</u>	<u>(395,033)</u>	<u>(77,500)</u>	<u>(768,128)</u>	<u>-</u>
Change in net position	572,602	9,410,057	(405,200)	251,545	9,829,004	22,402
NET POSITION AT JULY 1	<u>13,072,347</u>	<u>36,673,060</u>	<u>1,106,336</u>	<u>2,665,079</u>	<u>53,516,822</u>	<u>278,754</u>
NET POSITION AT JUNE 30	<u>\$ 13,644,949</u>	<u>\$ 46,083,117</u>	<u>\$ 701,136</u>	<u>\$ 2,916,624</u>	<u>\$ 63,345,826</u>	<u>\$ 301,156</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, 2023

	<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>
OPERATING ACTIVITIES						
Receipts from customers	\$ 13,341,751	\$ 5,080,480	\$ 2,359,716	\$ 1,114,173	\$ 21,896,120	\$ 1,270,071
Payments to suppliers	(10,675,859)	(5,599,672)	(2,162,008)	(585,886)	(19,023,425)	(828,428)
Payments to employees	(1,348,654)	(6,955,948)	(143,416)	(213,294)	(8,661,312)	(367,469)
Other receipts	153,232	2,091	-	22,227	177,550	-
Net cash provided by (used in) operating activities	<u>1,470,470</u>	<u>(7,473,049)</u>	<u>54,292</u>	<u>337,220</u>	<u>(5,611,067)</u>	<u>74,174</u>
NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds	(295,595)	-	(395,033)	(77,500)	(768,128)	-
Operating assistance grants received	-	7,110,890	13,659	-	7,124,549	-
Transfers from other funds	-	-	87,870	-	87,870	-
Net cash provided by (used in) noncapital financing activities	<u>(295,595)</u>	<u>7,110,890</u>	<u>(293,504)</u>	<u>(77,500)</u>	<u>6,444,291</u>	<u>-</u>
CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(588,335)	(13,709,329)	(116,889)	-	(14,414,553)	-
Proceeds from sale of capital assets	21,000	42,388	-	-	63,388	-
Contribution of capital by other governments	-	15,276,223	-	-	15,276,223	-
Principal paid on capital debt	(518,005)	-	-	-	(518,005)	-
Interest paid on capital debt	(80,068)	-	-	-	(80,068)	-
Net cash used in capital and related financing activities	<u>(1,165,408)</u>	<u>1,609,282</u>	<u>(116,889)</u>	<u>-</u>	<u>326,985</u>	<u>-</u>
INVESTING ACTIVITIES						
Proceeds from sale of investments	(204,961)	(520,724)	-	3,122	(722,563)	-
Interest received	84,070	58,809	-	33,287	176,166	-
Net cash provided (used in) by investing activities	<u>(120,891)</u>	<u>(461,915)</u>	<u>-</u>	<u>36,409</u>	<u>(546,397)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(111,424)</u>	<u>785,208</u>	<u>(356,101)</u>	<u>296,129</u>	<u>613,812</u>	<u>74,174</u>
CASH AND CASH EQUIVALENTS						
Beginning at July 1	4,111,624	3,919,150	356,101	1,354,073	9,740,948	309,536
Ending at June 30	<u>\$ 4,000,200</u>	<u>\$ 4,704,358</u>	<u>\$ -</u>	<u>\$ 1,650,202</u>	<u>\$ 10,354,760</u>	<u>\$ 383,710</u>
RECONCILIATION TO STATEMENT OF NET POSITION:						
Cash and cash equivalents	\$ 3,187,422	\$ 4,704,358	\$ -	\$ 1,650,202	\$ 9,541,982	\$ 383,710
Cash and cash equivalents, restricted	812,778	-	-	-	812,778	-
	<u>\$ 4,000,200</u>	<u>\$ 4,704,358</u>	<u>\$ -</u>	<u>\$ 1,650,202</u>	<u>\$ 10,354,760</u>	<u>\$ 383,710</u>

(Continued)

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

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	<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)	\$ 634,891	\$ (9,127,152)	\$ (24,645)	\$ 296,984	\$ (8,219,922)	\$ 22,402
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	903,376	2,647,273	71,827	31,755	3,654,231	20,589
Pension expense net of employer contributions	(20,851)	3,347	22,200	2,434	7,130	32,597
Other post employment benefit expense net of employer contributions	25,480	136,622	16,494	7,217	185,813	25,600
Change in assets and liabilities (Increase) decrease in:						
Receivable, net	(61,752)	(663,310)	(15,280)	(2,841)	(743,183)	(2,131)
Inventories	-	72,316	-	-	72,316	14,228
(Decrease) increase in:						
Accounts payable and accrued liabilities	(32,389)	(627,861)	(39,216)	(2,841)	(702,307)	(38,513)
Accrued payroll and related liabilities	16,337	85,716	22,912	4,512	129,477	(598)
Customer deposits	5,378	-	-	-	5,378	-
Net cash provided by (used in) operating activities	<u>\$ 1,470,470</u>	<u>\$ (7,473,049)</u>	<u>\$ 54,292</u>	<u>\$ 337,220</u>	<u>\$ (5,611,067)</u>	<u>\$ 74,174</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital asset purchases financed by accounts payable	<u>\$ 421,189</u>	<u>\$ 2,044,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,466,024</u>	<u>\$ -</u>
Decrease in due from other governmental units for capital and operating grants	<u>\$ -</u>	<u>\$ (3,869,217)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,869,217)</u>	<u>\$ -</u>
Capital asset transferred from governmental activities	<u>\$ 225,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,369</u>	<u>\$ 231,637</u>	<u>\$ -</u>

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2023

	Other Post- Employment Benefits	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 601,907
Cash and cash equivalents, restricted	-	1,124,535
Investments		
Fixed Income	1,637,326	-
Stocks	4,011,449	-
Real Estate	1,227,995	-
Alternative investments	1,309,861	-
Accounts receivable	-	63,069
Due from other governments	-	70,135
Capital reimbursement receivable	-	13,703
Lease receivable	-	41,612
Inventory	-	59,141
Total current assets	8,186,631	1,974,102
Noncurrent Assets		
Due from other governments	-	324,051
Capital reimbursement receivable	-	302,931
Total noncurrent assets	-	626,982
 Total assets	 8,186,631	 2,601,084
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	-	113,446
Compensated absences	-	27,451
Due to Town of Blacksburg	-	344,076
Total current liabilities	-	484,973
Noncurrent Liabilities		
Net pension liability	-	433,539
Other post-employment benefits	-	312,098
Lease payable	-	72,678
Compensated absences	-	24,501
Total noncurrent liabilities	-	842,816
 Total liabilities	 -	 1,327,789
NET POSITION		
Other post-employment benefits	8,186,631	-
Restricted for other governments	-	1,273,295
 Total net position restricted for fiduciary funds	 \$ 8,186,631	 \$ 1,273,295

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

TOWN OF BLACKSBURG, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year Ended June 30, 2023

	Other Post- Employment Benefits	Custodial Funds
ADDITIONS		
Employer contributions	\$ 735,329	\$ -
Investment earnings (loss)	580,300	-
Custodial fund additions	-	4,136,949
	<u>1,315,629</u>	<u>4,136,949</u>
DEDUCTIONS		
Retirement benefits	735,329	-
Administrative expenses	8,168	-
Custodial fund payments and withdrawals	-	3,170,731
	<u>743,497</u>	<u>3,170,731</u>
Total additions	<u>1,315,629</u>	<u>4,136,949</u>
Total deductions	<u>743,497</u>	<u>3,170,731</u>
Change in net position	<u>572,132</u>	<u>966,218</u>
NET POSITION AT JULY 1	<u>7,614,499</u>	<u>307,077</u>
NET POSITION AT JUNE 30	<u>\$ 8,186,631</u>	<u>\$ 1,273,295</u>

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 2023, the Town paid \$4,286,765 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 \$391,543 in tipping fees during fiscal year 2023.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 2023, the Town paid \$3,633,698 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 2023, the Town paid \$60,000 toward the operations of the airport.

Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization

The Town is a member of the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization (the “MPO”). The MPO is a transportation policy-making organization serving the Blacksburg, Christiansburg, and Montgomery County area. The MPO provides the information, tools, and public input necessary to improve the performance of the transportation system of the region. Future transportation needs are addressed, giving consideration to all possible strategies and the community’s vision. The Town has three members within this organization, two of which are voting members that are appointed by Town Council. During fiscal year 2023, the Town paid \$7,200 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 2023, the Town paid \$257,423 to the MRTB.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 2023, the Town paid \$959,787 toward operations of the Communications Authority.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Custodial funds are unlike all other fund types, reporting only assets and liabilities. The custodial funds utilize the economic resources measurement focus. The custodial funds utilize the accrual basis of accounting to recognize receivables and payables.

The Town reports the following major governmental funds:

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

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

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

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

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

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

The Town reports the following major proprietary funds:

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

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

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

	<u>General Fund</u>
Net change in fund balance (non-GAAP budgetary basis)	\$ 1,384,589
Encumbrances at June 30, 2023	597,816
Net change in fund balance (GAAP basis)	\$ 1,982,405

E. Cash and Cash Equivalents

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

F. Investments

Investments are stated at fair value.

G. Allowance for Uncollectible Accounts

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

H. Inventories

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

I. Capital Assets

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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

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

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

J. Deferred Outflows/Inflows of Resources

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

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

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

K. Leases

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

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

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

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

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

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

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

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

L. Subscription Based Information Technology Arrangements

A subscription based information technology arrangement (SBITA) is defined as a contract that conveys control of the right to use another party's information technology software, along or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange like transaction.

The Town recognizes a right to use subscription asset (intangible asset) and a corresponding subscription liability. The subscription term includes the period during which the Town has a non cancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the Town or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the Town or SBITA vendor will not exercise that option).

The Town recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the Town, which may be implicit, or the Town's incremental borrowing rate if the interest rate is not readily determinable. The Town recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset is initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The Town recognizes amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, are grouped into the following three stages, and their costs are accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage are expensed as incurred.
- Initial Implementation Stage, includes all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally are capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for the Town's ongoing operations related to a SBITA. Outlays in this stage are expensed as incurred unless they meet specific capitalization criteria.

An exception exists for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs are recognized as outflows of resources.

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

M. 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.

N. Other Post-employment Benefit Trust Fund

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

O. 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.

P. 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, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Fund Balances/Net Position

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

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

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

Restricted Amounts

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

Minimum Fund Balance Policy

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

P. Fund Balances/Net Position (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances outstanding as of June 30 total \$597,816 in the general fund, \$1,847,527 and \$1,576,401 in the capital projects and equipment replacement funds, respectively, and \$2,600,669 in nonmajor governmental funds. Encumbrances outstanding at the end of the year are reappropriated as part of subsequent year's budget.

Restricted Net Position

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

Q. Estimates

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

Note 2. Deposits and Investments

Deposits

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

Investments

Investment Policy:

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 32.957% of the Town's investments. Most of the Town's certificates of deposit are under \$250,000 and are secured by FDIC.

Concentration of Credit Risk:

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk:

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

Interest Rate Risk:

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

Investment Type	Fair Value	Weighted Average Maturity*	Percentage of Portfolio
SNAP	\$ 4,761,266	1	32.95%
LGIP	284,573	1	1.97%
Money Market	1,242,307	1	8.60%
Certificates of deposit	7,741,098	1,284	56.48%
Total investments	\$ 14,029,244		100.00%

Portfolio weighted average maturity

*Weighted average maturity in days

Investments	\$ 14,029,244
Deposits	45,568,802
Total deposits and investments	\$ 59,598,046
 Reconciliation of deposits and investments to Exhibit 1:	
Cash and cash equivalents	\$ 33,363,974
Cash and cash equivalents, restricted	19,554,812
Investments	6,679,260
Total deposits and investments	\$ 59,598,046

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, 2023

Note 3. Receivables, Net

Receivables are as follows:

	Governmental Activities				Business-Type Activities			
	General		Equipment Replacement	Internal Service	Water and Sewer	Transit System	Solid	
	General	Capital Projects					Waste and Recycling	Stormwater
Receivables								
Interest	\$ 34,083	\$ -	\$ 4,767		\$ 4,075	\$ 2,870	\$ -	\$ 1,641
Taxes	1,439,997	-	-		-	-	-	-
Accounts	60,550	271	-	2,131	1,363,335	741,361	309,104	69,080
	1,534,630	271	4,767	2,131	1,367,410	744,231	309,104	70,721
Less: allowance for uncollectibles	(45,761)	-	-	-	(3,060)	-	(1,319)	(336)
Receivables, net	\$ 1,488,869	\$ 271	\$ 4,767	\$ 2,131	\$ 1,364,350	\$ 744,231	\$ 307,785	\$ 70,385

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:

	<u>Unavailable</u>	<u>Deferred</u>	<u>Total</u>
Included in receivables:			
Delinquent property taxes	\$ 357,726	\$ -	\$ 357,726
Meals and hotel taxes	115,966	-	115,966
Sales tax	148,420	-	148,420
Telecommunication tax	67,530	-	67,530
Business license and other taxes	42,512	-	42,512
	<u>732,154</u>	<u>-</u>	<u>732,154</u>
Included in cash:			
COVID relief funds	-	13,252,708	13,252,708
Developer proffer	-	25,000	25,000
Subsequent years' tax collections	-	39,616	39,616
Total unavailable/deferred revenue for governmental funds	<u>\$ 732,154</u>	<u>\$ 13,317,324</u>	<u>\$ 14,049,478</u>

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 4. Transfers, Interfund Receivables and Payables

Interfund transfers are as follows:

