

**TOWN OF BLUEFIELD, VIRGINIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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TOWN OF BLUEFIELD, VIRGINIA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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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  
Rick Holman, Vice Mayor  
Catherine Payne  
Chuck Presley  
Billie Roberts  
Anglis Trigg, Jr.  
Lee Riffe

## OTHER OFFICIALS

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Andrew Hanson ..... 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**

**Report on the Audit of the Financial Statements**

***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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2023, 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; 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. 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.

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

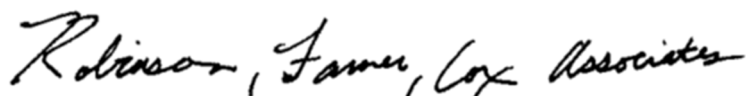
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the 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, 2023 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.



Blacksburg, Virginia  
December 15, 2023

## **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, 2023.

### **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 \$14,624,793 (net position). Of this amount, \$6,693,022 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Total net position of \$14,624,793 is split between governmental activities \$12,930,481 and business-type activities \$1,694,312.

#### **Fund Financial Statements**

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,397,864 as compared to the prior year fund balance 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 \$14,624,793 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 2022 and 2023.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 9,916,870	\$ 9,035,590	\$ (39,351)	\$ 517,090	\$ 9,877,519	\$ 9,552,680
Capital assets	8,550,566	8,465,491	7,991,823	8,035,216	16,542,389	16,500,707
Total assets	18,467,436	17,501,081	7,952,472	8,552,306	26,419,908	26,053,387
Deferred outflows of resources:						
Deferred charges on refunding	96,401	108,451	-	-	96,401	108,451
Items related to pension & OPEB	432,438	569,377	127,195	144,597	559,633	713,974
Total deferred outflows	528,839	677,828	127,195	144,597	656,034	822,425
Long-term liabilities	3,831,509	4,009,690	5,485,966	6,007,924	9,317,475	10,017,614
Other liabilities	696,891	2,923,293	822,098	792,400	1,518,989	3,715,693
Total liabilities	4,528,400	6,932,983	6,308,064	6,800,324	10,836,464	13,733,307
Deferred inflows of resources:						
Property taxes	1,196,606	1,231,751	-	-	1,196,606	1,231,751
Prepaid taxes	14,761	12,298	-	-	14,761	12,298
Items related to pension & OPEB	326,027	1,102,731	77,291	248,971	403,318	1,351,702
Total deferred inflows	1,537,394	2,346,780	77,291	248,971	1,614,685	2,595,751
Net position:						
Net investment in capital assets	5,624,288	5,425,641	2,300,446	1,815,514	7,924,734	7,241,155
Restricted	5,562	569,191	1,475	129,118	7,037	698,309
Unrestricted (deficit)	7,300,631	2,904,314	(607,609)	(297,024)	6,693,022	2,607,290
Total net position	\$ 12,930,481	\$ 8,899,146	\$ 1,694,312	\$ 1,647,608	\$ 14,624,793	\$ 10,546,754

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 54 percent of total net position at the end of 2023 as compared to 68 percent at the end of 2022. 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 \$4,031,335 while net position of the business-type activities increased by \$46,704. Key elements of these changes are as follows:

Town of Bluefield, Virginia's Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		
	2023	2022	2023	2022	2023	2022	
Revenues:							
Program Revenues:							
Charges for services	\$ 573,621	\$ 565,539	\$ 2,800,337	\$ 2,549,260	\$ 3,373,958	\$ 3,114,799	
Operating grants and contributions	5,981,609	1,607,350	-	-	5,981,609	1,607,350	
Capital grants and contributions	1,209,275	611,383	250,000	284,128	1,459,275	895,511	
General Revenues:							
Property taxes	1,046,708	1,059,825	-	-	1,046,708	1,059,825	
Other taxes	3,909,395	3,599,719	-	-	3,909,395	3,599,719	
Grants and contributions							
not restricted to specific programs	145,938	147,114	-	-	145,938	147,114	
Other	238,164	76,321	145,723	122,381	383,887	198,702	
Total revenues	13,104,710	7,667,251	3,196,060	2,955,769	16,300,770	10,623,020	
Expenses:							
General government administration	1,728,303	1,576,726	-	-	1,728,303	1,576,726	
Public safety	2,613,034	2,293,935	-	-	2,613,034	2,293,935	
Public works	2,727,175	2,030,145	-	-	2,727,175	2,030,145	
Parks, recreation and cultural	460,328	551,746	-	-	460,328	551,746	
Community development	831,551	393,448	-	-	831,551	393,448	
Interest on long-term debt	97,297	108,097	-	-	97,297	108,097	
Water	-	-	1,621,518	1,432,599	1,621,518	1,432,599	
Fincastle Golf & Swim	-	-	2,143,525	1,704,980	2,143,525	1,704,980	
Total expenses	8,457,688	6,954,097	3,765,043	3,137,579	12,222,731	10,091,676	
Change in net position before transfers	4,647,022	713,154	(568,983)	(181,810)	4,078,039	531,344	
Transfers	(615,687)	(649,726)	615,687	649,726	-	-	
Change in net position	4,031,335	63,428	46,704	467,916	4,078,039	531,344	
Net position beginning of year	8,899,146	8,835,718	1,647,608	1,179,692	10,546,754	10,015,410	
Net position end of year	\$ 12,930,481	\$ 8,899,146	\$ 1,694,312	\$ 1,647,608	\$ 14,624,793	\$ 10,546,754	

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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 \$8,178,557. 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 \$375,064. Total net position of the Town of Bluefield, Virginia's Fincastle Golf & Swim fund at the end of the year was \$1,319,248.

**Governmental Funds Budgetary Highlights**

The Town's General Fund revenues of \$12,740,373 exceeded its budget of \$11,777,641 for a positive variance of \$962,732. The majority of this unbudgeted revenue was derived from meals tax of \$541,754, better than expected an increase in street maintenance grants of \$215,964, and an budgeted VDOT revenue sharing grant of \$234,596.

The Town's General Fund expenditures of \$8,458,873 fell short of its budget of \$11,158,751 for a positive variance of \$2,699,878. The majority of this unused budgeted expenditures was related to ARPA expenditures that ended up in other funds.

The Town's Transit Fund had revenues in excess of its budgeted amount of \$22,938 but expenditures in excess of budget in the amount of \$59,963 for a net negative variance of \$37,025.

The Town's Cemetery Fund had revenues in excess of its budgeted amount of \$7,001 but expenditures in excess of budget in the amount of \$38,707 for a net negative variance of \$31,706.

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

**Capital Asset and Debt Administration**

**Capital assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2023 is \$8,550,566 (net of accumulated depreciation). The Town's investment in capital assets for its business-type activities as of June 30, 2023 was \$7,991,823. 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 golf course improvements which caused an 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	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,552,410	\$ 1,552,410	\$ 625,166	\$ 625,166	\$ 2,177,576	\$ 2,177,576
CIP	12,750	37,750	439,038	239,983	451,788	277,733
Buildings and improvements	4,127,945	4,248,498	2,995,818	2,966,345	7,123,763	7,214,843
Machinery and equipment	1,681,961	1,409,605	199,864	188,601	1,881,825	1,598,206
Infrastructure	1,175,500	1,217,228	3,731,937	4,015,121	4,907,437	5,232,349
Total	\$ 8,550,566	\$ 8,465,491	\$ 7,991,823	\$ 8,035,216	\$ 16,542,389	\$ 16,500,707

Additional information on the Town's capital assets can be found in Note 9 to the financial statements.

**Long-term debt**

The Town issued a financed purchase obligation to purchase a new garbage truck in the amount of \$207,158. This note includes an interest rate of 5.95% and is payable in monthly installments until April 2028. 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 Note 7 to the financial statements.

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

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**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:

- An increasing interest rate market has resulting in improved investment performance.
- The Town received \$5,018,468 in COVID-19 ARPA funding that it has used for \$2.4 million in water capital improvements and the remainder has been used toward wage reimbursement under the revenue replacement option. This has been helpful to increase fund balances and provide opportunities for pay increases and other capital projects going forward.
- 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 2023-2024 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,912,752	\$ 1,119,633	\$ 6,032,385	\$ 15,110
Investments	1,881,019	1,449	1,882,468	-
Restricted cash and cash equivalents:				
Customers' deposits	-	65,060	65,060	1,000
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,277,445	-	1,277,445	-
Accounts receivable	278,744	198,193	476,937	-
Lease receivable	-	-	-	85,844
Internal balances	1,429,355	(1,429,355)	-	-
Due from other governmental units	111,993	-	111,993	-
Inventories	-	4,194	4,194	-
Prepaid expenses	20,000	-	20,000	-
Net pension asset	5,562	1,475	7,037	-
Capital assets not being depreciated:				
Land	1,552,410	625,166	2,177,576	146,400
Construction in progress	12,750	439,038	451,788	91,135
Capital assets, net of accumulated depreciation/amortization:				
Buildings and improvements	4,127,945	2,995,818	7,123,763	350,067
Machinery, equipment, and vehicles	1,681,961	121,670	1,803,631	-
Infrastructure	1,175,500	3,731,937	4,907,437	-
Right-to-use assets:				
Machinery and equipment - lease	-	78,194	78,194	-
Total Assets	\$ 18,467,436	\$ 7,952,472	\$ 26,419,908	\$ 689,556
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	\$ 96,401	\$ -	\$ 96,401	\$ -
Pension related items	403,982	119,138	523,120	-
OPEB related items	28,456	8,057	36,513	-
Total Deferred Outflows of Resources	\$ 528,839	\$ 127,195	\$ 656,034	\$ -
<b>LIABILITIES</b>				
Accounts payable	\$ 63,753	\$ 63,732	\$ 127,485	\$ 4,594
Accounts payable - capital	-	3,238	3,238	5,000
Accrued wages payable	164,648	74,579	239,227	-
Customers' deposits	-	65,060	65,060	1,000
Accrued interest payable	26,523	41,698	68,221	512
Long-term liabilities:				
Due within one year	441,967	573,791	1,015,758	5,622
Due in more than one year	3,831,509	5,485,966	9,317,475	139,012
Total Liabilities	\$ 4,528,400	\$ 6,308,064	\$ 10,836,464	\$ 155,740
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 1,196,606	\$ -	\$ 1,196,606	\$ -
Deferred revenue - prepaid taxes	14,761	-	14,761	-
Lease related items	-	-	-	81,088
Pension related items	298,319	69,765	368,084	-
OPEB related items	27,708	7,526	35,234	-
Total Deferred Inflows of Resources	\$ 1,537,394	\$ 77,291	\$ 1,614,685	\$ 81,088
<b>NET POSITION</b>				
Net investment in capital assets	\$ 5,624,288	\$ 2,300,446	\$ 7,924,734	\$ 437,968
Restricted for:				
Future pension costs	5,562	1,475	7,037	-
Unrestricted (deficit)	7,300,631	(607,609)	6,693,022	14,760
Total Net Position	\$ 12,930,481	\$ 1,694,312	\$ 14,624,793	\$ 452,728

