

TOWN OF BLUEFIELD, VIRGINIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

TOWN OF BLUEFIELD, VIRGINIA
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

TOWN OF BLUEFIELD, VIRGINIA

TOWN COUNCIL

Donald Linkous, Mayor
Anglis Trigg, Jr., Vice Mayor
Catherine Payne
Karen Rich
Meagan Kade
James Knowles
Chad Lambert

OTHER OFFICIALS

Andrew Hanson Town Manager
James Hampton Assistant Town Manager
Vicki Quesenberry Town Treasurer

FINANCIAL SECTION



Independent Auditors' Report

**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, 2025, 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, 2025, 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.

Change in Accounting Principles

As described in Note 21 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2025, the Town restated beginning balances to record the donation of land and a building to the IDA and include sick leave as part of compensated absences, which was previously excluded from the financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025 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.

Robinson, James, Cox Associates

Blacksburg, Virginia
November 21, 2025

Town of Bluefield, Virginia Management's Discussion and Analysis

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, 2025.

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 \$14,878,014 (net position). Of this amount, \$2,350,418 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Total net position of \$14,878,014 is split between governmental activities \$10,900,286 and business-type activities \$3,977,728.

Fund Financial Statements

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,225,087 as compared to the prior year fund balance of \$7,231,236 (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)

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 \$14,878,014 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 2024 and 2025.

Town of Bluefield, Virginia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024 (1)	2025	2024	2025	2024
Current and other assets	\$ 8,529,899	\$ 8,929,588	\$ (477,069)	\$ (229,416)	\$ 8,052,830	\$ 8,700,172
Capital assets	11,614,388	9,811,826	10,260,110	9,251,548	21,874,498	19,063,374
Total assets	20,144,287	18,741,414	9,783,041	9,022,132	29,927,328	27,763,546
Deferred outflows of resources:						
Deferred charges on refunding	72,301	84,351	-	-	72,301	84,351
Items related to pension & OPEB	378,775	486,352	107,977	150,801	486,752	637,153
Total deferred outflows	451,076	570,703	107,977	150,801	559,053	721,504
Long-term liabilities	7,293,559	4,909,310	5,459,697	5,656,073	12,753,256	10,565,383
Other liabilities	738,047	392,010	380,934	530,874	1,118,981	922,884
Total liabilities	8,031,606	5,301,320	5,840,631	6,186,947	13,872,237	11,488,267
Deferred inflows of resources:						
Property taxes	1,385,486	1,179,284	-	-	1,385,486	1,179,284
Prepaid taxes	16,493	17,027	-	-	16,493	17,027
Items related to pension & OPEB	261,492	171,909	72,659	38,401	334,151	210,310
Total deferred inflows	1,663,471	1,368,220	72,659	38,401	1,736,130	1,406,621
Net position:						
Net investment in capital assets	6,165,272	6,097,442	4,963,345	3,641,447	11,128,617	9,738,889
Restricted	2,156,522	-	32,821	-	2,189,343	-
Unrestricted (deficit)	2,578,492	6,545,135	(1,018,438)	(693,862)	1,560,054	5,851,273
Total net position	\$ 10,900,286	\$ 12,642,577	\$ 3,977,728	\$ 2,947,585	\$ 14,878,014	\$ 15,590,162

(1) 2024 amounts are restated for the error correction as noted in Note 18 but not restated for GASB 101 implementation

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 75 percent of total net position at the end of 2025 as compared to 63 percent at the end of 2024. 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 decreased the Town's net position by (\$1,638,974) while net position of the business-type activities increased by \$1,030,143. Key elements of these changes are as follows:

Town of Bluefield, Virginia's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024 (1)	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 603,420	\$ 591,329	\$ 3,083,226	\$ 2,954,902	\$ 3,686,646	\$ 3,546,231
Operating grants and contributions	2,219,697	2,088,418	-	-	2,219,697	2,088,418
Capital grants and contributions	497,773	818,010	269,968	200,000	767,741	1,018,010
General Revenues:						
Property taxes	1,284,983	1,076,201	-	-	1,284,983	1,076,201
Other taxes	4,074,033	3,940,342	-	-	4,074,033	3,940,342
Grants and contributions						
not restricted to specific programs	144,666	151,961	-	-	144,666	151,961
Other	342,676	808,662	124,823	97,975	467,499	906,637
Total revenues	9,167,248	9,474,923	3,478,017	3,252,877	12,645,265	12,727,800
Expenses:						
General government administration	1,839,632	1,553,051	-	-	1,839,632	1,553,051
Public safety	3,119,973	2,864,808	-	-	3,119,973	2,864,808
Public works	2,680,277	2,276,703	-	-	2,680,277	2,276,703
Parks, recreation and cultural	737,777	858,214	-	-	737,777	858,214
Community development	488,035	411,900	-	-	488,035	411,900
Interest on long-term debt	354,709	98,244	-	-	354,709	98,244
Water	-	-	1,794,435	1,575,945	1,794,435	1,575,945
Fincastle Golf & Swim	-	-	2,239,258	2,164,866	2,239,258	2,164,866
Total expenses	9,220,403	8,062,920	4,033,693	3,740,811	13,254,096	11,803,731
Change in net position before transfers	(53,155)	1,412,003	(555,676)	(487,934)	(608,831)	924,069
Transfers	(1,585,819)	(1,741,207)	1,585,819	1,741,207	-	-
Change in net position	(1,638,974)	(329,204)	1,030,143	1,253,273	(608,831)	924,069
Net position beginning of year, as previously reported	12,973,778	-	-	-	12,973,778	-
Restatement	(434,518)	-	-	-	(434,518)	-
Net position beginning of year, as restated	12,539,260	12,971,781	2,947,585	1,694,312	15,486,845	14,666,093
Net position end of year	\$ 10,900,286	\$ 12,642,577	\$ 3,977,728	\$ 2,947,585	\$ 14,878,014	\$ 15,590,162

(1) 2024 amounts are restated for the error correction as noted in Note 18 but not restated for GASB 101 implementation

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

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 \$5,971,519. Of the General Fund balance \$2,913,476 (49%) is unassigned, 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 \$2,499,774. Total net position of the Town of Bluefield, Virginia's Fincastle Golf & Swim fund at the end of the year was \$1,477,954. Both the Water fund and the Fincastle Golf & Swim fund have negative unrestricted net position at the end of the year.

Governmental Funds Budgetary Highlights

The Town's General fund revenues of \$8,933,010 fell short of its budget of \$9,173,510 for a negative variance of (\$240,300). The majority of this shortage of revenues is from Real Property tax of (\$99,752), and Cigarette tax of (\$97,845).

The Town's General fund expenditures of \$11,169,097 fell short of its budget of \$11,835,023 for a positive variance of \$665,926.

The Town's Transit fund had revenues short of its budgeted amount of \$40,932 but expenditures below budget in the amount of \$30,314 for a negative variance of \$10,518.

The Town's Cemetery fund had revenues short of its budgeted amount of \$5,344 and expenditures below budget in the amount of \$12,554 for a net positive variance of \$7,210.