	Transfers Out:					Total
	General	General Capital	Water and Sewer	Solid Waste and Recycling	Stormwater	
Transfers In:						
General	\$ -	\$ 176,592	\$ -	\$ -	\$ -	\$ 176,592
Midtown Tax District	198,675					198,675
General capital	4,663,671	-	-	300,000	75,000	5,038,671
Equipment replacement	1,952,805	-	295,595	95,033	2,500	2,345,933
Debt Service	3,374,262	-	-	-	-	3,374,262
Water and sewer	-	-	-	-	-	-
Total	\$ 10,189,413	\$ 176,592	\$ 295,595	\$ 395,033	\$ 77,500	\$ 11,134,133

The primary purposes of the transfers are as follows:

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

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

Receivable Fund	Payable Fund	Amount
General	CDBG	\$ 337,851
General	HOME	437,782
General	Solid Waste and Recycling	87,870
		\$ 863,503

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

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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	\$ -	\$ 2,354,063
Community Development Planning Entitlement Grant	379,558	-
HOME funding	467,785	-
Other Federal:		
Transit Grants	-	41,655
Edward Byrne	1,192	-
Commonwealth of Virginia:		
Transit Grants	-	1,593,173
Telecommunications tax	136,091	-
VDOT Revenue Sharing	60,683	-
Other:		
Sales tax	298,426	-
Other – includes airport and VASAP	350,573	-
	\$ 1,694,308	\$ 3,988,891

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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	\$ 15,014,079	\$ -	\$ -	\$ 15,014,079
Construction in progress	27,187,682	2,971,945	(18,769,516)	11,390,111
Total capital assets, not depreciated	42,201,761	2,971,945	(18,769,516)	26,404,190
Capital assets, depreciated				
Buildings and improvements	37,284,808	17,752,925	-	55,037,733
Infrastructure	62,418,060	-	-	62,418,060
Machinery and equipment	27,452,082	2,033,497	(503,921)	28,981,658
Total capital assets depreciated	127,154,950	19,786,422	(503,921)	146,437,451
Less accumulated depreciation for:				
Buildings and improvements	16,995,798	1,567,779	-	18,563,577
Infrastructure	25,971,477	1,611,695	-	27,583,172
Machinery and equipment	18,036,651	1,832,492	(503,921)	19,365,222
Total accumulated depreciation	61,003,926	5,011,966	(503,921)	65,511,971
Total capital assets, depreciated, net	66,151,024	14,774,456	-	80,925,480
Intangible Right-to-use assets				
Leased property	219,265	-	-	219,265
Less accumulated amortization	18,218	16,149	-	34,367
Intangible Right-to-us assets, net	201,047	(16,149)	-	184,898
SBITA assets				
Software	-	418,462	-	418,462
Less accumulated amortization	-	104,387	-	104,387
Intangible Right-to-us assets, net	-	314,075	-	314,075
Governmental activities, capital assets, net	<u>\$ 108,553,832</u>	<u>\$ 17,730,252</u>	<u>\$ (18,769,516)</u>	<u>\$ 107,828,643</u>
Business-type Activities				
Capital assets, not depreciated				
Land	\$ 219,247	\$ -	\$ -	\$ 219,247
Construction in progress	18,862,272	11,210,374	(334,457)	29,738,189
Total capital assets, not depreciated	19,081,519	11,210,374	(334,457)	29,957,436
Capital assets, depreciated				
Buildings and improvements	9,961,547	188,533	-	10,150,080
Water system-plant	12,363,559	43,141	-	12,406,700
Sewer system-plant	16,445,900	291,318	-	16,737,218
Machinery and equipment	45,571,581	3,185,792	(303,071)	48,454,302
Total capital assets depreciated	84,342,587	3,708,784	(303,071)	87,748,300
Less accumulated depreciation for:				
Buildings and improvements	5,844,955	231,535	-	6,076,490
Water system-plant	8,627,048	235,168	-	8,862,216
Sewer system-plant	8,948,401	464,055	-	9,412,456
Machinery and equipment	33,454,975	2,723,473	(278,486)	35,899,962
Total accumulated depreciation	56,875,379	3,654,231	(278,486)	60,251,124
Total capital assets, depreciated, net	27,467,208	54,553	(24,585)	27,497,176
Business-Type activities, capital assets, net	<u>\$ 46,548,727</u>	<u>\$ 11,264,927</u>	<u>\$ (359,042)</u>	<u>\$ 57,454,612</u>

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 \$41,434,149 as of June 30. The Town cannot dispose of these assets without prior approval from the grantors.

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:	
Executive	\$ 10,159
Financial services	59,628
Technology	70,384
Police	938,970
Fire and rescue	820,709
Public works	685,578
Recreation	363,993
Planning and engineering	58,320
Unallocated depreciation	2,104,172
Internal service fund	20,589
	<u>\$ 5,132,502</u>
Business-type activities:	
Water and sewer	\$ 903,376
Transit system	2,647,273
Stormwater	31,755
Solid Waste and Recycling	71,827
	<u>\$ 3,654,231</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
Multi-Modal Transit Facility	\$ 18,245,527	9,700,233
Two Bus Purchases	-	2,679,924
Midtown Parking Garage	9,622,902	191,901
Hospital Sewer Force Main & Pump Station	655,591	587,365
	<u>\$ 28,524,020</u>	<u>\$ 13,159,423</u>

Intangible Right-to-Use Lease Assets

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

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 7. Lease Receivables

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

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

On 05/06/2010, the Town entered into a 45-month lease with Virginia Tech for the use of the Armory Building. An initial lease receivable was recorded in the amount of \$285,930. As of 06/30/2023, the value of the lease receivable is \$190,079. The lessee is required to make monthly fixed payments of \$8,846 with a 2.00% increase yearly and with an interest rate of 0.89%. The value of the deferred inflow of resources as of 06/30/2023 was \$184,949, and Town recognized lease revenue of \$104,732 during the fiscal year. The lessee has one extension option for 60-months. The lessee had a termination period of six months as of the lease commencement.

On 11/12/2019, the Town entered into a 42-month lease with Virginia Tech for the use of the Thomas Conner House. An initial lease receivable was recorded in the amount of \$215,488. As of 06/30/2023, the value of the lease receivable is \$96,420. The lessee is required to make monthly fixed payments of \$5,230 with a 2.00% increase yearly with an interest rate of 0.89%. The value of the deferred inflow of resources as of 06/30/2023 was \$93,780, and the Town recognized lease revenue of \$62,166 during the fiscal year. The lessee has one extension option for 60-months.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 8. Long-Term Liabilities

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

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

	<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 \$	45,163,358	\$ -	\$ 2,031,995	\$ 43,131,363	\$ 2,389,000
Net discounts/premiums	3,048,515	-	158,203	2,890,312	-
Total bonds payable	48,211,873	-	2,190,198	46,021,675	2,389,000
Lease liability	219,265	-	18,450	200,815	20,666
SBITA liability	-	333,976	126,361	207,615	76,853
Compensated absences	2,074,291	1,166,185	1,223,501	2,016,975	117,645
	<u>\$ 50,505,429</u>	<u>\$ 1,500,161</u>	<u>\$ 3,558,510</u>	<u>\$ 48,447,080</u>	<u>\$ 2,604,164</u>
<u>Business-Type</u>					
<u>Activities:</u>					
General obligation bonds \$	2,766,641	\$ -	\$ 518,005	\$ 2,248,636	\$ 536,000
Net discounts/premiums	130,728	-	(1,218)	131,946	-
Total bonds payable	2,897,369	-	516,787	2,380,582	536,000
Compensated absences	516,592	496,085	393,899	618,778	402,334
	<u>\$ 3,413,961</u>	<u>\$ 496,085</u>	<u>\$ 910,686</u>	<u>\$ 2,999,360</u>	<u>\$ 938,334</u>

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

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. 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 – General		General Obligation Bonds – Special Revenue		General Obligations Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,029,000	\$ 1,098,253	\$ 360,000	\$ 198,675	\$ 536,000	\$ 64,559
2025	2,036,113	1,022,618	430,000	191,475	478,886	51,557
2026	2,060,000	930,569	510,000	182,875	190,000	39,681
2027	2,151,250	841,269	520,000	172,675	198,750	32,081
2028	2,040,000	747,919	530,000	162,275	75,000	24,131
2029-2033	9,980,000	2,530,711	2,810,000	652,338	405,000	91,388
2034-2038	8,620,000	1,182,131	3,095,000	364,932	365,000	27,450
2039-2043	4,015,000	331,306	1,335,000	47,737	-	-
2044-2045	610,000	32,200	-	-	-	-
	<u>\$ 33,541,363</u>	<u>\$ 8,716,976</u>	<u>\$ 9,590,000</u>	<u>\$ 1,972,982</u>	<u>\$ 2,248,636</u>	<u>\$ 330,847</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	1.92	11-11	10-25	\$ 9,545,000	\$ 191,990	\$ 658,010
General Obligation Bonds	1.94	11-12	03-32	3,855,000	1,915,000	-
General Obligation Bonds	2.00-5.00	03-15	06-45	15,170,000	8,624,373	470,625
General Obligation Bonds	2.98	10-17	03-37	4,740,000	2,450,000	1,120,000
General Obligation Bonds	2.00-5.00	08-20	03-40	7,590,000	7,180,000	-
General Obligation Bonds	2.00-5.00	11-20	03-40	14,210,000	13,180,000	-
General Obligation Bonds	1.75-2.375	11-20	03-40	9,590,000	9,590,000	-
					43,131,363	2,248,636
				Net discounts/premiums	2,890,312	131,946
					<u>\$ 46,021,675</u>	<u>\$ 2,380,582</u>

Intangible Right-to-Use Lease Liabilities

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

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

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

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 8. Long-Term Liabilities (Continued)

Intangible Right-to-Use Lease Liabilities (Continued)

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

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

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

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

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

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

Minimum lease payments over the next five years include:

	<u>Lease Liability</u>	
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 20,666	\$ 4,106
2025	21,380	3,446
2026	20,588	2,707
2027	4,128	2,323
2028	4,358	2,253
2029-2033	22,916	10,143
2034-2038	24,908	8,151
2039-2043	27,073	5,986
2044-2048	29,426	3,633
2049-2053	25,372	1,075
	<u>\$ 200,815</u>	<u>\$ 43,823</u>

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Long-Term Liabilities (Continued)

Intangible Subscription Assets and Liabilities

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. An organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

On 10/01/2022, the Town entered into a 24 month subscription for the use of Human Resources Management Suite. An initial subscription liability was \$24,091. As of 06/30/2023, the subscription liability is \$16,089. The Town is required to make annual fixed payments of \$8,002. The subscription has an interest rate of 3.2070%. The right to use asset is \$10,159 as of 06/30/2023 with accumulated amortization of \$10,159.

On 07/01/2022, the Town entered into a 25 month subscription for the use of Cisco SAAS Flex. An initial subscription liability was \$25,402. As of 06/30/2023, the subscription liability is \$12,595. The Town is required to make annual fixed payments of \$12,850. The subscription has an interest rate of 2.0240%. The right to use asset is \$25,402 as of 06/30/2023 with accumulated amortization of \$12,193.

On 12/01/2022, the Town entered into a 60 month subscription for the use of OpenGov Software. An initial subscription liability was \$224,257. As of 06/30/2023, the subscription liability is \$171,591. The Town is required to make annual fixed payments of \$46,500. The subscription has an interest rate of 3.3050%. The right to use asset is \$290,241 with accumulated amortization of \$33,862.

On 07/01/2022, the Town entered into a 17 month subscription for the use of OpenGov Budget Builder. An initial subscription liability was \$45,678. As of 06/30/2023, the subscription liability is \$0. The subscription had an interest rate of 1.7100%. The right to use asset is \$61,178 as of 06/30/2023 with accumulated amortization of \$43,185.

On 07/01/2022, the Town entered into a 35 month subscription for the use of Debtbook Subscription. An initial subscription liability was \$14,548. As of 06/30/2023, the subscription liability is \$7,340. The Town is required to make annual fixed payments of \$7,500. The subscription has an interest rate of 2.1840%. The right to use asset is \$14,548 as of 06/30/2023 with accumulated amortization of \$4,988.

