

**TOWN OF BLUEFIELD, VIRGINIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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TOWN OF BLUEFIELD, VIRGINIA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

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## INTRODUCTORY SECTION

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# TOWN OF BLUEFIELD, VIRGINIA

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## TOWN COUNCIL

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Donald Linkous, Mayor  
Ron Holt, Vice Mayor  
Catherine Payne  
Chuck Presley  
Greg DeGray  
Anglis Trigg, Jr.  
Rick Holman

## OTHER OFFICIALS

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Trent Crewe ..... Town Manager  
James Hampton ..... Town Treasurer

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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**To the Members of the Town Council  
Town of Bluefield, Virginia  
Bluefield, Virginia**

***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bluefield, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Bluefield, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Change in Accounting Principle***

As described in Note 20 to the financial statements, in 2022, the Town of Bluefield, Virginia adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

***Restatement of Beginning Balances***

As described in Note 20 to the financial statements, in 2022, the Town restated beginning balances to reflect the requirements of GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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



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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bluefield, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

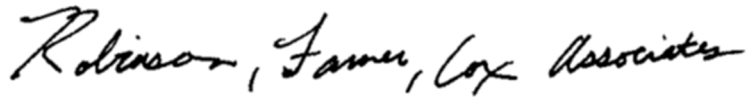
### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the Town of Bluefield, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Bluefield, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bluefield, Virginia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia  
December 15, 2022

## **Town of Bluefield, Virginia Management's Discussion and Analysis**

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The following is a narrative overview and analysis of the financial activities of the Town of Bluefield, Virginia for the fiscal year ended June 30, 2022.

### **Financial Highlights**

#### **Government-wide Financial Statements**

The assets and deferred outflows of resources of the Town of Bluefield, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,546,754 (net position). Of this amount, \$2,607,290 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Total net position of \$10,546,754 is split between governmental activities \$8,899,146 and business-type activities \$1,647,608.

#### **Fund Financial Statements**

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,677,352 (See Exhibit 3).

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves. Condensed comparative financial data is presented in this report.

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objectives of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

#### **Government-wide Financial Statements**

Government-wide financial statements provide financial statement users with a general overview of Town finances. The statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid. Both financial overview and accrual accounting factors are used in these statements similar to that of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors should also be considered to determine the overall financial position of the Town.

**Town of Bluefield, Virginia  
Management's Discussion and Analysis (Continued)**

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**Overview of the Financial Statements (continued)**

**Government-wide Financial Statements (continued)**

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general taxes and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the Town. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; public safety; public works; parks, recreation and cultural; and community development. Business-type activities, such as the Town's Water Service and Fincastle Golf & Swim, recover all or a significant portion of their costs through user fees and charges.

**Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds 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, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliations between the two methods are provided in exhibits 4 and 6.

***Proprietary funds:***

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business. The Town of Bluefield does not have any internal service funds. The financial activity of the Town's water fund and Fincastle Golf & Swim fund are accounted for in its proprietary funds.

***Fiduciary funds:***

Fiduciary funds account for assets held by the government as a trustee or custodian for another organization or individual. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the Town's own activities.

**Town of Bluefield, Virginia**  
**Management's Discussion and Analysis (Continued)**

**Overview of the Financial Statements (continued)**

**Notes to the financial statements**

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

**Government-wide Financial Analysis**

As previously noted, net position may serve as a useful indicator of a Town's financial position. For the Town of Bluefield, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,546,754 at the end of the fiscal year. The Town's net position is divided into three categories: (1) net investment in capital assets; (2) restricted, and (3) unrestricted. Below please find a comparison of the Town's net position for 2021 and 2022.

**Town of Bluefield, Virginia's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 9,035,590	\$ 8,761,788	\$ 517,090	\$ 536,557	\$ 9,552,680	\$ 9,298,345
Capital assets	8,465,491	8,621,874	8,035,216	7,933,989	16,500,707	16,555,863
Total assets	17,501,081	17,383,662	8,552,306	8,470,546	26,053,387	25,854,208
Deferred outflows of resources:						
Deferred charges on refunding	108,451	120,501	-	-	108,451	120,501
Items related to pension & OPEB	569,377	732,875	144,597	140,008	713,974	872,883
Total deferred outflows	677,828	853,376	144,597	140,008	822,425	993,384
Long-term liabilities	4,009,690	4,833,333	6,007,924	6,576,278	10,017,614	11,409,611
Other liabilities	2,923,293	3,267,602	792,400	838,587	3,715,693	4,106,189
Total liabilities	6,932,983	8,100,935	6,800,324	7,414,865	13,733,307	15,515,800
Deferred inflows of resources:						
Property taxes	1,231,751	1,126,547	-	-	1,231,751	1,126,547
Prepaid taxes	12,298	11,996	-	-	12,298	11,996
Items related to pension & OPEB	1,102,731	161,842	248,971	15,772	1,351,702	177,614
Total deferred inflows	2,346,780	1,300,385	248,971	15,772	2,595,751	1,316,157
Net position:						
Net investment in capital assets	5,425,641	5,410,342	1,815,514	1,105,819	7,241,155	6,516,161
Restricted	569,191	-	129,118	-	698,309	-
Unrestricted (deficit)	2,904,314	3,425,376	(297,024)	74,098	2,607,290	3,499,474
Total net position	\$ 8,899,146	\$ 8,835,718	\$ 1,647,608	\$ 1,179,917	\$ 10,546,754	\$ 10,015,635

For the Town, investments in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 68 percent of total net position at the end of 2022 as compared to 65 percent at the end of 2021. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.

**Town of Bluefield, Virginia**  
**Management's Discussion and Analysis (Continued)**

**Government-wide Financial Analysis (continued)**

**Governmental Activities**

Governmental activities increased the Town's net position by \$63,428 while net position of the business-type activities increased by \$467,916. Key elements of these changes are as follows:

Town of Bluefield, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 565,539	\$ 530,968	\$ 2,549,260	\$ 2,207,313	\$ 3,114,799	\$ 2,738,281
Operating grants and contributions	1,607,350	2,082,117	-	-	1,607,350	2,082,117
Capital grants and contributions	611,383	-	284,128	923,576	895,511	923,576
General Revenues:						
Property taxes	1,059,825	875,247	-	-	1,059,825	875,247
Other taxes	3,599,719	3,373,406	-	-	3,599,719	3,373,406
Grants and contributions						
not restricted to specific programs	147,114	147,750	-	-	147,114	147,750
Other	76,321	447,252	122,381	107,299	198,702	554,551
Total revenues	7,667,251	7,456,740	2,955,769	3,238,188	10,623,020	10,694,928
Expenses:						
General government administration	1,576,726	1,447,535	-	-	1,576,726	1,447,535
Public safety	2,293,935	2,461,607	-	-	2,293,935	2,461,607
Public works	2,030,145	2,072,939	-	-	2,030,145	2,072,939
Parks, recreation and cultural	551,746	407,793	-	-	551,746	407,793
Community development	393,448	196,623	-	-	393,448	196,623
Interest on long-term debt	108,097	109,934	-	-	108,097	109,934
Water	-	-	1,432,599	1,315,871	1,432,599	1,315,871
Fincastle Golf & Swim	-	-	1,704,980	1,419,152	1,704,980	1,419,152
Total expenses	6,954,097	6,696,431	3,137,579	2,735,023	10,091,676	9,431,454
Change in net position before transfers	713,154	760,309	(181,810)	503,165	531,344	1,263,474
Transfers	(649,726)	(365,392)	649,726	365,392	-	-
Change in net position	63,428	394,917	467,916	868,557	531,344	1,263,474
Net position beginning of year	8,835,718	8,440,801	1,179,692	311,360	10,015,410	8,752,161
Net position end of year	\$ 8,899,146	\$ 8,835,718	\$ 1,647,608	\$ 1,179,917	\$ 10,546,754	\$ 10,015,635

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**Town of Bluefield, Virginia  
Management's Discussion and Analysis (Continued)**

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**Financial Analysis of the Government's Funds**

As mentioned 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 financial resources. Such information is useful in assessing the Town's financing requirements. 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.

At the end of the fiscal year, the Town's General fund reported an ending fund balance of \$4,446,874. This majority constitutes unassigned fund balance, which is available for spending at the government's discretion. Council may assign these funds for future projects; however, the use of these funds is not legally restricted for any specific purpose. 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. Higher percentages indicate strong liquidity, while lower percentages indicate poor liquidity.

**Proprietary funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the Town of Bluefield, Virginia's water fund at the end of the year was \$634,345. Total net position of the Town of Bluefield, Virginia's Fincastle Golf & Swim fund at the end of the year was \$1,013,263.

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**Town of Bluefield, Virginia**  
**Management's Discussion and Analysis (Continued)**

**Governmental Funds Budgetary Highlights**

There were many amendments to the budget for the fiscal year ending June 30, 2022. Some of the more significant changes are noted below:

**BUDGET AMENDMENTS**  
**2021 / 2022**

**PURPOSE:** American Rescue Plan Act (ARPA) Funds

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0100-0511	American Rescue	<u>\$0.00</u>	<u>\$2,509,234.00</u>	<u>\$2,509,234.00</u>
	Plan Act (ARPA)	<u>\$0.00</u>	<u>\$2,509,234.00</u>	<u>\$2,509,234.00</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
9100-5860	American Rescue	<u>\$0.00</u>	<u>\$2,509,234.00</u>	<u>\$2,509,234.00</u>
	Plan Act (ARPA)	<u>\$0.00</u>	<u>\$2,509,234.00</u>	<u>\$2,509,234.00</u>

**PURPOSE:** Security Services (James Drew Carnival)

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. State	<u>\$92,864.00</u>	<u>\$102,559.00</u>	<u>\$9,695.00</u>
	Law Enforcement	<u>\$92,864.00</u>	<u>\$102,559.00</u>	<u>\$9,695.00</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1200	Salaries-Overtime	<u>\$20,000.00</u>	<u>\$29,695.00</u>	<u>\$9,695.00</u>
		<u>\$20,000.00</u>	<u>\$29,695.00</u>	<u>\$9,695.00</u>

**PURPOSE:** School Resource Officer Funding

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. State	<u>\$103,674.34</u>	<u>\$145,352.34</u>	<u>\$41,678.00</u>
	Law Enforcement	<u>\$103,674.34</u>	<u>\$145,352.34</u>	<u>\$41,678.00</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1100	Salaries-Regular	<u>\$880,000.00</u>	<u>\$921,678.00</u>	<u>\$41,678.00</u>
		<u>\$880,000.00</u>	<u>\$921,678.00</u>	<u>\$41,678.00</u>



**Town of Bluefield, Virginia  
Management's Discussion and Analysis (Continued)**

**Governmental Funds Budgetary Highlights (Continued)**

**BUDGET AMENDMENTS (Continued)  
2021 / 2022**

**PURPOSE:** High Street Project

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0100-0509	Prior Year	<u>\$5,000.00</u>	<u>\$529,000.00</u>	<u>\$524,000.00</u>
	Reserves	<u>\$5,000.00</u>	<u>\$529,000.00</u>	<u>\$524,000.00</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
9400-6021	High Street	<u>\$0.00</u>	<u>\$524,000.00</u>	<u>\$524,000.00</u>
	Project	<u>\$0.00</u>	<u>\$524,000.00</u>	<u>\$524,000.00</u>

**PURPOSE:** Grant for Christmas tree (Community Foundation of the Virginias)

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3108-9903	Gifts &	<u>\$8,798.00</u>	<u>\$28,798.00</u>	<u>\$20,000.00</u>
	Donations	<u>\$8,798.00</u>	<u>\$28,798.00</u>	<u>\$20,000.00</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
8120-5657	Special Events	<u>\$10,000.00</u>	<u>\$30,000.00</u>	<u>\$20,000.00</u>
		<u>\$10,000.00</u>	<u>\$30,000.00</u>	<u>\$20,000.00</u>

**PURPOSE:** Grant for Christmas tree (June Oblinger Shott Foundation)

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3108-9903	Gifts &	<u>\$28,798.00</u>	<u>\$42,517.60</u>	<u>\$13,719.60</u>
	Donations	<u>\$28,798.00</u>	<u>\$42,517.60</u>	<u>\$13,719.60</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
8120-5657	Special Events	<u>\$30,000.00</u>	<u>\$43,719.60</u>	<u>\$13,719.60</u>
		<u>\$30,000.00</u>	<u>\$43,719.60</u>	<u>\$13,719.60</u>