**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, 2025 is \$11,614,388 (net of accumulated depreciation). The Town's investment in capital assets for its business-type activities as of June 30, 2025 was \$10,260,110. These investments in capital assets include land, buildings and system, machinery and equipment, lease and subscription right to use assets, and construction in progress. The Town also continued work on water system upgrades 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	
	2025	2024	2025	2024	2025	2024
Land	\$ 2,618,576	\$ 1,552,410	\$ 625,166	\$ 625,166	\$ 3,243,742	\$ 2,177,576
CIP	397,729	426,070	3,048,295	1,918,667	3,446,024	2,344,737
Buildings and improvements	3,701,249	3,894,153	2,952,944	3,030,098	6,654,193	6,924,251
Machinery and equipment	3,211,227	3,057,477	581,410	298,805	3,792,637	3,356,282
Infrastructure	1,614,628	1,133,658	3,052,295	3,378,812	4,666,923	4,512,470
Subscription assets	70,979	79,259	-	-	70,979	79,259
Total	\$ 11,614,388	\$ 10,143,027	\$ 10,260,110	\$ 9,251,548	\$ 21,874,498	\$ 19,394,575

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 \$2,500,000 bond with an interest rate of 3.67% which will mature August 1, 2034. This bond issue will be used for the acquisition of land and capital improvement to facilities. The Town issued two financed purchase obligations to purchase a new vacuum truck in the amount of \$528,387 and a new sweeper truck for \$256,696. This vacuum truck note includes an interest rate of 6.60% and is payable in annual installments until July 2029. The sweeper truck note includes an interest rate of 8.01% and is payable in annual installments until July 2027. Both notes begin repayment July 1, 2025. 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)

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 2025-2026 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, 2025

	Primary Government			Component Unit
	Governmental	Business-type	Total	Industrial Development
	<u>Activities</u>	<u>Activities</u>		<u>Authority</u>
ASSETS				
Cash and cash equivalents	\$ 3,674,455	\$ 744,247	\$ 4,418,702	\$ 84,766
Restricted cash and cash equivalents:				
Customers' deposits	-	65,060	65,060	-
Unspent bond proceeds	790,364	-	790,364	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,589,686	-	1,589,686	-
Accounts receivable	370,180	186,342	556,522	17,704
Note receivable	-	-	-	245,957
Internal balances	1,505,539	(1,505,539)	-	-
Due from component unit	263,661	-	263,661	-
Due from other governmental units	230,579	-	230,579	-
Net pension asset	105,435	32,821	138,256	-
Capital assets not being depreciated:				
Land	2,618,576	625,166	3,243,742	330,527
Construction in progress	397,729	3,048,295	3,446,024	-
Capital assets, net of accumulated depreciation/amortization:				
Buildings and improvements	3,701,249	2,952,944	6,654,193	137,220
Machinery, equipment, and vehicles	2,580,411	72,868	2,653,279	-
Infrastructure	1,614,628	3,052,295	4,666,923	-
Right-to-use assets:				
Machinery and equipment - lease	630,816	508,542	1,139,358	-
Subscription assets	70,979	-	70,979	-
Total Assets	<u>\$ 20,144,287</u>	<u>\$ 9,783,041</u>	<u>\$ 29,927,328</u>	<u>\$ 816,174</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	\$ 72,301	\$ -	\$ 72,301	\$ -
Pension related items	340,902	96,893	437,795	-
OPEB related items	37,873	11,084	48,957	-
Total Deferred Outflows of Resources	<u>\$ 451,076</u>	<u>\$ 107,977</u>	<u>\$ 559,053</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 334,377	\$ 56,368	\$ 390,745	\$ 645
Accounts payable - capital	55,982	130,229	186,211	-
Accrued wages payable	217,996	98,166	316,162	-
Customers' deposits	-	65,060	65,060	-
Accrued interest payable	129,692	31,111	160,803	-
Due to primary government	-	-	-	263,661
Long-term liabilities:				
Due within one year	890,155	700,785	1,590,940	-
Due in more than one year	6,403,404	4,758,912	11,162,316	-
Total Liabilities	<u>\$ 8,031,606</u>	<u>\$ 5,840,631</u>	<u>\$ 13,872,237</u>	<u>\$ 264,306</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 1,385,486	\$ -	\$ 1,385,486	\$ -
Deferred revenue - prepaid taxes	16,493	-	16,493	-
Pension related items	241,796	66,572	308,368	-
OPEB related items	19,696	6,087	25,783	-
Total Deferred Inflows of Resources	<u>\$ 1,663,471</u>	<u>\$ 72,659</u>	<u>\$ 1,736,130</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 6,165,272	\$ 4,963,345	\$ 11,128,617	\$ 467,747
Restricted for:				
Future pension costs	105,435	32,821	138,256	-
Highway maintenance	1,260,723	-	1,260,723	-
Unrestricted (deficit)	3,368,856	(1,018,438)	2,350,418	84,121
Total Net Position	<u>\$ 10,900,286</u>	<u>\$ 3,977,728</u>	<u>\$ 14,878,014</u>	<u>\$ 551,868</u>

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, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Indust. Develop. Authority
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-type Activities	Total	
			Grants and Contributions	Capital Grants and Contributions				
Governmental activities:								
General government administration	\$ 1,839,632	\$ -	\$ -	\$ -	\$ (1,839,632)	\$ (1,839,632)	\$ -	
Public safety	3,119,973	96,871	494,019	-	(2,529,083)	(2,529,083)	-	
Public works	2,680,277	418,386	1,725,678	333,748	(202,465)	(202,465)	-	
Parks, recreation, and cultural	737,777	86,973	-	-	(650,804)	(650,804)	-	
Community development	488,035	1,190	-	164,025	(322,820)	(322,820)	-	
Interest on long-term debt	354,709	-	-	-	(354,709)	(354,709)	-	
Total governmental activities	\$ 9,220,403	\$ 603,420	\$ 2,219,697	\$ 497,773	\$ (5,899,513)	\$ (5,899,513)	\$ -	
Business-type activities:								
Water	\$ 1,794,435	\$ 1,364,888	\$ -	\$ 69,968	\$ (359,579)	\$ (359,579)	\$ -	
Fincastle Golf & Swim	2,239,258	1,718,338	-	200,000	(320,920)	(320,920)	-	
Total business-type activities	\$ 4,033,693	\$ 3,083,226	\$ -	\$ 269,968	\$ (680,499)	\$ (680,499)	\$ -	
Total	\$ 13,254,096	\$ 3,686,646	\$ 2,219,697	\$ 767,741	\$ (5,899,513)	\$ (6,580,012)	\$ -	
COMPONENT UNIT:								
Industrial Development Authority	\$ 627,187	\$ 24,013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (603,174)
General revenues:								
General property taxes					\$ 1,284,983	\$ -	\$ 1,284,983	\$ -
Other local taxes:								
Local sales and use tax					497,925	-	497,925	-
Business license taxes					872,132	-	872,132	-
Restaurant food taxes					2,141,358	-	2,141,358	-
Bank stock taxes					234,018	-	234,018	-
Cigarette taxes					162,155	-	162,155	-
Other local taxes					166,445	-	166,445	-
Unrestricted revenues from use of money					248,415	30,792	279,207	-
Miscellaneous					94,261	94,031	188,292	250
Recovered costs					-	-	-	259,163
Grants and contributions not restricted to specific programs					144,666	-	144,666	-
Payments from Town of Bluefield, Virginia					-	-	-	184,888
Transfers					(1,585,819)	1,585,819	-	-
Total general revenues and transfers					\$ 4,260,539	\$ 1,710,642	\$ 5,971,181	\$ 444,301
Change in net position					\$ (1,638,974)	\$ 1,030,143	\$ (608,831)	\$ (158,873)
Net position - beginning, as previously reported					12,973,778	2,947,585	15,921,363	338,240
Restatements					(434,518)	-	(434,518)	372,501
Net position - beginning, as restated					12,539,260	2,947,585	15,486,845	710,741
Net position - ending					\$ 10,900,286	\$ 3,977,728	\$ 14,878,014	\$ 551,868