Minimum lease payments over the next five years include:

<u>Fiscal Year</u>	<u>SBITA Liability</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 76,853	\$ 6,602
2025	42,178	4,322
2026	43,573	2,928
2027	45,011	1,487
	<u>\$ 207,615</u>	<u>\$ 15,339</u>

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 9. Net Position/Fund Equity

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

	General Fund	Other Governmental Funds
Nonspendable:		
Inventories	\$ 7,563	-
	1,500	-
	9,063	-
Restricted for:		
Urban construction – capital outlays	-	296,260
General capital projects – unspent grant proceeds	-	914,939
Midtown tax district – unspent bond proceeds	-	65,126
Total restricted	-	1,276,325
Committed to:		
Executive	116,648	-
Legal	7,500	-
Financial services	12,032	-
Technology	16,032	-
Police	44,716	-
Fire and rescue	16,099	-
Public works	100,895	-
Engineering and GIS	275,004	-
Recreation	8,890	-
General capital projects	-	11,943,673
Equipment replacement	-	1,576,401
CDBG capital projects	-	181,384
HOME capital projects	-	141,658
Total committed	597,816	13,843,116
Assigned to:		
Subsequent year’s budget	3,933,800	-
Equipment replacement	-	3,883,634
Total assigned	3,933,800	3,883,634
Unassigned	9,767,609	(323,042)
Total fund balance	\$ 14,308,288	18,680,033

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 10. Defined Benefit Pension Plan

Plan Description

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

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>222</u>
Inactive members:	
Vested inactive members	49
Non-vested inactive members	81
Active elsewhere in VRS	<u>94</u>
Total inactive members	224
Active members	<u>310</u>
Total covered employees	<u><u>756</u></u>

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 10. Defined Benefit Pension Plan (Continued)

Contributions

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

The Town's contractually required contribution rate for the year ended June 30, 2023 was 15.60% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$2,544,048 and \$2,162,487 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 10. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	6.80 %	1.81 %
Fixed Income	15.00	4.40	0.80
Credit Strategies	14.00	7.10	0.75
Real Assets	14.00	6.00	0.75
Private Equity	14.00	8.80	0.75
MAPS – Multi-Asset Public Strategies	6.00	5.90	0.32
PIP – Private Investment Partnership	3.00	7.30	0.16
Total	100.00 %		5.34 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.83 %

* The above allocation provides for a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever is greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2021	\$ 96,261,271	\$ 84,018,804	\$ 12,242,467
Changes for the year:			
Service cost	1,549,402	-	1,549,402
Interest	6,433,960	-	6,433,960
Change in assumptions		-	
Differences between expected and actual experience	(804,066)	-	(804,066)
Contributions – employer	-	2,092,345	(2,092,345)
Contributions – employee	-	751,381	(751,381)
Net investment income	-	(74,497)	74,497
Benefit payments, including refunds of employee contributions	(4,961,310)	(4,961,310)	-
Administrative expenses	-	(52,466)	52,466
Other changes	(12,097)	(8,637)	(3,460)
Net changes	<u>2,205,889</u>	<u>(2,253,184)</u>	<u>4,459,073</u>
Balances at June 30, 2022	<u>\$ 98,467,160</u>	<u>\$ 81,765,620</u>	<u>\$ 16,701,540</u>

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 10. Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Town's net pension liability	\$ 30,204,695	\$ 16,701,540	\$ 5,699,709

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

For the year ended June 30, 2023, the Town recognized pension expense of \$2,348,946. At June 30, 2023, 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	\$ 297,094	\$ 563,327
Change in assumptions	1,493,767	-
Net difference between projected and actual earnings on pension plan investments	-	2,408,317
Employer contributions subsequent to the measurement date	2,544,048	-
Total	\$ 4,334,909	\$ 2,971,644

TOWN OF BLACKSBURG, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 10. Defined Benefit Pension Plan (Continued)

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

The \$2,544,048 reported as deferred outflows of resources related to pensions resulting from the political subdivision’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Reduction to Pension Expense</u>
2024	\$ 27,143
2025	(639,820)
2026	(1,702,483)
2027	1,134,377

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 Comprehensive Annual Financial Report (Annual Report). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023, approximately \$217,389 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

Note 11. Property Taxes

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Other Post-Employment Benefits – Local Plan

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

Trust Fund Investments

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

The following was the Board’s adopted asset allocation policy as of June 30, 2022:

Asset Class (Strategy)	Allocation - Portfolio I	Allocation - Portfolio II
Total Equity	65%	40%
Total Fixed Income	20%	55%
Total Real Assets	15%	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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (9.20) 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, 2023

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

Plan Description and benefits provided

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

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

Membership

The number of participants at June 30, 2023 was as follows:

Retirees and spouses currently receiving benefits	90
Active employees	<u>306</u>
Total	<u><u>396</u></u>

Contributions

The Town contributed \$921,146 and \$944,593 during the years ended June 30, 2023 and 2022, respectively.

Net OPEB Liability

The Town's total net OPEB liability of \$10,773,460 was measured as of June 30, 2023 and was determined by an actuarial valuation performed as of July 1, 2021.

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.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Actuarial Assumptions and Other Inputs (Continued)

In the July 1, 2021 actuarial valuation, the entry age normal, level percentage of pay method was used to determine liabilities. Under this method, the actuarial present value of all plan benefits is determined as of the valuation date and then allocated between the period before and after the valuation date. The present value of plan benefits earned prior to the valuation date is called the actuarial liability. The present value of plan benefits to be earned after the valuation date is called the present value of future normal costs. The actuarial assumptions used a 6.50% discount rate and an initial annual healthcare cost trend rate of 6.30% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.50%. An inflation rate of 2.50% and a payroll growth rate of 3.00% per year were used.

It is assumed that 100% of active members are married at retirement with husbands three years older than their wives. The unfunded actuarial accrued liability is being amortized over a closed period of 23 years as of July 1, 2022 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, 2021.

Long-Term Expected Rate of Return

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2022. The inflation assumption is based on the 2022 Social Security Trustees report.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	Bloomberg Barclays Aggregate	20.00%	2.27%	2.13%
US Large Cap Equity	S&P 500 TR USD	21.00%	5.64%	4.09%
US Small Cap Equity	Russell 2000 TR USD	10.00%	7.25%	4.67%
Foreign Developed Equity	MSCI EAFE NR USD	13.00%	6.90%	5.15%
Emerging Markets Equity	MSCI EM NR USD	5.00%	9.58%	6.20%
Private Real Estate Property	NCREIF Property	15.00%	4.86%	3.70%
Private Equity	Cambridge US Private Equity	10.00%	10.74%	6.54%
Hedge Fund of Funds - Strategic	HFRI FOF Strategic	6.00%	4.42%	3.48%
Assumed Inflation - Mean			2.33%	2.33%
Assumed Inflation - Standard			1.41%	1.41%
Portfolio Real Mean Return			5.81%	4.90%
Portfolio Nominal Mean Return			8.14%	7.34%
Portfolio Standard Deviation				13.07%
Long-Term Expected Rate of Return				6.50%

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

Discount Rate

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

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Town Balances at June 30, 2022	\$ 17,827,108	\$ 7,614,499	\$ 10,212,609
Changes for the year:			
Service cost	242,507	-	242,507
Interest	1,151,003	-	1,151,003
Change in assumptions	879,697	-	879,697
Economic/demographic gains/losses	(115,719)	-	(115,719)
Contributions – employer	-	735,329	(735,329)
Net investment income	-	580,300	(580,300)
Benefit payments	(735,329)	(735,329)	-
Administrative expenses	-	(8,168)	8,168
Other changes	-	-	-
Net changes	1,422,159	572,132	850,027
Town Balances at June 30, 2023	18,746,093	7,972,633	10,773,460
Cost sharing participants	503,174	213,998	290,346
Total	\$ 19,249,267	8,186,631	11,062,636

Sensitivity of the Net OPEB Liability

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Sensitivity of the Net OPEB Liability (Continued)

	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Net OPEB Liability	\$ 13,320,155	\$ 10,773,460	\$ 8,666,651

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	Current Trend Rate	1.00% Increase
Net OPEB Liability	\$ 8,175,640	\$ 10,773,460	\$ 13,986,398

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

For the year ended June 30, 2023, the Town recognized OPEB expense of (\$473,079). At June 30, 2023, 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	\$ 437,652	\$ 242,202
Change in assumptions	2,231,486	802,326
Net difference between projected and actual earnings on OPEB plan investments	171,052	-
Total	\$ 2,840,189	\$ 1,044,528

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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

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

Year Ending June 30,	Increase to OPEB Expense
2024	\$ 334,754
2025	301,519
2026	618,575
2027	276,008
2028	222,365
Thereafter	42,440

Other Post-Employment Benefits – Virginia Retirement System Plan

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

Plan Description

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

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

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

Contributions

Contributions to the VRS GLI program was based on actuarially determined rates from actuarial valuations as of June 30, 2020. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. The contribution requirements for the GLI Program are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. Employers may elect to pay all or part of the employee contribution. The Town contributed \$83,860 and \$88,731 during the years ended June 30, 2023 and 2022, respectively.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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

The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2021. The covered employer’s proportion of the net OPEB liabilities were based on the covered employer’s actuarially determined employer contributions for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

June 30, 2023 proportionate share of liability	\$823,163
June 30, 2022 proportion	.07017%
June 30, 2021 proportion	.07750%
June 30, 2022 expense	\$5,678

At June 30, 2023, 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	\$ 65,184	\$ 33,023
Change in assumptions	30,703	80,179
Net difference between projected and actual earnings on OPEB plan investments	-	51,436
Changes in proportion	4,052	101,442
Employer contributions subsequent to the measurement date	83,860	-
Total	<u>\$ 183,799</u>	<u>\$ 266,080</u>

The \$83,860 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,	Reduction to OPEB Expense
2024	\$ (41,535)
2025	(41,535)
2026	(41,535)
2027	(41,536)

TOWN OF BLACKSBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	6.75%

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

Net OPEB Liabilities

The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,672,085
Plan fiduciary net position	2,467,989
Employers’ net OPEB liability (asset)	\$ 1,204,096
Plan fiduciary net position as a percentage of total OPEB liability	67.21%

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.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
		Inflation	2.50 %
		*Expected arithmetic nominal return	7.83 %

*The above allocation provides for a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, 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, 2021 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1.00% Decrease	Current Discount Rate	1.00% Increase
	(5.75%)	(6.75%)	(7.75%)
GLI Net OPEB liability	<u>\$ 1,229,449</u>	<u>\$ 823,163</u>	<u>\$ 534,158</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Comprehensive Annual Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023, approximately \$18,584 was payable to the Virginia Retirement System for the legally required contributions of GLI related to June 2023 payroll.

OPEB Expense

As the total OPEB expense is not easily identifiable from information presented in the financial statements, it is best practice for a primary government to provide the aggregate amount of OPEB expense in its footnotes. Total OPEB expense for all plans combined was (\$478,757).

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 13. Risk Management

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

Note 14. Commitments and Contingencies

Special Purpose Grants

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

Landfill

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

VDOT Land Contribution

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

414 North Main Street Building

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 14. Commitments and Contingencies (Continued)

Litigation

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

Note 15. Cemetery Trust Disclosure

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

Note 16. Subsequent Events

In 2024, the Town plans to issue a general obligation bond for capital projects per the Town's Capital Improvement Program. It is estimated to be approximately \$20 million.

Note 17. New Accounting Standards

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 17. New Accounting Standards (Continued)

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 June 30, 2023

	Plan Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 1,589,701	\$ 1,745,749	\$ 1,693,586	\$ 1,598,073	\$ 1,537,120	\$ 1,594,893	\$ 1,526,474	\$ 1,529,256	\$ 1,485,346
Interest on total pension liability	6,601,303	6,012,904	5,771,936	5,533,265	5,308,486	5,150,045	4,842,808	4,590,812	4,369,226
Difference between expected and actual experience	(824,979)	595,124	286,758	420,306	(250,064)	(953,018)	1,252,548	565,459	-
Changes in assumptions	-	3,576,109	-	2,626,932	-	(354,504)	-	-	-
Benefit payments, including refunds of employee contributions	(5,090,350)	(4,514,788)	(3,849,973)	(3,580,133)	(3,188,712)	(3,159,226)	(3,306,250)	(2,864,895)	(2,513,240)
Net change in total pension liability	2,275,675	7,415,098	3,902,307	6,598,443	3,406,830	2,278,190	4,315,580	3,820,632	3,341,332
Total pension liability - beginning	<u>98,752,551</u>	<u>91,337,453</u>	<u>87,435,146</u>	<u>80,836,703</u>	<u>77,429,873</u>	<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>101,028,226</u>	<u>98,752,551</u>	<u>91,337,453</u>	<u>87,435,146</u>	<u>80,836,703</u>	<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	2,146,766	2,250,122	2,039,284	1,960,508	2,048,416	1,980,051	1,942,175	1,915,988	1,761,278
Contributions - employee	770,924	767,743	785,883	746,099	733,436	720,403	709,864	690,768	689,129
Net investment income	(76,435)	18,738,551	1,317,338	4,347,116	4,524,670	6,716,817	942,503	2,417,663	7,204,828
Benefit payments, including refunds of employee contributions	(5,090,350)	(4,514,788)	(3,849,973)	(3,580,133)	(3,188,712)	(3,159,226)	(3,306,250)	(2,864,895)	(2,513,240)
Administrative expenses	(53,831)	(46,747)	(44,532)	(42,738)	(38,567)	(38,454)	(33,878)	(32,864)	(38,519)
Other	1,971	1,769	(1,556)	(2,744)	(4,054)	(5,985)	(402)	(510)	379
Net change in plan fiduciary net position	(2,300,955)	17,196,650	246,444	3,428,108	4,075,189	6,213,606	254,012	2,126,150	7,103,855
Plan fiduciary net position - beginning	<u>86,193,245</u>	<u>68,996,595</u>	<u>68,750,151</u>	<u>65,322,043</u>	<u>61,246,854</u>	<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>83,892,290</u>	<u>86,193,245</u>	<u>68,996,595</u>	<u>68,750,151</u>	<u>65,322,043</u>	<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>\$ 17,135,936</u>	<u>\$ 12,559,306</u>	<u>\$ 22,340,858</u>	<u>\$ 18,684,995</u>	<u>\$ 15,514,660</u>	<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	83%	87%	76%	79%	81%	79%	73%	77%	79%
Covered payroll	<u>\$ 15,618,594</u>	<u>\$ 16,439,287</u>	<u>\$ 16,140,814</u>	<u>\$ 15,401,860</u>	<u>\$ 15,157,113</u>	<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 payroll	110%	76%	138%	121%	102%	111%	151%	117%	107%
Allocation of Net Pension Liability (Note 3)									
Town of Blacksburg	\$ 16,701,570	\$ 12,242,467	\$ 21,743,945	\$ 18,098,225	\$ 14,990,041	\$ 15,607,700	\$ 19,395,595	\$ 15,507,143	\$ 13,862,015
Cost sharing participants	434,366	316,839	596,913	586,770	524,619	575,319	722,840	549,724	500,370
Total net pension liability	<u>\$ 17,135,936</u>	<u>\$ 12,559,306</u>	<u>\$ 22,340,858</u>	<u>\$ 18,684,995</u>	<u>\$ 15,514,660</u>	<u>\$ 16,183,019</u>	<u>\$ 20,118,435</u>	<u>\$ 16,056,867</u>	<u>\$ 14,362,385</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.