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, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government		
			Grants and Contributions	Grants and Contributions		Governmental Activities	Business-type Activities	Component Unit Indust. Develop. Authority
Governmental activities:								
General government administration	\$ 1,728,303	\$ -	\$ 643,179	\$ -	-	\$ (1,085,124)	\$ (1,085,124)	\$ -
Public safety	2,613,034	85,429	1,607,686	-	-	(919,919)	(919,919)	-
Public works	2,727,175	402,623	2,369,923	1,034,786	-	1,080,157	1,080,157	-
Parks, recreation, and cultural	460,328	84,013	1,288,505	-	-	912,190	912,190	-
Community development	831,551	1,556	72,316	174,489	-	(583,190)	(583,190)	-
Interest on long-term debt	97,297	-	-	-	-	(97,297)	(97,297)	-
Total governmental activities	\$ 8,457,688	\$ 573,621	\$ 5,981,609	\$ 1,209,275	-	\$ (693,183)	\$ (693,183)	\$ -
Business-type activities:								
Water	\$ 1,621,518	\$ 1,334,687	\$ -	\$ -	-	\$ (286,831)	\$ (286,831)	\$ -
Fincastle Golf & Swim	2,143,525	1,465,650	-	250,000	-	(427,875)	(427,875)	-
Total business-type activities	\$ 3,765,043	\$ 2,800,337	\$ -	\$ 250,000	-	\$ (714,706)	\$ (714,706)	\$ -
Total	\$ 12,222,731	\$ 3,373,958	\$ 5,981,609	\$ 1,459,275	-	\$ (693,183)	\$ (714,706)	\$ (1,407,889)
<b>COMPONENT UNIT:</b>								
Industrial Development Authority	\$ 54,392	\$ 36,041	\$ -	\$ 80,000	-	\$ -	\$ -	\$ 61,649
General revenues:								
General property taxes						\$ 1,046,708	\$ -	\$ 1,046,708
Other local taxes:								
Local sales and use tax						452,611	-	452,611
Business license taxes						730,539	-	730,539
Restaurant food taxes						2,062,245	-	2,062,245
Bank stock taxes						222,097	-	222,097
Cigarette taxes						251,606	-	251,606
Other local taxes						190,297	-	190,297
Unrestricted revenues from use of money						118,278	293	118,571
Miscellaneous						119,886	145,430	265,316
Grants and contributions not restricted to specific programs						145,938	-	145,938
Transfers						(615,687)	615,687	-
Total general revenues and transfers						\$ 4,724,518	\$ 761,410	\$ 5,485,928
Change in net position						\$ 4,031,335	\$ 46,704	\$ 4,078,039
Net position - beginning						8,899,146	1,647,608	10,546,754
Net position - ending						\$ 12,930,481	\$ 1,694,312	\$ 14,624,793

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

Town of Bluefield, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2023

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,710,000	\$ 202,752	\$ 4,912,752
Investments	1,862,976	18,043	1,881,019
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,277,445	-	1,277,445
Accounts receivable	278,744	-	278,744
Due from other funds	1,429,342	13	1,429,355
Due from other governmental units	94,336	17,657	111,993
Prepaid items	20,000	-	20,000
Total assets	<u>\$ 9,672,843</u>	<u>\$ 238,465</u>	<u>\$ 9,911,308</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 57,230	\$ 6,523	\$ 63,753
Accrued wages payable	152,013	12,635	164,648
Total liabilities	<u>\$ 209,243</u>	<u>\$ 19,158</u>	<u>\$ 228,401</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 1,270,282	\$ -	\$ 1,270,282
Unavailable revenue - prepaid taxes	14,761	-	14,761
Total deferred inflows of resources	<u>\$ 1,285,043</u>	<u>\$ -</u>	<u>\$ 1,285,043</u>
<b>FUND BALANCES</b>			
<b>Committed:</b>			
Public Transit Fund	\$ -	\$ 146,947	\$ 146,947
Cemetery Fund	-	72,360	72,360
<b>Assigned:</b>			
Stormwater	137,560	-	137,560
Fire reserves	15,933	-	15,933
Law enforcement reserves	95,473	-	95,473
Equipment	9,230	-	9,230
Community center	47,841	-	47,841
<b>Unassigned:</b>			
General fund	7,872,520	-	7,872,520
Total fund balances	<u>\$ 8,178,557</u>	<u>\$ 219,307</u>	<u>\$ 8,397,864</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,672,843</u>	<u>\$ 238,465</u>	<u>\$ 9,911,308</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, 2023

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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	\$	8,397,864
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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 improvements	4,127,945		
Machinery, equipment, and vehicles	1,681,961		
Infrastructure	1,175,500		
Construction in progress	<u>12,750</u>		8,550,566

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	\$ 73,676		
Net pension asset	<u>5,562</u>		79,238

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	\$ 96,401		
Pension related items	403,982		
OPEB related items	<u>28,456</u>		528,839

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	\$ (2,423,413)		
Financed purchases	(599,266)		
Accrued interest payable	(26,523)		
Net OPEB liabilities	(1,124,153)		
Compensated absences	<u>(126,644)</u>		(4,299,999)

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

Pension related items	\$ (298,319)		
OPEB related items	<u>(27,708)</u>		<u>(326,027)</u>

Net position of governmental activities	\$	<u><u>12,930,481</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, 2023

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 1,023,404	\$ -	\$ 1,023,404
Other local taxes	3,909,395	-	3,909,395
Permits, privilege fees, and regulatory licenses	39,377	-	39,377
Fines and forfeitures	47,608	-	47,608
Revenue from the use of money and property	116,011	2,267	118,278
Charges for services	439,315	47,321	486,636
Miscellaneous	119,871	15	119,886
Recovered costs	44,814	-	44,814
Intergovernmental:			
Commonwealth	2,032,265	126,521	2,158,786
Federal	4,968,313	209,723	5,178,036
Total revenues	<u>\$ 12,740,373</u>	<u>\$ 385,847</u>	<u>\$ 13,126,220</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,560,943	\$ -	\$ 1,560,943
Public safety	2,716,787	-	2,716,787
Public works	1,712,678	465,048	2,177,726
Parks, recreation, and cultural	440,045	73,257	513,302
Community development	672,237	-	672,237
Nondepartmental	186,019	-	186,019
Capital projects	779,082	-	779,082
Debt service:			
Principal	304,997	-	304,997
Interest and other fiscal charges	86,085	-	86,085
Total expenditures	<u>\$ 8,458,873</u>	<u>\$ 538,305</u>	<u>\$ 8,997,178</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,281,500</u>	<u>\$ (152,458)</u>	<u>\$ 4,129,042</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 141,287	\$ 141,287
Transfers out	(756,974)	-	(756,974)
Issuance of financed purchase	207,157	-	207,157
Total other financing sources (uses)	<u>\$ (549,817)</u>	<u>\$ 141,287</u>	<u>\$ (408,530)</u>
Net change in fund balances	\$ 3,731,683	\$ (11,171)	\$ 3,720,512
Fund balances - beginning	<u>4,446,874</u>	<u>230,478</u>	<u>4,677,352</u>
Fund balances - ending	<u><u>\$ 8,178,557</u></u>	<u><u>\$ 219,307</u></u>	<u><u>\$ 8,397,864</u></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, 2023

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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	\$ 3,720,512
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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 detail of items supporting this adjustment:

Capital asset additions	\$ 970,694	
Depreciation expense	(885,619)	85,075

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	23,304
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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.