**Town of Bluefield, Virginia**  
**Management's Discussion and Analysis (Continued)**

**Governmental Funds Budgetary Highlights (Continued)**

**BUDGET AMENDMENTS (Continued)**  
**2021 / 2022**

**PURPOSE:** School Resource Officer Grant Funding

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. State	<u>\$171,706.87</u>	<u>\$203,530.12</u>	<u>\$31,823.25</u>
	Law Enforcement	<u>\$171,706.87</u>	<u>\$203,530.12</u>	<u>\$31,823.25</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1100	Salaries	<u>\$931,532.75</u>	<u>\$963,356.00</u>	<u>\$31,823.25</u>
	Regular	<u>\$931,532.75</u>	<u>\$963,356.00</u>	<u>\$31,823.25</u>

**Capital Asset and Debt Administration**

**Capital assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2022 is \$8,465,491 (net of accumulated depreciation). The Town's investment in capital assets for its business-type activities as of June 30, 2022 was \$8,035,216. These investments in capital assets include land, buildings and system, machinery and equipment, leased right to use assets, and construction in progress. The Town also continued work on water system upgrades and purchased the Fincastle golf course which caused a significant increase to the business-type activities. These along with other changes in the Town's capital assets are shown in the table that follows:

**Town of Bluefield, Virginia's Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,552,410	\$ 1,552,410	\$ 625,166	\$ 625,166	\$ 2,177,576	\$ 2,177,576
CIP	37,750	412,992	239,983	2,614,542	277,733	3,027,534
Buildings and improvements	4,248,498	4,493,172	3,121,817	2,652,886	7,370,315	7,146,058
Machinery and equipment	1,409,605	1,687,970	503,260	246,634	1,912,865	1,934,604
Infrastructure	1,217,228	475,330	3,544,990	1,794,761	4,762,218	2,270,091
Total	\$ 8,465,491	\$ 8,621,874	\$ 8,035,216	\$ 7,933,989	\$ 16,500,707	\$ 16,555,863

Additional information on the Town's capital assets can be found in the notes to the financial statements.

**Town of Bluefield, Virginia  
Management's Discussion and Analysis (Continued)**

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**Capital Asset and Debt Administration (Continued)**

**Long-term debt**

The Fincastle Golf and Swim Club received a Paycheck Protection Program (PPP) loan in the amount of \$84,128. This PPP loan was forgiven in October 2021. The only other changes in long-term obligations of the Town was the scheduled repayment of existing debt as same came due. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

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

Certain economic factors affect the Town's ability to raise additional revenue in support of governmental functions without increasing effective tax rates. These factors include:

- A low interest rate environment has the effect of reducing revenues for the Town as interest rates on investments have suffered. The Town does not benefit from lower interest rates in the bond market as most Town debts are subsidized through the Federal and State agencies. The interest rates obtained through these agencies, while below comparable market rates, have not been affected significantly by market conditions.
- The Commonwealth of Virginia has encountered budget shortfalls which have resulted in reduced local funding. Additional reductions may occur in future fiscal year.
- The Town will continue to pay debt service in future periods on individual loans and bonds as noted in long-term debt.

All of the aforementioned factors were considered in preparing the Town's budget for the 2022-2023 fiscal year.

**Requests for Information**

This financial report is designed to provide readers with a general overview of The Town of Bluefield's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town of Bluefield, P.O. Box 1026, Bluefield, Virginia 24605.

## **Basic Financial Statements**

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,521,541	\$ 1,074,742	\$ 4,596,283	\$ 23,813
Investments	2,097,726	1,392	2,099,118	-
Restricted cash and cash equivalents:				
Customers' deposits	-	60,865	60,865	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,289,865	-	1,289,865	-
Accounts receivable	270,630	213,313	483,943	-
Lease receivable	-	-	-	7,059
Internal balances	966,534	(966,534)	-	-
Due from other governmental units	177,303	-	177,303	-
Inventories	-	4,194	4,194	-
Prepaid expenses	142,800	-	142,800	-
Net pension asset	569,191	129,118	698,309	-
Capital assets not being depreciated:				
Land	1,552,410	625,166	2,177,576	146,400
Construction in progress	37,750	239,983	277,733	-
Capital assets, net of accumulated depreciation:				
Buildings and improvements	4,248,498	2,966,345	7,214,843	361,802
Machinery and equipment	1,409,605	74,681	1,484,286	-
Infrastructure	1,217,228	4,015,121	5,232,349	-
Intangible right-to-use assets:				
Machinery and equipment	-	113,920	113,920	-
Total Assets	\$ 17,501,081	\$ 8,552,306	\$ 26,053,387	\$ 539,074
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	\$ 108,451	\$ -	\$ 108,451	\$ -
Pension related items	535,268	136,180	671,448	-
OPEB related items	34,109	8,417	42,526	-
Total Deferred Outflows of Resources	\$ 677,828	\$ 144,597	\$ 822,425	\$ -
<b>LIABILITIES</b>				
Accounts payable	\$ 76,679	\$ 62,928	\$ 139,607	\$ -
Accounts payable - capital	27,782	-	27,782	-
Accrued wages	115,045	59,207	174,252	-
Customers' deposits	-	60,865	60,865	1,000
Accrued interest payable	27,361	48,520	75,881	530
Unearned revenues	2,275,120	-	2,275,120	-
Long-term liabilities:				
Due within one year	401,306	560,880	962,186	5,304
Due in more than one year	4,009,690	6,007,924	10,017,614	144,246
Total Liabilities	\$ 6,932,983	\$ 6,800,324	\$ 13,733,307	\$ 151,080
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 1,231,751	\$ -	\$ 1,231,751	\$ -
Deferred revenue - prepaid taxes	12,298	-	12,298	-
Lease related items	-	-	-	7,254
Pension related items	1,055,007	237,769	1,292,776	-
OPEB related items	47,724	11,202	58,926	-
Total Deferred Inflows of Resources	\$ 2,346,780	\$ 248,971	\$ 2,595,751	\$ 7,254
<b>NET POSITION</b>				
Net investment in capital assets	\$ 5,425,641	\$ 1,815,514	\$ 7,241,155	\$ 358,652
Restricted for:				
Future pension costs	569,191	129,118	698,309	-
Unrestricted (deficit)	2,904,314	(297,024)	2,607,290	22,088
Total Net Position	\$ 8,899,146	\$ 1,647,608	\$ 10,546,754	\$ 380,740

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government		Component Unit Indust. Develop. Authority
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total	
Governmental activities:								
General government administration	\$ 1,576,726	\$ -	\$ -	\$ -	\$ (1,576,726)	\$ (1,576,726)	\$ (1,576,726)	\$ -
Public safety	2,293,935	64,831	328,077	-	(1,901,027)	-	(1,901,027)	-
Public works	2,030,145	403,896	1,279,273	506,891	159,915	159,915	159,915	-
Parks, recreation, and cultural	551,746	93,786	-	-	(457,960)	-	(457,960)	-
Community development	393,448	3,026	-	104,492	(285,930)	-	(285,930)	-
Interest on long-term debt	108,097	-	-	-	(108,097)	-	(108,097)	-
Total governmental activities	\$ 6,954,097	\$ 565,539	\$ 1,607,350	\$ 611,383	\$ (4,169,825)	\$ (4,169,825)	\$ (4,169,825)	\$ -
Business-type activities:								
Water	\$ 1,432,599	\$ 1,401,920	\$ -	\$ -	\$ (30,679)	\$ (30,679)	\$ (30,679)	\$ -
Fincastle Golf & Swim	1,704,980	1,147,340	-	284,128	(273,512)	(273,512)	(273,512)	-
Total business-type activities	\$ 3,137,579	\$ 2,549,260	\$ -	\$ 284,128	\$ -	\$ (304,191)	\$ (304,191)	\$ -
Total	\$ 10,091,676	\$ 3,114,799	\$ 1,607,350	\$ 895,511	\$ (4,169,825)	\$ (304,191)	\$ (4,474,016)	\$ -
<b>COMPONENT UNIT:</b>								
Industrial Development Authority	\$ 32,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (32,311)
General revenues:								
General property taxes					\$ 1,059,825	\$ -	\$ 1,059,825	\$ -
Other local taxes:								
Local sales and use tax					435,496	-	435,496	-
Business license taxes					680,918	-	680,918	-
Restaurant food taxes					1,812,093	-	1,812,093	-
Bank stock taxes					222,104	-	222,104	-
Cigarette taxes					259,061	-	259,061	-
Other local taxes					190,047	-	190,047	-
Unrestricted revenues from use of money					3,114	24,490	27,604	25,433
Miscellaneous					73,207	97,891	171,098	4,913
Grants and contributions not restricted to specific programs					147,114	-	147,114	-
Transfers					(649,726)	649,726	-	-
Total general revenues and transfers					\$ 4,233,253	\$ 772,107	\$ 5,005,360	\$ 30,346
Change in net position					\$ 63,428	\$ 467,916	\$ 531,344	\$ (1,965)
Net position - beginning, as restated					8,835,718	1,179,692	10,015,410	382,705
Net position - ending					\$ 8,899,146	\$ 1,647,608	\$ 10,546,754	\$ 380,740

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

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,345,382	\$ 176,159	\$ 3,521,541
Investments	2,051,311	46,415	2,097,726
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,289,865	-	1,289,865
Accounts receivable	270,630	-	270,630
Due from other funds	966,534	-	966,534
Due from other governmental units	151,163	26,140	177,303
Prepaid items	142,800	-	142,800
Total assets	<u>\$ 8,217,685</u>	<u>\$ 248,714</u>	<u>\$ 8,466,399</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 96,428	\$ 8,033	\$ 104,461
Accrued wages	104,842	10,203	115,045
Unearned revenue	2,275,120	-	2,275,120
Total liabilities	<u>\$ 2,476,390</u>	<u>\$ 18,236</u>	<u>\$ 2,494,626</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 1,282,123	\$ -	\$ 1,282,123
Unavailable revenue - prepaid taxes	12,298	-	12,298
Total deferred inflows of resources	<u>\$ 1,294,421</u>	<u>\$ -</u>	<u>\$ 1,294,421</u>
<b>FUND BALANCES</b>			
<b>Committed:</b>			
Public Transit Fund	\$ -	\$ 126,412	\$ 126,412
Cemetery Fund	-	104,066	104,066
<b>Assigned:</b>			
Stormwater	132,177	-	132,177
Fire reserves	98,076	-	98,076
Law enforcement reserves	72,778	-	72,778
Equipment	8,869	-	8,869
Community center	244,625	-	244,625
<b>Unassigned:</b>			
General fund	3,890,349	-	3,890,349
Total fund balances	<u>\$ 4,446,874</u>	<u>\$ 230,478</u>	<u>\$ 4,677,352</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,217,685</u>	<u>\$ 248,714</u>	<u>\$ 8,466,399</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	4,677,352
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,552,410		
Buildings and system	4,248,498		
Machinery, equipment, and vehicles	1,409,605		
Infrastructure	1,217,228		
Construction in progress	<u>37,750</u>		8,465,491

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Unavailable revenue-property taxes	\$ 50,372		
Net pension asset	<u>569,191</u>		619,563

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

Deferred charge on refunding	\$ 108,451		
Pension related items	535,268		
OPEB related items	<u>34,109</u>		677,828

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$ (2,665,437)		
Financed purchase	(455,082)		
Accrued interest payable	(27,361)		
Net OPEB liabilities	(1,157,487)		
Compensated absences	<u>(132,990)</u>		(4,438,357)

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

Pension related items	\$ (1,055,007)		
OPEB related items	<u>(47,724)</u>		<u>(1,102,731)</u>

Net position of governmental activities	\$	<u><u>8,899,146</u></u>
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The notes to the financial statements are an integral part of this statement.