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

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2023

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
2023	\$ 2,610,217	\$ 2,610,217	-	\$ 15,191,688	17.18%
2022	2,218,452	2,218,452	-	15,618,594	14.20
2021	2,326,781	2,326,781	-	16,439,287	14.15
2020	2,101,534	2,101,534	-	16,140,814	13.02
2019	2,007,695	2,007,695	-	15,401,860	13.25
2018	2,088,926	2,088,926	-	15,157,113	14.37
2017	2,008,302	2,008,302	-	14,536,186	14.45
2016	1,953,058	1,953,058	-	13,279,500	14.71
2015	1,920,383	1,920,383	-	13,766,189	13.95

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

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2023

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Allocation of Net OPEB Liability (Note 3)		
						Town of Blacksburg	Cost Sharing Participants	Total
Virginia Retirement System - Group Life Insurance - General Employees								
2023	0.08%	\$ 884,914	\$ 16,107,809	5.49%	42.71%	\$ 862,172	\$ 22,742	884,914
2022	0.08	902,311	16,439,287	5.49	67.45	880,347	21,964	902,311
2021	0.08	1,319,050	15,401,860	8.02	52.64	1,284,490	34,560	1,319,050
2020	0.08	1,285,000	15,157,113	8.34	52.00	1,245,970	39,030	1,285,000
2019	0.08	1,206,000	14,536,186	8.30	51.22	1,166,520	39,480	1,206,000
2018	0.08	1,184,000	14,177,866	8.35	48.86	1,141,565	42,435	1,184,000

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

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

TOWN OF BLACKSBURG, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
June 30, 2023

Fiscal Year

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 242,507	\$ 235,669	\$ 245,453	\$ 222,256	\$ 241,118	\$ 245,403	\$ 229,349
Interest on total pension liability	1,151,003	1,030,269	997,183	832,569	951,175	886,471	839,767
Economic/demographic gains or losses	(115,719)	35,238	625,245	(339,893)	213,907	-	-
Changes in assumptions	879,697	1,216,651	(789,201)	1,954,277	(1,172,682)	-	-
Benefit payments, including refunds of employee contributions	(735,329)	(601,222)	(519,823)	(480,331)	(401,106)	(432,659)	(403,756)
Net change in total OPEB liability	1,422,159	1,916,605	558,857	2,188,878	(167,588)	699,215	665,360
Total OPEB liability - beginning	<u>17,827,108</u>	<u>15,910,503</u>	<u>15,351,646</u>	<u>13,162,768</u>	<u>13,330,356</u>	<u>12,631,141</u>	<u>11,965,781</u>
Total OPEB liability - ending	<u>19,249,267</u>	<u>17,827,108</u>	<u>15,910,503</u>	<u>15,351,646</u>	<u>13,162,768</u>	<u>13,330,356</u>	<u>12,631,141</u>
Plan Fiduciary Net Position							
Contributions - employer	735,329	1,137,694	1,026,800	1,003,016	833,408	1,035,704	927,406
Net investment income	580,300	(720,101)	1,688,643	151,311	198,784	325,480	328,404
Benefit payments, including refunds of employee contributions	(735,329)	(601,222)	(519,823)	(480,331)	(401,106)	(432,659)	(403,756)
Administrative expenses	(8,168)	(8,753)	(6,749)	(5,891)	(5,052)	(4,176)	(3,474)
Net change in plan fiduciary net position	572,132	(192,382)	2,188,871	668,105	626,034	924,349	848,580
Plan fiduciary net position - beginning	<u>7,614,499</u>	<u>7,806,881</u>	<u>5,618,010</u>	<u>4,949,905</u>	<u>4,323,871</u>	<u>3,399,522</u>	<u>2,550,942</u>
Plan fiduciary net position - ending	<u>8,186,631</u>	<u>7,614,499</u>	<u>7,806,881</u>	<u>5,618,010</u>	<u>4,949,905</u>	<u>4,323,871</u>	<u>3,399,522</u>
Net OPEB liability - ending	<u>\$ 11,062,636</u>	<u>\$ 10,212,609</u>	<u>\$ 8,103,622</u>	<u>\$ 9,733,636</u>	<u>\$ 8,212,863</u>	<u>\$ 9,006,485</u>	<u>\$ 9,231,619</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>43%</u>	<u>43%</u>	<u>49%</u>	<u>37%</u>	<u>38%</u>	<u>32%</u>	<u>27%</u>
Covered payroll	<u>\$ 16,130,455</u>	<u>\$ 16,092,734</u>	<u>\$ 16,025,059</u>	<u>\$ 14,892,419</u>	<u>\$ 14,177,866</u>	<u>\$ 13,896,607</u>	<u>\$ 13,896,607</u>
Net OPEB liability as a percentage of covered payroll	<u>69%</u>	<u>63%</u>	<u>51%</u>	<u>65%</u>	<u>58%</u>	<u>65%</u>	<u>66%</u>
Allocation of Net OPEB Liability (Note 3)							
Town of Blacksburg	\$ 10,773,901	\$ 9,971,758	\$ 7,888,447	\$ 9,449,660	\$ 7,881,063	\$ 8,687,850	\$ 8,908,512
Cost sharing participants	288,735	240,851	215,175	283,976	331,800	318,635	323,107
Total net pension liability	<u>\$ 11,062,636</u>	<u>\$ 10,212,609</u>	<u>\$ 8,103,622</u>	<u>\$ 9,733,636</u>	<u>\$ 8,212,863</u>	<u>\$ 9,006,485</u>	<u>\$ 9,231,619</u>

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

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

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2023

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					
2023	\$ 921,146	\$ 945,872	(24,726)	\$ 16,130,455	5.86%
2022	944,593	1,137,694	(193,101)	16,092,734	7.07%
2021	846,764	1,026,800	(180,036)	16,025,059	6.41%
2020	833,070	1,003,016	(169,946)	14,892,419	6.74%
2019	685,600	833,408	(147,808)	14,177,866	5.88%
2018	832,800	1,035,704	(202,904)	13,896,607	7.45%
2017	808,500	927,406	(118,906)	13,896,607	6.67%
2016	725,400	598,280	127,120	13,279,500	4.51%
2015	475,816	417,561	58,255	13,469,522	3.10%
2014	417,061	417,561	(500)	13,030,418	3.20%
2013	417,061	544,900	(127,839)	13,030,418	4.18%

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

Virginia Retirement System - Group Life Insurance - General Employees

2023	\$ 83,860	\$ 86,086	-	\$ 15,191,688	0.57%
2022	88,731	88,731	-	15,618,594	0.57%
2021	88,129	88,129	-	16,439,287	0.54%
2020	88,563	88,563	-	15,401,860	0.58%
2019	84,838	84,838	-	15,157,113	0.56%
2018	79,079	79,079	-	14,536,186	0.54%

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

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

TOWN OF BLACKSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST
June 30, 2023

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

2023	7.63%
2022	-9.20%
2021	29.98%
2020	3.05%
2019	4.56%
2018	9.45%
2017	12.69%

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

Note 1. Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty/Public Safety Employees:

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

TOWN OF BLACKSBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

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

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

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

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

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

Note 3. **Fiduciary Entities**

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

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OTHER SUPPLEMENTARY INFORMATION

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.

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

TOWN OF BLACKSBURG, VIRGINIA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2023

	<u>CDBG</u>	<u>HOME</u>	<u>Urban Construction</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents, restricted	\$ -	\$ -	\$ 296,260	\$ 296,260
Due from other governmental units	379,558	467,785	-	847,343
Total assets	<u>\$ 379,558</u>	<u>\$ 467,785</u>	<u>\$ 296,260</u>	<u>\$ 1,143,603</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 40,046	\$ 28,764	\$ -	\$ 68,810
Accrued payroll and related liabilities	1,661	1,239	-	2,900
Due to other funds	337,851	437,782	-	775,633
Total liabilities	<u>379,558</u>	<u>467,785</u>	<u>-</u>	<u>847,343</u>
FUND BALANCES				
Restricted	-	-	296,260	296,260
Committed	181,384	141,658	-	323,042
Unassigned	<u>(181,384)</u>	<u>(141,658)</u>	<u>-</u>	<u>(323,042)</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>296,260</u>	<u>296,260</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 379,558</u>	<u>\$ 467,785</u>	<u>\$ 296,260</u>	<u>\$ 1,143,603</u>

TOWN OF BLACKSBURG, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

	<u>CDBG</u>	<u>HOME</u>	<u>Urban Construction</u>	<u>Total</u>
REVENUES				
Intergovernmental	\$ 404,297	\$ 437,935	\$ -	\$ 842,232
Investment earnings	-	-	2,685	2,685
Other	-	-	-	-
Total revenues	<u>404,297</u>	<u>437,935</u>	<u>2,685</u>	<u>844,917</u>
EXPENDITURES				
CDBG Entitlement	404,297	-	-	404,297
HOME Consortium	-	437,935	-	437,935
Total expenditures	<u>404,297</u>	<u>437,935</u>	<u>-</u>	<u>842,232</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>2,685</u>	<u>2,685</u>
FUND BALANCES AT JULY 1	<u>-</u>	<u>-</u>	<u>293,575</u>	<u>293,575</u>
FUND BALANCES AT JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,260</u>	<u>\$ 296,260</u>

FIDUCIARY FUNDS

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

New River Valley Alcohol Safety Action Program

Virginia Tech/Montgomery Regional Airport Authority

TOWN OF BLACKSBURG, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2023

	<u>New River Valley Alcohol Safety Action Program</u>	<u>Virginia Tech/ Montgomery Regional Airport Authority</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 313,495	\$ 288,412	\$ 601,907
Cash and cash equivalents, restricted	-	1,124,535	1,124,535
Accounts receivable	43,797	19,272	63,069
Due from other governments	-	70,135	70,135
Capital reimbursement receivable	-	13,703	13,703
Leases receivable	-	41,612	41,612
Inventory	-	59,141	59,141
Total current assets	<u>357,292</u>	<u>1,616,810</u>	<u>1,974,102</u>
Noncurrent Assets			
Leases receivable	-	324,051	324,051
Capital reimbursement receivable	-	302,931	302,931
Total noncurrent assets	<u>-</u>	<u>626,982</u>	<u>626,982</u>
Total assets	<u>357,292</u>	<u>2,243,792</u>	<u>2,601,084</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7,725	105,721	113,446
Compensated absences	17,341	10,110	27,451
Due to Town of Blacksburg	13	344,063	344,076
Total current liabilities	<u>25,079</u>	<u>459,894</u>	<u>484,973</u>
Noncurrent Liabilities			
Net pension liability	150,796	282,743	433,539
Other post-employment benefits	108,053	204,045	312,098
Compensated absences	-	24,501	24,501
Leases payable	-	72,678	72,678
Total noncurrent liabilities	<u>258,849</u>	<u>583,967</u>	<u>842,816</u>
Total liabilities	<u>283,928</u>	<u>1,043,861</u>	<u>1,327,789</u>
Restricted for other governments	<u>73,364</u>	<u>1,199,931</u>	<u>1,273,295</u>
Total liabilities and net position	<u>\$ 73,364</u>	<u>\$ 1,199,931</u>	<u>\$ 1,273,295</u>

TOWN OF BLACKSBURG, VIRGINIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

Year Ended June 30, 2023

	New River Valley Alcohol Safety Action Program	Virginia Tech/ Montgomery Regional Airport Authority	Total
Additions			
Custodial fund additions	\$ 428,991	\$ 3,707,958	\$ 4,136,949
Total additions	<u>428,991</u>	<u>3,707,958</u>	<u>4,136,949</u>
Deductions			
Custodial fund payments and withdrawals	422,627	2,748,104	3,170,731
Total deductions	<u>422,627</u>	<u>2,748,104</u>	<u>3,170,731</u>
Change in fiduciary net position	6,364	959,854	966,218
Total net position - beginning	<u>67,000</u>	<u>240,077</u>	<u>307,077</u>
Total net position - ending	<u>\$ 73,364</u>	<u>\$ 1,199,931</u>	<u>\$ 1,273,295</u>

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SUPPORTING SCHEDULES

TOWN OF BLACKSBURG, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>CDBG-Entitlement Grants Cluster:</u>			
Community Development Block Grants/Entitlement Grants	14.218	\$ 404,297	\$ 165,289
HOME Investment Partnership Program	14.239	437,935	-
<u>DEPARTMENT OF JUSTICE</u>			
Edward Byrne Memorial Formula Grant Program 20-J1212LO17	16.579	3,427	-
<u>DEPARTMENT OF TRANSPORTATION</u>			
<u>Transit Cluster:</u>			
Federal Transit - Capital Investment Grant	20.500	9,139,507	-
Federal Transit - American Rescue Plan Act Section 5307 Operating Grant	20.507	2,173,943	-
MPO Grant	20.500	68,048	-
Federal Transit Cluster Subtotal		11,381,498	
5339 VA-2018-032-0 73121-22 73020-67/75/87/91/92 73019-67/68/69 50018-01, 50018-02 46022-11, 46023-11			
Highway Planning and Construction	20.205	37,601	
Highway Safety Cluster Subtotal		37,601	
<u>Virginia Department of Motor Vehicles</u>			
Alcohol Impaired Driving Countermeasurer Incentive Grant FSC-2022-52250/2023-53273 ENF_AL-2022-52256/2023-53139	20.601	10,328	
<u>DEPARTMENT OF TREASURY</u>			
American Rescue Plan Act	21.019	112,279	110,309
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Virginia Department of Social Services</u>			
LIHWAP ARPA	93.568	4,246	
Total Expenditures of Federal Awards		<u>\$ 12,391,611</u>	

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

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

Subrecipients

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

De Minimis Indirect Cost Rate

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

Outstanding Loan Balances

As of June 30, 2023, the Town had no outstanding loan balances requiring continuing disclosure.