Issuance of financed purchase	\$ (207,157)	
Principal payments:		
General obligation bonds	242,024	
Financed purchase	62,973	97,840

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	\$ 6,346	
(Increase) decrease in accrued interest payable	838	
Amortization of deferred charges on refunding	(12,050)	
Changes in OPEB related items	47,697	
Changes in pension related items	61,773	104,604

Change in net position of governmental activities	\$ 4,031,335
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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, 2023

	Enterprise Funds		
	Water	Fincastle	
	Fund	Golf & Swim	Total
	Fund	Fund	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,008,085	\$ 111,548	\$ 1,119,633
Investments	1,449	-	1,449
Inventories	-	4,194	4,194
Accounts receivable, net of allowance for uncollectibles	182,099	16,094	198,193
Total current assets	\$ 1,191,633	\$ 131,836	\$ 1,323,469
Noncurrent assets:			
Restricted cash and cash equivalents:			
Customers' deposits	\$ 65,060	\$ -	\$ 65,060
Net pension asset	918	557	1,475
Capital assets:			
Land	\$ 22,868	\$ 602,298	\$ 625,166
Construction in progress	382,128	56,910	439,038
Utility plant in service	10,228,958	-	10,228,958
Buildings and improvements	-	3,246,812	3,246,812
Machinery, equipment, and vehicles	260,805	163,916	424,721
Accumulated depreciation	(6,744,232)	(306,834)	(7,051,066)
Right-to-use assets:			
Machinery and equipment - lease	-	147,816	147,816
Accumulated amortization	-	(69,622)	(69,622)
Total capital assets	\$ 4,150,527	\$ 3,841,296	\$ 7,991,823
Total noncurrent assets	\$ 4,216,505	\$ 3,841,853	\$ 8,058,358
Total assets	\$ 5,408,138	\$ 3,973,689	\$ 9,381,827
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 64,404	\$ 54,734	\$ 119,138
OPEB related items	4,885	3,172	8,057
Total deferred outflows of resources	\$ 69,289	\$ 57,906	\$ 127,195
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable - operating	\$ 26,755	\$ 36,977	\$ 63,732
Accounts payable - capital	-	3,238	3,238
Customers' deposits	65,060	-	65,060
Accrued wages payable	25,864	48,715	74,579
Accrued interest payable	34,100	7,598	41,698
Due to other funds	1,147,381	281,974	1,429,355
Compensated absences - current portion	22,369	7,872	30,241
Bonds payable - current portion	203,889	303,775	507,664
Leases liabilities - current portion	-	35,886	35,886
Total current liabilities	\$ 1,525,418	\$ 726,035	\$ 2,251,453
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 7,456	\$ 2,624	\$ 10,080
Bonds payable - net of current portion	3,325,352	1,778,136	5,103,488
Lease liabilities - net of current portion	-	41,101	41,101
Net OPEB liabilities	202,034	129,263	331,297
Total noncurrent liabilities	\$ 3,534,842	\$ 1,951,124	\$ 5,485,966
Total liabilities	\$ 5,060,260	\$ 2,677,159	\$ 7,737,419
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 37,568	32,197	\$ 69,765
OPEB related items	4,535	2,991	7,526
Total deferred inflows of resources	\$ 42,103	\$ 35,188	\$ 77,291
<b>NET POSITION</b>			
Net investment in capital assets	\$ 621,286	\$ 1,679,160	\$ 2,300,446
Restricted for future pension costs	918	557	1,475
Unrestricted (deficit)	(247,140)	(360,469)	(607,609)
Total net position	\$ 375,064	\$ 1,319,248	\$ 1,694,312

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, 2023

	Enterprise Funds		
	Fincastle		
	Water	Golf & Swim	Total
	Fund	Fund	
<b>OPERATING REVENUES</b>			
Charges for services:			
Water sales	\$ 1,334,687	\$ -	\$ 1,334,687
Golf course sales	-	445,637	445,637
Pool revenue	-	29,526	29,526
Restaurant sales	-	797,856	797,856
Rental revenues	-	12,995	12,995
Memberships	-	179,636	179,636
Other revenues	1,032	144,398	145,430
Total operating revenues	\$ 1,335,719	\$ 1,610,048	\$ 2,945,767
<b>OPERATING EXPENSES</b>			
Salaries and fringes	\$ 724,868	\$ 1,058,680	\$ 1,783,548
Utilities	122,115	117,686	239,801
Food supplies	-	446,693	446,693
Agricultural supplies	-	56,805	56,805
Other supplies	-	81,083	81,083
Maintenance and repairs	168,661	83,137	251,798
Office expense	34,683	-	34,683
Chemicals	87,972	-	87,972
Permits	7,023	-	7,023
Miscellaneous	21,896	87,800	109,696
Depreciation/Amortization	363,321	152,755	516,076
Total operating expenses	\$ 1,530,539	\$ 2,084,639	\$ 3,615,178
Operating income (loss)	\$ (194,820)	\$ (474,591)	\$ (669,411)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 293	\$ -	\$ 293
Interest expense	(90,979)	(58,886)	(149,865)
Total nonoperating revenues (expenses)	\$ (90,686)	\$ (58,886)	\$ (149,572)
Income (loss) before capital contributions and transfers	\$ (285,506)	\$ (533,477)	\$ (818,983)
Capital contributions and construction grants	-	250,000	250,000
Transfers in	26,225	589,462	615,687
Change in net position	\$ (259,281)	\$ 305,985	\$ 46,704
Net position - beginning	634,345	1,013,263	1,647,608
Net position - ending	\$ 375,064	\$ 1,319,248	\$ 1,694,312

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, 2023

	Enterprise Funds		
	Water	Fincastle	
	Fund	Golf & Swim	Total
	Fund	Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,354,002	\$ 1,611,080	\$ 2,965,082
Payments to and for employees	(714,735)	(1,051,656)	(1,766,391)
Payments for goods and services	(422,826)	(882,128)	(1,304,954)
Net cash provided by (used for) operating activities	\$ 216,441	\$ (322,704)	\$ (106,263)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund borrowings and transfers	\$ 277,653	\$ 800,855	\$ 1,078,508
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (215,929)	\$ (269,216)	\$ (485,145)
Principal payments on bonds	(198,752)	(297,281)	(496,033)
Principal payments on lease liabilities	-	(35,530)	(35,530)
Contributions in aid of construction	-	250,000	250,000
Interest payments	(93,390)	(63,297)	(156,687)
Net cash provided by (used for) capital and related financing activities	\$ (508,071)	\$ (415,324)	\$ (923,395)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 293	\$ -	\$ 293
Net increase (decrease) in cash and cash equivalents	\$ (13,684)	\$ 62,827	\$ 49,143
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
Cash and cash equivalents - June 30, 2023 (includes investments of \$1,449 and restricted cash and cash equivalents of \$65,060)	\$ 1,074,594	\$ 111,548	\$ 1,186,142
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (194,820)	\$ (474,591)	\$ (669,411)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 363,321	\$ 152,755	\$ 516,076
(Increase) decrease in accounts receivable	14,088	1,032	15,120
(Increase) decrease in net pension asset	74,010	53,633	127,643
(Increase) decrease in deferred outflows of resources	9,393	8,009	17,402
Increase (decrease) in customers' deposits	4,195	-	4,195
Increase (decrease) in accounts payable	19,524	(3,020)	16,504
Increase (decrease) in accrued wages payable	9,468	5,904	15,372
Increase (decrease) in compensated absences	1,894	(603)	1,291
Increase (decrease) in deferred inflows of resources	(100,365)	(71,315)	(171,680)
Increase (decrease) in net OPEB liability	15,733	5,492	21,225
Total adjustments	\$ 411,261	\$ 151,887	\$ 563,148
Net cash provided by (used for) operating activities	\$ 216,441	\$ (322,704)	\$ (106,263)
Noncash investing, capital, and financing activities:			
Construction payables - prior year	\$ -	\$ 15,700	\$ 15,700
Construction payables - current year	-	3,238	3,238

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, 2023

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	<u>Cemetery Trust Fund</u>
<b>ASSETS</b>	
Investments	\$ 596,760
Total assets	<u>\$ 596,760</u>
<b>NET POSITION</b>	
Held in trust for Cemetery expenses	<u>\$ 596,760</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, 2023

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	<u>Cemetery Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Contributions from the Town of Bluefield	\$ 7,000
Investment earnings:	
Interest	\$ 8,432
Net increase (decrease) in the fair market value of investments	(13,356)
Total investment earnings	\$ (4,924)
Less: investment expense	(6,544)
Net investment earnings	\$ (11,468)
Total additions	\$ (4,468)
Change in net position	\$ (4,468)
Net position - beginning	601,228
Net position - ending	<u>\$ 596,760</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, 2023

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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 office of the Town Manager, Town of Bluefield, Virginia.

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, 2023

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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, 2023

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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, 2023

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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 \$269,486 at June 30, 2023. The allowance consists of delinquent taxes in the amount of \$150,813, delinquent garbage bills of \$47,077 and delinquent water bills of \$71,596.

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, 2023

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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, lease, 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, equipment, and vehicles	4 - 30
Infrastructure	10 - 40
Lease - Machinery and equipment	4 - 30

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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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 (GLI)**

For purposes of measuring the net VRS GLI 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 GLI 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, 2023

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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, 2023

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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 an 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, 2023

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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, 2023

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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, 2023

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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, Fincastle Golf, 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 Manager, Town Treasurer, Town Attorney, Audit, Vehicle Maintenance, Police Department, Fire Department, Street Maintenance, Building Maintenance, Economic Development in the General Fund, the Transit Fund, and the Fincastle Golf Fund had expenditures over appropriations.