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

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 1,003,269	\$ -	\$ 1,003,269
Other local taxes	3,599,719	-	3,599,719
Permits, privilege fees, and regulatory licenses	16,368	-	16,368
Fines and forfeitures	51,489	-	51,489
Revenue from the use of money and property	3,675	(561)	3,114
Charges for services	457,801	39,881	497,682
Miscellaneous	66,005	7,202	73,207
Recovered costs	46,496	-	46,496
Intergovernmental:			
Commonwealth	1,575,168	135,659	1,710,827
Federal	382,243	272,777	655,020
Total revenues	<u>\$ 7,202,233</u>	<u>\$ 454,958</u>	<u>\$ 7,657,191</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,340,858	\$ -	\$ 1,340,858
Public safety	1,974,181	-	1,974,181
Public works	1,519,448	477,763	1,997,211
Parks, recreation, and cultural	475,016	36,588	511,604
Community development	326,790	-	326,790
Nondepartmental	93,798	-	93,798
Capital projects	460,707	-	460,707
Debt service:			
Principal	341,636	-	341,636
Interest and other fiscal charges	93,584	-	93,584
Total expenditures	<u>\$ 6,626,018</u>	<u>\$ 514,351</u>	<u>\$ 7,140,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 576,215</u>	<u>\$ (59,393)</u>	<u>\$ 516,822</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 116,000	\$ 116,000
Transfers out	(765,726)	-	(765,726)
Total other financing sources (uses)	<u>\$ (765,726)</u>	<u>\$ 116,000</u>	<u>\$ (649,726)</u>
Net change in fund balances	\$ (189,511)	\$ 56,607	\$ (132,904)
Fund balances - beginning	4,636,385	173,871	4,810,256
Fund balances - ending	<u>\$ 4,446,874</u>	<u>\$ 230,478</u>	<u>\$ 4,677,352</u>

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

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

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

Net change in fund balances - total governmental funds	\$	(132,904)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital asset additions in the current period.

Capital asset additions	\$	698,724
Depreciation expense		(845,571)
		(146,847)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(9,536)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable revenue - property taxes		56,556
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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 treatment of long-term debt and related items.

Principal payments:		
General obligation bonds	\$	237,247
Financed purchase		104,389
		341,636

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.

(Increase) decrease in compensated absences	\$	(24,021)
(Increase) decrease in accrued interest payable		(2,463)
Amortization of deferred charges on refunding		(12,050)
Changes in OPEB related items		(186,049)
Changes in pension related items		179,106
		(45,477)

Change in net position of governmental activities	\$	63,428
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The notes to the financial statements are an integral part of this statement.

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

	Enterprise Funds		
	Water	Fincastle	
	Fund	Golf & Swim	Total
	Fund	Fund	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,026,021	\$ 48,721	\$ 1,074,742
Investments	1,392	-	1,392
Inventories	-	4,194	4,194
Accounts receivable, net of allowance for uncollectibles	196,187	17,126	213,313
Total current assets	\$ 1,223,600	\$ 70,041	\$ 1,293,641
Noncurrent assets:			
Restricted cash and cash equivalents:			
Customers' deposits	\$ 60,865	\$ -	\$ 60,865
Net pension asset	74,928	54,190	129,118
Capital assets:			
Land	\$ 22,868	\$ 602,298	\$ 625,166
Construction in progress	239,983	-	239,983
Utility plant in service	10,155,174	-	10,155,174
Buildings and improvements	-	3,121,817	3,121,817
Machinery and equipment	266,377	89,067	355,444
Accumulated depreciation	(6,386,483)	(189,805)	(6,576,288)
Intangible right-to-use assets:			
Machinery and equipment	-	147,816	147,816
Accumulated amortization	-	(33,896)	(33,896)
Total capital assets	\$ 4,297,919	\$ 3,737,297	\$ 8,035,216
Total noncurrent assets	\$ 4,433,712	\$ 3,791,487	\$ 8,225,199
Total assets	\$ 5,657,312	\$ 3,861,528	\$ 9,518,840
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 73,713	\$ 62,467	\$ 136,180
OPEB related items	4,969	3,448	8,417
Total deferred outflows of resources	\$ 78,682	\$ 65,915	\$ 144,597
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 7,231	\$ 55,697	\$ 62,928
Customers' deposits	60,865	-	60,865
Accrued wages payable	16,396	42,811	59,207
Accrued interest payable	36,511	12,009	48,520
Due to other funds	895,953	70,581	966,534
Compensated absences - current portion	20,948	8,324	29,272
Bonds payable - current portion	198,798	297,281	496,079
Leases liabilities - current portion	-	35,529	35,529
Total current liabilities	\$ 1,236,702	\$ 522,232	\$ 1,758,934
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 6,983	\$ 2,775	\$ 9,758
Bonds payable - net of current portion	3,529,195	2,081,911	5,611,106
Lease liabilities - net of current portion	-	76,988	76,988
Net OPEB liabilities	186,301	123,771	310,072
Total noncurrent liabilities	\$ 3,722,479	\$ 2,285,445	\$ 6,007,924
Total liabilities	\$ 4,959,181	\$ 2,807,677	\$ 7,766,858
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 135,933	101,836	\$ 237,769
OPEB related items	6,535	4,667	11,202
Total deferred inflows of resources	\$ 142,468	\$ 106,503	\$ 248,971
<b>NET POSITION</b>			
Net investment in capital assets	\$ 569,926	\$ 1,245,588	\$ 1,815,514
Restricted for future pension costs	74,928	54,190	129,118
Unrestricted (deficit)	(10,509)	(286,515)	(297,024)
Total net position	\$ 634,345	\$ 1,013,263	\$ 1,647,608

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

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

	Enterprise Funds		
	Fincastle		
	Water	Golf & Swim	Total
	Fund	Fund	
<b>OPERATING REVENUES</b>			
Charges for services:			
Water sales	\$ 1,400,020	\$ -	\$ 1,400,020
Golf course sales	-	413,893	413,893
Pool revenue	-	18,158	18,158
Restaurant sales	-	558,000	558,000
Rental revenues	-	24,397	24,397
Tap fees	1,900	-	1,900
Memberships	-	157,289	157,289
Other revenues	9,286	88,605	97,891
Total operating revenues	\$ 1,411,206	\$ 1,260,342	\$ 2,671,548
<b>OPERATING EXPENSES</b>			
Salaries and fringes	\$ 626,389	\$ 813,475	\$ 1,439,864
Utilities	86,009	92,655	178,664
Food supplies	-	293,148	293,148
Agricultural supplies	-	50,270	50,270
Other supplies	-	80,251	80,251
Maintenance and repairs	169,763	116,702	286,465
Office expense	24,855	-	24,855
Chemicals	73,373	-	73,373
Permits	6,954	-	6,954
Professional services	7,449	-	7,449
Miscellaneous	22,375	62,750	85,125
Depreciation/Amortization	314,261	130,394	444,655
Total operating expenses	\$ 1,331,428	\$ 1,639,645	\$ 2,971,073
Operating income (loss)	\$ 79,778	\$ (379,303)	\$ (299,525)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	93	-	93
Interest expense	(101,171)	(65,335)	(166,506)
Total nonoperating revenues (expenses)	\$ (101,078)	\$ (65,335)	\$ (166,413)
Income (loss) before capital contributions and transfers	\$ (21,300)	\$ (444,638)	\$ (465,938)
Capital contributions and construction grants	\$ -	\$ 284,128	\$ 284,128
Transfers in	204,114	445,612	649,726
Change in net position	\$ 182,814	\$ 285,102	\$ 467,916
Net position - beginning, as restated	451,531	728,161	1,179,692
Net position - ending	\$ 634,345	\$ 1,013,263	\$ 1,647,608

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

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

	Enterprise Funds		
	Water	Fincastle Golf & Swim	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,405,473	\$ 1,250,759	\$ 2,656,232
Payments to and for employees	(595,698)	(747,474)	(1,343,172)
Payments for goods and services	(395,406)	(714,524)	(1,109,930)
Net cash provided by (used for) operating activities	\$ 414,369	\$ (211,239)	\$ 203,130
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund borrowings and transfers	\$ 417,184	\$ 573,861	\$ 991,045
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (201,266)	\$ (333,987)	\$ (535,253)
Principal payments on bonds	(193,256)	(290,938)	(484,194)
Principal payments on lease liabilities	-	(35,299)	(35,299)
Contributions in aid of construction	10,680	200,000	210,680
Interest payments	(98,695)	(67,604)	(166,299)
Net cash provided by (used for) capital and related financing activities	\$ (482,537)	\$ (527,828)	\$ (1,010,365)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 93	\$ -	\$ 93
Net increase (decrease) in cash and cash equivalents	\$ 349,109	\$ (165,206)	\$ 183,903
Cash and cash equivalents - June 30, 2021 (includes investments of \$1,390 and restricted cash and cash equivalents of \$56,670)	739,169	213,927	953,096
Cash and cash equivalents - June 30, 2022 (includes investments of \$1,392 and restricted cash and cash equivalents of \$60,865)	\$ 1,088,278	\$ 48,721	\$ 1,136,999
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 79,778	\$ (379,303)	\$ (299,525)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 314,261	\$ 130,394	\$ 444,655
(Increase) decrease in accounts receivable	(9,928)	(9,583)	(19,511)
(Increase) decrease in net pension asset	(74,928)	(54,190)	(129,118)
(Increase) decrease in deferred outflows of resources	16,704	(21,293)	(4,589)
Increase (decrease) in customers' deposits	4,195	-	4,195
Increase (decrease) in accounts payable	(4,628)	(2,763)	(7,391)
Increase (decrease) in accrued wages	2,605	15,985	18,590
Increase (decrease) in compensated absences	(9,219)	3,502	(5,717)
Increase (decrease) in deferred inflows of resources	127,060	106,139	233,199
Increase (decrease) in net pension liability	(86,348)	(35,252)	(121,600)
Increase (decrease) in net OPEB liability	54,817	35,125	89,942
Total adjustments	\$ 334,591	\$ 168,064	\$ 502,655
Net cash provided by (used for) operating activities	\$ 414,369	\$ (211,239)	\$ 203,130
<b>Noncash investing, capital, and financing activities:</b>			
Construction payables - current year	\$ -	\$ 15,700	\$ 15,700
PPP Loan forgiveness	-	84,128	84,128

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

Town of Bluefield, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2022

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	<b><u>Cemetery Trust Fund</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,187
Investments	596,041
Total assets	<u>\$ 601,228</u>
<b>NET POSITION</b>	
Held in trust for Cemetery expenses	<u>\$ 601,228</u>

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

Town of Bluefield, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2022

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	<u>Cemetery Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Contributions from the Town of Bluefield	\$ 4,600
Investment earnings:	
Interest	\$ 7,629
Net increase (decrease) in the fair market value of investments	(48,106)
Total investment earnings	\$ (40,477)
Less: investment expense	(6,954)
Net investment earnings	\$ (47,431)
Total additions	\$ (42,831)
Change in net position	\$ (42,831)
Net position - beginning	644,059
Net position - ending	<u>\$ 601,228</u>

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

## TOWN OF BLUEFIELD, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

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#### **Note 1-Summary of Significant Accounting Policies:**

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the Town are discussed below.

#### **A. Financial reporting entity:**

Town of Bluefield, Virginia (Town) is a municipal corporation governed by an elected six-member Town Council. The accompanying financial statements present the Town. Related organizations, if any, are described below.

Blended Component Units - None

Discretely Presented Component Units - Industrial Development Authority of Town of Bluefield, Virginia (IDA). The IDA encourages and provides financing for industrial development in the Town. The IDA board members are appointed by the Town Council. The IDA is fiscally dependent upon the Town. The Industrial Development Authority is presented as an enterprise fund type and issues separate financial statements which may be obtained from the Town of Bluefield, Virginia Town Manager office.

Related Organizations - None

Jointly Governed Organizations - Sanitary Board of Bluefield

#### **B. Government-wide 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.

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

C. Measurement focus, basis of accounting, and financial statement presentation:

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*.

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

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

The Town reports the following major governmental funds:

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

The Town reports the following major proprietary funds:

The Town operates a water distribution system. The activities of the system are accounted for in the water fund.

The Town purchased the Fincastle Golf & Swim Club in fiscal year 2020. The golf, restaurant, event, and pool activities are accounted for in the Fincastle Golf & Swim fund.

Additionally, the Town reports the following fund types:

*Special revenue funds* account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Town reports the Public Transit and Cemetery Funds as nonmajor special revenue funds.

*Fiduciary funds* account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. Trust funds consist of the Cemetery Trust Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's water and sewer function 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

Proprietary funds, which consist of Enterprise 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 Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:

1. Cash and Cash Equivalents

The Town's cash and cash equivalents include cash on hand, amounts in demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The Town bills and collects its own property taxes.

3. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$256,254 at June 30, 2022. The allowance consists of delinquent taxes in the amount of \$165,505, delinquent garbage bills of \$30,057 and delinquent water bills of \$60,692.