TOWN OF BLACKSBURG, VIRGINIA

COMPUTATION OF LEGAL DEBT MARGIN & OVERLAPPING DEBT

June 30, 2023

		Percent Applicable to the Town* <u>Overlapping Debt</u>	
Total assessed value of real estate (including public service corporations)	<u>\$ 4,868,952,740</u>		
Debt limit: 10% of total assessed value of real estate (1)	<u>\$ 486,895,274</u>		
Less: Amount of debt applicable to debt limit:			
General bonded debt	43,131,363	100%	\$ 43,131,363
Enterprise debt	<u>2,248,636</u>	100%	2,248,636
	<u>45,379,999</u>		
Legal debt margin	<u>\$ 441,515,275</u>		
Montgomery County Long-Term Indebtedness:	216,207,123	39%	83,915,005
Total Direct and Overlapping Debt			<u>\$ 129,295,004</u>

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

* The Town's share of County debt percentage is based on the Town's assessed value as a percentage of the County's assessed value. The overlapping calculation is based on 2022 numbers.

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Table</u>
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 Annual Comprehensive Financial Reports for the relevant year.

TABLE 1

Town of Blacksburg, Virginia

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

	2023	2022	2021	2020	2019	2018**	2017	2016	2015*	2014
Governmental activities										
Net investment in capital assets	\$ 66,483,172	\$ 65,397,885	\$ 63,579,894	\$ 66,198,430	\$ 64,935,509	\$ 62,454,999	\$ 61,688,322	\$ 61,556,627	\$ 55,065,864	\$ 52,856,050
Restricted	361,386	324,089	511,741	293,297	282,461	262,599	296,007	602,302	1,029,041	1,999,902
Unrestricted	7,733,177	2,730,258	1,561	(3,538,137)	(3,884,633)	(5,100,007)	780,063	(1,344,654)	(3,123,873)	8,002,610
Total governmental activities net position	<u>\$ 74,577,735</u>	<u>\$ 68,452,232</u>	<u>\$ 64,093,196</u>	<u>\$ 62,953,590</u>	<u>\$ 61,333,337</u>	<u>\$ 57,617,591</u>	<u>\$ 62,764,392</u>	<u>\$ 60,814,275</u>	<u>\$ 52,971,032</u>	<u>\$ 62,858,562</u>
Business-type activities										
Net investment in capital assets	\$ 57,290,757	\$ 44,472,641	\$ 37,184,590	\$ 28,104,472	\$ 26,612,008	\$ 28,161,024	\$ 26,811,761	\$ 27,111,499	\$ 27,565,755	\$ 29,013,749
Restricted	93,380	45,493	45,493	50,774	55,004	78,527	-	-	132,442	-
Unrestricted	5,961,689	8,998,688	8,973,466	8,591,940	4,205,637	3,744,456	6,155,946	6,452,636	4,872,167	6,834,729
Total business-type activities net position	<u>\$ 63,345,826</u>	<u>\$ 53,516,822</u>	<u>\$ 46,203,549</u>	<u>\$ 36,747,186</u>	<u>\$ 30,872,649</u>	<u>\$ 31,984,007</u>	<u>\$ 32,967,707</u>	<u>\$ 33,564,135</u>	<u>\$ 32,570,364</u>	<u>\$ 35,848,478</u>
Primary government										
Net investment in capital assets	\$ 123,773,929	\$ 109,870,526	\$ 100,764,484	\$ 94,302,902	\$ 91,547,517	\$ 90,616,023	\$ 88,500,083	\$ 88,668,126	\$ 82,631,619	\$ 81,869,799
Restricted	454,766	369,582	557,234	344,071	337,465	341,126	296,007	602,302	1,161,483	1,999,902
Unrestricted	13,694,866	11,728,946	8,975,027	5,053,803	321,004	(1,355,551)	6,936,009	5,107,982	1,748,294	14,837,339
Total primary government net position	<u>\$ 137,923,561</u>	<u>\$ 121,969,054</u>	<u>\$ 110,296,745</u>	<u>\$ 99,700,776</u>	<u>\$ 92,205,986</u>	<u>\$ 89,601,598</u>	<u>\$ 95,732,099</u>	<u>\$ 94,378,410</u>	<u>\$ 85,541,396</u>	<u>\$ 98,707,040</u>

* 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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Legislative	\$ 302,363	\$ 242,844	\$ 346,671	\$ 292,998	\$ 261,595	\$ 277,701	\$ 283,446	\$ 276,373	\$ 277,068	\$ 270,763
Executive	3,182,408	3,139,480	5,697,846	2,990,263	2,844,304	2,966,322	2,456,229	2,343,384	2,220,361	2,256,772
Legal	406,571	345,024	385,865	350,234	347,236	409,074	359,036	318,363	324,788	331,616
Financial services	1,959,315	1,840,022	1,900,533	1,809,891	1,694,909	1,738,665	1,706,593	1,623,761	1,606,641	1,600,576
Technology	1,376,814	925,312	994,177	848,321	758,309	701,968	651,746	767,541	632,548	626,438
Police	9,655,537	9,283,787	9,099,136	9,040,904	8,186,787	8,260,990	8,136,657	7,805,731	7,962,990	7,691,501
Fire and rescue	2,273,174	2,192,449	2,025,231	2,169,197	1,847,379	1,806,268	1,754,609	1,493,402	1,371,343	1,278,687
Public works	8,871,351	8,943,107	9,145,577	9,869,392	8,773,687	8,834,761	7,997,543	8,106,501	8,137,865	7,680,338
Recreation	3,258,813	2,750,632	2,603,613	2,802,516	2,730,339	2,543,602	2,426,104	2,404,483	2,337,016	2,370,603
Engineering and GIS	1,362,844	1,523,634	1,246,793	1,251,071	1,105,228	1,082,524	1,285,509	1,116,935	1,403,154	1,793,233
Planning and building	1,774,332	1,527,295	1,512,092	1,448,650	1,413,021	1,238,064	1,099,762	1,029,530	917,969	1,231,734
CDBG entitlement	404,297	1,159,472	981,256	439,785	477,087	592,902	520,577	707,711	514,028	402,360
HOME consortium	437,935	611,033	120,181	1,270,378	212,996	235,603	105,081	826,954	1,462,016	672,216
Interest on long-term debt	1,227,839	1,287,669	1,610,619	685,311	689,431	835,422	696,604	738,393	694,561	552,382
Unallocated depreciation	2,104,172	1,879,985	1,778,185	1,740,164	1,727,582	1,885,354	1,698,347	1,634,138	1,520,348	1,258,229
Total governmental activities	38,597,765	37,651,745	39,447,775	37,009,075	33,069,890	33,409,220	31,177,843	31,193,200	31,382,696	30,017,448
Business-type activities										
Water and sewer	12,997,265	12,602,866	11,771,584	12,072,168	12,009,402	10,960,655	10,315,742	9,816,136	9,661,045	9,344,964
Transit system	14,873,033	12,764,388	13,154,411	13,261,372	12,448,556	11,977,354	11,418,619	10,068,972	10,038,822	10,003,945
Solid waste and recycling	2,399,641	2,163,361	2,079,459	2,034,118	1,926,007	1,931,437	1,736,542	1,660,484	1,629,828	1,671,055
Stormwater	842,257	844,866	778,956	776,034	798,759	710,292	667,701	685,973	199,721	-
Total business-type activities expense	31,112,196	28,375,481	27,784,410	28,143,692	27,182,724	25,579,738	24,138,604	22,231,565	21,529,416	21,019,964
Total primary government expenses	\$ 69,709,961	\$ 66,027,226	\$ 67,232,185	\$ 65,152,767	\$ 60,252,614	\$ 58,988,958	\$ 55,316,447	\$ 53,424,765	\$ 52,912,112	\$ 51,037,412
Program Revenues										
Governmental activities										
Charges for services										
Public Safety	\$ 617,615	\$ 559,459	\$ 563,631	\$ 565,142	\$ 633,703	\$ 699,360	\$ 535,868	\$ 515,691	\$ 571,652	\$ 510,587
Public Works	1,519,586	1,331,150	1,316,085	1,263,257	1,414,696	1,589,207	1,371,477	1,425,330	1,496,304	1,633,230
Other Activities	4,266,512	4,276,161	4,252,390	4,347,919	3,922,454	3,449,315	3,195,640	3,284,590	2,953,583	2,557,517
Operating grants and contributions	5,274,528	4,587,038	8,772,228	5,013,149	4,399,936	4,341,240	4,519,119	4,277,408	4,150,390	4,072,899
Capital grants and contributions	1,069,743	3,135,522	2,014,750	3,253,702	1,065,040	1,421,680	1,316,730	7,804,684	4,173,342	4,081,847
Total governmental activities program revenues	12,747,984	13,889,330	16,919,084	14,443,169	11,435,829	11,500,802	10,938,834	17,307,703	13,345,271	12,856,080

(Continued)

Town of Blacksburg, Virginia

TABLE 2

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Business-type activities										
Charges for services										
Water and sewer	\$ 13,398,125	\$ 12,871,091	\$ 13,227,264	\$ 11,656,077	\$ 11,557,349	\$ 11,416,693	\$ 10,240,386	\$ 10,696,762	\$ 9,349,690	\$ 9,558,396
Transit system	5,743,790	5,916,713	1,844,665	5,963,765	5,286,471	4,414,207	3,889,641	3,671,868	3,878,193	3,898,564
Solid waste and recycling	2,374,996	2,207,180	2,066,344	2,075,487	1,906,534	1,835,849	1,765,773	1,737,437	1,701,665	1,735,237
Stormwater	1,117,014	1,102,910	1,083,472	1,081,502	1,081,165	1,061,037	1,042,232	1,014,048	529,585	-
Operating grants and contributions	5,266,494	5,174,787	7,504,322	8,404,785	4,311,843	3,786,504	3,638,434	3,380,129	3,640,253	3,194,624
Capital grants and contributions	13,467,517	9,057,182	10,965,276	3,873,239	1,842,880	4,514,324	2,968,324	2,402,524	2,426,973	6,076,151
Total business-type activities program revenues	41,367,936	36,329,863	36,691,343	33,054,855	25,986,242	27,028,614	23,544,790	22,902,768	21,526,359	24,462,972
Total primary government program revenues	\$ 54,115,920	\$ 50,219,193	\$ 53,610,427	\$ 47,498,024	\$ 37,422,071	\$ 38,529,416	\$ 34,483,624	\$ 40,210,471	\$ 34,871,630	\$ 37,319,052
Net (expense) revenue										
Governmental activities	\$ (25,849,781)	\$ (23,762,415)	\$ (22,528,691)	\$ (22,565,906)	\$ (21,634,061)	\$ (21,908,418)	\$ (20,239,009)	\$ (13,885,497)	\$ (18,037,425)	\$ (17,161,368)
Business-type activities	10,255,740	7,954,382	8,906,933	4,911,163	(1,196,482)	1,448,876	(593,814)	671,203	(3,057)	3,443,008
Total primary government net expense	\$ (15,594,041)	\$ (15,808,033)	\$ (13,621,758)	\$ (17,654,743)	\$ (22,830,543)	\$ (20,459,542)	\$ (20,832,823)	\$ (13,214,294)	\$ (18,040,482)	\$ (13,718,360)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 11,226,976	\$ 9,232,497	\$ 9,086,612	\$ 8,927,086	\$ 8,389,571	\$ 7,664,056	\$ 7,278,919	\$ 7,140,994	\$ 6,303,580	\$ 5,624,078
Other local taxes	14,352,864	13,656,339	10,899,124	11,305,002	12,298,862	11,908,022	11,327,459	11,077,000	10,718,380	10,327,472
Business license taxes	3,413,267	3,286,619	2,787,755	2,813,941	2,659,697	2,465,828	2,167,597	2,304,712	2,159,852	2,079,603
Intergovernmental revenue unrestricted	118,931	4,517	17,162	1,235	216	1,126	3,642	81,781	70,146	19,911
Investment earnings	971,803	157,416	236,885	287,130	359,683	270,666	171,491	179,249	188,008	178,730
Unrealized gain/(loss) on investments	(142,296)	(236,153)	(61,864)	115,399	137,397	(141,176)	(72,585)	64,431	(66,326)	49,404
Other	1,265,611	1,248,901	1,017,496	1,282,889	1,258,430	1,227,473	1,096,504	850,709	954,538	1,017,954
Transfers	768,128	771,315	(314,873)	(546,523)	245,951	355,941	216,099	29,864	321,301	259,451
Total governmental activities	31,975,284	28,121,451	23,668,297	24,186,159	25,349,807	23,751,936	22,189,126	21,728,740	20,649,479	19,556,603
Business-type activities:										
Investment earnings	176,166	34,256	61,413	122,465	108,781	86,147	80,659	109,330	56,527	57,799
Unrealized gain/(loss) on investments	(51,127)	(59,898)	(65,567)	77,315	76,156	(78,335)	(42,820)	41,114	(19,629)	20,796
Other	216,353	155,848	238,711	217,071	146,138	170,989	175,646	201,988	303,302	190,604
Transfers	(768,128)	(771,315)	314,873	546,523	(245,951)	(355,941)	(216,099)	(29,864)	(321,301)	(259,451)
Total business-type activities	(426,736)	(641,109)	549,430	963,374	85,124	(177,140)	(2,614)	322,568	18,899	9,748
Total primary government	\$ 31,548,548	\$ 27,480,342	\$ 24,217,727	\$ 25,149,533	\$ 25,434,931	\$ 23,574,796	\$ 22,186,512	\$ 22,051,308	\$ 20,668,378	\$ 19,566,351
Changes in Net Position										
Governmental activities	\$ 6,125,503	\$ 4,359,036	\$ 1,139,606	\$ 1,620,253	\$ 3,715,746	\$ 1,843,518	\$ 1,950,117	\$ 7,843,243	\$ 2,612,054	\$ 2,395,235
Business-type activities	9,829,004	7,313,273	9,456,363	5,874,537	(1,111,358)	1,271,736	(596,428)	993,771	15,842	3,452,756
Total primary government	\$ 15,954,507	\$ 11,672,309	\$ 10,595,969	\$ 7,494,790	\$ 2,604,388	\$ 3,115,254	\$ 1,353,689	\$ 8,837,014	\$ 2,627,896	\$ 5,847,991