C. Deficit fund balance

At June 30, 2023, no funds had deficit fund balance.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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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, 2023 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, 2023 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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TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

Investments	Town's Investment Values				
	Fair Quality Ratings				Total
	AAAm	AAA	AA+	Unrated	
Local Government Investment Pool (LGIP)	\$ 1,882,468	\$ -	\$ -	\$ -	\$ 1,882,468
US Government Agency Obligations	-	227,049	287,816	-	514,865
Corporate Bonds & Notes	-	-	-	40,649	40,649
Money Market Mutual Funds	-	-	-	6,030	6,030
Mutual Funds	-	-	-	35,216	35,216
Total	\$ 1,882,468	\$ 227,049	\$ 287,816	\$ 81,895	\$ 2,479,228

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)	\$ 1,882,468	\$ 1,882,468	\$ -	\$ -
US Government Agency Obligations	514,865	-	514,865	-
Corporate Bonds & Notes	40,649	-	40,649	-
Money Market Mutual Funds	6,030	6,030	-	-
Mutual Funds	35,216	35,216	-	-
Total	\$ 2,479,228	\$ 1,923,714	\$ 555,514	\$ -

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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	\$ 57,847	2/28/2025	None
Federal Home Loan Bank	65,977	10/29/2026	None
Federal Home Loan Bank	81,093	5/12/2026	None
Federal Farm Credit Bank	46,632	3/2/2026	None
Federal Farm Credit Bank	36,268	11/3/2025	None
Freddie Mac	136,073	9/23/2025	None
Fannie Mae	90,975	8/25/2025	None
Corporate Bonds & Notes:			
Discover Bank CD	40,649	9/1/2027	None
Total	<u>\$ 555,514</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, 2023

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

The Town has the following recurring fair value measurements as of June 30, 2023:

Investment	6/30/2023	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)	\$ 514,865	\$ 514,865	\$ -	\$ -
Corporate Bonds & Notes	40,649	40,649	-	-
Money Market Mutual Funds	6,030	6,030	-	-
Mutual Funds	35,216	35,216	-	-
Total	<u>\$ 596,760</u>	<u>\$ 596,760</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	\$ 78,843
Auto rental tax	155
Communications tax	4,806
Rolling stock	7,212
Categorical aid	17,657
<b><u>Federal Government:</u></b>	
Categorical aid	<u>3,320</u>
Total	<u>\$ 111,993</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 6-Interfund Activity:**

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 756,974
Public Transit Fund	141,287	-
Water Fund	26,225	-
Fincastle Golf & Swim Fund	589,462	-
Totals	<u>\$ 756,974</u>	<u>\$ 756,974</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	\$ 1,429,342	\$ -
Water Fund	-	1,147,381
Fincastle Golf & Swim Fund	-	281,974
Cemetery Fund	13	-
Totals	<u>\$ 1,429,355</u>	<u>\$ 1,429,355</u>

The Town's General Fund has loaned the Water Fund \$1,147,381 and Golf fund \$281,974. 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, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 2,665,437	\$ -	\$ (242,024)	\$ 2,423,413
Financed purchases	455,082	207,157	(62,973)	599,266
Net OPEB liabilities	1,157,487	152,476	(185,810)	1,124,153
Compensated absences	132,990	93,396	(99,742)	126,644
Total	<u>\$ 4,410,996</u>	<u>\$ 453,029</u>	<u>\$ (590,549)</u>	<u>\$ 4,273,476</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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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 Purchases	
	Principal	Interest	Principal	Interest
2024	\$ 251,411	\$ 66,239	\$ 95,573	\$ 20,739
2025	258,878	58,719	99,397	16,916
2026	266,435	50,975	103,400	12,913
2027	274,082	43,003	107,597	8,720
2028	273,984	36,323	103,904	4,348
2029-2033	918,803	80,568	89,395	1,674
2034-2036	179,820	3,945	-	-
Totals	\$ 2,423,413	\$ 339,772	\$ 599,266	\$ 65,310

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TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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.	\$ 1,671,463	\$ 159,732
\$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.	316,614	61,034
\$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.	435,336	30,645
Total direct borrowings and direct placements	\$ 2,423,413	\$ 251,411
<b><u>Financed Purchases:</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 \$5,692 beginning October 12, 2019 until paid in full on September 12, 2029.	\$ 398,065	\$ 58,533
\$207,158 financed purchase of garbage truck, bearing interest at 5.95%, payable in monthly principal and interest installments of \$4,001 beginning May 4, 2023 until paid in full on April 4, 2028.	201,201	37,040
Total financed purchases	\$ 599,266	\$ 95,573
<b><u>Other Obligations:</u></b>		
Net OPEB liabilities	1,124,153	-
Compensated absences	126,644	94,983
Total other obligations	\$ 1,250,797	\$ 94,983
Total long-term obligations	\$ 4,273,476	441,967

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 6,107,185	\$ -	\$ (496,033)	\$ 5,611,152
Lease liabilities	112,517	-	(35,530)	76,987
Net OPEB liabilities	310,072	67,684	(46,459)	331,297
Compensated absences	39,030	30,564	(29,273)	40,321
Total	\$ 6,568,804	\$ 98,248	\$ (607,295)	\$ 6,059,757

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
2024	\$ 507,664	\$ 141,415	\$ 35,886	\$ 606
2025	519,913	129,119	27,322	260
2026	532,351	116,508	13,779	69
2027	345,416	103,577	-	-
2028	357,332	93,599	-	-
2029-2033	1,717,945	314,165	-	-
2034-2038	640,059	139,776	-	-
2039-2043	414,341	90,878	-	-
2044-2048	463,386	41,831	-	-
2049-2052	112,745	2,135	-	-
Totals	\$ 5,611,152	\$ 1,173,003	\$ 76,987	\$ 935

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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.	1,502,554	\$ 56,621
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.	1,540,797	147,268
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.	1,988,444	113,827
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.	579,357	189,948
Total direct borrowings and direct placements	\$ 5,611,152	\$ 507,664
<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.	43,410	\$ 14,741
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.	33,577	21,145
Total lease liabilities	\$ 76,987	\$ 35,886
<b><u>Other Obligations:</u></b>		
Net OPEB liabilities	\$ 331,297	\$ -
Compensated absences	40,321	30,241
Total other obligations	\$ 371,618	\$ 30,241
Total long-term obligations	\$ 6,059,757	\$ 573,791



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

The Town has a general obligation bond with a year-end balance of \$3,212,260 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, 2023

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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, 2023

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	40
Inactive members:	
Vested inactive members	6
Non-vested	40
Inactive members active elsewhere in VRS	29
Total inactive members	<u>75</u>
Active members	<u>73</u>
Total covered employees	<u><u>188</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, 2023 was 10.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$293,143 and \$201,067 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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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, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

***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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
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, 2023**

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS 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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
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, 2023

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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 years

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality 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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action 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, 2023

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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, 2023

**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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
<b>Total</b>	<b>100.00%</b>		<b>5.33%</b>
		Inflation	2.50%
		Expected arithmetic nominal return**	<b>7.83%</b>

\* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 6.72%, 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, 2023

**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, 2023, 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, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 9,422,193	\$ 10,120,502	\$ (698,309)
Changes for the year:			
Service cost	\$ 326,266	\$ -	\$ 326,266
Interest	643,260	-	643,260
Differences between expected and actual experience	31,565	-	31,565
Assumption changes	-	-	-
Contributions - employer	-	201,067	(201,067)
Contributions - employee	-	126,259	(126,259)
Net investment income	-	(11,448)	11,448
Benefit payments, including refunds of employee contributions	(437,370)	(437,370)	-
Administrative expenses	-	(6,294)	6,294
Other changes	-	235	(235)
Net changes	\$ 563,721	\$ (127,551)	\$ 691,272
Balances at June 30, 2022	\$ 9,985,914	\$ 9,992,951	\$ (7,037)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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) \$	1,509,320 \$	(7,037) \$	(1,224,714)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$208,050. At June 30, 2023, 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	\$ 78,273	\$ 68,105
Change in assumptions	138,617	-
Net difference between projected and actual earnings on pension plan investments	-	286,892
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,087	13,087
Employer contributions subsequent to the measurement date	293,143	-
Total	\$ 523,120	\$ 368,084

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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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)***

\$293,143 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, 2024. 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>	
2024	\$ 439
2025	(86,763)
2026	(189,915)
2027	138,132
2028	-
Thereafter	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 9-Capital Assets:**

Capital asset activity for the year ended June 30, 2023 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	37,750	-	(25,000)	12,750
Total capital assets not being depreciated	\$ 1,590,160	\$ -	\$ (25,000)	\$ 1,565,160
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,100,499	\$ 126,584	\$ -	\$ 8,227,083
Machinery, equipment, and vehicles	7,824,431	869,110	-	8,693,541
Infrastructure	1,453,562	-	-	1,453,562
Total capital assets being depreciated	\$ 17,378,492	\$ 995,694	\$ -	\$ 18,374,186
Accumulated depreciation:				
Buildings and improvements	\$ (3,852,001)	\$ (247,137)	\$ -	\$ (4,099,138)
Machinery, equipment, and vehicles	(6,414,826)	(596,754)	-	(7,011,580)
Infrastructure	(236,334)	(41,728)	-	(278,062)
Total accumulated depreciation	\$ (10,503,161)	\$ (885,619)	\$ -	\$ (11,388,780)
Total capital assets being depreciated, net	\$ 6,875,331	\$ 110,075	\$ -	\$ 6,985,406
Governmental activities capital assets, net	\$ 8,465,491	\$ 110,075	\$ (25,000)	\$ 8,550,566