4. Use of Estimates

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(Continued)

5. Investments

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

6. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<b>Assets</b>	<b>Years</b>
Buildings	20 - 40
Building improvements	20 - 40
Utility plant and equipment	10 - 40
Machinery and equipment	4 - 30
Infrastructure	10 - 40
Leased - Machinery and equipment	4 - 30

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(Continued)

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with current reporting standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. Pensions

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

9. Other Postemployment Benefits (OPEB)

**Group Life Insurance**

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

**Health Insurance**

In addition to the OPEB Group Life Insurance benefit, the Town allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. See the related note for further information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(Continued)

10. Long-term Obligations

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

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

11. Fund Balance

The Town reports fund balance in accordance current reporting standards. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(Continued)

11. Fund Balance (Continued)

Committed Fund Balance Policy:

The Town Council is the Town's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a ordinance approved by Town Council. The ordinance must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance Policy:

The Town Council has authorized the Town's Director of Finance as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

Resource Flow Policy:

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

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between 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. The other item is comprised of certain items related to pension and OPEB. For more detailed information on the pension and OPEB items, reference the related notes.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(Continued)

13. Net Position

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

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

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

14. Leases

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

*Lessee*

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(Continued)

14. Leases (Continued)

*Lessor*

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

*Key Estimates and Judgments*

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary information

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General, Water, Transit, and Cemetery Funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level in the General Fund and fund level of other funds. Only the Town Council can revise the appropriation for each fund. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town units.
8. The accompanying financial statements present the original and revised budgets.
9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town's accounting system.

B. Excess of expenditures over appropriations

The Town Attorney, Treasurer, Fire Department, Building Inspector, Planning Commission, Zoning, and Debt Service departments had expenditures that exceeded their appropriations.

C. Deficit fund balance

At June 30, 2022, no funds had deficit fund balance.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 3-Deposits and Investments:**

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.

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

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town’s investments at June 30, 2022 were held in the Town’s name by the Town’s custodial bank.

Credit Risk of Debt Securities: The Town has not adopted an investment policy for credit risk. The Town’s rated debt investments as of June 30, 2022 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 3-Deposits and Investments: (Continued)**

Investments	Town's Investment Values				
	Fair Quality Ratings				Total
	AAAm	AAA	AA+	Unrated	
Local Government Investment Pool (LGIP)	\$ 2,099,118	\$ -	\$ -	\$ -	\$ 2,099,118
US Government Agency Obligations	-	229,629	295,915	-	525,544
Corporate Bonds & Notes	-	-	-	43,394	43,394
Money Market Mutual Funds	-	-	-	27,103	27,103
Total	\$ 2,099,118	\$ 229,629	\$ 295,915	\$ 70,497	\$ 2,695,159

**External Investment Pool:** The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under current reporting standards. There are no withdrawal limitations or restrictions imposed on participants.

**Interest Rate Risk:**

The Town has not adopted an investment policy for interest rate risk. Listed below are the Town's investments subject to investment rate risk and their corresponding maturity dates.

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1 yr	1-5 yrs	6-10 yrs
Local Government Investment Pool (LGIP)	\$ 2,099,118	\$ 2,099,118	\$ -	\$ -
US Government Agency Obligations	525,544	60,050	465,494	-
Corporate Bonds & Notes	43,394	-	-	43,394
Total	\$ 2,668,056	\$ 2,159,168	\$ 465,494	\$ 43,394

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 3-Deposits and Investments: (Continued)**Interest Rate Risk: (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Call Options</u>
Governmental Agency Obligations (US Agencies):			
Federal Home Loan Bank	\$ 60,050	12/6/2022	None
Federal Home Loan Bank	67,042	10/29/2026	None
Federal Home Loan Bank	83,732	5/12/2026	None
Federal Farm Credit Bank	48,567	3/2/2026	None
Federal Farm Credit Bank	36,524	11/3/2025	None
Freddie Mac	137,692	9/3/2025	None
Fannie Mae	91,937	8/25/2025	None
Corporate Bonds & Notes:			
Discover Bank CD	43,394	9/1/2027	None
Total	<u>\$ 568,938</u>		

**Note 4-Fair Value Measurements:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Town maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 4-Fair Value Measurements: (Continued)**

The Town has the following recurring fair value measurements as of June 30, 2022:

Investment	6/30/2022	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Governmental Agency				
Obligations (US Agencies)	\$ 525,544	\$ 525,544	\$ -	\$ -
Corporate Bonds & Notes	43,394	43,394	-	-
Money Market Mutual Funds	27,103	27,103	-	-
Total	<u>\$ 596,041</u>	<u>\$ 596,041</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 5-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	Primary Government
<b><u>Commonwealth of Virginia:</u></b>	
Local sales tax	\$ 75,371
Moped ATV sales tax	5
Communications tax	4,987
Rolling stock	6,578
Categorical aid	72,956
Home Titling	192
<b><u>Federal Government:</u></b>	
Categorical aid	17,214
Total	<u>\$ 177,303</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 6-Interfund Activity:**

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

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 765,726
Public Transit Fund	96,000	-
Water Fund	204,114	-
Fincastle Golf & Swim Fund	445,612	-
Cemetery Fund	20,000	-
Totals	<u>\$ 765,726</u>	<u>\$ 765,726</u>

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

Fund	Due From	Due To
General Fund	\$ 966,534	\$ -
Water Fund	-	895,953
Fincastle Golf & Swim Fund	-	70,581
Totals	<u>\$ 966,534</u>	<u>\$ 966,534</u>

The Town's General Fund has loaned the Water Fund \$895,953 and Golf fund \$70,581. There are no repayment terms, but the Town does expect this to be repaid.

**Note 7-Long-term Obligations:**

**Governmental Activities Obligations:**

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2022:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 2,902,684	\$ -	\$ (237,247)	\$ 2,665,437
Financed purchases	559,471	-	(104,389)	455,082
Net pension liability	673,066	962,163	(1,635,229)	-
Net OPEB liabilities	1,012,674	440,477	(295,664)	1,157,487
Compensated absences	108,969	105,748	(81,727)	132,990
Total	<u>\$ 5,256,864</u>	<u>\$ 1,508,388</u>	<u>\$ (2,354,256)</u>	<u>\$ 4,410,996</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 7-Long-term Obligations: (Continued)**

**Governmental Activities Obligations: (Continued)**

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Financed Purchase	
	Principal	Interest	Principal	Interest
2023	\$ 244,547	\$ 73,547	\$ 57,016	\$ 11,285
2024	251,410	66,239	58,534	9,767
2025	258,879	58,719	60,092	8,209
2026	266,435	50,975	61,692	6,609
2027	274,082	43,003	63,334	4,967
2028-2032	1,071,773	110,083	154,414	4,955
2033-2036	298,311	10,754	-	-
Totals	\$ <u>2,665,437</u>	\$ <u>413,320</u>	\$ <u>455,082</u>	\$ <u>45,792</u>

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TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 7-Long-term Obligations: (Continued)**

**Governmental Activities Obligations: (Continued)**

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
<b><u>Direct Borrowings and Direct Placements:</u></b>		
<i>General Obligation Bonds:</i>		
\$2,845,000 general obligation bond bearing interest at 2.93%, issued July 1, 2013, payable in semi-annual installments beginning February 2014 until August 2033.	\$ 1,827,033	\$ 155,570
\$601,200 general obligation bond bearing interest at 3.41%, issued May 8, 2018, payable in monthly principal and interest installments of \$5,920 until May 2028.	375,605	58,990
\$509,000 general obligation bond bearing interest at 2.17%, issued December 18, 2020, payable in monthly principal and interest installments of \$3,315 beginning January 18, 2021 until paid in full on December 18, 2035.	462,799	29,987
Total direct borrowings and direct placements	\$ 2,665,437	\$ 244,547
<b><u>Financed Purchase:</u></b>		
\$600,000 financed purchase of fire truck, bearing interest at 2.63%, issued on September 12, 2019, payable in monthly principal and interest installments of \$5,691.73 beginning October 12, 2019 until paid in full on September 12, 2029.	\$ 455,082	\$ 57,016
<b><u>Other Obligations:</u></b>		
Net OPEB liabilities	1,157,487	-
Compensated absences	132,990	99,743
Total other obligations	\$ 1,290,477	\$ 99,743
Total long-term obligations	\$ 4,410,996	401,306

## TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022**Note 7-Long-term Obligations: (Continued)****Business-type Activities Obligations:**

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2022:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 6,591,380	\$ -	\$ (484,195)	\$ 6,107,185
Note payable	84,128	-	(84,128)	-
Lease liabilities	-	147,816	(35,299)	112,517
Net pension liability	121,600	244,675	(366,275)	-
Net OPEB liabilities	220,130	156,762	(66,820)	310,072
Compensated absences	44,747	27,843	(33,560)	39,030
Total	<u>\$ 7,061,985</u>	<u>\$ 577,096</u>	<u>\$ (1,070,277)</u>	<u>\$ 6,568,804</u>

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ 496,079	\$ 153,411	\$ 35,529	\$ 449
2024	507,664	141,415	35,886	239
2025	519,913	129,119	27,322	41
2026	532,351	116,508	13,780	-
2027	345,416	103,577	-	-
2028-2032	1,779,333	363,716	-	-
2033-2037	858,553	160,230	-	-
2038-2042	405,174	100,046	-	-
2043-2047	453,133	52,084	-	-
2048-2052	209,569	6,308	-	-
Totals	<u>\$ 6,107,185</u>	<u>\$ 1,326,414</u>	<u>\$ 112,517</u>	<u>\$ 729</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 7-Long-term Obligations: (Continued)**

**Business-type Activities Obligations: (Continued)**

**Details of long-term obligations:**

	Total Amount	Amount Due Within One Year
<b><u>Direct Borrowings and Direct Placements:</u></b>		
<i>General Obligation Bonds:</i>		
Water Fund - \$2,169,839 general obligation bond bearing interest at 2.25%, issued November 26, 2019, payable in semi-annual principal and interest installments of \$50,522 thereon through October 2050.	\$ 2,043,766	\$ 55,368
Water Fund - \$2,623,000 general obligation bond bearing interest at 2.93%, issued July 1, 2013, payable in semi-annual installments beginning February 2014 until August 2033.	1,684,227	143,430
Fincastle Golf & Swim - \$1,900,000 general obligation bond bearing interest at 3.03%, issued September 26, 2019, payable in monthly installments of \$13,148 beginning October 2019 until June 2035.	1,612,988	110,434
Fincastle Golf & Swim - \$950,000 general obligation bond bearing interest at 1.66%, issued October 21, 2020, payable in annual installments of \$199,566 beginning October 2021 until October 2025.	766,204	186,847
Total direct borrowings and direct placements	\$ 6,107,185	\$ 496,079
<b><u>Lease Liabilities:</u></b>		
Fincastle Golf & Swim - \$72,515 golf cart lease bearing interest at 1%, issued July 14, 2021, payable in monthly principal and interest installments of \$1,259 beginning July 14, 2021 until May 14, 2026	58,005	14,595
Fincastle Golf & Swim - \$75,301 golf equipment lease bearing interest at 1%, issued July 22, 2021, payable in monthly principal and interest installments of \$1,782 beginning July 22, 2021 until January 22, 2025	54,512	20,934
Total lease liabilities	\$ 112,517	\$ 35,529
<b><u>Other Obligations:</u></b>		
Net OPEB liabilities	310,072	-
Compensated absences	39,030	29,272
Total other obligations	\$ 349,102	\$ 29,272
Total long-term obligations	\$ 6,568,804	560,880

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 7-Long-term Obligations: (Continued)**

The Town has a general obligation bond with a year-end balance of \$3,511,260 that is split between the governmental activities and business-type activities. This bond contains a clause stating that in the event of default the interest rate will become 12% per year or the maximum rate permitted by law, whichever is less.

The Town's \$2,169,839 general obligation bond is secured by future water and tax revenues.

The Town's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the Town's State aid is redirected to bond holders to cure any event(s) of default.