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

Town of Bluefield, Virginia
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	3,410,448	\$ 264,007	\$ 3,674,455
Cash and cash equivalents - restricted, unspent bond proceeds	790,364	-	790,364
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,589,686	-	1,589,686
Accounts receivable	370,180	-	370,180
Due from other funds	1,505,526	13	1,505,539
Due from component unit	263,661	-	263,661
Due from other governmental units	213,588	16,991	230,579
Total assets	<u>\$ 8,143,453</u>	<u>\$ 281,011</u>	<u>\$ 8,424,464</u>
LIABILITIES			
Accounts payable	\$ 384,773	\$ 5,586	\$ 390,359
Accrued wages payable	196,139	21,857	217,996
Total liabilities	<u>\$ 580,912</u>	<u>\$ 27,443</u>	<u>\$ 608,355</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,574,529	\$ -	\$ 1,574,529
Unavailable revenue - prepaid taxes	16,493	-	16,493
Total deferred inflows of resources	<u>\$ 1,591,022</u>	<u>\$ -</u>	<u>\$ 1,591,022</u>
FUND BALANCES			
Restricted:			
Park improvements - unspent bond proceeds	\$ 790,364	\$ -	\$ 790,364
Highway maintenance	1,260,723	-	1,260,723
Committed:			
Public Transit Fund	-	150,405	150,405
Cemetery Fund	-	103,163	103,163
Assigned:			
Stormwater	152,366	-	152,366
Fire reserves	125,716	-	125,716
Law enforcement reserves	108,793	-	108,793
Equipment	349,890	-	349,890
Community center	270,191	-	270,191
Unassigned:			
General fund	2,913,476	-	2,913,476
Total fund balances	<u>\$ 5,971,519</u>	<u>\$ 253,568</u>	<u>\$ 6,225,087</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,143,453</u>	<u>\$ 281,011</u>	<u>\$ 8,424,464</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, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 6,225,087

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 2,618,576	
Buildings and improvements	3,701,249	
Machinery, equipment, and vehicles	2,580,411	
Infrastructure	1,614,628	
Construction in progress	397,729	
Lease machinery and equipment	630,816	
Subscription assets	70,979	11,614,388

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		189,043
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The net pension asset is not an available resource and therefore, is not reported in the funds. 105,435

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	\$ 72,301	
Pension related items	340,902	
OPEB related items	37,873	451,076

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	\$ (4,413,021)	
Financed purchases	(1,189,408)	
Lease liabilities	(653,370)	
Accrued interest payable	(129,692)	
Net OPEB liabilities	(768,566)	
Compensated absences	(269,194)	(7,423,251)

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

Pension related items	\$ (241,796)	
OPEB related items	(19,696)	(261,492)

Net position of governmental activities \$ 10,900,286

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, 2025

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 1,228,458	\$ -	\$ 1,228,458
Other local taxes	4,074,033	-	4,074,033
Permits, privilege fees, and regulatory licenses	23,706	-	23,706
Fines and forfeitures	43,469	-	43,469
Revenue from the use of money and property	244,614	3,801	248,415
Charges for services	484,113	52,132	536,245
Miscellaneous	94,261	-	94,261
Recovered costs	360,737	-	360,737
Intergovernmental:			
Commonwealth	2,065,984	148,769	2,214,753
Federal	313,635	333,748	647,383
Total revenues	<u>\$ 8,933,010</u>	<u>\$ 538,450</u>	<u>\$ 9,471,460</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,727,759	\$ -	\$ 1,727,759
Public safety	3,227,275	-	3,227,275
Public works	2,115,322	611,729	2,727,051
Parks, recreation, and cultural	798,185	21,996	820,181
Community development	494,151	-	494,151
Nondepartmental	355,835	-	355,835
Capital projects	1,761,148	-	1,761,148
Debt service:			
Principal	453,968	-	453,968
Bond issuance costs	63,626	-	63,626
Interest and other fiscal charges	171,828	-	171,828
Total expenditures	<u>\$ 11,169,097</u>	<u>\$ 633,725</u>	<u>\$ 11,802,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,236,087)</u>	<u>\$ (95,275)</u>	<u>\$ (2,331,362)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 107,960	\$ 107,960
Transfers out	(1,693,779)	-	(1,693,779)
Issuance of general obligation bonds	2,500,000	-	2,500,000
Issuance of lease liabilities	411,032	-	411,032
Total other financing sources (uses)	<u>\$ 1,217,253</u>	<u>\$ 107,960</u>	<u>\$ 1,325,213</u>
Net change in fund balances	\$ (1,018,834)	\$ 12,685	\$ (1,006,149)
Fund balances - beginning	<u>6,990,353</u>	<u>240,883</u>	<u>7,231,236</u>
Fund balances - ending	<u>\$ 5,971,519</u>	<u>\$ 253,568</u>	<u>\$ 6,225,087</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, 2025

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

Net change in fund balances - total governmental funds \$ (1,006,149)

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	\$ 3,098,217	
Depreciation/Amortization expense	<u>(1,239,100)</u>	1,859,117

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (56,555)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable revenue - property taxes 56,525

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 general obligation bonds	\$ (2,500,000)	
Issuance of lease liabilities	(411,032)	
Principal payments:		
General obligation bonds	256,398	
Leases	98,202	
Financed purchase	<u>99,368</u>	(2,457,064)

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	\$ (29,499)	
(Increase) decrease in accrued interest payable	(107,205)	
Amortization of deferred charges on refunding	(12,050)	
Changes in OPEB related items	32,304	
Changes in pension related items	<u>81,602</u>	<u>(34,848)</u>

Change in net position of governmental activities \$ (1,638,974)

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, 2025

	Enterprise Funds		
	Water	Fincastle	
		Fund	Golf & Swim
	Fund	Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 744,247	\$ -	\$ 744,247
Accounts receivable, net of allowance for uncollectibles	186,342	-	186,342
Total current assets	<u>\$ 930,589</u>	<u>\$ -</u>	<u>\$ 930,589</u>
Noncurrent assets:			
Restricted cash and cash equivalents:			
Customers' deposits	\$ 65,060	\$ -	\$ 65,060
Net pension asset	19,328	13,493	32,821
Capital assets:			
Land	\$ 22,868	\$ 602,298	\$ 625,166
Construction in progress	3,048,295	-	3,048,295
Utility plant in service	9,413,718	-	9,413,718
Buildings and improvements	-	3,429,971	3,429,971
Machinery, equipment, and vehicles	272,442	163,916	436,358
Accumulated depreciation	(6,619,187)	(582,753)	(7,201,940)
Right-to-use assets:			
Machinery and equipment	160,538	407,397	567,935
Accumulated amortization	(23,952)	(35,441)	(59,393)
Total capital assets	<u>\$ 6,274,722</u>	<u>\$ 3,985,388</u>	<u>\$ 10,260,110</u>
Total noncurrent assets	<u>\$ 6,359,110</u>	<u>\$ 3,998,881</u>	<u>\$ 10,357,991</u>
Total assets	<u>\$ 7,289,699</u>	<u>\$ 3,998,881</u>	<u>\$ 11,288,580</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 56,806	\$ 40,087	\$ 96,893
OPEB related items	6,520	4,564	11,084
Total deferred outflows of resources	<u>\$ 63,326</u>	<u>\$ 44,651</u>	<u>\$ 107,977</u>
LIABILITIES			
Current liabilities:			
Accounts payable - operating	\$ 2,488	\$ 53,880	\$ 56,368
Accounts payable - capital	130,229	-	130,229
Customers' deposits	65,060	-	65,060
Accrued wages payable	30,890	67,276	98,166
Accrued interest payable	28,136	2,975	31,111
Due to other funds	1,058,208	447,331	1,505,539
Compensated absences - current portion	37,863	27,514	65,377
Bonds payable - current portion	215,116	317,235	532,351
Lease liabilities - current portion	26,209	76,848	103,057
Total current liabilities	<u>\$ 1,594,199</u>	<u>\$ 993,059</u>	<u>\$ 2,587,258</u>
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 12,621	\$ 9,171	\$ 21,792
Bonds payable - net of current portion	2,966,788	1,150,476	4,117,264
Lease liabilities - net of current portion	114,618	299,246	413,864
Net OPEB liabilities	123,255	82,737	205,992
Total noncurrent liabilities	<u>\$ 3,217,282</u>	<u>\$ 1,541,630</u>	<u>\$ 4,758,912</u>
Total liabilities	<u>\$ 4,811,481</u>	<u>\$ 2,534,689</u>	<u>\$ 7,346,170</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 38,226	28,346	\$ 66,572
OPEB related items	3,544	2,543	6,087
Total deferred inflows of resources	<u>\$ 41,770</u>	<u>\$ 30,889</u>	<u>\$ 72,659</u>
NET POSITION			
Net investment in capital assets	\$ 2,821,762	\$ 2,141,583	\$ 4,963,345
Restricted for future pension costs	19,328	13,493	32,821
Unrestricted (deficit)	(341,316)	(677,122)	(1,018,438)
Total net position	<u>\$ 2,499,774</u>	<u>\$ 1,477,954</u>	<u>\$ 3,977,728</u>