TABLE 3

Town of Blacksburg, Virginia

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 9,063	\$ 9,528	\$ 315,591	\$ 321,217	\$ 316,898	\$ 299,501	\$ 281,892	\$ 293,667	\$ 276,220	\$ 254,012
Committed	597,816	553,842	265,648	299,596	563,856	704,762	896,163	208,725	232,077	362,950
Assigned	3,933,800	6,723,000	3,501,900	4,106,650	-	-	-	-	-	-
Unassigned	9,767,609	5,039,513	9,447,162	7,167,557	6,455,668	5,051,627	4,286,239	4,118,814	2,018,265	3,987,120
Total general fund	<u>\$ 14,308,288</u>	<u>\$ 12,325,883</u>	<u>\$ 13,530,301</u>	<u>\$ 11,895,020</u>	<u>\$ 7,336,422</u>	<u>\$ 6,055,890</u>	<u>\$ 5,464,294</u>	<u>\$ 4,621,206</u>	<u>\$ 2,526,562</u>	<u>\$ 4,604,082</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 64,428	\$ 7,011	\$ 21,034	\$ 49,370	\$ 42,940	\$ 71,567	\$ -	\$ -
Restricted	1,276,325	2,407,984	7,362,751	293,297	282,461	262,599	296,007	602,302	1,029,041	1,999,902
Committed	13,843,116	10,769,376	19,734,045	4,135,401	2,643,173	2,001,640	669,829	1,111,021	8,672,105	3,305,731
Assigned	3,883,634	3,604,012	1,827,441	2,835,933	8,695,267	9,344,904	8,456,700	7,954,443	8,199,620	6,396,132
Unassigned	(323,042)	(1,004,599)	(880,971)	(3,238,397)	(1,193,718)	(213,426)	(368,066)	(203,216)	(1,269,650)	(2,393,078)
Total all other governmental funds	<u>\$ 18,680,033</u>	<u>\$ 15,776,773</u>	<u>\$ 28,107,694</u>	<u>\$ 4,033,245</u>	<u>\$ 10,448,217</u>	<u>\$ 11,445,087</u>	<u>\$ 9,097,410</u>	<u>\$ 9,536,117</u>	<u>\$ 16,631,116</u>	<u>\$ 9,308,687</u>
Total all governmental funds	<u>\$ 32,988,321</u>	<u>\$ 28,102,656</u>	<u>\$ 41,637,995</u>	<u>\$ 15,928,265</u>	<u>\$ 17,784,639</u>	<u>\$ 17,500,977</u>	<u>\$ 14,561,704</u>	<u>\$ 14,157,323</u>	<u>\$ 19,157,678</u>	<u>\$ 13,912,769</u>

TABLE 4

Town of Blacksburg, Virginia
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	\$ 25,393,561	\$ 22,847,164	\$ 20,014,127	\$ 20,143,051	\$ 20,726,612	\$ 19,646,192	\$ 18,578,071	\$ 18,179,697	\$ 17,057,725	\$ 15,979,783
Permits, privilege fees, and licenses	3,822,539	3,779,461	3,790,307	4,090,984	3,133,889	2,944,264	2,539,735	2,936,235	2,517,700	2,587,860
Fines and forfeitures	150,176	141,903	117,664	142,120	224,385	300,959	188,183	170,986	240,394	236,673
Revenue from use of money	829,507	(78,737)	175,021	402,529	497,080	129,490	98,906	243,680	121,682	228,134
Charges for services	4,861,245	4,647,169	4,402,632	4,266,249	4,211,019	3,914,674	3,677,197	3,596,057	3,111,037	2,994,939
Other	888,035	836,398	462,073	520,948	1,099,190	797,808	783,624	1,237,138	1,197,960	1,059,617
Intergovernmental	6,430,299	7,190,975	10,804,140	8,153,684	5,303,592	5,764,046	5,439,491	7,866,927	8,144,768	7,617,779
Total revenues	42,375,362	39,364,333	39,765,964	37,719,565	35,195,767	33,497,433	31,305,207	34,230,720	32,391,266	30,704,785
Expenditures										
General government	6,912,351	6,413,304	9,026,439	6,021,371	5,821,714	5,739,864	5,296,990	5,104,713	5,836,463	4,820,475
Public safety	10,620,207	10,413,759	9,866,290	9,480,237	9,153,608	9,145,034	8,946,257	8,558,742	8,673,279	8,099,953
Public works	6,315,730	6,668,433	6,616,147	6,321,866	6,570,127	6,651,096	5,770,596	5,851,727	5,904,498	5,438,879
Recreation	2,808,538	2,445,224	2,219,070	2,366,660	2,439,494	2,328,265	2,238,996	2,153,379	2,301,245	2,065,887
Planning and engineering	2,873,358	2,757,897	2,651,069	2,573,521	2,539,283	2,307,462	2,137,749	2,131,305	2,266,072	2,247,140
Other	842,232	1,770,505	1,101,437	1,710,163	690,083	828,505	625,658	1,534,665	1,976,044	1,074,576
Capital outlays	4,434,522	19,973,616	11,813,607	8,449,333	5,465,910	4,843,581	3,697,779	11,761,229	8,049,302	10,423,543
Debt service										
Principal retirement	2,176,806	1,991,240	1,658,703	1,685,254	1,795,092	1,822,399	1,759,953	1,809,486	1,506,403	1,535,192
Interest and fiscal charges	1,396,131	1,460,197	1,492,008	684,387	716,791	812,507	696,804	734,720	582,601	539,668
Total expenditures	38,379,875	53,894,175	46,444,770	39,292,792	35,192,102	34,478,713	31,170,782	39,639,966	37,095,907	36,245,313
Excess of revenues over (under) expenditures	3,995,487	(14,529,842)	(6,678,806)	(1,573,227)	3,665	(981,280)	134,425	(5,409,246)	(4,704,641)	(5,540,528)
Other Financing Sources (Uses)										
Proceeds from issuance of debt	-	-	29,840,000	-	-	3,250,000	-	-	9,495,000	-
Capital lease proceeds	14,998	219,265	-	-	-	-	-	312,701	-	-
Premium on debt proceeds	-	-	3,032,507	-	-	156,331	-	-	268,138	-
Proceeds from issuance of refunding debt	-	-	1,550,000	-	-	-	-	-	3,813,690	-
Sale of general capital assets	107,052	3,923	105,902	263,376	62,285	158,281	53,857	66,326	21,093	844,711
Payments to bond escrow agents	-	-	(1,825,000)	-	-	-	-	-	(3,982,356)	-
Transfers in	11,134,133	10,334,966	5,849,037	3,750,622	7,095,055	7,477,011	5,956,258	6,060,345	9,923,375	4,862,515
Transfers out	(10,366,005)	(9,563,651)	(6,163,910)	(4,297,145)	(6,877,343)	(7,121,070)	(5,740,159)	(6,030,481)	(9,589,390)	(4,702,363)
Total other financing sources (uses)	890,178	994,503	32,388,536	(283,147)	279,997	3,920,553	269,956	408,891	9,949,550	1,004,863
Net change in fund balances	\$ 4,885,665	\$ (13,535,339)	\$ 25,709,730	\$ (1,856,374)	\$ 283,662	\$ 2,939,273	\$ 404,381	\$ (5,000,355)	\$ 5,244,909	\$ (4,535,665)
Debt service as a percentage of noncapital expenditures	10.54%	9.88%	9.01%	7.23%	8.33%	8.68%	8.93%	10.33%	7.13%	7.79%

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)
2023	\$ 4,868,952,740	\$ 49,049,585	4,918,002,325	0.26
2022	3,521,867,720	54,573,848	3,576,441,568	0.26
2021	3,410,697,100	58,072,118	3,468,769,218	0.26
2020	3,366,867,900	56,933,846	3,423,801,746	0.26
2019	3,355,508,520	54,218,462	3,409,726,982	0.26
2018	2,953,459,060	53,903,846	3,007,362,906	0.26
2017	2,882,249,520	53,549,297	2,935,798,817	0.25
2016	2,802,938,760	51,332,000	2,854,270,760	0.25
2015	2,718,917,780	51,197,160	2,770,114,940	0.25
2014	2,499,516,720	48,791,818	2,548,308,538	0.22

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 2023			Fiscal Year 2014		
	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Foxridge Association	\$ 504,534,000	1	26.21%	\$ 71,227,100	1	24.32%
Blacksburg Hunt, LLC	230,918,600	2	12.00%	-		-
CAP IX Blacksburg, LLC	223,400,000	3	11.61%	-		-
GEDR Blacksburg, LLC	163,600,000	4	8.50%	-		-
Retreat at Blacksburg LLC	152,000,000	5	7.90%	-		-
Related Properties, LLC	150,000,000	6	7.79%	-		-
CAP IX Maple Ridge Land LLC	140,000,000	7	7.27%	32,717,600	3	11.17%
CAP IX Collegiate Suites LLC	135,376,000	8	7.03%	-		-
The Village at Blacksburg LLC	134,000,000	9	6.96%	31,195,400	4	10.65%
BSE AH Blacksburg Apts LLC	91,200,000	10	4.74%	28,601,200	5	9.76%
Blacksburg APF Partners LLC	-		-	16,701,150	10	5.70%
MCS Virginia Tech, LLC	-		-	37,162,000	2	12.69%
American Electric Power	-		-	17,246,328	9	5.89%
University Mall LLC	-		-	21,209,600	6	7.24%
HCA Montgomery Regional Hospital	-		-	17,972,400	8	6.14%
Kroger Limited Partnership	-		-	18,896,800	7	6.45%
	<u>\$ 1,925,028,600</u>		<u>100.00%</u>	<u>\$ 292,929,578</u>		<u>100.00%</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
2023	\$ 11,035,805	\$ 10,466,671	94.84%	\$ -	10,466,671	94.84%
2022	9,170,569	8,674,717	94.59%	404,147	9,078,864	99.00%
2021	9,055,726	8,492,187	93.78%	510,395	9,002,582	99.41%
2020	8,891,940	8,386,798	94.32%	481,625	8,868,423	99.74%
2019	8,352,877	8,128,255	97.31%	210,662	8,338,917	99.83%
2018	7,621,604	7,410,844	97.23%	206,243	7,617,087	99.94%
2017	7,246,451	7,049,974	97.29%	195,065	7,245,039	99.98%
2016	7,092,708	6,864,745	96.79%	226,608	7,091,353	99.98%
2015	6,273,943	6,109,693	97.38%	162,536	6,272,229	99.97%
2014	5,585,423	5,407,901	96.82%	176,628	5,584,529	99.98%

TABLE 8

Town of Blacksburg, Virginia

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Water Revenues										
Residential	\$ 4,068,167	\$ 3,991,201	\$ 3,842,213	\$ 3,691,168	\$ 3,519,673	\$ 3,421,454	\$ 2,885,426	\$ 2,538,354	\$ 2,520,194	\$ 2,424,371
Commercial	3,149,206	2,945,814	2,734,713	2,685,121	2,738,054	2,493,900	2,200,186	2,309,540	2,077,680	1,896,259
Other	322,526	389,498	464,634	379,963	350,263	382,631	339,839	610,472	317,531	434,628
Total Water Revenues	<u>7,539,899</u>	<u>7,326,513</u>	<u>7,041,560</u>	<u>6,756,252</u>	<u>6,607,990</u>	<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>
Sewer Revenues										
Residential	3,114,684	2,934,182	2,863,655	2,718,447	2,627,457	2,599,131	2,603,412	2,181,450	2,281,379	2,214,446
Commercial	2,527,954	2,269,086	2,128,612	2,065,924	2,151,610	2,134,285	2,122,261	2,233,201	2,060,846	1,925,000
Other	8,107	5,615	8,090	4,052	10,698	33,461	14,655	19,219	12,632	11,441
Total Sewer Revenues	<u>5,650,745</u>	<u>5,208,883</u>	<u>5,000,357</u>	<u>4,788,423</u>	<u>4,789,765</u>	<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>
Availability Fees	<u>360,713</u>	<u>463,774</u>	<u>1,346,526</u>	<u>298,618</u>	<u>273,001</u>	<u>485,198</u>	<u>212,612</u>	<u>938,888</u>	<u>197,798</u>	<u>765,235</u>
Total revenues	<u>\$ 13,551,357</u>	<u>\$ 12,999,170</u>	<u>\$ 13,388,443</u>	<u>\$ 11,843,293</u>	<u>\$ 11,670,756</u>	<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>

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
2023	\$ 7.69	\$ 6.60	\$ 3.09	\$ 3.11	\$ 13.46	\$ 11.55	\$ 5.41	\$ 5.45
2022	7.46	6.15	3.09	3.11	13.06	10.76	5.41	5.45
2021	7.30	6.09	3.09	3.11	12.78	10.66	5.41	5.45
2020	7.20	6.02	2.94	2.96	12.60	10.54	5.15	5.15
2019	6.90	5.80	2.94	2.96	12.08	10.15	5.15	5.18
2018	6.47	5.72	2.94	2.96	11.32	10.01	5.15	5.18
2017	5.49	5.69	2.94	2.96	9.61	9.96	5.15	5.18
2016	5.21	5.43	3.09	3.12	9.09	9.50	5.39	5.45
2015	4.88	5.17	3.05	3.08	8.52	9.04	5.33	5.39
2014	4.55	4.85	3.03	3.06	7.95	8.49	5.30	5.36