**Note 8-Pension Plan:**

***Plan Description***

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

***Benefit Structures***

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 8-Pension Plan:** (Continued)

***Benefit Structures (continued)***

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

***Average Final Compensation and Service Retirement Multiplier***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 8-Pension Plan: (Continued)*****Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

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

***Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	35
Inactive members:	
Vested inactive members	6
Non-vested	43
Inactive members active elsewhere in VRS	26
Total inactive members	<u>75</u>
Active members	<u>77</u>
Total covered employees	<u><u>187</u></u>

***Contributions***

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

The Town's contractually required employer contribution rate for the year ended June 30, 2022 was 7.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$201,067 and \$191,953 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 8-Pension Plan: (Continued)**

***Net Pension Asset***

The net pension asset (NPA) 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 the Town of Bluefield, the net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

***Actuarial Assumptions - General Employees***

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

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 8-Pension Plan: (Continued)****Actuarial Assumptions - General Employees (Continued)**

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

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

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

**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits**

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

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 8-Pension Plan: (Continued)**

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

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 year

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvements:

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 8-Pension Plan: (Continued)*****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 8-Pension Plan: (Continued)*****Long-Term Expected Rate of Return***

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

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

\* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 8—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; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 8,805,882	\$ 8,011,215	\$ 794,667
Changes for the year:			
Service cost	\$ 262,852	\$ -	\$ 262,852
Interest	581,031	-	581,031
Differences between expected and actual experience	(162,694)	-	(162,694)
Assumption changes	331,139	-	331,139
Contributions - employer	-	191,953	(191,953)
Contributions - employee	-	121,143	(121,143)
Net investment income	-	2,197,402	(2,197,402)
Benefit payments, including refunds of employee contributions	(396,017)	(396,017)	-
Administrative expenses	-	(5,402)	5,402
Other changes	-	208	(208)
Net changes	\$ 616,311	\$ 2,109,287	\$ (1,492,976)
Balances at June 30, 2021	\$ 9,422,193	\$ 10,120,502	\$ (698,309)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 8—Pension Plan: (Continued)*****Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's Net Pension Liability (Asset) \$	700,431	\$ (698,309)	\$ (1,834,612)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$(7,798). At June 30, 2022, the Town 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	\$ 167,815	\$ 174,339
Change in assumptions	281,634	-
Net difference between projected and actual earnings on pension plan investments	-	1,097,505
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,932	20,932
Employer contributions subsequent to the measurement date	201,067	-
Total	\$ 671,448	\$ 1,292,776

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 8—Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$201,067 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the year fiscal ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2023	\$	(109,422)
2024		(146,922)
2025		(234,126)
2026		(331,925)
2027		-
Thereafter		-

***Pension Plan Data***

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

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TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 9-Capital Assets:**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,552,410	\$ -	\$ -	\$ 1,552,410
Construction in progress	412,992	415,466	(790,708)	37,750
Total capital assets not being depreciated	<u>\$ 1,965,402</u>	<u>\$ 415,466</u>	<u>\$ (790,708)</u>	<u>\$ 1,590,160</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,100,499	\$ -	\$ -	\$ 8,100,499
Machinery, equipment, and vehicles	8,306,900	304,621	(787,090)	7,824,431
Infrastructure	684,217	769,345	-	1,453,562
Total capital assets being depreciated	<u>\$ 17,091,616</u>	<u>\$ 1,073,966</u>	<u>\$ (787,090)</u>	<u>\$ 17,378,492</u>
Accumulated depreciation:				
Buildings and improvements	\$ (3,607,327)	\$ (244,674)	\$ -	\$ (3,852,001)
Machinery, equipment, and vehicles	(6,618,930)	(573,450)	777,554	(6,414,826)
Infrastructure	(208,887)	(27,447)	-	(236,334)
Total accumulated depreciation	<u>\$ (10,435,144)</u>	<u>\$ (845,571)</u>	<u>\$ 777,554</u>	<u>\$ (10,503,161)</u>
Total capital assets being depreciated, net	<u>\$ 6,656,472</u>	<u>\$ 228,395</u>	<u>\$ (9,536)</u>	<u>\$ 6,875,331</u>
Governmental activities capital assets, net	<u>\$ 8,621,874</u>	<u>\$ 643,861</u>	<u>\$ (800,244)</u>	<u>\$ 8,465,491</u>

Depreciation expense was charged to functions/programs of the Town as follows:

**Governmental Activities:**

General government administration	\$ 176,135
Public safety	356,096
Public works	234,143
Parks, recreation, and cultural	41,032
Community development	38,165
Total depreciation expense-governmental activities	<u>\$ 845,571</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 9-Capital Assets: (Continued)**

	Beginning Balance	Restatement/ GASB No. 87 Adjustment	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 625,166	\$ -	\$ -	\$ -	\$ 625,166
Construction in progress	2,614,542	-	347,047	(2,721,606)	239,983
Total capital assets not being depreciated	<u>\$ 3,239,708</u>	<u>\$ -</u>	<u>\$ 347,047</u>	<u>\$ (2,721,606)</u>	<u>\$ 865,149</u>
Capital assets, being depreciated:					
Utility plant and equipment	\$ 7,628,531	\$ -	\$ 2,526,643	\$ -	\$ 10,155,174
Buildings and Improvements	2,729,673	-	392,144	-	3,121,817
Machinery, equipment, and vehicles	548,617	(161,048)	6,725	(38,850)	355,444
Total capital assets being depreciated	<u>\$ 10,906,821</u>	<u>\$ (161,048)</u>	<u>\$ 2,925,512</u>	<u>\$ (38,850)</u>	<u>\$ 13,632,435</u>
Accumulated depreciation:					
Utility plant and equipment	\$ (5,833,770)	\$ -	\$ (306,283)	\$ -	\$ (6,140,053)
Buildings and Improvements	(76,787)	-	(78,685)	-	(155,472)
Machinery, equipment, and vehicles	(301,983)	8,161	(25,791)	38,850	(280,763)
Total accumulated depreciation	<u>\$ (6,212,540)</u>	<u>\$ 8,161</u>	<u>\$ (410,759)</u>	<u>\$ 38,850</u>	<u>\$ (6,576,288)</u>
Total capital assets being depreciated, net	<u>\$ 4,694,281</u>	<u>\$ (152,887)</u>	<u>\$ 2,514,753</u>	<u>\$ -</u>	<u>\$ 7,056,147</u>
Intangible right-to-use assets:					
Machinery and equipment	\$ -	\$ 147,816	\$ -	\$ -	\$ 147,816
Total intangible right-to-use assets being amortized	<u>\$ -</u>	<u>\$ 147,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,816</u>
Accumulated amortization:					
Machinery and equipment	\$ -	\$ -	\$ (33,896)	\$ -	\$ (33,896)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,896)</u>	<u>\$ -</u>	<u>\$ (33,896)</u>
Net intangible right-to-use assets	<u>\$ -</u>	<u>\$ 147,816</u>	<u>\$ (33,896)</u>	<u>\$ -</u>	<u>\$ 113,920</u>
Business-type activities capital assets, net	<u>\$ 7,933,989</u>	<u>\$ (152,887)</u>	<u>\$ 2,827,904</u>	<u>\$ (2,721,606)</u>	<u>\$ 8,035,216</u>

Depreciation/amortization expense was charged to functions/programs of the Town as follows:

**Business-type Activities:**

Water	\$ 314,261
Fincastle Golf & Swim	<u>130,394</u>

Total depreciation/amortization expense - business-type activities \$ 444,655



TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 10-Surety Bonds:**

*Acordia of West Virginia*

All Town Employees - blanket bond	\$	25,000
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**Note 11-Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters for which the government carries commercial insurance. Claims resulting from losses have not exceeded coverage in any of the prior three fiscal years.

**Note 12-Other Postemployment Benefits - Health Insurance:**

***Plan Description***

In addition to the pension benefits described in Note 8, the Town administers a single-employer defined benefit healthcare plan, The Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

***Benefits Provided***

Postemployment benefits are provided to eligible retirees to include health insurance. The Plan will provide retiring employees the option to continue health insurance offered by the Town. Employees are eligible for the program at age 50 and 10 years of service to the Town.

***Plan Membership***

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees	73
Total retired employees	4
Total	<u>77</u>

***Contributions***

The Town Council does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2022, was \$42,355.

***Total OPEB Liability***

The Town's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 12-Other Postemployment Benefits - Health Insurance: (Continued)****Actuarial Assumptions**

The total OPEB liability in the June 30, 2022 actuarial valuation, using the alternative measurement method, was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00%
Average Retirement Age	64
Discount Rate	3.54%

Mortality rates was the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the 20-year tax exempt municipal bond yield.

**Changes in Total OPEB Liability**

	Total OPEB Liability
Balance as of June 30, 2021	\$ 1,030,706
Changes for the year:	
Service cost	56,156
Interest	23,021
Effect of Economic/Demographic Gains or Losses	435,156
Effect of changes in assumptions	(179,727)
Contributions - employer	(42,355)
Balance as of June 30, 2022	<u>\$ 1,322,957</u>

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

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using discount rates that are one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

<u>1% Decrease</u> <u>(2.54%)</u>	<u>Current Discount</u> <u>(3.54%)</u>	<u>1% Increase</u> <u>(4.54%)</u>
\$ 1,448,696	\$ 1,322,957	\$ 1,216,621

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 12-Other Postemployment Benefits - Health Insurance: (Continued)*****Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rates		
1% Decrease	Current	1% Increase
\$ 1,188,634	\$ 1,322,957	\$ 1,484,270

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

For the year ended June 30, 2022, the Town recognized OPEB expense in the amount of \$334,606. At June 30, 2022, the Town did not report deferred outflows of resources and deferred inflows of resources related to OPEB.

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

**Note 13-Group Life Insurance (GLI) Plan (OPEB Plan):*****Plan Description***

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

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

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

***Eligible Employees***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 13-Group Life Insurance (GLI) Plan (OPEB Plan) - (Continued)**

***Benefit Amounts***

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

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ( $1.34\% \times 60\%$ ) and the employer component was 0.54% ( $1.34\% \times 40\%$ ). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$14,246 and \$13,845 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the entity reported a liability of \$144,602 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.01240% as compared to 0.01211% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$5,677. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 16,492	\$ 1,102
Net difference between projected and actual earnings on GLI OPEB plan investments	-	34,514
Change in assumptions	7,972	19,785
Changes in proportionate share	3,816	3,525
Employer contributions subsequent to the measurement date	14,246	-
Total	<u>\$ 42,526</u>	<u>\$ 58,926</u>

\$14,246 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<b><u>Year Ended June 30</u></b>	
2023	\$ (7,371)
2024	(5,766)
2025	(5,695)
2026	(10,466)
2027	(1,348)
Thereafter	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)**

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

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

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors**

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

**Mortality Improvement Scale:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)**

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

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

**Net GLI OPEB Liability**

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Long-Term Expected Rate of Return***

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

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

\*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****Discount Rate***

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 211,269	\$ 144,602	\$ 90,766

***GLI Plan Fiduciary Net Position***

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

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

**Note 14-Line of Duty Act (LODA) (OPEB):**

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2022, was \$7,838.

**Note 15-OPEB Summary:**

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Health Insurance OPEB (Note 12)	\$ -	\$ -	\$ 1,322,957	\$ 334,606
VRS Group Life Insurance(GLI) Plan (Note 13)	42,526	58,926	144,602	5,677
Totals	<u>\$ 42,526</u>	<u>\$ 58,926</u>	<u>\$ 1,467,559</u>	<u>\$ 340,283</u>

**Note 16-Deferred/ Unavailable Revenue:**

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

Delinquent property taxes receivable - 2022 Levy	\$ 1,231,751
Prepaid taxes	12,298
Total deferred revenue for governmental activities	<u>\$ 1,244,049</u>
Taxes receivable due prior to June 30, 2022, not collected within 60 days	50,372
Total unavailable revenue for governmental funds	<u>\$ 1,294,421</u>

## TOWN OF BLUEFIELD, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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#### **Note 17-Litigation:**

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

#### **Note 18-Commitments:**

At June 30, 2022, the Town had the following outstanding construction commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Cardno, Inc - BFVA Bluefield Brownfield Asmt.	\$ 579,000	\$ 125,359	\$ 17,214	\$ -
Thompson & Litton - ARPA Plan Projects	571,845	426,199	10,568	-
Total	<u>\$ 1,150,845</u>	<u>\$ 551,558</u>	<u>\$ 27,782</u>	<u>\$ -</u>

#### **Note 19-COVID-19 Pandemic Funding and Subsequent Event:**

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

#### ***ARPA Funding***

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

On June 30, 2021, the Town received its share of the first half of the CSLFRF funds, but did not receive their second tranche until July 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,275,120 from the initial allocation are reported as unearned revenue as of June 30.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022**
**Note 20-Adoption of Accounting Principle:**

The Town implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The implementation of this Statement resulted in the following restatement of net position:

	Business-type Activities	Golf & Swim Fund	Water Fund
Net position, as previously stated	\$ 1,179,917	\$ 728,386	\$ 451,531
GASB 87 Implementation:			
Capital Lease Liabilities	152,662	152,662	-
Capital Lease Assets (net)	(152,887)	(152,887)	-
Net position, as restated	<u>\$ 1,179,692</u>	<u>\$ 728,161</u>	<u>\$ 451,531</u>