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, 2025

	Enterprise Funds		Total
	Water Fund	Fincastle Golf & Swim Fund	
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 1,363,788	\$ -	\$ 1,363,788
Golf course sales	-	629,386	629,386
Pool revenue	-	30,959	30,959
Restaurant sales	-	814,038	814,038
Rental revenues	-	26,421	26,421
Tap fees	1,100	-	1,100
Memberships	-	217,534	217,534
Other revenues	14,564	79,467	94,031
Total operating revenues	<u>\$ 1,379,452</u>	<u>\$ 1,797,805</u>	<u>\$ 3,177,257</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 767,696	\$ 1,083,750	\$ 1,851,446
Utilities	135,226	101,564	236,790
Food supplies	-	413,717	413,717
Agricultural supplies	-	50,047	50,047
Other supplies	-	24,279	24,279
Maintenance and repairs	205,796	96,291	302,087
Office expense	25,945	-	25,945
Chemicals	118,814	-	118,814
Permits	6,531	-	6,531
Professional services	34,063	-	34,063
Miscellaneous	28,424	220,461	248,885
Depreciation/Amortization	379,641	194,338	573,979
Total operating expenses	<u>\$ 1,702,136</u>	<u>\$ 2,184,447</u>	<u>\$ 3,886,583</u>
Operating income (loss)	<u>\$ (322,684)</u>	<u>\$ (386,642)</u>	<u>\$ (709,326)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 30,792	\$ -	\$ 30,792
Interest expense	(92,299)	(54,811)	(147,110)
Total nonoperating revenues (expenses)	<u>\$ (61,507)</u>	<u>\$ (54,811)</u>	<u>\$ (116,318)</u>
Income (loss) before capital contributions and transfers	<u>\$ (384,191)</u>	<u>\$ (441,453)</u>	<u>\$ (825,644)</u>
Capital contributions and construction grants	69,968	200,000	269,968
Transfers in	1,403,504	182,315	1,585,819
Change in net position	<u>\$ 1,089,281</u>	<u>\$ (59,138)</u>	<u>\$ 1,030,143</u>
Net position - beginning	1,410,493	1,537,092	2,947,585
Net position - ending	<u>\$ 2,499,774</u>	<u>\$ 1,477,954</u>	<u>\$ 3,977,728</u>

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, 2025

	Enterprise Funds		
	Water Fund	Fincastle Golf & Swim Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,381,333	\$ 1,802,047	\$ 3,183,380
Payments to and for employees	(773,526)	(1,054,776)	(1,828,302)
Payments for goods and services	(552,560)	(888,305)	(1,440,865)
Net cash provided by (used for) operating activities	<u>\$ 55,247</u>	<u>\$ (141,034)</u>	<u>\$ (85,787)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowings and transfers	\$ 1,314,331	\$ 347,672	\$ 1,662,003
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (1,334,679)	\$ (24,282)	\$ (1,358,961)
Principal payments on bonds	(209,027)	(310,426)	(519,453)
Principal payments on lease liabilities	(17,715)	(65,327)	(83,042)
Contributions in aid of construction	69,968	200,000	269,968
Proceeds from indebtedness	65,579	-	65,579
Interest payments	(96,328)	(59,184)	(155,512)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,522,202)</u>	<u>\$ (259,219)</u>	<u>\$ (1,781,421)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 30,792	\$ -	\$ 30,792
Net increase (decrease) in cash and cash equivalents	\$ (121,832)	\$ (52,581)	\$ (174,413)
Cash and cash equivalents - June 30, 2024 (includes restricted cash and cash equivalents of \$72,110 and short term investments of \$624,606)	931,139	52,581	983,720
Cash and cash equivalents - June 30, 2025 (includes restricted cash and cash equivalents of \$65,060)	<u>\$ 809,307</u>	<u>\$ -</u>	<u>\$ 809,307</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (322,684)	\$ (386,642)	\$ (709,326)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/Amortization expense	\$ 379,641	\$ 194,338	\$ 573,979
(Increase) decrease in accounts receivable	8,931	4,242	13,173
(Increase) decrease in net pension asset	(19,328)	(13,493)	(32,821)
(Increase) decrease in prepaid expense	5,538	11,166	16,704
(Increase) decrease in deferred outflows of resources	22,731	20,093	42,824
Increase (decrease) in customers' deposits	(7,050)	-	(7,050)
Increase (decrease) in accounts payable	(3,299)	19,569	16,270
Increase (decrease) in accrued wages payable	4,332	12,681	17,013
Increase (decrease) in compensated absences	17,503	23,351	40,854
Increase (decrease) in net pension liability	(31,386)	(20,629)	(52,015)
Increase (decrease) in net OPEB liability	(20,782)	(18,868)	(39,650)
Increase (decrease) in deferred inflows of resources	21,100	13,158	34,258
Total adjustments	<u>\$ 377,931</u>	<u>\$ 245,608</u>	<u>\$ 623,539</u>
Net cash provided by (used for) operating activities	<u>\$ 55,247</u>	<u>\$ (141,034)</u>	<u>\$ (85,787)</u>
Noncash investing, capital, and financing activities:			
Construction payables - prior year	\$ 298,000	\$ -	\$ 298,000
Construction payables - current year	130,229	-	130,229
Leased asset acquisition	102,914	288,437	391,351

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, 2025

	<u>Cemetery Trust Fund</u>
ASSETS	
Investments	\$ 656,613
Total assets	<u>\$ 656,613</u>
 NET POSITION	
Held in trust for Cemetery expenses	<u>\$ 656,613</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, 2025

	<u>Cemetery Trust Fund</u>
ADDITIONS	
Contributions:	
Contributions from the Town of Bluefield	\$ 4,400
Investment earnings:	
Interest	\$ 25,584
Net increase (decrease) in the fair market value of investments	6,923
Total investment earnings	<u>\$ 32,507</u>
Less: investment expense	(5,349)
Net investment earnings	<u>\$ 27,158</u>
Total additions	<u>\$ 31,558</u>
Change in net position	\$ 31,558
Net position - beginning	<u>625,055</u>
Net position - ending	<u><u>\$ 656,613</u></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, 2025

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).

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 and subscription 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 and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions 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.

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 owns the Fincastle Golf & Swim Club. 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.

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 5th. Personal property taxes are due and collectible annually on December 5th. 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 \$225,610 at June 30, 2025. The allowance consists of delinquent taxes in the amount of \$85,912, delinquent garbage bills of \$41,321 and delinquent water bills of \$98,377.