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

**Governmental Activities:**

General government administration	\$ 174,295
Public safety	373,239
Public works	241,477
Parks, recreation, and cultural	34,946
Community development	61,662
Total depreciation expense-governmental activities	<u>\$ 885,619</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 625,166	\$ -	\$ -	\$ 625,166
Construction in progress	239,983	199,055	-	439,038
Total capital assets not being depreciated/amortized	<u>\$ 865,149</u>	<u>\$ 199,055</u>	<u>\$ -</u>	<u>\$ 1,064,204</u>
Capital assets, being depreciated/amortized:				
Utility plant and equipment	\$ 10,155,174	\$ 73,784	\$ -	\$ 10,228,958
Buildings and improvements	3,121,817	124,995	-	3,246,812
Machinery, equipment, and vehicles	355,444	74,849	(5,572)	424,721
Right-to-use lease machinery and equipment	147,816	-	-	147,816
Total capital assets being depreciated/amortized	<u>\$ 13,780,251</u>	<u>\$ 273,628</u>	<u>\$ (5,572)</u>	<u>\$ 14,048,307</u>
Accumulated depreciation/amortization:				
Utility plant and equipment	\$ (6,140,053)	\$ (356,968)	\$ -	\$ (6,497,021)
Buildings and improvements	(155,472)	(95,522)	-	(250,994)
Machinery, equipment, and vehicles	(280,763)	(27,860)	5,572	(303,051)
Right-to-use lease machinery and equipment	(33,896)	(35,726)	-	(69,622)
Total accumulated depreciation/amortization	<u>\$ (6,610,184)</u>	<u>\$ (516,076)</u>	<u>\$ 5,572</u>	<u>\$ (7,120,688)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 7,170,067</u>	<u>\$ (242,448)</u>	<u>\$ -</u>	<u>\$ 6,927,619</u>
Business-type activities capital assets, net	<u>\$ 8,035,216</u>	<u>\$ (43,393)</u>	<u>\$ -</u>	<u>\$ 7,991,823</u>

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

**Business-type Activities:**

Water	\$ 363,321
Fincastle Golf & Swim	<u>152,755</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 516,076</u>

## TOWN OF BLUEFIELD, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

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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, 2023 (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, 2023, was \$42,355.

##### ***Total OPEB Liability***

The Town's total OPEB liability was measured as of June 30, 2023. The total OPEB liability was calculated using the alternative measurement method (AMM).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

The total OPEB liability in the June 30, 2023 calculation, 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	3.65%

Mortality rates were from 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, 2022	\$ 1,322,957
Changes for the year:	
Service cost	64,844
Interest	48,385
Effect of Economic/Demographic Gains or Losses	(70,841)
Effect of changes in assumptions	(13,597)
Contributions - employer	(42,355)
Balance as of June 30, 2023	<u>\$ 1,309,393</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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

1% Decrease (2.65%)	Current Discount (3.65%)	1% Increase (4.65%)
\$ 1,443,874	\$ 1,309,393	\$ 1,197,184

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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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
\$ 1,158,149	\$ 1,309,393	\$ 1,493,035

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

For the year ended June 30, 2023, the Town recognized OPEB expense in the amount of \$28,791. At June 30, 2023, 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, 2023

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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 \$8,984 as of June 30, 2023.

***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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$16,448 and \$14,246 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

***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, 2023, the entity reported a liability of \$146,057 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.01210% as compared to 0.01240% at June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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)***

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$3,917. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,566	\$ 5,859
Net difference between projected and actual earnings on GLI OPEB plan investments	-	9,126
Change in assumptions	5,448	14,227
Changes in proportionate share	3,051	6,022
Employer contributions subsequent to the measurement date	<u>16,448</u>	<u>-</u>
Total	<u>\$ 36,513</u>	<u>\$ 35,234</u>

\$16,448 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (3,307)
2025	(3,238)
2026	(7,889)
2027	1,028
2028	(1,763)
Thereafter	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. 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, 2023**

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

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, 2023

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

**Actuarial Assumptions: (Continued)**

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

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, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%
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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, 2023

**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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 6.72%, 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, 2023

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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, 2022, 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, 2022 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	\$ 212,530	\$ 146,057	\$ 92,338

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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 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, 2023, was \$8,440.

**Note 15-OPEB Summary:**

	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
Health Insurance OPEB (Note 12)	\$ -	\$ -	\$ 1,309,393	\$ 28,791
VRS Group Life Insurance(GLI) Plan (Note 13)	36,513	35,234	146,057	3,917
Totals	<u>\$ 36,513</u>	<u>\$ 35,234</u>	<u>\$ 1,455,450</u>	<u>\$ 32,708</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 - 2023 Levy	\$ 1,196,606
Prepaid taxes	14,761
Total deferred revenue for governmental activities	<u>\$ 1,211,367</u>
Taxes receivable due prior to June 30, 2023, not collected within 60 days	73,676
Total unavailable revenue for governmental funds	<u>\$ 1,285,043</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 17-Litigation:**

As of June 30, 2023, the Town has one item of pending litigation. The Town has been sued for damages of \$500,000 caused by a negligent Town water or sewer pipe as asserted in the claim. The Town has not recorded a liability for any pending result of this litigation as it is still early in the lawsuit and the Town is still awaiting proof of damages. Pending the resulting damage amount, if any, any amount owed by the Town could be covered by the Town's insurance. There were no other 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, 2023, the Town had the following outstanding construction commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Thompson & Litton - ARPA Plan Projects	\$ 571,845	\$ 284,054	\$ 3,238	\$ -

**Note 19-Upcoming Pronouncements:**

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.

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.

Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guide No. - 2023*, effective for fiscal years beginning after June 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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
General property taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,023,404	\$ 23,404
Other local taxes	3,159,491	3,159,491	3,909,395	749,904
Permits, privilege fees, and regulatory licenses	22,750	22,750	39,377	16,627
Fines and forfeitures	60,000	60,000	47,608	(12,392)
Revenue from the use of money and property	3,000	3,000	116,011	113,011
Charges for services	456,000	456,000	439,315	(16,685)
Miscellaneous	192,048	243,721	119,871	(123,850)
Recovered costs	155,000	167,178	44,814	(122,364)
Intergovernmental:				
Commonwealth	1,488,986	1,671,147	2,032,265	361,118
Federal	4,994,354	4,994,354	4,968,313	(26,041)
Total revenues	<u>\$ 11,531,629</u>	<u>\$ 11,777,641</u>	<u>\$ 12,740,373</u>	<u>\$ 962,732</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,201,680	\$ 1,244,120	\$ 1,560,943	\$ (316,823)
Public safety	2,113,239	2,555,198	2,716,787	(161,589)
Public works	1,430,332	1,564,190	1,712,678	(148,488)
Parks, recreation, and cultural	568,759	616,474	440,045	176,429
Community development	486,505	593,033	672,237	(79,204)
Nondepartmental	3,611,515	3,213,811	186,019	3,027,792
Capital projects	813,322	813,322	779,082	34,240
Debt service:				
Principal	304,997	304,997	304,997	-
Interest and other fiscal charges	253,606	253,606	86,085	167,521
Total expenditures	<u>\$ 10,783,955</u>	<u>\$ 11,158,751</u>	<u>\$ 8,458,873</u>	<u>\$ 2,699,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 747,674</u>	<u>\$ 618,890</u>	<u>\$ 4,281,500</u>	<u>\$ 3,662,610</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (486,787)	\$ (486,787)	\$ (756,974)	\$ (270,187)
Issuance of financed purchase	165,000	165,000	207,157	42,157
Total other financing sources (uses)	<u>\$ (321,787)</u>	<u>\$ (321,787)</u>	<u>\$ (549,817)</u>	<u>\$ (228,030)</u>
Net change in fund balances	<u>\$ 425,887</u>	<u>\$ 297,103</u>	<u>\$ 3,731,683</u>	<u>\$ 3,434,580</u>
Fund balances - beginning	<u>(425,887)</u>	<u>(297,103)</u>	<u>4,446,874</u>	<u>4,743,977</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,178,557</u>	<u>\$ 8,178,557</u>