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

Customer	Fiscal Year 2023			Fiscal Year 2014		
	Revenue	Rank	Percentage of Total Town Revenue	Revenue	Rank	Percentage of Total Town Revenue
HH Hunt	\$ 1,103,608	1	37.86%	\$ 807,244	1	43.66%
Blacksburg Hunt LLC	379,392	2	13.02%	-	-	-
CAP IX Blacksburg, LLC	289,468	3	9.93%	-	-	-
Related Properties, LLC	238,661	4	8.19%	-	-	-
Chasewood Apartments	182,379	5	6.26%	120,292	4	6.51%
Montgomery Regional Hospital	171,388	6	5.88%	85,896	9	4.65%
Mid-Atlantic Apt. Mgmt, LLC	155,412	7	5.33%	-	-	-
Federal Mogul Division	136,761	8	4.69%	222,991	2	12.06%
Carriage Hill Association LTD	129,758	9	4.45%	-	-	-
GEDR Blacksbrg LLC	128,160	10	4.40%	-	-	-
MCS Virginia Tech, LLC	-	-	-	132,500	3	7.17%
Chase Management Group	-	-	-	95,986	7	5.19%
Moog Components Group	-	-	-	111,342	5	6.02%
Windsor Hills Apartments	-	-	-	97,193	6	5.26%
Blacksburg Green Investors	-	-	-	-	-	-
Dutch Village	-	-	-	82,695	10	4.47%
University Terrace	-	-	-	92,592	8	5.01%
	<u>\$ 2,914,987</u>		<u>100.00%</u>	<u>\$ 1,848,731</u>		<u>100.00%</u>

TABLE 11

Town of Blacksburg, Virginia
Legal Debt Margin Information
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt limit	\$ 486,895,274	\$ 357,644,157	\$ 346,876,922	\$ 342,380,175	\$ 340,972,698	\$ 300,736,291	\$ 293,579,882	\$ 285,427,076	\$ 277,011,494	\$ 254,830,854
Total net debt applicable to limit	4,537,999	47,929,999	50,429,999	23,157,017	25,463,571	27,902,753	25,639,646	28,016,334	30,115,454	22,866,069
Legal debt margin	<u>\$ 482,357,275</u>	<u>\$ 309,714,158</u>	<u>\$ 296,446,923</u>	<u>\$ 319,223,158</u>	<u>\$ 315,509,127</u>	<u>\$ 272,833,538</u>	<u>\$ 267,940,236</u>	<u>\$ 257,410,742</u>	<u>\$ 246,896,040</u>	<u>\$ 231,964,785</u>
Total net debt applicable to the limit as a percentage of debt limit	0.93%	13.40%	14.54%	6.76%	7.47%	9.28%	8.73%	9.82%	10.87%	8.97%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	<u>\$ 4,868,952,740</u>
Debt limit (10% of assessed value)	\$ 486,895,274
Less debt applicable to limit:	
General obligation bonds	<u>45,379,999</u>
Legal debt margin	<u>\$ 441,515,275</u>

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

Town of Blacksburg, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt			Percentage of Actual Value of Taxable Property	Per Capita	Other Governmental Debt
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total General Bonded Debt			Leases
2023	\$ 43,131,363	\$ -	\$ 43,131,363	0.877%	\$ 945.66	\$ 200,815
2022	48,211,873	-	48,211,873	1.348%	1,072.59	219,265
2021	50,361,316	-	50,361,316	1.452%	1,123.48	-
2020	19,563,697	-	19,563,697	0.571%	442.29	17,018
2019	21,188,975	-	21,188,975	0.621%	474.26	83,572
2018	22,926,463	-	22,926,463	0.762%	514.47	147,754
2017	21,283,898	-	21,283,898	0.725%	472.58	209,648
2016	22,978,340	-	22,978,340	0.805%	519.70	269,336
2015	24,651,641	-	24,651,641	0.890%	560.46	82,456
2014	16,471,607	-	16,471,607	0.646%	377.71	138,071

Fiscal Year	Business-type Activities		Total Primary Government	Percentage of Actual Value of Taxable Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Leases				
2023	\$ 2,248,636	\$ -	\$ 45,580,814	1.274%	0.10%	\$ 999.36
2022	2,897,369	-	51,328,507	1.435%	0.09%	1,141.93
2021	3,404,911	-	53,766,227	1.550%	0.07%	1,199.44
2020	4,037,008	-	23,617,723	0.690%	0.16%	533.94
2019	4,657,090	-	25,929,637	0.760%	0.15%	580.37
2018	5,299,962	-	28,374,179	0.943%	0.13%	636.72
2017	4,389,941	-	25,883,487	0.882%	0.13%	574.70
2016	5,000,069	-	28,247,745	0.990%	0.12%	638.87
2015	5,594,540	-	30,328,637	1.095%	0.10%	689.52
2014	6,256,391	-	22,866,069	0.897%	0.13%	524.34

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

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	
2023	\$ 13,551,357	\$ 12,916,466	634,891	\$ 518,005	\$ 80,067	1.06
2022	12,999,170	11,629,669	1,369,501	508,760	93,587	2.27
2021	13,388,443	10,781,750	2,606,693	633,315	107,644	3.52
2020	11,843,293	11,038,660	804,633	621,300	120,218	1.09
2019	11,670,756	10,985,242	685,514	644,090	134,224	0.88
2018	11,550,060	9,905,643	1,644,417	654,494	191,047	1.94
2017	10,378,391	9,205,986	1,172,405	616,735	120,255	1.59
2016	10,831,124	8,695,812	2,135,312	602,335	137,567	2.89
2015	9,468,060	8,500,153	967,907	664,211	194,525	1.13
2014	9,671,380	8,236,126	1,435,254	646,512	190,382	1.71

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 %
2023	45,610	*	*	3.00
2022	44,949	\$ 7,684,525	\$ 46,345	2.40
2021	44,826	\$ 5,033,263	43,778	2.80
2020	44,233	4,600,702	39,442	5.60
2019	44,678	4,526,103	38,756	3.20
2018	44,563	4,430,040	37,759	3.10
2017	45,038	4,163,163	35,822	4.20
2016	44,215	3,906,250	33,650	4.10
2015	43,985	3,818,058	33,184	5.10
2014	43,609	3,649,374	31,800	6.30

* 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 2023		Fiscal Year 2014	
	Rank	Number of Employees	Rank	Number of Employees
Virginia Tech	1	> 5,000	1	> 1,000
Moog	2	> 1,000	3	500 to 999
HCA Montgomery Regional Hospital	3	500 to 999	4	500 to 999
NRV Community Services	4	250 to 499	5	500 to 999
Town of Blacksburg	5	250 to 499	7	250 to 499
Eaglepicher Wolverine LLC	6	250 to 499	9	100 to 249
Spectrum (Tetra)	7	100 to 249	8	250 to 499
Federal-Mogul Corporation	8	100 to 249	6	500 to 999
Virginia Tech Services, Inc.	9	100 to 249	10	100 to 249
Luna Innovations	10	100 to 249	-	-
Virginia Tech Corporate Research Center	-	-	2	> 1,000

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

TABLE 16

Town of Blacksburg, Virginia

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government										
Management	21.30	21.02	21.54	21.84	20.12	20.12	20.12	18.84	18.84	19.87
Finance	14.51	15.06	15.06	15.06	13.60	13.60	13.60	15.00	15.00	14.50
Technology	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Police										
Officers	68.00	66.00	66.00	65.00	65.00	63.00	64.00	64.00	63.00	63.00
Civilians	14.43	15.50	14.78	15.69	15.69	15.69	14.50	17.78	17.78	17.78
Fire and Rescue										
Firefighters	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Civilians (all volunteer professionals)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.63
Public works	63.83	65.94	65.18	65.18	63.10	65.58	64.44	64.33	63.29	61.92
Parks and recreation	38.15	38.34	42.31	41.78	44.19	42.93	42.53	42.26	41.39	41.12
Planning and Engineering	25.61	25.00	25.00	25.00	25.00	25.00	22.00	24.00	24.00	24.60
Water and Sewer	24.00	24.00	24.52	24.72	24.72	24.72	24.94	25.07	23.73	24.23
Solid Waste	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Stormwater	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-
Transit	141.80	141.95	139.61	142.96	132.53	121.13	111.67	113.49	105.94	105.07
Total	423.13	424.31	425.50	428.73	415.45	402.27	388.30	394.77	380.97	380.72

Source: Town's Adopted Operating Budget

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

TABLE 17

Town of Blacksburg, Virginia
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government										
Fleet										
Pieces of equipment maintained	475	467	457	430	444	437	417	410	406	391
Building permits issued	1,668	1,339	1,550	1,749	1,817	3,050	2,312	3,278	1,717	1,864
Building permits construction value	69,768,527	98,246,310	222,925,383	286,301,305	88,206,057	68,057,881	54,422,464	-	-	-
Number of housing units										
Single Family	7,963	7,882	7,955	7,745	-	-	-	-	-	-
Multi-Family	9,609	9,609	8,342	8,136	-	-	-	-	-	-
Public safety										
Police										
Physical arrests	385	529	383	627	749	802	751	774	793	915
Parking violations	2,677	4,480	2,104	2,681	4,505	6,110	2,979	1,999	3,240	3,727
Traffic violations	697	542	1,148	1,419	3,009	2,508	2,539	2,915	3,219	3,443
Fire										
Emergency responses	1,282	1,139	1,022	1,139	1,135	1,049	930	918	916	982
Public works										
Refuse collection										
Refuse collected (tons per day)	18.46	20.15	20.75	20.13	19.89	19.48	19.68	19.23	20	20
Recyclables collected (tons per day)	4.66	5.55	5.93	5.82	5.96	6.43	6.57	6.42	5	5
Other public works										
Street resurfacing (miles)	7.28	5.01	4.07	5.43	5.01	4.02	5.72	5.50	5.80	4.80
Parks, recreation, and cultural										
Parks and recreation										
Park acreage owned by the Town - Developed	545.44	545.44	545.44	530.21	530.21	530.21	544	544	544	544
Park acreage owned by the Town - Undeveloped	110.23	110.23	110.23	100.59	100.59	101.22	-	-	-	-
Library										
Volumes in collection	71,312	71,784	70,551	78,603	69,554	70,815	78,603	83,165	83,165	83,165
Water										
Number of customer accounts	9,728	9,719	9,688	9,650	9,605	9,442	9,446	9,159	9,203	9,159
Miles of distribution lines	189	189	189	188	185	182	182	177	177	177
Volume pumped (million gallons per day average)		2.76	2.76	2.76	2.70	2.70	2.50	2.30	2.30	2.30
Sewer										
Number of customer accounts	9,046	8,786	9,013	8,982	8,934	8,766	8,753	8,484	8,509	8,260
Miles of sanitary sewers	147	147	147	137	145	145	144	156	156	156

Source: Town individual departments and Budget Document.

TABLE 18

Town of Blacksburg, Virginia

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

<u>Function/Program</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Public safety										
Law enforcement vehicles	76	82	73	72	73	70	75	73	74	70
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Miles of streets	340	340	340	332	332	330	325	354	354	354
Streetlights	1828	1,828	1,828	1,828	1,828	1,828	1,828	1,826	1,804	1,804
Parks, recreation, and cultural										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks/athletic fields - Developed	33	33	33	30	30	30	35	35	35	35
Parks/athletic fields - Undeveloped	9	9	9	8	8	8	-	-	-	-
Water and sewage										
Water mains (miles)	189	189	189	188	185	182	182	177	177	177
Storm sewers (miles)	90.8	88.9	84.2	83.9	83.9	89.5	83	83	35	35
Sanitary sewers (miles)	147	147	147	137	145	145	144	156	156	156

Source: Town individual departments and Budget Document.

TABLE 19

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Taxes	\$ 25,378,029	\$ 22,844,334	\$ 20,011,064	\$ 20,143,051	\$ 20,726,612	\$ 19,646,192	\$ 18,578,071	\$ 18,179,697	\$ 17,057,725	\$ 15,979,783
Licenses and permits	3,822,539	3,779,461	3,790,307	4,090,984	3,133,889	2,944,264	2,539,735	2,936,235	2,517,700	2,587,860
Intergovernmental	5,461,027	4,764,059	4,763,117	4,587,086	4,547,672	4,833,556	4,661,068	4,493,518	4,355,564	4,386,406
Charges for services	4,858,600	4,644,669	4,401,092	4,266,249	4,211,019	3,914,674	3,677,197	3,596,057	3,111,037	2,994,939
Fines and forfeitures	150,176	141,903	117,664	142,120	224,385	300,959	188,183	170,986	240,394	236,673
Investment earnings	848,430	139,794	205,433	212,854	276,935	212,271	112,370	130,313	143,674	112,883
Unrealized gain/(loss)	(115,755)	(217,707)	(25,906)	76,877	104,505	(106,889)	(49,402)	42,634	(42,994)	32,203
Other	888,035	668,887	458,944	476,290	704,571	697,840	709,975	1,082,572	819,082	607,722
Other financing sources	298,642	225,605	400,902	372,217	267,676	664,090	216,487	434,783	3,962,746	94,711
Total revenues	41,589,723	36,991,005	34,122,617	34,367,728	34,197,264	33,106,957	30,633,684	31,066,795	32,164,928	27,033,180
EXPENDITURES										
Current:										
Legislative	299,151	266,562	341,443	272,454	269,682	280,349	281,047	281,218	278,374	269,326
Executive	3,244,319	3,093,005	2,624,273	2,833,709	2,833,481	2,777,192	2,414,343	2,319,402	3,086,873	2,150,690
Legal	397,905	353,148	368,651	334,369	380,871	412,937	361,134	325,269	333,877	330,220
Financial services	1,906,300	1,863,594	1,828,202	1,710,573	1,714,292	1,710,541	1,696,527	1,655,338	1,625,381	1,566,972
Technology	954,367	772,567	748,414	700,945	623,388	558,845	543,939	523,486	511,958	503,267
Police	9,194,043	9,070,444	8,296,985	8,215,357	7,952,788	8,003,770	7,745,463	7,498,893	7,698,863	7,142,942
Fire and rescue	1,426,164	1,343,315	1,135,117	1,130,210	1,200,820	1,141,264	1,200,794	1,059,849	974,416	957,011
Public works	6,315,730	6,668,433	6,436,430	6,175,687	6,570,127	6,651,096	5,770,596	5,851,727	5,904,498	5,438,879
Recreation	2,808,538	2,445,224	2,209,427	2,285,920	2,439,494	2,328,265	2,238,996	2,153,379	2,301,245	2,065,887
Planning and engineering	2,871,388	2,757,897	2,620,828	2,521,906	2,539,283	2,307,462	2,137,749	2,131,305	2,266,072	2,247,140
Nondepartmental and transfers	6,815,151	6,308,472	3,085,543	1,258,359	3,880,623	3,708,734	2,943,251	2,628,079	7,171,887	2,528,204
Debt service	3,374,262	3,252,762	2,792,023	2,369,641	2,511,883	2,634,906	2,456,757	2,544,206	2,089,004	2,074,860
Total expenditures	39,607,318	38,195,423	32,487,336	29,809,130	32,916,732	32,515,361	29,790,596	28,972,151	34,242,448	27,275,398
Excess (deficiency) of revenues over expenditures	1,982,405	(1,204,418)	1,635,281	4,558,598	1,280,532	591,596	843,088	2,094,644	(2,077,520)	(242,218)
FUND BALANCES AT JULY 1	12,325,883	13,530,301	11,895,020	7,336,422	6,055,890	5,464,294	4,621,206	2,526,562	4,604,082	4,846,300
FUND BALANCES AT JUNE 30	\$ 14,308,288	\$ 12,325,883	\$ 13,530,301	\$ 11,895,020	\$ 7,336,422	\$ 6,055,890	\$ 5,464,294	\$ 4,621,206	\$ 2,526,562	\$ 4,604,082
Reserved:										
Committed for encumbrances	\$ 597,816	\$ 553,842	\$ 265,648	\$ 299,596	\$ 563,856	\$ 704,762	\$ 896,163	\$ 208,725	\$ 232,077	\$ 362,950
Nonspendable for inventories	7,563	9,528	315,591	320,040	307,131	285,944	281,892	293,667	276,220	254,012
Nonspendable for prepaid expenditures	1,500	-	-	1,177	9,767	13,557	-	-	-	-
Total	606,879	563,370	581,239	620,813	880,754	1,004,263	1,178,055	502,392	508,297	616,962
Assigned fund balance	3,933,800	6,723,000	3,501,900	4,106,650	-	-	-	-	-	-
Unassigned fund balance	9,767,609	5,039,513	9,447,162	7,167,557	6,455,668	5,051,627	4,286,239	4,118,814	2,018,265	3,987,120
Ending fund balance	\$ 14,308,288	\$ 12,325,883	\$ 13,530,301	\$ 11,895,020	\$ 7,336,422	\$ 6,055,890	\$ 5,464,294	\$ 4,621,206	\$ 2,526,562	\$ 4,604,082