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, 2025

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, subscription 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 and subscription 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, subscription 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 (or life of the associated contract for lease and subscription assets):

<u>Assets</u>	<u>Years</u>
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
Subscription asset	10

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*

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Town's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the Town and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

8. Pensions

For purposes of measuring the net pension (asset)/liability, 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.

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

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

9. Other Postemployment Benefits (OPEB) (Continued)

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.

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 with 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;

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)

- 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.

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.

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

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

12. Deferred Outflows/Inflows of Resources (Continued)

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.

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.

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

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

14. Leases and Subscription-Based IT Arrangements

The Town has various lease assets and subscription-based IT arrangements (SBITAs) 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. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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). Subsequently, the lease liability is reduced by the principal portion of lease 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. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

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

14. Leases and Subscription-Based IT Arrangements (Continued)

Subscriptions

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

Key Estimates and Judgments

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

- The Town uses the interest rate stated in lease or subscription 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 and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription 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 or subscription incentives and certain other payments are included in the measurement of the lease liability (lessee), lease receivable (lessor), or subscription liability.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 Water Fund had expenditures over appropriations.

C. Deficit fund balance

At June 30, 2025, no funds had deficit fund balance.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025 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, 2025 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, 2025

Note 3-Deposits and Investments: (Continued)

Investments	Town's Investment Values				
	Fair Quality Ratings				
	AAAm	AAA	AA+	Unrated	Total
Local Government Investment Pool (LGIP)*	\$ 3,082,073	\$ -	\$ -	\$ -	\$ 3,082,073
US Government Agency Obligations	-	-	398,877	-	398,877
Corporate Bonds & Notes	-	-	130,003	43,801	173,804
Money Market Mutual Funds	-	-	-	8,106	8,106
Mutual Funds	-	-	-	75,826	75,826
SNAP*	790,364	-	-	-	790,364
Total	\$ 3,872,437	\$ -	\$ 528,880	\$ 127,733	\$ 4,529,050

*These investments were reported as cash and cash equivalents due to their liquidity.

External Investment Pools:

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.

The value of the position in the external investment pool (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. 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)	\$ 3,082,073	\$ 3,082,073	\$ -	\$ -
US Government Agency Obligations	398,877	202,172	196,705	-
Corporate Bonds & Notes	173,804	-	173,804	-
Money Market Mutual Funds	8,106	8,106	-	-
Mutual Funds	75,826	75,826	-	-
SNAP	790,364	790,364	-	-
Total	\$ 4,529,050	\$ 4,158,541	\$ 370,509	\$ -

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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 Farm Credit Bank	\$ 65,228	3/9/2026	None
Federal Home Loan Bank	71,702	10/29/2026	None
Federal Home Loan Bank	87,612	5/12/2026	None
Federal Farm Credit Bank	49,333	3/2/2026	None
Federal Farm Credit Bank	125,002	12/31/2027	None
Corporate Bonds & Notes:			
Federal Home Loan Bank	130,003	9/1/2027	None
Discover Bank CD	43,801	9/1/2027	None
Total	<u>\$ 572,681</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, 2025

Note 4-Fair Value Measurements: (Continued)

The Town has the following recurring fair value measurements as of June 30, 2025:

Investment	6/30/2025	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)	\$ 398,877	\$ 398,877	\$ -	\$ -
Corporate Bonds & Notes	173,804	173,804	-	-
Money Market Mutual Funds	8,106	8,106	-	-
Mutual Funds	75,826	75,826	-	-
Total	<u>\$ 656,613</u>	<u>\$ 656,613</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
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 87,235
Communications tax	4,517
Rolling stock	7,912
Categorical aid	42,775
<u>Federal Government:</u>	
Categorical aid	88,140
Total	<u>\$ 230,579</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6-Interfund Activity:

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,693,779
Public Transit Fund	107,960	-
Water Fund	1,403,504	-
Fincastle Golf & Swim Fund	182,315	-
Totals	<u>\$ 1,693,779</u>	<u>\$ 1,693,779</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	\$ 1,505,526	\$ -
Water Fund	-	1,058,208
Fincastle Golf & Swim Fund	-	447,331
Cemetery Fund	13	-
Totals	<u>\$ 1,505,539</u>	<u>\$ 1,505,539</u>

The Town’s General Fund has loaned the Water Fund \$1,058,208 and the Golf fund \$447,331. There are no repayment terms, but the Town does expect this to be repaid.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025:

	Beginning Balance	Restatement	Beg. Balance As restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:						
General obligation bonds	\$ 2,169,419	\$ -	\$ 2,169,419	\$ 2,500,000	\$ (256,398)	\$ 4,413,021
Financed purchases	1,288,776	-	1,288,776	-	(99,368)	1,189,408
Lease liabilities	340,540	-	340,540	411,032	(98,202)	653,370
Net pension liability*	174,925	-	174,925	876,723	(1,051,648)	-
Net OPEB liabilities	799,272	-	799,272	139,034	(169,740)	768,566
Compensated absences**	136,378	103,317	239,695	29,499	-	269,194
Total	\$ 4,909,310	\$ 103,317	\$ 5,012,627	\$ 3,956,288	\$ (1,675,356)	\$ 7,293,559

*Net pension liability became net pension asset in current year.

**The change in the compensated absences liability is presented as a net change.

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Financed Purchases		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 296,435	\$ 142,175	\$ 264,787	\$ 82,618	\$ 127,037	\$ 81,274
2027	307,082	133,046	294,896	52,509	145,480	62,831
2028	316,984	124,971	304,852	34,526	166,621	41,690
2029	343,160	113,176	180,723	17,119	180,830	17,512
2030	401,852	101,434	144,150	8,157	33,402	1,119
2031-2035	2,727,741	250,872	-	-	-	-
2036	19,767	125	-	-	-	-
Totals	\$ 4,413,021	\$ 865,799	\$ 1,189,408	\$ 194,929	\$ 653,370	\$ 204,426

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 7-Long-term Obligations: (Continued)

Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements:						
<i>General Obligation Bonds:</i>						
General obligation bond	2.93%	7/1/2013	August 2033	\$ 2,845,000	\$ 1,347,315	\$ 169,098
General obligation bond	3.41%	5/8/2018	May 2028	601,200	192,433	65,335
General obligation bond	2.17%	12/18/2020	December 2035	509,000	373,273	32,002
General obligation bond	3.67%	11/8/2024	August 2034	2,500,000	2,500,000	30,000
Total direct borrowings and direct placements					\$ 4,413,021	\$ 296,435
Financed Purchases:						
Fire truck financed purchase	2.63%	9/12/2019	September 2029	\$ 600,000	\$ 279,439	\$ 61,692
Garbage truck financed purchase	5.95%	5/4/2023	April 2028	207,158	124,885	41,708
Vacuum truck financed purchase	6.60%	4/5/2024	July 2029*	528,387	528,387	85,729
Sweeper truck financed purchase	8.01%	4/5/2024	July 2027*	256,696	256,697	75,658
Total financed purchases					\$ 1,189,408	\$ 264,787
Lease Liabilities:						
Police Enterprise leases	14.03%-14.29%	2024-2025	2029-2030	\$ 71,947	\$ 62,566	\$ 11,822
Streets department Enterprise leases	11.04%-14.50%	2024-2025	2029-2030	250,690	222,598	41,014
Public works Enterprise leases	11.02%-15.03%	2024-2025	2029-2030	129,962	109,463	22,100
Vehicle maintenance Enterprise leases	14.05%-14.29%	2024-2025	2029-2030	63,096	52,133	10,691
Treasurer Enterprise leases	14.29%	2024-2025	2029-2030	28,812	23,513	4,958
Parks and recreation Enterprise leases	13.74%-14.29%	2024-2025	2029-2030	127,886	106,350	21,610
General buildings and grounds Enterprise leases	14.29%	2024-2025	2029-2030	28,812	23,513	4,958
Zoning Enterprise leases	14.23%	2025	2030	17,473	14,717	2,939
Refuse Enterprise leases	14.02%	2025	2030	43,136	38,517	6,945
Total lease liabilities					\$ 653,370	\$ 127,037
Other Obligations:						
Net OPEB liabilities					\$ 768,566	\$ -
Compensated absences					269,194	201,896
Total other obligations					\$ 1,037,760	\$ 201,896
Total long-term obligations					\$ 7,293,559	\$ 890,155