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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 326,266	\$ 262,852	\$ 258,251	\$ 230,259	\$ 240,107	\$ 245,491	\$ 244,311	\$ 223,823	\$ 185,176
Interest	643,260	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	31,565	(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	(437,370)	(396,017)	(377,248)	(304,765)	(321,973)	(265,201)	(223,643)	(173,666)	(202,548)
<b>Net change in total pension liability</b>	<b>\$ 563,721</b>	<b>\$ 616,311</b>	<b>\$ 800,221</b>	<b>\$ 381,765</b>	<b>\$ 340,924</b>	<b>\$ 422,635</b>	<b>\$ 472,335</b>	<b>\$ 757,624</b>	<b>\$ 345,482</b>
<b>Total pension liability - beginning</b>	<b>9,422,193</b>	<b>8,805,882</b>	<b>8,005,661</b>	<b>7,623,896</b>	<b>7,282,972</b>	<b>6,860,337</b>	<b>6,388,002</b>	<b>5,630,378</b>	<b>5,284,896</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 9,985,914</b>	<b>\$ 9,422,193</b>	<b>\$ 8,805,882</b>	<b>\$ 8,005,661</b>	<b>\$ 7,623,896</b>	<b>\$ 7,282,972</b>	<b>\$ 6,860,337</b>	<b>\$ 6,388,002</b>	<b>\$ 5,630,378</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 201,067	\$ 191,953	\$ 166,424	\$ 163,202	\$ 158,676	\$ 155,323	\$ 185,991	\$ 184,961	\$ 128,659
Contributions - employee	126,259	121,143	119,756	118,719	117,408	122,353	112,253	111,090	105,784
Net investment income	(11,448)	2,197,402	152,457	503,389	520,220	766,573	109,576	265,551	774,022
Benefit payments	(437,370)	(396,017)	(377,248)	(304,765)	(321,973)	(265,201)	(223,643)	(173,666)	(202,548)
Administrator charges	(6,294)	(5,402)	(5,145)	(4,880)	(4,452)	(4,333)	(3,700)	(3,460)	(4,101)
Other	235	208	(181)	(318)	(464)	(685)	(46)	(56)	41
<b>Net change in plan fiduciary net position</b>	<b>\$ (127,551)</b>	<b>\$ 2,109,287</b>	<b>\$ 56,063</b>	<b>\$ 475,347</b>	<b>\$ 469,415</b>	<b>\$ 774,030</b>	<b>\$ 180,431</b>	<b>\$ 384,420</b>	<b>\$ 801,857</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,120,502</b>	<b>8,011,215</b>	<b>7,955,152</b>	<b>7,479,805</b>	<b>7,010,390</b>	<b>6,236,360</b>	<b>6,055,929</b>	<b>5,671,509</b>	<b>4,869,652</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 9,992,951</b>	<b>\$ 10,120,502</b>	<b>\$ 8,011,215</b>	<b>\$ 7,955,152</b>	<b>\$ 7,479,805</b>	<b>\$ 7,010,390</b>	<b>\$ 6,236,360</b>	<b>\$ 6,055,929</b>	<b>\$ 5,671,509</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (7,037)</b>	<b>\$ (698,309)</b>	<b>\$ 794,667</b>	<b>\$ 50,509</b>	<b>\$ 144,091</b>	<b>\$ 272,582</b>	<b>\$ 623,977</b>	<b>\$ 332,073</b>	<b>\$ (41,131)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>100.07%</b>	<b>107.41%</b>	<b>90.98%</b>	<b>99.37%</b>	<b>98.11%</b>	<b>96.26%</b>	<b>90.90%</b>	<b>94.80%</b>	<b>100.73%</b>
<b>Covered payroll</b>	<b>\$ 2,638,142</b>	<b>\$ 2,535,462</b>	<b>\$ 2,475,726</b>	<b>\$ 2,411,073</b>	<b>\$ 2,375,840</b>	<b>\$ 2,311,623</b>	<b>\$ 2,265,911</b>	<b>\$ 2,245,314</b>	<b>\$ 2,117,937</b>
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	<b>-0.27%</b>	<b>-27.54%</b>	<b>32.10%</b>	<b>2.09%</b>	<b>6.06%</b>	<b>11.79%</b>	<b>27.54%</b>	<b>14.79%</b>	<b>-1.94%</b>

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, 2014 through June 30, 2023**

<b>Date</b>	<b>Contractually Required Contribution (1)*</b>	<b>Contributions in Relation to Contractually Required Contribution (2)*</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2023	\$ 293,143	\$ 293,143	\$ -	\$ 3,045,893	9.62%
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%

\*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, 2023**

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

**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, 2023

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 64,844	\$ 56,156	\$ 58,420	\$ 39,112	\$ 37,522	\$ 49,251
Interest	48,385	23,021	23,399	27,054	27,520	18,221
Changes of assumptions	(13,597)	(179,727)	5,625	125,236	30,153	(112,481)
Differences between expected and actual experience	(70,841)	435,156	(44,613)	94,404	(21,461)	59,747
Benefit payments	(42,355)	(42,355)	(24,854)	(13,764)	(13,133)	(9,504)
<b>Net change in total OPEB liability</b>	<b>\$ (13,564)</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>1,322,957</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>\$ 1,309,393</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>\$ N/A</b>
<b>Town's total OPEB liability 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>	<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, 2023

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Valuation Date: 6/30/2023

Measurement Date: 6/30/2023

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	3.65% as of June 30, 2023
Healthcare Trend Rate - Medical	The medical healthcare trend rate assumption starts at 4.70% and before ultimately decreasing to 4.20%
Healthcare Trend Rate - Pharmacy	The pharmacy trend rate assumption starts at 5.20% and ultimately decreasing to 4.20%
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, 2023
Retirement Age	The average age at retirement is 64
Mortality Rates	Pub-2010 Public Retirement Plans Mortatlity 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, 2022

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)
2022	0.01210% \$	146,057 \$	2,638,124	5.54%	67.21%
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, 2014 through June 30, 2023

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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)
2023	\$ 16,448	\$ 16,448	\$ -	3,045,893	0.54%
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%

**Town of Bluefield, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2023**

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

**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, 2023

	Special Revenue Funds		
	Public Transit <u>Fund</u>	Cemetery <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 147,773	\$ 54,979	\$ 202,752
Investments	-	18,043	18,043
Due from other governmental units	17,657	-	17,657
Due from other funds	-	13	13
Total assets	<u>\$ 165,430</u>	<u>\$ 73,035</u>	<u>\$ 238,465</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,848	\$ 675	\$ 6,523
Accrued wages payable	12,635	-	12,635
Total liabilities	<u>\$ 18,483</u>	<u>\$ 675</u>	<u>\$ 19,158</u>
<b>FUND BALANCES</b>			
Committed	\$ 146,947	\$ 72,360	\$ 219,307
Total fund balances	<u>\$ 146,947</u>	<u>\$ 72,360</u>	<u>\$ 219,307</u>
Total liabilities and fund balances	<u>\$ 165,430</u>	<u>\$ 73,035</u>	<u>\$ 238,465</u>

Town of Bluefield, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

	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	\$ -	\$ 2,267	\$ 2,267
Charges for services	8,052	39,269	47,321
Miscellaneous	-	15	15
Intergovernmental:			
Commonwealth	126,521	-	126,521
Federal	209,723	-	209,723
Total revenues	<u>\$ 344,296</u>	<u>\$ 41,551</u>	<u>\$ 385,847</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 465,048	\$ -	\$ 465,048
Parks, recreation, and cultural	-	73,257	73,257
Total expenditures	<u>\$ 465,048</u>	<u>\$ 73,257</u>	<u>\$ 538,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (120,752)</u>	<u>\$ (31,706)</u>	<u>\$ (152,458)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 141,287	\$ -	\$ 141,287
Total other financing sources (uses)	<u>\$ 141,287</u>	<u>\$ -</u>	<u>\$ 141,287</u>
Net change in fund balances	\$ 20,535	\$ (31,706)	\$ (11,171)
Fund balances - beginning	126,412	104,066	230,478
Fund balances - ending	<u>\$ 146,947</u>	<u>\$ 72,360</u>	<u>\$ 219,307</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, 2023

	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	\$ 8,052	\$ 52
Miscellaneous	-	2,008	-	(2,008)
Intergovernmental:				
Commonwealth	93,703	93,703	126,521	32,818
Federal	217,647	217,647	209,723	(7,924)
Total revenues	<u>\$ 319,350</u>	<u>\$ 321,358</u>	<u>\$ 344,296</u>	<u>\$ 22,938</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 369,750	\$ 405,085	\$ 465,048	\$ (59,963)
Total expenditures	<u>\$ 369,750</u>	<u>\$ 405,085</u>	<u>\$ 465,048</u>	<u>\$ (59,963)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (50,400)</u>	<u>\$ (83,727)</u>	<u>\$ (120,752)</u>	<u>\$ (37,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 50,400</u>	<u>\$ 83,727</u>	<u>\$ 141,287</u>	<u>\$ 57,560</u>
Net change in fund balances	\$ -	\$ -	\$ 20,535	\$ 20,535
Fund balances - beginning	-	-	126,412	126,412
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,947</u>	<u>\$ 146,947</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,050	\$ 1,050	\$ 2,267	\$ 1,217
Charges for services	33,500	33,500	39,269	5,769
Miscellaneous	-	-	15	15
Total revenues	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 41,551</u>	<u>\$ 7,001</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	\$ 34,550	\$ 34,550	\$ 73,257	\$ (38,707)
Total expenditures	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 73,257</u>	<u>\$ (38,707)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,706)</u>	<u>\$ (31,706)</u>
Net change in fund balances	\$ -	\$ -	\$ (31,706)	\$ (31,706)
Fund balances - beginning	-	-	104,066	104,066
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,360</u>	<u>\$ 72,360</u>



Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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	\$ 750,000	\$ 698,146	\$ (51,854)
Real and Personal PSC Tax	35,000	35,000	43,754	8,754
Personal Property Tax	186,500	186,500	253,042	66,542
Mobile Home Tax	2,500	2,500	2,245	(255)
Machinery and Tools Tax	20,000	20,000	20,477	477
Penalties	3,600	3,600	5,432	1,832
Interest	2,400	2,400	308	(2,092)
Total general property taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,023,404	\$ 23,404
Other local taxes:				
Local sales and use taxes	\$ 373,000	\$ 373,000	\$ 452,611	\$ 79,611
Consumers' utility taxes	120,000	120,000	114,934	(5,066)
Cigarette tax	238,000	238,000	251,606	13,606
Business license taxes	653,000	653,000	730,539	77,539
Consumption taxes	30,000	30,000	26,569	(3,431)
Motor vehicle licenses	31,000	31,000	36,871	5,871
Bank stock taxes	185,000	185,000	222,097	37,097
Franchise tax	9,000	9,000	11,923	2,923
Restaurant food taxes	1,520,491	1,520,491	2,062,245	541,754
Total other local taxes	\$ 3,159,491	\$ 3,159,491	\$ 3,909,395	\$ 749,904
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 15,000	\$ 15,000	\$ 37,821	\$ 22,821
Zoning permits	6,000	6,000	1,556	(4,444)
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	\$ 39,377	\$ 16,627
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 47,608	\$ (12,392)
Revenue from use of money and property:				
Revenue from use of money	\$ 3,000	\$ 3,000	\$ 116,011	\$ 113,011
Charges for services:				
Charges for recreation user fees	\$ 2,000	\$ 2,000	\$ 2,854	\$ 854
Charges for refuse collections	403,000	403,000	394,571	(8,429)
Charges for container rent	1,000	1,000	-	(1,000)
Charges for Harmony Acres pool	50,000	50,000	41,890	(8,110)
Total charges for services	\$ 456,000	\$ 456,000	\$ 439,315	\$ (16,685)

Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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	\$ 57,371	\$ 51,723	\$ (5,648)
Miscellaneous	186,350	186,350	68,148	(118,202)
Total miscellaneous	<u>\$ 192,048</u>	<u>\$ 243,721</u>	<u>\$ 119,871</u>	<u>\$ (123,850)</u>
Recovered costs:				
Other recovered costs	<u>\$ 155,000</u>	<u>\$ 167,178</u>	<u>\$ 44,814</u>	<u>\$ (122,364)</u>
Total revenue from local sources	<u>\$ 5,048,289</u>	<u>\$ 5,112,140</u>	<u>\$ 5,739,795</u>	<u>\$ 627,655</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 7,700	\$ 7,700	\$ 7,221	\$ (479)
Mobile home titling tax	500	500	-	(500)
Telecommunications Tax	30,000	30,000	30,270	270
Personal property tax relief funds	108,477	108,477	108,447	(30)
Total noncategorical aid	<u>\$ 146,677</u>	<u>\$ 146,677</u>	<u>\$ 145,938</u>	<u>\$ (739)</u>
Categorical aid:				
Other categorical aid:				
Law enforcement grants	\$ 220,864	\$ 401,705	\$ 311,001	\$ (90,704)
Litter control grant	3,000	4,320	4,320	-
State fire funds	18,445	18,445	20,446	2,001
Street maintenance	1,100,000	1,100,000	1,315,964	215,964
VDOT revenue sharing	-	-	234,596	234,596
Total other categorical aid	<u>\$ 1,342,309</u>	<u>\$ 1,524,470</u>	<u>\$ 1,886,327</u>	<u>\$ 361,857</u>
Total categorical aid	<u>\$ 1,342,309</u>	<u>\$ 1,524,470</u>	<u>\$ 1,886,327</u>	<u>\$ 361,857</u>
Total revenue from the Commonwealth	<u>\$ 1,488,986</u>	<u>\$ 1,671,147</u>	<u>\$ 2,032,265</u>	<u>\$ 361,118</u>
Revenue from the Federal Government:				
Categorical aid:				
Police grants	\$ 10,000	\$ 10,000	\$ 9,470	\$ (530)
EPA hazardous materials grant	200,000	200,000	174,489	(25,511)
American Rescue Plan Act (ARPA) Funds	4,784,354	4,784,354	4,784,354	-
Total categorical aid	<u>\$ 4,994,354</u>	<u>\$ 4,994,354</u>	<u>\$ 4,968,313</u>	<u>\$ (26,041)</u>
Total revenue from the federal government	<u>\$ 4,994,354</u>	<u>\$ 4,994,354</u>	<u>\$ 4,968,313</u>	<u>\$ (26,041)</u>
Total intergovernmental	<u>\$ 6,483,340</u>	<u>\$ 6,665,501</u>	<u>\$ 7,000,578</u>	<u>\$ 335,077</u>
Total General Fund	<u>\$ 11,531,629</u>	<u>\$ 11,777,641</u>	<u>\$ 12,740,373</u>	<u>\$ 962,732</u>

Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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	\$ 8,052	\$ 52
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 2,008	\$ -	\$ (2,008)
Total revenue from local sources	\$ 8,000	\$ 10,008	\$ 8,052	\$ (1,956)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public transportation grant	\$ 93,703	\$ 93,703	\$ 126,521	\$ 32,818
Total revenue from the Commonwealth	\$ 93,703	\$ 93,703	\$ 126,521	\$ 32,818
Revenue from the federal government:				
Categorical aid:				
Public transportation grant	\$ 217,647	\$ 217,647	\$ 209,723	\$ (7,924)
Total revenue from the federal government	\$ 217,647	\$ 217,647	\$ 209,723	\$ (7,924)
Total intergovernmental	\$ 311,350	\$ 311,350	\$ 336,244	\$ 24,894
Total Public Transit Fund	\$ 319,350	\$ 321,358	\$ 344,296	\$ 22,938
<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	\$ 2,267	\$ 1,217
Charges for services:				
Charges for grave openings	\$ 20,000	\$ 20,000	\$ 20,069	\$ 69
Charges for plots	13,500	13,500	19,200	5,700
Total charges for services	\$ 33,500	\$ 33,500	\$ 39,269	\$ 5,769
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 15	\$ 15
Total revenue from local sources	\$ 34,550	\$ 34,550	\$ 41,551	\$ 7,001
Total Cemetery Fund	\$ 34,550	\$ 34,550	\$ 41,551	\$ 7,001
Total Primary Government	\$ 11,885,529	\$ 12,133,549	\$ 13,126,220	\$ 992,671

Town of Bluefield, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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:				
Town Council	\$ 66,775	\$ 66,775	\$ 60,893	\$ 5,882
General and financial administration:				
Town manager	\$ 286,420	\$ 289,498	\$ 360,719	\$ (71,221)
Legal services	2,000	2,000	22,339	(20,339)
Vehicle maintenance	454,718	478,181	673,784	(195,603)
Treasurer	212,540	221,388	238,743	(17,355)
Bookkeeper	136,227	143,278	142,715	563
Audit services	43,000	43,000	61,750	(18,750)
Total general and financial administration	\$ 1,134,905	\$ 1,177,345	\$ 1,500,050	\$ (322,705)
Total general government administration	\$ 1,201,680	\$ 1,244,120	\$ 1,560,943	\$ (316,823)
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,675,206	\$ 2,031,555	\$ 2,191,927	\$ (160,372)
Fire and rescue services:				
Fire department	\$ 322,610	\$ 408,220	\$ 432,462	\$ (24,242)
Inspections:				
Building	\$ 115,423	\$ 115,423	\$ 92,398	\$ 23,025
Total public safety	\$ 2,113,239	\$ 2,555,198	\$ 2,716,787	\$ (161,589)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 1,026,824	\$ 1,144,374	\$ 1,285,022	\$ (140,648)
Total maintenance of highways, streets, bridges & sidewalks	\$ 1,026,824	\$ 1,144,374	\$ 1,285,022	\$ (140,648)
Sanitation and waste removal:				
Refuse collections	\$ 291,666	\$ 305,186	\$ 274,953	\$ 30,233
Maintenance of general buildings and grounds:				
General properties	\$ 111,842	\$ 114,630	\$ 152,703	\$ (38,073)
Total public works	\$ 1,430,332	\$ 1,564,190	\$ 1,712,678	\$ (148,488)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 474,631	\$ 490,764	\$ 337,242	\$ 153,522
Cultural enrichment:				
Cemetery department	\$ 94,128	\$ 125,710	\$ 102,803	\$ 22,907
Total parks, recreation, and cultural	\$ 568,759	\$ 616,474	\$ 440,045	\$ 176,429

Town of Bluefield, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<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	\$ 4,692	\$ 2,298
Zoning administration	97,515	99,470	93,160	6,310
Contributions and community activities	94,400	143,973	124,839	19,134
Contribution to Sanitary Board	200,000	200,000	200,000	-
Economic development	87,600	142,600	249,546	(106,946)
Total planning and community development	<u>\$ 486,505</u>	<u>\$ 593,033</u>	<u>\$ 672,237</u>	<u>\$ (79,204)</u>
Total community development	<u>\$ 486,505</u>	<u>\$ 593,033</u>	<u>\$ 672,237</u>	<u>\$ (79,204)</u>
Nondepartmental:				
Nondepartmental	<u>\$ 3,611,515</u>	<u>\$ 3,213,811</u>	<u>\$ 186,019</u>	<u>\$ 3,027,792</u>
Capital projects:				
Garbage truck purchase	\$ 165,000	\$ 165,000	\$ 202,513	\$ (37,513)
Brownfield renovations	200,000	200,000	128,247	71,753
Other Capital Projects	448,322	448,322	448,322	-
Total capital projects	<u>\$ 813,322</u>	<u>\$ 813,322</u>	<u>\$ 779,082</u>	<u>\$ 34,240</u>
Debt service:				
Principal retirement	\$ 304,997	\$ 304,997	\$ 304,997	-
Interest and other fiscal charges	253,606	253,606	86,085	167,521
Total debt service	<u>\$ 558,603</u>	<u>\$ 558,603</u>	<u>\$ 391,082</u>	<u>\$ 167,521</u>
Total General Fund	<u>\$ 10,783,955</u>	<u>\$ 11,158,751</u>	<u>\$ 8,458,873</u>	<u>\$ 2,699,878</u>
<b>Special Revenue Funds:</b>				
<b>Public Transit Fund:</b>				
Public works:				
Public transportation:				
Transit system	<u>\$ 369,750</u>	<u>\$ 405,085</u>	<u>\$ 465,048</u>	<u>\$ (59,963)</u>
Total Public Transit Fund	<u>\$ 369,750</u>	<u>\$ 405,085</u>	<u>\$ 465,048</u>	<u>\$ (59,963)</u>
<b>Cemetery Fund:</b>				
Parks, recreation, and cultural:				
Cultural enrichment:				
Cemetery	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 73,257</u>	<u>\$ (38,707)</u>
Total Cemetery Fund	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 73,257</u>	<u>\$ (38,707)</u>
Total Primary Government	<u>\$ 11,188,255</u>	<u>\$ 11,598,386</u>	<u>\$ 8,997,178</u>	<u>\$ 2,601,208</u>

## Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Parks, Recreation, and Cultural			Interest on Long-term Debt	Water and Sewer	Fincastle Golf & Swim	Total
		Public Safety	Public Works	Community Development				
2013-14	1,358,585	1,768,806	2,335,056	471,029	145,791	1,207,129	-	7,554,325
2014-15	1,404,112	1,823,885	1,720,679	411,105	125,819	1,222,115	-	6,924,679
2015-16	1,450,930	2,022,880	2,155,929	448,671	111,208	1,191,305	-	7,617,077
2016-17	1,456,833	1,985,518	1,721,992	432,800	105,633	1,153,652	-	7,147,965
2017-18	1,376,164	1,933,580	2,081,648	517,811	93,977	1,170,043	-	7,413,974
2018-19	1,517,272	1,939,738	1,930,624	478,415	98,583	1,260,141	-	7,451,497
2019-20	1,510,157	2,029,065	2,641,554	425,735	116,167	1,236,606	919,100	9,507,609
2020-21	1,447,535	2,461,607	2,072,939	407,793	109,934	1,315,871	1,419,152	9,431,454
2021-22	1,576,726	2,293,935	2,030,145	551,746	108,097	1,432,599	1,704,980	10,091,676
2022-23	1,728,303	2,613,034	2,727,175	460,328	97,297	1,621,518	2,143,525	12,222,731

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	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
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
2022-23	3,373,958	5,981,609	1,459,275	1,046,708	3,909,395	118,571	265,316	145,938	16,300,770



Table 3

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

Fiscal Year	General		Parks, Recreation, and Cultural				Capital Projects	Non- departmental	Debt Service	Total
	Government Administration	Public Safety	Public Works	Recreation, and Cultural	Community Development					
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
2022-23	1,560,943	2,716,787	2,177,726	513,302	672,237		779,082	186,019	391,082	8,997,178

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 Use of Money and Property			Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
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
2022-23	1,023,404	3,909,395	39,377	47,608	118,278			486,636	119,886	44,814	7,336,822	13,126,220

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
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%
2022-23	1,177,216	1,095,801	93.08%	36,050	1,131,851	96.15%	197,623	16.79%

(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	
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
2022-23	391,614,100	67,758,839	3,412,800	23,335,751	486,121,490

(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
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
2022-23	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
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	9,494,064	2.01%	1,744
2021-22	5,018	476,234,932	8,772,622	1.84%	1,748
2022-23	5,018	486,121,490	8,034,566	1.65%	1,601

(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	7,140,369	6.59%
2022-23	304,997	86,085	391,082	8,997,178	4.35%

Table 10

Town of Bluefield, Virginia  
Computation of Legal Debt Margin  
June 30, 2023

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Assessed valuations:	
Assessed value - real estate	\$ 391,614,100
	<u>391,614,100</u>
Total assessed value - real estate	\$ 391,614,100
	<u>391,614,100</u>
Legal debt margin	
Debt limitation - 10 percent of total assessed value	\$ 39,161,410
Total debt applicable to limitation	8,034,566
	<u>31,126,844</u>
Legal debt margin	\$ 31,126,844
	<u>31,126,844</u>



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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, 2023, 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, 2023.

**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 questioned costs, as items 2023-001 and 2023-002, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs items 2023-003 and 2023-004.

## 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 questioned costs. 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, 2023



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Bluefield, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Bluefield, Virginia's compliance with the requirements of each major federal program as a whole.

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

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

## Report on Internal Control over Compliance

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

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

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

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



Blacksburg, Virginia  
December 15, 2023

Town of Bluefield, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Transportation:</b>			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	BSC-2023-53051-23051	\$ 2,555
National Priority Safety Programs	20.616	FM6OT-2022-52053-22053	2,576
Total Highway Safety Cluster			\$ 5,131
Virginia Department of Rail and Public Transportation:			
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	Not available	\$ 21,150
Formula Grants for Rural Areas and Tribal Transit Program	20.509	Not available	188,573
			209,723
Total U.S. Department of Transportation			\$ 214,854
<b>Department of Justice:</b>			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG00258MUMU, 2020MUBX0035	\$ 4,339
<b>Department of the Treasury:</b>			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	\$ 4,784,354
<b>Environmental Protection Agency:</b>			
Direct payments:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	Not applicable	\$ 128,247
Total Federal Expenditures			\$ 5,131,794

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

**Note 1 -- Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Bluefield, Virginia, under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Bluefield, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Bluefield, Virginia.

**Note 2 -- Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The Town did not elect to use the 10 percent de minimis indirect cost rate because they only request direct costs for reimbursement.
- (4) The Town did not have any loans or loan guarantees which are subject to reporting requirements for the year.

**Note 3 -- Subrecipients**

The Town did not have any subrecipients during the fiscal year.

**Note 4 -- Relationship to the Financial Statements:**

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund

\$ 4,968,313

Transit Fund

209,723

Less immaterial grant funds written off in prior year but actually collected in current year

(46,242)

Total expenditures of federal awards per basic financial statements

\$ 5,131,794

Town of Bluefield, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023

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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?	Yes

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
Identification of major programs:	

<b><u>Assistance Listing #</u></b>	<b><u>Name of Federal Program or Cluster</u></b>	
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish between Type A and Type B programs		\$750,000
Auditee qualified as low-risk auditee?		No

**Section II - Financial Statement Findings**

<b><u>2023-001</u></b>	<b><u>Material Weakness</u></b>
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 bank reconciliations, 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.
Views of Responsible Officials and Planned Corrective Action:	Management acknowledges that internal controls over the bank reconciliations, billing and collection functions 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 Questioned Costs (Continued)  
For the Year Ended June 30, 2023

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

2023-002	Material Weakness
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 audit 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.
Views of Responsible Officials and Planned Corrective Action:	
	The Town Treasurer and Finance Office will work to ensure information is prepared timely and accurately to complete the audit process.
2023-003	Material Noncompliance
Criteria:	The Town is required to use Urban Highway Maintenance Funds (UHM) for costs incurred for maintenance, construction, or other costs under the program as defined by the Urban Manual issued by the Virginia Department of Transportation (VDOT).
Condition:	The Town paved golf cart paths at the Fincastle golf course totaling \$128,250 using UHM funds. Total UHM program costs for the year were \$1,242,588.
Effect:	The Town may not be in compliance with the allowability requirement of UHM funds.
Cause:	The Town posted the paving expense to the incorrect fund and department in error.
Recommendation:	The Town should implement a process to ensure expenditures are posted to an accurate general ledger account, particularly when certain accounts and departments are used for grant expenditures.
Views of Responsible Officials and Planned Corrective Action:	
	The Town agrees with the recommendation and plans to implement an improved review process for general ledger posting.

**Town of Bluefield, Virginia**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2023**

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

<b>2023-004</b>	<b>Material Noncompliance</b>
Criteria:	The Town is required to ensure all expenditures have the necessary appropriation budgeted prior to incurring the expenditure.
Condition:	The Town overpent numerous departments in the General Fund as well as the Transit Fund and Fincastle Golf fund.
Effect:	The Town may not be in compliance with Section 15.2-2506 of the <u>Code of Virginia</u> .
Cause:	The Town does not have proper controls in place to monitor budgeted appropriations against expenditures to ensure appropriations are sufficient for Town needs.
Recommendation:	The Town should implement a monthly review of budgeted appropriations against expenditures and propose additional appropriations, if deemed necessary.

Views of Responsible

Officials and Planned Corrective Action: The Town agrees and will improve the review of budgeted expenditures against appropriations in order to make additional appropriations, as needed.

**Section III - Federal Award Findings and Questioned Costs**

<b>2023-005</b>	<b>Finding in accordance with 2 CFR section 200.516(a)</b>
Agency:	Department of Treasury
Program & ALN:	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (21.027)
Compliance Requirement:	Reporting
Finding Type:	Finding reported in accordance with 2 CFR section 200.516(a)
Criteria:	Per grant requirements, recipients are required to submit annual Project and Expenditure Reports detailing cumulative and current period expenditures and obligations.
Condition:	The Town filed reports with expenditures based on estimates that did not have underlying supporting documentation.
Cause:	The Town did not have a proper reporting and review process of federal grants.
Effect:	The expenditures reported by the Town on the report for the year ended March 31, 2023 were overstated.
Context:	The Town reported expenditures totaling \$4,988,468 for the two years ended March 31, 2023 but only had supporting expenditures totaling \$4,208,385.
Recommendation:	Management should establish a reconciliation process and reports should be reviewed by someone other than the preparer prior to submission to ensure accuracy of reporting.

Views of Responsible

Officials and Planned Corrective Action: The Town concurs with the finding; however, it will be corrected as the Town will have fully spent the funds by the next filing due March 31, 2024.

**Town of Bluefield, Virginia**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2023**

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Findings 2022-001 and 2022-002 recurred in the current year as 2023-001 and 2023-002, respectively.