**Note 21-Upcoming Pronouncements:**

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

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

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

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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**Note 21-Upcoming Pronouncements: (Continued)**

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

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

## Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 1,000,000	\$ 1,000,001	\$ 1,003,269	\$ 3,268
Other local taxes	3,189,491	3,189,491	3,599,719	410,228
Permits, privilege fees, and regulatory licenses	22,750	22,750	16,368	(6,382)
Fines and forfeitures	60,000	60,000	51,489	(8,511)
Revenue from the use of money and property	3,000	3,000	3,675	675
Charges for services	456,000	456,000	457,801	1,801
Miscellaneous	192,048	233,868	66,005	(167,863)
Recovered costs	155,000	155,000	46,496	(108,504)
Intergovernmental:				
Commonwealth	1,468,986	1,589,200	1,575,168	(14,032)
Federal	600,000	3,109,234	382,243	(2,726,991)
Total revenues	\$ 7,147,275	\$ 9,818,544	\$ 7,202,233	\$ (2,616,311)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,201,679	\$ 1,290,679	\$ 1,340,858	\$ (50,179)
Public safety	1,953,513	2,212,228	1,974,181	238,047
Public works	1,430,332	1,605,332	1,519,448	85,884
Parks, recreation, and cultural	568,761	569,361	475,016	94,345
Community development	206,505	320,225	326,790	(6,565)
Nondepartmental	140,095	252,095	93,798	158,297
Capital projects	600,000	3,043,234	460,707	2,582,527
Debt service:				
Principal	475,737	483,737	341,636	142,101
Interest and other fiscal charges	39,041	39,041	93,584	(54,543)
Total expenditures	\$ 6,615,663	\$ 9,815,932	\$ 6,626,018	\$ 3,189,914
Excess (deficiency) of revenues over (under) expenditures	\$ 531,612	\$ 2,612	\$ 576,215	\$ 573,603
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (531,612)	\$ (2,450,846)	\$ (765,726)	\$ 1,685,120
Total other financing sources (uses)	\$ (531,612)	\$ (2,450,846)	\$ (765,726)	\$ 1,685,120
Net change in fund balances	\$ -	\$ (2,448,234)	\$ (189,511)	\$ 2,258,723
Fund balances - beginning	-	529,000	4,636,385	4,107,385
Fund balances - ending	\$ -	\$ (1,919,234)	\$ 4,446,874	\$ 6,366,108



Town of Bluefield, Virginia  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 262,852	258,251	\$ 230,259	\$ 240,107	\$ 245,491	\$ 244,311	\$ 223,823	\$ 185,176
Interest	581,031	527,650	523,006	498,539	470,942	439,333	388,048	362,854
Changes in benefit terms	-	-	-	-	-	-	503,171	-
Differences between expected and actual experience	(162,694)	391,568	(322,849)	(75,749)	63,743	12,334	(183,752)	-
Changes of assumptions	331,139	-	256,114	-	(92,340)	-	-	-
Benefit payments	(396,017)	(377,248)	(304,765)	(321,973)	(265,201)	(223,643)	(173,666)	(202,548)
<b>Net change in total pension liability</b>	\$ 616,311	800,221	\$ 381,765	\$ 340,924	\$ 422,635	\$ 472,335	\$ 757,624	\$ 345,482
<b>Total pension liability - beginning</b>	8,805,882	8,005,661	7,623,896	7,282,972	6,860,337	6,388,002	5,630,378	5,284,896
<b>Total pension liability - ending (a)</b>	\$ 9,422,193	8,805,882	\$ 8,005,661	\$ 7,623,896	\$ 7,282,972	\$ 6,860,337	\$ 6,388,002	\$ 5,630,378
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 191,953	166,424	\$ 163,202	\$ 158,676	\$ 155,323	\$ 185,991	\$ 184,961	\$ 128,659
Contributions - employee	121,143	119,756	118,719	117,408	122,353	112,253	111,090	105,784
Net investment income	2,197,402	152,457	503,389	520,220	766,573	109,576	265,551	774,022
Benefit payments	(396,017)	(377,248)	(304,765)	(321,973)	(265,201)	(223,643)	(173,666)	(202,548)
Administrator charges	(5,402)	(5,145)	(4,880)	(4,452)	(4,333)	(3,700)	(3,460)	(4,101)
Other	208	(181)	(318)	(464)	(685)	(46)	(56)	41
<b>Net change in plan fiduciary net position</b>	\$ 2,109,287	56,063	\$ 475,347	\$ 469,415	\$ 774,030	\$ 180,431	\$ 384,420	\$ 801,857
<b>Plan fiduciary net position - beginning</b>	8,011,215	7,955,152	7,479,805	7,010,390	6,236,360	6,055,929	5,671,509	4,869,652
<b>Plan fiduciary net position - ending (b)</b>	\$ 10,120,502	8,011,215	\$ 7,955,152	\$ 7,479,805	\$ 7,010,390	\$ 6,236,360	\$ 6,055,929	\$ 5,671,509
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	\$ (698,309)	794,667	\$ 50,509	\$ 144,091	\$ 272,582	\$ 623,977	\$ 332,073	\$ (41,131)
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	107.41%	90.98%	99.37%	98.11%	96.26%	90.90%	94.80%	100.73%
<b>Covered payroll</b>	\$ 2,535,462	2,475,726	\$ 2,411,073	\$ 2,375,840	\$ 2,311,623	\$ 2,265,911	\$ 2,245,314	\$ 2,117,937
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	-27.54%	32.10%	2.09%	6.06%	11.79%	27.54%	14.79%	-1.94%

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

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

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)		
2022	\$ 201,067	\$ 201,067	\$ -	\$ 2,638,142	7.62%
2021	191,953	191,953	-	2,535,462	7.57%
2020	165,715	165,715	-	2,475,726	6.69%
2019	163,312	163,312	-	2,411,073	6.77%
2018	158,676	158,676	-	2,375,840	6.68%
2017	153,852	153,852	-	2,311,623	6.66%
2016	185,991	185,991	-	2,265,911	8.21%
2015	184,961	184,961	-	2,245,314	8.24%
2014	128,771	128,771	-	2,117,937	6.08%
2013	125,865	125,865	-	2,090,618	6.02%

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

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

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

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

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

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

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

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

Town of Bluefield, Virginia  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Town Health Insurance

For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>					
Service cost	\$ 56,156	\$ 58,420	\$ 39,112	\$ 37,522	\$ 49,251
Interest	23,021	23,399	27,054	27,520	18,221
Changes of assumptions	(179,727)	5,625	125,236	30,153	(112,481)
Differences between expected and actual experience	435,156	(44,613)	94,404	(21,461)	59,747
Benefit payments	(42,355)	(24,854)	(13,764)	(13,133)	(9,504)
<b>Net change in total OPEB liability</b>	<b>\$ 292,251</b>	<b>\$ 17,977</b>	<b>\$ 272,042</b>	<b>\$ 60,601</b>	<b>\$ 5,234</b>
<b>Total OPEB liability - beginning</b>	<b>1,030,706</b>	<b>1,012,729</b>	<b>740,687</b>	<b>680,086</b>	<b>674,852</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,322,957</b>	<b>\$ 1,030,706</b>	<b>\$ 1,012,729</b>	<b>\$ 740,687</b>	<b>\$ 680,086</b>
<b>Covered payroll</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>
<b>Town's total OPEB liability (asset) as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Town of Bluefield, Virginia  
Notes to Required Supplementary Information - Town Health Insurance  
For the Year Ended June 30, 2022

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Valuation Date: 7/1/2022

Measurement Date: 6/30/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.54% as of June 30, 2022
Inflation	2.00% per year as of June 30, 2022
Healthcare Trend Rate - Medical	The medical healthcare trend rate assumption starts at 4.90% and before ultimately decreasing to 4.30%
Healthcare Trend Rate - Pharmacy	The pharmacy trend rate assumption starts at 5.90% and ultimately decreasing to 4.30%
Healthcare Trend Rate - Dental	The dental healthcare trend rate assumption starts at 3.50% and decreases after one year to a constant 3.00%
Healthcare Trend Rate - Vision	The vision healthcare trend rate assumption starts at 3.00% remains constant
Salary Increase Rates	3.00% per year as of June 30, 2022
Retirement Age	The average age at retirement is 64
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.01240% \$	144,602 \$	2,563,979	5.64%	67.45%
2020	0.01211%	202,098	2,475,726	8.16%	52.64%
2019	0.01229%	199,991	2,411,073	8.29%	52.00%
2018	0.01249%	190,000	2,375,840	8.00%	51.22%
2017	0.01253%	189,000	2,311,623	8.18%	48.86%

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

Town of Bluefield, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2013 through June 30, 2022

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 14,246	\$ 14,246	\$ -	2,638,124	0.54%
2021	13,845	13,845	-	2,563,979	0.54%
2020	12,955	12,955	-	2,475,726	0.52%
2019	12,538	12,538	-	2,411,073	0.52%
2018	12,354	12,354	-	2,375,840	0.52%
2017	12,020	12,020	-	2,311,623	0.52%
2016	10,876	10,876	-	2,265,911	0.48%
2015	10,778	10,778	-	2,245,314	0.48%
2014	10,166	10,166	-	2,117,937	0.48%
2013	10,035	10,035	-	2,090,618	0.48%

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

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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



## Other Supplementary Information

Town of Bluefield, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

	Special Revenue Funds		
	Public Transit <u>Fund</u>	Cemetery <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 117,190	\$ 58,969	\$ 176,159
Investments	-	46,415	46,415
Due from other governmental units	26,140	-	26,140
Total assets	<u>\$ 143,330</u>	<u>\$ 105,384</u>	<u>\$ 248,714</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,715	\$ 1,318	\$ 8,033
Accrued wages	10,203	-	10,203
Total liabilities	<u>\$ 16,918</u>	<u>\$ 1,318</u>	<u>\$ 18,236</u>
<b>FUND BALANCES</b>			
Committed	\$ 126,412	\$ 104,066	\$ 230,478
Total fund balances	<u>\$ 126,412</u>	<u>\$ 104,066</u>	<u>\$ 230,478</u>
Total liabilities and fund balances	<u>\$ 143,330</u>	<u>\$ 105,384</u>	<u>\$ 248,714</u>

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

	Special Revenue Funds		
	Public Transit <u>Fund</u>	Cemetery <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ (561)	\$ (561)
Charges for services	4,441	35,440	39,881
Miscellaneous	-	7,202	7,202
Intergovernmental:			
Commonwealth	135,659	-	135,659
Federal	272,777	-	272,777
Total revenues	<u>\$ 412,877</u>	<u>\$ 42,081</u>	<u>\$ 454,958</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 477,763	\$ -	\$ 477,763
Parks, recreation, and cultural	-	36,588	36,588
Total expenditures	<u>\$ 477,763</u>	<u>\$ 36,588</u>	<u>\$ 514,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (64,886)</u>	<u>\$ 5,493</u>	<u>\$ (59,393)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 96,000	\$ 20,000	\$ 116,000
Total other financing sources (uses)	<u>\$ 96,000</u>	<u>\$ 20,000</u>	<u>\$ 116,000</u>
Net change in fund balances	\$ 31,114	\$ 25,493	\$ 56,607
Fund balances - beginning	95,298	78,573	173,871
Fund balances - ending	<u>\$ 126,412</u>	<u>\$ 104,066</u>	<u>\$ 230,478</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 8,000	\$ 8,000	\$ 4,441	\$ (3,559)
Intergovernmental:				
Commonwealth	93,703	93,703	135,659	41,956
Federal	217,647	217,647	272,777	55,130
Total revenues	<u>\$ 319,350</u>	<u>\$ 319,350</u>	<u>\$ 412,877</u>	<u>\$ 93,527</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 369,750	\$ 369,750	\$ 477,763	\$ (108,013)
Total expenditures	<u>\$ 369,750</u>	<u>\$ 369,750</u>	<u>\$ 477,763</u>	<u>\$ (108,013)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (50,400)</u>	<u>\$ (50,400)</u>	<u>\$ (64,886)</u>	<u>\$ (14,486)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 50,400	\$ 50,400	\$ 96,000	\$ 45,600
Net change in fund balances	\$ -	\$ -	\$ 31,114	\$ 31,114
Fund balances - beginning	-	-	95,298	95,298
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,412</u>	<u>\$ 126,412</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,050	\$ 1,050	\$ (561)	\$ (1,611)
Charges for services	33,500	33,500	35,440	1,940
Miscellaneous	-	7,150	7,202	52
Total revenues	\$ 34,550	\$ 41,700	\$ 42,081	\$ 381
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	\$ 34,550	\$ 41,700	\$ 36,588	\$ 5,112
Total expenditures	\$ 34,550	\$ 41,700	\$ 36,588	\$ 5,112
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 5,493	\$ 5,493
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	20,000	\$ 20,000
Total other financing sources and uses	\$ -	\$ -	20,000	\$ 20,000
Net change in fund balances	\$ -	\$ -	\$ 25,493	\$ 25,493
Fund balances - beginning	-	-	78,573	78,573
Fund balances - ending	\$ -	\$ -	\$ 104,066	\$ 104,066