* Payments begin 7/1/2025

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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, 2025:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 5,103,489	\$ 65,579	\$ (519,453)	\$ 4,649,615
Lease liabilities	208,612	391,351	(83,042)	516,921
Net pension liability*	52,015	274,786	(326,801)	-
Net OPEB liabilities	245,642	33,327	(72,977)	205,992
Compensated absences**	46,315	40,854	-	87,169
Total	\$ 5,656,073	\$ 805,897	\$ (1,002,273)	\$ 5,459,697

*Net pension liability became net pension asset in current year.

**The change in the compensated absences liability is presented as a net change.

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
2026	\$ 532,351	\$ 116,508	\$ 103,057	\$ 33,092
2027	345,416	103,577	110,695	25,455
2028	357,332	93,599	119,304	16,846
2029	367,237	83,310	116,360	7,257
2030	377,296	72,731	67,505	1,034
2031-2035	1,386,225	222,015	-	-
2036-2040	387,442	117,777	-	-
2041-2045	433,303	71,914	-	-
2046-2050	463,013	21,038	-	-
Totals	\$ 4,649,615	\$ 902,469	\$ 516,921	\$ 83,684

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 7-Long-term Obligations: (Continued)

Business-type Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements:						
<i>General Obligation Bonds:</i>						
Water Fund - General obligation bond	2.25%	11/26/2019	October 2049	\$ 2,169,839	\$ 1,939,960	\$ 59,213
Water Fund - General obligation bond	2.93%	7/1/2013	August 2033	2,623,000	1,241,944	155,903
Fincastle Golf & Swim - General obligation bond	3.03%	9/26/2019	June 2035	1,900,000	1,271,404	120,928
Fincastle Golf & Swim - General obligation bond	1.66%	10/21/2020	October 2025	950,000	196,307	196,307
Total direct borrowings and direct placements					\$ 4,649,615	\$ 532,351
Lease Liabilities:						
Fincastle Golf & Swim - Golf cart lease	2.00%	6/1/2025	May 2030	\$ 288,437	\$ 283,390	\$ 55,405
Fincastle Golf & Swim - John Deere tractor lease	6.84%	2/1/2024	January 2029	52,769	39,372	10,038
Fincastle Golf & Swim - Enterprise vehicles	15.23%-15.26%	2024-2025	2029-2030	66,191	53,332	11,405
Water Fund - Enterprise vehicles	13.90%-14.29%	2024-2025	2029-2030	28,812	140,827	26,209
Total lease liabilities					\$ 516,921	\$ 103,057
Other Obligations:						
Net OPEB liabilities					\$ 205,992	\$ -
Compensated absences					87,169	65,377
Total other obligations					\$ 293,161	\$ 65,377
Total long-term obligations					\$ 5,459,697	\$ 700,785

The Town has a general obligation bond with a year-end balance of \$2,589,259 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.

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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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 8-Pension Plan:

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.

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, 2023 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	44
Inactive members:	
Vested inactive members	10
Non-vested	44
Inactive members active elsewhere in VRS	<u>34</u>
Total inactive members	88
Active members	<u>77</u>
Total covered employees	<u><u>209</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan: (Continued)

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2025 was 9.08% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$315,447 and \$317,656 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$13,469 for the Town, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$8,967 for the Town, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,346,885 for the Town, for the year ended June 30, 2025.

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, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan: (Continued)

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, 2023, 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, 2024.

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, 2025

Note 8-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2023, 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, 2024.

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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025

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, 2025

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:

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return**		7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 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, 2023	\$ 10,855,367	\$ 10,628,427	\$ 226,940
Changes for the year:			
Service cost	\$ 403,787	\$ -	\$ 403,787
Interest	739,257	-	739,257
Differences between expected and actual experience	(9,316)	-	(9,316)
Contributions - employer	-	317,657	(317,657)
Contributions - employee	-	155,279	(155,279)
Net investment income	-	1,032,595	(1,032,595)
Benefit payments, including refunds of employee contributions	(614,406)	(614,406)	-
Administrative expenses	-	(6,558)	6,558
Other changes	-	(49)	49
Net changes	\$ 519,322	\$ 884,518	\$ (365,196)
Balances at June 30, 2024	\$ 11,374,689	\$ 11,512,945	\$ (138,256)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability (Asset) \$	1,516,656 \$	(138,256) \$	(1,475,607)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$225,997. At June 30, 2025, 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 \$	118,560 \$	6,386
Net difference between projected and actual earnings on pension plan investments	-	298,194
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,788	3,788
Employer contributions subsequent to the measurement date	315,447	-
Total	\$ 437,795 \$	308,368

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 8—Pension Plan: (Continued)

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

\$315,447 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, 2026. 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>		
2026	\$	(159,106)
2027		97,146
2028		(60,028)
2029		(64,032)
2030		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025

Note 9-Capital Assets:

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance		Beginning Balance		Ending Balance	
	As Reported	Restatement	As Restated	Increases	Decreases	Balance
Governmental Activities:						
Capital assets, not being depreciated/amortized:						
Land	\$ 1,552,410	\$ (265,400)	\$ 1,287,010	\$ 1,331,566	\$ -	\$ 2,618,576
Construction in progress	426,070	-	426,070	498,727	(527,068)	397,729
Total capital assets not being depreciated/amortized	\$ 1,978,480	\$ (265,400)	\$ 1,713,080	\$ 1,830,293	\$ (527,068)	\$ 3,016,305
Capital assets, being depreciated/amortized:						
Buildings and improvements	\$ 8,243,583	\$ (76,293)	\$ 8,167,290	\$ 180,821	\$ (201,324)	\$ 8,146,787
Machinery, equipment, and vehicles	10,203,925	-	10,203,925	677,371	-	10,881,296
Infrastructure	1,453,562	-	1,453,562	525,768	-	1,979,330
Right-to-use lease machinery and equipment	350,782	-	350,782	411,032	-	761,814
Right-to-use subscription asset	82,843	-	82,843	-	-	82,843
Total capital assets being depreciated/amortized	\$ 20,334,695	\$ (76,293)	\$ 20,258,402	\$ 1,794,992	\$ (201,324)	\$ 21,852,070
Accumulated depreciation/amortization:						
Buildings and improvements	\$ (4,349,430)	\$ 10,492	\$ (4,338,938)	\$ (251,369)	\$ 144,769	\$ (4,445,538)
Machinery, equipment, and vehicles	(7,489,462)	-	(7,489,462)	(811,423)	-	(8,300,885)
Infrastructure	(319,904)	-	(319,904)	(44,798)	-	(364,702)
Right-to-use lease machinery and equipment	(7,768)	-	(7,768)	(123,230)	-	(130,998)
Right-to-use subscription asset	(3,584)	-	(3,584)	(8,280)	-	(11,864)
Total accumulated depreciation/amortization	\$ (12,170,148)	\$ 10,492	\$ (12,159,656)	\$ (1,239,100)	\$ 144,769	\$ (13,253,987)
Total capital assets being depreciated/amortized, net	\$ 8,164,547	\$ (65,801)	\$ 8,098,746	\$ 555,892	\$ (56,555)	\$ 8,598,083
Governmental activities capital assets, net	\$ 10,143,027	\$ (331,201)	\$ 9,811,826	\$ 2,386,185	\$ (583,623)	\$ 11,614,388