(Continued)

TABLE 19

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

	2023	2022	2021	2020	2019	2018**	2017	2016	2015*	2014	2013
OPERATING REVENUES											
Charges for services	\$ 12,919,334	\$ 12,187,053	\$ 11,569,790	\$ 11,171,938	\$ 11,114,231	\$ 10,742,869	\$ 9,892,531	\$ 9,352,300	\$ 9,027,449	\$ 8,573,721	\$ 8,304,725
Availability and transfer fees	360,713	463,774	1,346,526	298,618	273,001	485,198	212,612	938,888	197,798	765,235	305,962
Meter installation	95,736	103,631	106,471	50,100	74,426	122,307	69,596	310,743	68,924	145,874	84,857
Connection fees	22,342	116,633	204,477	135,421	95,691	66,319	65,647	94,831	55,519	73,566	34,575
Other	153,232	128,079	161,179	187,216	113,407	133,367	138,005	134,362	118,370	112,984	119,377
Total operating revenues	13,551,357	12,999,170	13,388,443	11,843,293	11,670,756	11,550,060	10,378,391	10,831,124	9,468,060	9,671,380	8,849,496
OPERATING EXPENSES											
Personal services	1,369,620	1,319,074	1,110,325	1,635,003	1,454,604	1,183,420	1,508,688	1,223,565	1,527,626	1,512,028	1,531,539
Contractual services	8,304,186	8,126,176	7,851,809	7,646,806	7,804,913	6,756,949	6,007,699	5,735,846	5,238,730	5,003,294	4,617,489
Administration	1,345,651	1,278,836	1,262,961	1,231,968	1,197,324	1,331,691	1,201,972	1,199,587	1,328,574	1,266,064	1,194,376
Depreciation	903,376	879,610	882,190	912,882	889,936	863,965	989,501	982,757	948,684	918,456	877,397
Other	993,633	905,583	556,655	524,883	528,401	633,583	487,627	536,814	405,223	454,740	436,123
Total operating expenses	12,916,466	12,509,279	11,663,940	11,951,542	11,875,178	10,769,608	10,195,487	9,678,569	9,448,837	9,154,582	8,656,924
Operating income (loss)	634,891	489,891	1,724,503	(108,249)	(204,422)	780,452	182,904	1,152,555	19,223	516,798	192,572
NONOPERATING EXPENSES											
Intergovernmental revenue	-	-	11,146	5,513	-	-	-	-	-	-	-
Interest income	84,070	12,720	18,564	-	55,944	40,552	27,225	46,476	5,446	7,868	44,049
Interest expense	(80,799)	(93,587)	(107,644)	-	(134,224)	(191,047)	(120,255)	(137,567)	(212,208)	(190,382)	(205,213)
Unrealized gain/(loss) on investments	(16,233)	(26,184)	(28,490)	87,276	42,935	(43,784)	(16,051)	15,346	(8,237)	4,914	9,662
Gain (loss) on disposition of asset	21,000	-	44,311	(120,218)	-	-	25,000	25,804	329	4,610	19,123
Net nonoperating expenses	8,038	(107,051)	(62,113)	(27,429)	(35,345)	(194,279)	(84,081)	(49,941)	(214,670)	(172,990)	(132,379)
Income (loss) before contributions and transfers	642,929	382,840	-	(135,678)	(239,767)	586,173	98,823	1,102,614	(195,447)	343,808	60,193
CAPITAL CONTRIBUTIONS	225,268	169,158	-	-	-	-	1,175,539	43,997	120,338	259,502	-
TRANSFERS IN	-	5,330	194,335	341,309	111,233	93,899	177,521	445,848	170,183	-	-
TRANSFERS OUT	(295,595)	(300,012)	-	-	(289,512)	(347,798)	(266,937)	(467,125)	(263,034)	(214,784)	(168,383)
Change in net position	572,602	257,316	1,856,725	205,631	(418,046)	332,274	1,184,946	1,125,334	(167,960)	388,526	(108,190)
NET POSITION AT JULY 1	13,072,347	12,815,031	10,958,306	10,752,675	11,170,721	10,838,447	10,195,161	9,069,827	9,237,787	10,002,488	10,110,678
NET POSITION AT JUNE 30	\$ 13,644,949	\$ 13,072,347	\$ 12,815,031	\$ 10,958,306	\$ 10,752,675	\$ 11,170,721	\$ 11,380,107	\$ 10,195,161	\$ 9,069,827	\$ 10,391,014	\$ 10,002,488

* 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
2022	98,915	\$ 1,353,075,815	13,679
2021	114,972	1,276,976,173	11,107
2020	116,646	1,060,030,138	9,088
2019	116,784	1,130,766,791	9,683
2018	117,324	1,123,268,000	9,574
2017	116,217	1,089,716,203	9,377
2016	98,602	1,086,987,143	11,024
2015	97,653	1,045,664,373	10,708
2014	97,244	988,622,704	10,166
2013	96,207	975,623,640	10,141
2012	95,626	967,667,151	10,119

(Continued)

TOWN OF BLACKSBURG, VIRGINIA

**CONTINUING BOND DISCLOSURES
SUMMARY OF CAPITAL IMPROVEMENT PROGRAM**

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
<u>General Fund</u>				
Finance	\$ -	\$ -	\$ -	\$ 30,500
Fire	367,265	367,265	402,265	402,265
Rescue	265,758	638,958	204,458	204,458
Parks and Recreation	230,000	1,040,000	345,000	250,000
Planning and Building	87,000	-	-	-
Engineering and GIS	303,500	293,500	3,457,500	512,500
Police	831,875	436,875	436,875	436,875
Public Works	1,741,985	3,106,285	2,306,785	4,175,785
Technology	304,000	140,000	80,000	115,000
Town Manager's Office	670,000	320,000	1,670,000	15,170,000
Housing and Neighborhood Services	191,000	26,700	109,100	-
Community Relations	15,000	15,000	15,000	15,000
General Fund Total	<u>5,007,383</u>	<u>6,384,583</u>	<u>9,026,983</u>	<u>21,312,383</u>
<u>Water/Sewer</u>				
Finance Department	235,000	235,000	235,000	261,000
Engineering and GIS	682,000	792,400	3,024,500	1,204,400
Public Works	445,245	842,577	929,731	913,372
Water/Sewer Total	<u>1,362,245</u>	<u>1,869,977</u>	<u>4,189,231</u>	<u>2,378,772</u>
<u>VDOT Revenue Sharing</u>				
Public Works	60,000	85,000	85,000	1,195,000
Engineering and GIS	-	-	480,000	5,292,000
VDOT Revenue Sharing Total	<u>60,000</u>	<u>85,000</u>	<u>565,000</u>	<u>6,487,000</u>
Stormwater Fund	358,000	348,200	484,000	663,000
Transit Fund	9,747,800	11,738,800	2,052,300	14,785,900
Equipment Replacement Fund	2,335,000	1,764,550	1,880,500	3,704,000
Major Building Systems Replacement Fund	66,591	15,281	28,200	41,096
Solid Waste & Recycling Fund	415,248	165,248	115,248	115,248
Grand Total	<u>\$ 19,352,267</u>	<u>\$ 22,371,639</u>	<u>\$ 18,341,462</u>	<u>\$ 49,487,399</u>

Source: Adopted Capital Improvement Program Fiscal Years Ending 2023/2024-2027/2028

(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
2023	45,610	\$ 4,918,002,325	45,380,000	0.9227%	994.96
2022	44,949	3,576,441,568	51,109,242	1.4291	1,137.05
2021	44,826	3,468,769,218	53,766,227	1.5500	1,199.44
2020	44,233	3,423,801,746	23,600,705	0.6893	533.55
2019	44,678	3,409,726,982	25,846,065	0.7580	578.50
2018	44,563	3,007,362,906	28,226,425	0.9386	633.40
2017	45,038	2,935,798,817	25,673,839	0.8745	570.05
2016	44,215	2,854,270,760	27,978,409	0.9802	632.78
2015	43,985	2,770,114,940	30,246,181	1.0919	687.65
2014	43,609	2,548,308,538	22,727,998	0.8919	521.18
2013	42,627	2,524,597,482	24,855,998	0.9846	583.10

(Continued)

TABLE 19

TOWN OF BLACKSBURG, VIRGINIA

CONTINUING BOND DISCLOSURES
CERTAIN OTHER REVENUES

Last Ten Fiscal Years

Fiscal Year	Vehicle License Receipts¹	Business License Receipts	Meals Tax Receipts²
2023	\$ 233,275	\$ 3,414,020	\$ 7,187,102
2022	219,003	3,246,402	6,649,113
2021	252,386	2,787,873	5,220,788
2020	271,724	2,823,101	4,953,659
2019	278,377	2,664,578	5,919,740
2018	265,046	2,463,245	5,667,284
2017	252,233	2,155,424	5,493,780
2016	225,065	2,304,720	5,374,077
2015	237,129	2,170,173	5,051,799
2014	235,411	2,066,822	4,579,931
2013	246,334	1,908,934	4,459,804

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, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, which we consider to be a significant deficiency.**

Report on Compliance and Other Matters

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

Town of Blacksburg's Response to Finding

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 15, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Town of Blacksburg, Virginia’s (the “Town”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town’s major federal programs for the year ended June 30, 2023. The Town’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Blacksburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 15, 2023

TOWN OF BLACKSBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

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

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Fire Programs Aid to Localities

State Agency Requirements

Highway Maintenance Funds

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

TOWN OF BLACKSBURG, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **One significant deficiency and no material weaknesses** relating to the audit of the financial statements were 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 and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding relating to the major programs**.
7. The programs tested as major were:

Name of Program	Assistance Listing Number
Federal Transit Cluster – Capital Improvement Grants	20.500
Federal Transit Cluster – Formula Grants	20.507
Community Development Block Grant – Entitlement Program	14.218

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

TOWN OF BLACKSBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

June 30, 2023

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001: Segregation of Duties (Significant Deficiency)

Condition:

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

Recommendation:

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

Management's Response:

The auditee concurs with this recommendation.

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

2023-002: CDBG – Community Development Block Grants/Entitlement Grants – ALN #14.218, Reporting

Condition:

Housing and Community Connections did not timely file Cash on Hand Quarterly Reports in two instances of testing.

Criteria:

Under the requirements in the Uniform Guidance, reports are to be filed within 30 days after the end of the reporting period.

Cause:

Housing and Community Connections typically files all reports timely, however, two quarterly reports during the same quarter were filed late.

Effect:

Failure to file timely reports could result in improper reporting of the use of Federal funds.

TOWN OF BLACKSBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

June 30, 2023

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(Continued)**

**2023-002: CDBG – Community Development Block Grants/Entitlement Grants – ALN #14.218,
Reporting (Continued)**

Perspective Information:

Two Cash on Hand Quarterly Reports of four tested were not filed within 30 days after the end of the reporting period.

Recommendation:

Management should implement a procedure to ensure that reports are filed within reporting periods.

Views of Responsible Officials and Planned Corrective Action:

Housing and Community Connections will put into place a procedure to ensure that reports are filed timely.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None noted.

TOWN OF BLACKSBURG, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2023

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001: Segregation of Duties (Significant Deficiency)

Condition:

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

Current Status:

Condition still present. See finding 2023-001 in the schedule of Findings and Questioned Costs.

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TOWN OF Blacksburg VIRGINIA

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