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 750,000	\$ 750,001	\$ 754,851	\$ 4,850
Real and Personal PSC Tax	35,000	35,000	48,181	13,181
Personal Property Tax	206,500	206,500	171,739	(34,761)
Mobile Home Tax	2,500	2,500	1,879	(621)
Machinery and Tools Tax	-	-	21,429	21,429
Penalties	3,600	3,600	4,845	1,245
Interest	2,400	2,400	345	(2,055)
Total general property taxes	\$ 1,000,000	\$ 1,000,001	\$ 1,003,269	\$ 3,268
Other local taxes:				
Local sales and use taxes	\$ 373,000	\$ 373,000	\$ 435,496	\$ 62,496
Consumers' utility taxes	120,000	120,000	108,603	(11,397)
Cigarette tax	238,000	238,000	259,061	21,061
Business license taxes	653,000	653,000	680,918	27,918
Consumption taxes	60,000	60,000	30,338	(29,662)
Motor vehicle licenses	31,000	31,000	36,635	5,635
Bank stock taxes	185,000	185,000	222,104	37,104
Franchise tax	9,000	9,000	14,471	5,471
Restaurant food taxes	1,520,491	1,520,491	1,812,093	291,602
Total other local taxes	\$ 3,189,491	\$ 3,189,491	\$ 3,599,719	\$ 410,228
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 15,000	\$ 15,000	\$ 13,342	\$ (1,658)
Zoning permits	6,000	6,000	3,026	(2,974)
Erosion and sediment permits	1,500	1,500	-	(1,500)
Permits and other licenses	250	250	-	(250)
Total permits, privilege fees, and regulatory licenses	\$ 22,750	\$ 22,750	\$ 16,368	\$ (6,382)
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 51,489	\$ (8,511)
Revenue from use of money and property:				
Revenue from use of money	\$ 3,000	\$ 3,000	\$ 3,675	\$ 675
Charges for services:				
Charges for recreation user fees	\$ 2,000	\$ 2,000	\$ 2,383	\$ 383
Charges for refuse collections	403,000	403,000	399,455	(3,545)
Charges for container rent	1,000	1,000	-	(1,000)
Charges for Harmony Acres pool	50,000	50,000	55,963	5,963
Total charges for services	\$ 456,000	\$ 456,000	\$ 457,801	\$ 1,801

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Gifts and donations	\$ 5,698	\$ 47,518	\$ 44,140	\$ (3,378)
Miscellaneous	186,350	186,350	21,865	(164,485)
Total miscellaneous	<u>\$ 192,048</u>	<u>\$ 233,868</u>	<u>\$ 66,005</u>	<u>\$ (167,863)</u>
Recovered costs:				
Other recovered costs	<u>\$ 155,000</u>	<u>\$ 155,000</u>	<u>\$ 46,496</u>	<u>\$ (108,504)</u>
Total revenue from local sources	<u>\$ 5,078,289</u>	<u>\$ 5,120,110</u>	<u>\$ 5,244,822</u>	<u>\$ 124,712</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 7,700	\$ 7,700	\$ 6,578	\$ (1,122)
Mobile home titling tax	500	500	915	415
Telecommunications Tax	-	-	31,174	31,174
Personal property tax relief funds	108,477	108,477	108,447	(30)
Total noncategorical aid	<u>\$ 116,677</u>	<u>\$ 116,677</u>	<u>\$ 147,114</u>	<u>\$ 30,437</u>
Categorical aid:				
Other categorical aid:				
Law enforcement grants	\$ 230,864	\$ 351,078	\$ 262,405	\$ (88,673)
Litter control grant	3,000	3,000	3,606	606
State fire funds	18,445	18,445	22,035	3,590
Street maintenance	1,100,000	1,100,000	1,140,008	40,008
Total other categorical aid	<u>\$ 1,352,309</u>	<u>\$ 1,472,523</u>	<u>\$ 1,428,054</u>	<u>\$ (44,469)</u>
Total categorical aid	<u>\$ 1,352,309</u>	<u>\$ 1,472,523</u>	<u>\$ 1,428,054</u>	<u>\$ (44,469)</u>
Total revenue from the Commonwealth	<u>\$ 1,468,986</u>	<u>\$ 1,589,200</u>	<u>\$ 1,575,168</u>	<u>\$ (14,032)</u>
Revenue from the Federal Government:				
Categorical aid:				
Police grants	\$ -	\$ -	\$ 26,916	\$ 26,916
COVID-19 Coronavirus Relief Fund	-	-	16,721	16,721
EPA hazardous materials grant	600,000	600,000	104,492	(495,508)
American Rescue Plan Act (ARPA) Funds	-	2,509,234	234,114	(2,275,120)
Total categorical aid	<u>\$ 600,000</u>	<u>\$ 3,109,234</u>	<u>\$ 382,243</u>	<u>\$ (2,726,991)</u>
Total revenue from the federal government	<u>\$ 600,000</u>	<u>\$ 3,109,234</u>	<u>\$ 382,243</u>	<u>\$ (2,726,991)</u>
Total intergovernmental	<u>\$ 2,068,986</u>	<u>\$ 4,698,434</u>	<u>\$ 1,957,411</u>	<u>\$ (2,741,023)</u>
Total General Fund	<u><u>\$ 7,147,275</u></u>	<u><u>\$ 9,818,544</u></u>	<u><u>\$ 7,202,233</u></u>	<u><u>\$ (2,616,311)</u></u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds:</b>				
<b>Public Transit Fund:</b>				
Revenue from local sources:				
Charges for services:				
Charges for fares	\$ 8,000	\$ 8,000	\$ 4,441	\$ (3,559)
Total revenue from local sources	\$ 8,000	\$ 8,000	\$ 4,441	\$ (3,559)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public transportation grant	\$ 93,703	\$ 93,703	\$ 135,659	\$ 41,956
Total revenue from the Commonwealth	\$ 93,703	\$ 93,703	\$ 135,659	\$ 41,956
Revenue from the federal government:				
Categorical aid:				
Public transportation grant	\$ 217,647	\$ 217,647	\$ 272,777	\$ 55,130
Total revenue from the federal government	\$ 217,647	\$ 217,647	\$ 272,777	\$ 55,130
Total intergovernmental	\$ 311,350	\$ 311,350	\$ 408,436	\$ 97,086
Total Public Transit Fund	\$ 319,350	\$ 319,350	\$ 412,877	\$ 93,527
<b>Cemetery Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,050	\$ 1,050	\$ (561)	\$ (1,611)
Charges for services:				
Charges for grave openings	\$ 20,000	\$ 20,000	\$ 19,750	\$ (250)
Charges for plots	13,500	13,500	15,690	2,190
Total charges for services	\$ 33,500	\$ 33,500	\$ 35,440	\$ 1,940
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 7,150	\$ 7,202	\$ 52
Total revenue from local sources	\$ 34,550	\$ 41,700	\$ 42,081	\$ 381
Total Cemetery Fund	\$ 34,550	\$ 41,700	\$ 42,081	\$ 381
Total Primary Government	\$ 7,501,175	\$ 10,179,594	\$ 7,657,191	\$ (2,522,403)



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

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative	\$ 66,775	\$ 66,775	\$ 67,506	\$ (731)
General and financial administration:				
Town manager	\$ 286,420	\$ 287,420	\$ 241,115	\$ 46,305
Legal services	2,000	2,000	25,424	(23,424)
Vehicle maintenance	454,717	527,717	629,883	(102,166)
Treasurer	212,540	227,540	227,504	36
Bookkeeper	136,227	136,227	114,926	21,301
Audit services	43,000	43,000	34,500	8,500
Total general and financial administration	\$ 1,134,904	\$ 1,223,904	\$ 1,273,352	\$ (49,448)
Total general government administration	\$ 1,201,679	\$ 1,290,679	\$ 1,340,858	\$ (50,179)
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,675,206	\$ 1,931,421	\$ 1,692,563	\$ 238,858
Fire and rescue services:				
Fire department	\$ 162,884	\$ 165,384	\$ 179,603	\$ (14,219)
Inspections:				
Building	\$ 115,423	\$ 115,423	\$ 102,015	\$ 13,408
Total public safety	\$ 1,953,513	\$ 2,212,228	\$ 1,974,181	\$ 238,047
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 1,026,824	\$ 1,191,824	\$ 1,117,185	\$ 74,639
Sanitation and waste removal:				
Refuse collections	\$ 291,666	\$ 291,666	\$ 257,850	\$ 33,816
Maintenance of general buildings and grounds:				
General properties	\$ 111,842	\$ 121,842	\$ 144,413	\$ (22,571)
Total public works	\$ 1,430,332	\$ 1,605,332	\$ 1,519,448	\$ 85,884
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 474,631	\$ 475,231	\$ 390,563	\$ 84,668
Cultural enrichment:				
Cemetery department	\$ 94,130	\$ 94,130	\$ 84,453	\$ 9,677
Total parks, recreation, and cultural	\$ 568,761	\$ 569,361	\$ 475,016	\$ 94,345

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

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Planning commission	\$ 6,990	\$ 6,990	\$ 5,329	\$ 1,661
Zoning administration	97,515	97,515	94,308	3,207
Contributions and community activities	89,400	178,120	170,068	8,052
Economic development	12,600	37,600	57,085	(19,485)
Total planning and community development	<u>\$ 206,505</u>	<u>\$ 320,225</u>	<u>\$ 326,790</u>	<u>\$ (6,565)</u>
Total community development	<u>\$ 206,505</u>	<u>\$ 320,225</u>	<u>\$ 326,790</u>	<u>\$ (6,565)</u>
Nondepartmental:				
Nondepartmental	<u>\$ 140,095</u>	<u>\$ 252,095</u>	<u>\$ 93,798</u>	<u>\$ 158,297</u>
Capital projects:				
High Street	\$ -	\$ 524,000	\$ 378,342	\$ 145,658
Brownfield renovations	600,000	600,000	82,365	517,635
Other Capital Projects	-	1,919,234	-	1,919,234
Total capital projects	<u>\$ 600,000</u>	<u>\$ 3,043,234</u>	<u>\$ 460,707</u>	<u>\$ 2,582,527</u>
Debt service:				
Principal retirement	\$ 475,737	\$ 483,737	\$ 341,636	\$ 142,101
Interest and other fiscal charges	39,041	39,041	93,584	(54,543)
Total debt service	<u>\$ 514,778</u>	<u>\$ 522,778</u>	<u>\$ 435,220</u>	<u>\$ 87,558</u>
Total General Fund	<u>\$ 6,615,663</u>	<u>\$ 9,815,932</u>	<u>\$ 6,626,018</u>	<u>\$ 3,189,914</u>
<b>Special Revenue Funds:</b>				
<b>Public Transit Fund:</b>				
Public works:				
Public transportation:				
Transit system	<u>\$ 369,750</u>	<u>\$ 369,750</u>	<u>\$ 477,763</u>	<u>\$ (108,013)</u>
Total Public Transit Fund	<u>\$ 369,750</u>	<u>\$ 369,750</u>	<u>\$ 477,763</u>	<u>\$ (108,013)</u>
<b>Cemetery Fund:</b>				
Parks, recreation, and cultural:				
Cultural enrichment:				
Cemetery	<u>\$ 34,550</u>	<u>\$ 41,700</u>	<u>\$ 36,588</u>	<u>\$ 5,112</u>
Total Cemetery Fund	<u>\$ 34,550</u>	<u>\$ 41,700</u>	<u>\$ 36,588</u>	<u>\$ 5,112</u>
Total Primary Government	<u>\$ 7,019,963</u>	<u>\$ 10,227,382</u>	<u>\$ 7,140,369</u>	<u>\$ 3,087,013</u>

## Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt	Water and Sewer		Fincastle Golf & Swim	Total
							Sewer	Water		
2012-13	1,523,817	1,725,235	1,450,069	465,349	339,940	165,529	1,253,641	-	-	6,923,580
2013-14	1,358,585	1,768,806	2,335,056	471,029	267,929	145,791	1,207,129	-	-	7,554,325
2014-15	1,404,112	1,823,885	1,720,679	411,105	216,964	125,819	1,222,115	-	-	6,924,679
2015-16	1,450,930	2,022,880	2,155,929	448,671	236,154	111,208	1,191,305	-	-	7,617,077
2016-17	1,456,833	1,985,518	1,721,992	432,800	291,537	105,633	1,153,652	-	-	7,147,965
2017-18	1,376,164	1,933,580	2,081,648	517,811	240,751	93,977	1,170,043	-	-	7,413,974
2018-19	1,517,272	1,939,738	1,930,624	478,415	226,724	98,583	1,260,141	-	-	7,451,497
2019-20	1,510,157	2,029,065	2,641,554	425,735	629,225	116,167	1,236,606	919,100		9,507,609
2020-21	1,447,535	2,461,607	2,072,939	407,793	196,623	109,934	1,315,871	1,419,152		9,431,454
2021-22	1,576,726	2,293,935	2,030,145	551,746	393,448	108,097	1,432,599	1,704,980		10,091,676

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Revenue from the use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2012-13	1,619,470	1,264,245	141,547	961,439	2,789,680	3,769	26,643	161,088	6,967,881
2013-14	1,620,712	1,377,633	25,000	907,160	2,692,326	2,697	33,830	160,351	6,819,709
2014-15	1,664,346	1,987,701	-	945,292	2,854,620	2,569	68,368	168,413	7,691,309
2015-16	1,642,992	1,507,851	151,940	995,704	2,749,753	6,900	51,452	168,183	7,274,775
2016-17	1,586,636	1,524,995	73,759	957,369	2,755,213	15,776	139,891	156,782	7,210,421
2017-18	1,708,301	1,595,077	72,219	957,775	3,151,320	27,025	64,161	155,722	7,731,600
2018-19	1,851,347	1,605,160	891,769	916,663	3,260,723	52,375	73,543	110,380	8,761,960
2019-20	2,190,232	1,784,640	740,926	1,020,970	3,178,444	44,498	124,571	152,195	9,236,476
2020-21	2,738,281	2,082,117	923,576	875,247	3,373,406	12,484	542,067	147,750	10,694,928
2021-22	3,114,799	1,607,350	895,511	1,059,825	3,599,719	27,604	171,098	147,114	10,623,020

Table 3

Town of Bluefield, Virginia  
General Governmental Expenditures by Function  
Last Ten Fiscal Years

Fiscal Year	General		Parks, Recreation, and Cultural				Community Development	Capital Projects	Non-departmental	Debt Service	Total
	Government Administration	Public Safety	Public Works								
2012-13	1,264,869	1,578,171	1,596,319	461,285	333,986	159,841	131,365	490,009	6,015,845		
2013-14	1,152,369	1,620,440	2,186,898	457,132	262,603	123,240	117,118	500,357	6,420,157		
2014-15	1,169,685	1,730,066	1,911,386	404,756	213,884	-	137,141	495,030	6,061,948		
2015-16	1,174,128	1,821,891	1,953,104	413,990	224,644	54,257	160,902	495,067	6,297,983		
2016-17	1,191,474	1,876,013	1,633,792	462,229	287,959	340,820	114,487	406,464	6,313,238		
2017-18	1,242,526	1,872,674	2,026,785	509,469	240,818	601,196	178,886	436,737	7,109,091		
2018-19	1,313,233	1,837,962	1,668,568	456,378	378,813	180,373	130,167	476,884	6,442,378		
2019-20	1,240,211	1,851,872	2,355,016	428,551	353,524	955,982	122,898	414,996	7,723,050		
2020-21	1,293,298	2,287,117	1,632,545	562,403	284,970	448,455	63,893	463,741	7,036,422		
2021-22	1,340,858	1,974,181	1,997,211	511,604	326,790	460,707	93,798	435,220	7,140,369		

Table 4

**Town of Bluefield, Virginia**  
**General Governmental Revenues by Source**  
**Last Ten Fiscal Years**

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the			Miscellaneous	Recovered Costs	Inter-governmental	Total
					Use of Money and Property	Charges for Services					
2012-13	974,221	2,789,680	30,012	67,356	3,558	502,219	26,643	75,509	1,566,880	6,036,078	
2013-14	947,029	2,692,326	19,206	57,518	2,632	508,193	33,830	39,083	1,562,984	5,862,801	
2014-15	971,875	2,854,620	24,290	43,716	2,434	516,452	68,368	42,601	2,156,114	6,680,470	
2015-16	959,676	2,749,753	17,364	45,134	6,708	531,517	51,452	47,148	1,827,974	6,236,726	
2016-17	980,860	2,755,213	11,292	52,319	15,462	505,409	139,891	38,334	1,755,536	6,254,316	
2017-18	950,262	3,151,320	23,855	50,803	27,025	531,738	64,161	43,876	1,823,018	6,666,058	
2018-19	974,405	3,260,723	13,825	55,765	52,375	495,456	73,543	67,960	1,758,040	6,752,092	
2019-20	961,278	3,178,444	18,770	39,759	33,475	471,510	83,333	41,362	2,433,229	7,261,160	
2020-21	984,042	3,373,406	15,757	39,216	2,367	475,995	444,885	41,343	2,229,867	7,606,878	
2021-22	1,003,269	3,599,719	16,368	51,489	3,114	497,682	73,207	46,496	2,365,847	7,657,191	

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2012-13	1,088,123	1,033,089	94.94%	49,579	1,082,668	99.50%	194,480	17.87%
2013-14	1,101,233	1,028,674	93.41%	26,802	1,055,476	95.84%	216,561	19.67%
2014-15	1,096,521	1,063,697	97.01%	16,625	1,080,322	98.52%	240,384	21.92%
2015-16	1,092,281	1,038,431	95.07%	29,692	1,068,123	97.79%	259,704	23.78%
2016-17	1,104,615	1,055,971	95.60%	33,336	1,089,307	98.61%	294,228	26.64%
2017-18	1,093,632	1,032,936	94.45%	25,773	1,058,709	96.81%	295,899	27.06%
2018-19	1,087,014	1,040,096	95.68%	42,756	1,082,852	99.62%	238,677	21.96%
2019-20	1,095,607	1,033,396	94.32%	36,329	1,069,725	97.64%	236,611	21.60%
2020-21	1,092,863	1,044,411	95.57%	48,078	1,092,489	99.97%	212,329	19.43%
2021-22	1,111,892	1,064,160	95.71%	47,556	1,111,716	99.98%	195,141	17.55%

(1) May include penalties and interest.

(2) Includes amount paid under the Personal Property Tax Relief Act.



Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Utility (2)	Total
				Real Estate and Personal Property	
2012-13	393,256,900	52,596,375	3,255,000	13,477,634	462,585,909
2013-14	394,607,200	54,487,845	2,989,500	14,003,570	466,088,115
2014-15	396,028,300	54,036,120	2,848,500	13,850,181	466,763,101
2015-16	397,413,600	54,166,415	2,879,900	13,998,995	468,458,910
2016-17	399,248,100	53,886,845	3,239,500	15,282,544	471,656,989
2017-18	394,313,183	51,231,905	3,097,100	17,016,468	465,658,656
2018-19	389,982,251	50,845,775	2,944,900	19,549,533	463,322,459
2019-20	395,751,300	51,439,240	2,913,800	24,916,520	475,020,860
2020-21	393,101,900	51,210,885	3,504,900	24,858,447	472,676,132
2021-22	391,420,600	55,546,110	3,571,500	25,696,722	476,234,932

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2012-13	0.188	0.188	0.600	0.600
2013-14	0.188	0.188	0.600	0.600
2014-15	0.188	0.188	0.600	0.600
2015-16	0.188	0.188	0.600	0.600
2016-17	0.188	0.188	0.600	0.600
2017-18	0.188	0.188	0.600	0.600
2018-19	0.188	0.188	0.600	0.600
2019-20	0.188	0.188	0.600	0.600
2020-21	0.188	0.188	0.600	0.600
2021-22	0.188	0.188	0.600	0.600

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012-13	5,444	462,585,909	3,470,000	0.75%	637
2013-14	5,444	466,088,115	6,008,500	1.29%	1,104
2014-15	5,444	466,763,101	5,701,000	1.22%	1,047
2015-16	5,444	468,458,910	5,385,500	1.15%	989
2016-17	5,444	471,656,989	5,062,000	1.07%	930
2017-18	5,444	465,658,656	5,331,817	1.15%	979
2018-19	5,444	463,322,459	4,938,417	1.07%	907
2019-20	5,444	475,020,860	7,442,761	1.57%	1,367
2020-21	5,444	472,676,132	7,396,154	1.56%	1,359
2021-22	5,018	472,676,132	6,728,857	1.42%	1,341

(1) Bureau of the Census.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt and bonded anticipation notes.  
Excludes financed purchases and leases.

Table 9

Town of Bluefield, Virginia  
Ratio of Annual Debt Service Expenditures for General Bonded  
Debt to Total General Governmental Expenditures  
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2012-13	325,308	164,701	490,009	6,015,845	8.15%
2013-14	349,083	151,274	490,009	6,420,157	7.63%
2014-15	378,649	116,381	495,030	6,061,948	8.17%
2015-16	392,134	102,933	495,067	6,297,983	7.86%
2016-17	311,600	94,864	406,464	6,313,238	6.44%
2017-18	351,726	85,011	436,737	7,109,091	6.14%
2018-19	381,357	95,527	476,884	6,442,378	7.40%
2019-20	316,986	98,010	414,996	7,723,050	5.37%
2020-21	363,958	99,783	463,741	7,036,422	6.59%
2021-22	341,636	93,584	435,220	7,036,422	6.19%

Table 10

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

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Assessed valuations:	
Assessed value	\$ 391,420,600
Legal debt margin	
Debt limitation - 10 percent of total assessed value	\$ 39,142,060
Total debt applicable to limitation	7,396,154
Legal debt margin	\$ 31,745,906

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## COMPLIANCE SECTION

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

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To the Members of the Town Council  
Town of Bluefield, Virginia  
Bluefield, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bluefield, Virginia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bluefield, Virginia's basic financial statements and have issued our report thereon dated December 15, 2022.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2022-001 and 2022-002, that we consider to be material weaknesses.

## Report on Compliance and Other Matters


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

## Town of Bluefield, Virginia's Responses to the Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Bluefield, Virginia's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. Town of Bluefield, Virginia's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## Purpose of This Report

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



Blacksburg, Virginia  
December 15, 2022



Town of Bluefield, Virginia  
Schedule of Findings and Responses  
For the Year Ended June 30, 2022

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

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies)?	None reported
Noncompliance material to financial statements noted?	None reported

**Section II - Financial Statement Findings**

2022-001	Material Weakness
Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The Town does not have a proper segregation of duties over the payroll, accounts payable and billing and collection functions.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Cause:	Budgetary constraints on most local governments limit their ability to comply with proper segregation of duties.
Recommendation:	The Town should try to reduce some of the segregation issues by implementing controls that will mitigate the risk of one person having too much control.
Management's Response:	Management acknowledges that internal controls over the billing and collection function as well as the accounts payable and payroll functions lack proper segregation of duties; however, to alleviate the same would require additional staff.

**Town of Bluefield, Virginia**  
**Schedule of Findings and Responses (Continued)**  
**For the Year Ended June 30, 2022**

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**Section II - Financial Statement Findings (Continued)**

<b>2022-002</b>	<b>Material Weakness</b>
Criteria:	Per auditing standards, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards.
Condition:	Trial balances as presented for audit did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, there were proposed adjustments that were material to the financial statements.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the internal controls over financial reporting.
Cause:	There was an inadequate review of source documents, and as a result, management failed to identify and record the necessary adjustments. Staff availability is limited and there is not adequate time to devote to compiling modified and full accrual financial statement information.
Recommendation:	The Town Treasurer and Finance Office should review and incorporate the proposed audit adjustments in the next year's trial balances presented for audit.
Management's Response:	The Town Treasurer and Finance Office will work to ensure information is prepared timely and accurately to complete the audit process.

**Section III - Summary of Prior Audit Findings**

Findings 2021-001 and 2021-002 reoccurred in the current year as 2022-001 and 2022-002.