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

Governmental Activities:

General government administration	\$ 251,399
Public safety	379,294
Public works	449,813
Parks, recreation, and cultural	93,014
Community development	65,580

Total depreciation/amortization expense-governmental activities \$ 1,239,100

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-Capital Assets: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 625,166	\$ -	\$ -	\$ 625,166
Construction in progress	1,918,667	1,155,271	(25,643)	3,048,295
Total capital assets not being depreciated/amortized	<u>\$ 2,543,833</u>	<u>\$ 1,155,271</u>	<u>\$ (25,643)</u>	<u>\$ 3,673,461</u>
Capital assets, being depreciated/amortized:				
Utility plant and equipment	\$ 10,228,958	\$ 25,643	\$ (840,883)	\$ 9,413,718
Buildings and improvements	3,391,630	38,341	-	3,429,971
Machinery, equipment, and vehicles	424,721	11,637	-	436,358
Right-to-use lease machinery and equipment	324,400	391,351	(147,816)	567,935
Total capital assets being depreciated/amortized	<u>\$ 14,369,709</u>	<u>\$ 466,972</u>	<u>\$ (988,699)</u>	<u>\$ 13,847,982</u>
Accumulated depreciation/amortization:				
Utility plant and equipment	\$ (6,850,146)	\$ (352,160)	\$ 840,883	\$ (6,361,423)
Buildings and improvements	(361,532)	(115,495)	-	(477,027)
Machinery, equipment, and vehicles	(336,282)	(27,208)	-	(363,490)
Right-to-use lease machinery and equipment	(114,034)	(79,116)	133,757	(59,393)
Total accumulated depreciation/amortization	<u>\$ (7,661,994)</u>	<u>\$ (573,979)</u>	<u>\$ 974,640</u>	<u>\$ (7,261,333)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 6,707,715</u>	<u>\$ (107,007)</u>	<u>\$ (14,059)</u>	<u>\$ 6,586,649</u>
Business-type activities capital assets, net	<u>\$ 9,251,548</u>	<u>\$ 1,048,264</u>	<u>\$ (39,702)</u>	<u>\$ 10,260,110</u>

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

Business-type Activities:

Water	\$ 379,641
Fincastle Golf & Swim	194,338

Total depreciation/amortization expense - business-type activities \$ 573,979

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 10-Surety Bonds:

<i>Acordia of West Virginia</i>	
All Town Employees - blanket bond	\$ 25,000

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, 2025 (measurement date), the following employees were covered by the benefit terms:

Total active employees	75
Total retired employees	3
Total	<u>78</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, 2025, was \$15,600.

Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2025. The total OPEB liability was calculated using the alternative measurement method (AMM).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 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	5.20%

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, 2024	\$ 889,843
Changes for the year:	
Service cost	45,273
Interest	36,446
Effect of Economic/Demographic Gains or Losses	(16,596)
Effect of changes in assumptions	(109,655)
Contributions - employer	(15,600)
Balance as of June 30, 2025	<u>\$ 829,711</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 (4.20%) or one percentage point higher (6.20%) than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
<u>(4.20%)</u>	<u>(5.20%)</u>	<u>(6.20%)</u>
\$ 913,971	\$ 829,711	\$ 758,332

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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
\$ 737,989	\$ 829,711	\$ 940,484

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

For the year ended June 30, 2025, the Town recognized OPEB expense in the amount of (\$44,532). At June 30, 2025, 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.

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 \$9,532 as of June 30, 2025.

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 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, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$16,328 and \$17,996 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$144,847 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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

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

At June 30, 2024, the participating employer’s proportion was 0.01298% as compared to 0.01293% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$4,600. 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, 2025, 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	\$ 22,846	\$ 3,538
Net difference between projected and actual earnings on GLI OPEB plan investments	-	12,209
Change in assumptions	826	7,178
Changes in proportionate share	8,957	2,858
Employer contributions subsequent to the measurement date	<u>16,328</u>	<u>-</u>
Total	<u>\$ 48,957</u>	<u>\$ 25,783</u>

\$16,328 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, 2026. 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>	
2026	\$ (4,982)
2027	4,525
2028	1,583
2029	3,377
2030	2,343
Thereafter	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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, 2023, 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, 2024. 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, 2025

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

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025

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

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
	<hr/>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	<hr/> <hr/> \$ 1,115,922
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	 73.41%

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, 2025

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return**		7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 225,255	\$ 144,847	\$ 79,887

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025

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, 2025, was \$8,921.

Note 15-OPEB Summary:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>OPEB Expense</u>
Health Insurance OPEB (Note 12)	\$ -	\$ -	\$ 829,711	\$ (44,532)
VRS Group Life Insurance (GLI) Plan (Note 13)	48,957	25,783	144,847	4,600
Totals	<u>\$ 48,957</u>	<u>\$ 25,783</u>	<u>\$ 974,558</u>	<u>\$ (39,932)</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 - 2025 Levy	\$ 1,385,486
Prepaid taxes	16,493
Total deferred revenue for governmental activities	<u>\$ 1,401,979</u>
Taxes receivable due prior to June 30, 2025, not collected within 60 days	189,043
Total unavailable revenue for governmental funds	<u>\$ 1,591,022</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 17-Due from Component Unit:

During the year, the Bluefield IDA issued a note receivable for the sale of the Envision Center for \$250,000, which was funded by a loan from the Town of Bluefield. The Note began repayment on June 1, 2024, and will run through May 1, 2049. The IDA will repay the Town based upon the same amortization schedule as the note receivable, which is detailed below:

Year Ending June 30,	Principal	Interest
2026	\$ 4,135	\$ 17,087
2027	4,434	16,788
2028	4,709	16,513
2029	5,095	16,127
2030	5,464	15,759
2031-35	33,795	72,318
2036-40	47,884	58,228
2041-45	67,937	38,175
2046-49	72,504	10,611
Totals	\$ <u>245,957</u>	\$ <u>261,606</u>

In addition, the Town paid for small business grants administered by the IDA totaling \$17,704, and this amount was repaid in FY2026 after receiving a grant reimbursement for the same activity.

Note 18-Restatement of Beginning Balances:

On July 24, 2023, the Town of Bluefield conveyed twenty-eight parcels of land and one building to the IDA. This transaction was not recorded in the prior year financial statements but corrected through a beginning balance restatement. In addition, the Town restated compensated absences balances related to GASB 101 implementation.

	Governmental Activities
Net position, July 1, 2024, as previously stated	\$ 12,973,778
GASB 101 Implementation	(103,317)
Increase to land for parcels not recorded	41,300
Decrease to land and buildings (net of accumulated depreciation) for items contributed to Town of Bluefield IDA in FY24	(372,501)
Net position, July 1, 2024, as restated	\$ <u>12,539,260</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 19-Litigation:

As of June 30, 2025, there were no matters of litigation involving the Town which would materially affect the Town’s financial position should any court decisions on pending matters not be favorable.

Note 20-Commitments:

At June 30, 2025, the Town had the following outstanding construction commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Thompson & Litton - Water System Improvements	\$ 765,500	\$ 42,461	\$ 15,289	\$ -
Frizzell Construction Co. Inc. - Water System Improvements	2,229,301	20,750	4,513	110,427
Thompson & Litton - Parkland Heights Park	79,200	17,735	807	-
Game Time - Parkland Heights Park	55,175	-	55,175	-
Total	<u>\$ 3,129,176</u>	<u>\$ 80,946</u>	<u>\$ 75,784</u>	<u>\$ 110,427</u>

Note 21-Adoption of Accounting Principles:

During the current year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

The change in accounting principle resulted in the restatement noted in Note 18 above.

Note 22-Upcoming Pronouncements:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update–2025*, effective for fiscal years beginning after June 15, 2025.

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, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive <u>(Negative)</u>
REVENUES				
General property taxes	\$ 1,204,498	\$ 1,247,436	\$ 1,228,458	\$ (18,978)
Other local taxes	3,913,000	4,102,899	4,074,033	(28,866)
Permits, privilege fees, and regulatory licenses	37,362	37,362	23,706	(13,656)
Fines and forfeitures	51,000	51,000	43,469	(7,531)
Revenue from the use of money and property	125,000	174,009	244,614	70,605
Charges for services	501,396	501,396	484,113	(17,283)
Miscellaneous	195,698	249,307	94,261	(155,046)
Recovered costs	60,000	285,966	360,737	74,771
Intergovernmental:				
Commonwealth	1,822,585	2,332,093	2,065,984	(266,109)
Federal	-	191,842	313,635	121,793
Total revenues	<u>\$ 7,910,539</u>	<u>\$ 9,173,310</u>	<u>\$ 8,933,010</u>	<u>\$ (240,300)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,592,817	\$ 1,746,098	\$ 1,727,759	\$ 18,339
Public safety	2,881,747	3,075,317	3,227,275	(151,958)
Public works	1,780,100	1,788,561	2,115,322	(326,761)
Parks, recreation, and cultural	630,991	751,737	798,185	(46,448)
Community development	258,336	256,991	494,151	(237,160)
Nondepartmental	443,324	565,515	355,835	209,680
Capital projects	1,617,623	3,271,095	1,761,148	1,509,947
Debt service:				
Principal	270,594	292,002	453,968	(161,966)
Bond issuance costs	-	-	63,626	(63,626)
Interest and other fiscal charges	87,707	87,707	171,828	(84,121)
Total expenditures	<u>\$ 9,563,239</u>	<u>\$ 11,835,023</u>	<u>\$ 11,169,097</u>	<u>\$ 665,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,652,700)</u>	<u>\$ (2,661,713)</u>	<u>\$ (2,236,087)</u>	<u>\$ 425,626</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (288,572)	\$ (983,031)	\$ (1,693,779)	\$ (710,748)
Issuance of general obligation bonds	-	1,703,472	2,500,000	796,528
Issuance of lease liabilities	-	-	411,032	411,032
Total other financing sources (uses)	<u>\$ (288,572)</u>	<u>\$ 720,441</u>	<u>\$ 1,217,253</u>	<u>\$ 496,812</u>
Net change in fund balances	<u>\$ (1,941,272)</u>	<u>\$ (1,941,272)</u>	<u>\$ (1,018,834)</u>	<u>\$ 922,438</u>
Fund balances - beginning	<u>1,941,272</u>	<u>1,941,272</u>	<u>6,990,353</u>	<u>5,049,081</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,971,519</u>	<u>\$ 5,971,519</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, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 403,787	\$ 333,093	\$ 326,266	\$ 262,852	\$ 258,251	\$ 230,259	\$ 240,107	\$ 245,491	\$ 244,311	\$ 223,823
Interest	739,257	681,471	643,260	581,031	527,650	523,006	498,539	470,942	439,333	388,048
Changes in benefit terms	(9,316)	301,161	31,565	(162,694)	391,568	(322,849)	(75,749)	63,743	12,334	503,171
Differences between expected and actual experience	-	-	-	331,139	-	256,114	-	(92,340)	-	(183,752)
Assumption changes	(614,406)	(446,272)	(437,370)	(396,017)	(377,248)	(304,765)	(321,973)	(265,201)	(223,643)	(173,666)
Benefit payments	519,322	869,453	563,721	616,311	800,221	381,765	340,924	422,635	472,335	757,624
Net change in total pension liability	\$ 10,855,367	\$ 9,985,914	\$ 9,422,193	\$ 8,805,882	\$ 8,005,661	\$ 7,623,896	\$ 7,282,972	\$ 6,860,337	\$ 6,388,002	\$ 5,630,378
Total pension liability - beginning	\$ 11,374,689	\$ 10,855,367	\$ 9,985,914	\$ 9,422,193	\$ 8,805,882	\$ 8,005,661	\$ 7,623,896	\$ 7,282,972	\$ 6,860,337	\$ 6,388,002
Total pension liability - ending (a)										
Plan fiduciary net position										
Contributions - employer	\$ 317,657	\$ 293,130	\$ 201,067	\$ 191,953	\$ 166,424	\$ 163,202	\$ 158,676	\$ 155,323	\$ 185,991	\$ 184,961
Contributions - employee	155,279	143,392	126,259	121,143	119,756	118,719	117,408	122,353	112,253	111,090
Net investment income	1,032,595	651,316	(11,448)	2,197,402	152,457	503,389	520,220	766,573	109,576	265,551
Benefit payments	(614,406)	(446,272)	(437,370)	(396,017)	(377,248)	(304,765)	(321,973)	(265,201)	(223,643)	(173,666)
Administrator charges	(6,558)	(6,354)	(6,294)	(5,402)	(5,145)	(4,880)	(4,452)	(4,333)	(3,700)	(3,460)
Other	(49)	264	235	208	(181)	(318)	(464)	(685)	(46)	(56)
Net change in plan fiduciary net position	\$ 884,518	\$ 635,476	\$ (127,551)	\$ 2,109,287	\$ 56,063	\$ 475,347	\$ 469,415	\$ 774,030	\$ 180,431	\$ 384,420
Plan fiduciary net position - beginning	\$ 10,628,427	\$ 9,992,951	\$ 10,120,502	\$ 8,011,215	\$ 7,955,152	\$ 7,479,805	\$ 7,010,390	\$ 6,236,360	\$ 6,055,929	\$ 5,671,509
Plan fiduciary net position - ending (b)	\$ 11,512,945	\$ 10,628,427	\$ 9,992,951	\$ 10,120,502	\$ 8,011,215	\$ 7,955,152	\$ 7,479,805	\$ 7,010,390	\$ 6,236,360	\$ 6,055,929
Town's net pension liability (asset) - ending (a) - (b)	\$ (138,256)	\$ 226,940	\$ (7,037)	\$ (698,309)	\$ 794,667	\$ 50,509	\$ 144,091	\$ 272,582	\$ 623,977	\$ 332,073
Plan fiduciary net position as a percentage of the total pension liability	101.22%	97.91%	100.07%	107.41%	90.98%	99.37%	98.11%	96.26%	90.90%	94.80%
Covered payroll	\$ 3,332,511	\$ 3,045,893	\$ 2,638,142	\$ 2,535,462	\$ 2,475,726	\$ 2,411,073	\$ 2,375,840	\$ 2,311,623	\$ 2,265,911	\$ 2,245,314
Town's net pension liability (asset) as a percentage of covered payroll	-4.15%	7.45%	-0.27%	-27.54%	32.10%	2.09%	6.06%	11.79%	27.54%	14.79%

Town of Bluefield, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2016 through June 30, 2025

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)
2025	\$ 315,447	\$ 315,447	\$ -	\$ 3,474,079	9.08%
2024	317,656	317,656	-	3,332,511	9.53%
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%

*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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 45,273	\$ 64,845	\$ 64,844	\$ 56,156	\$ 58,420	\$ 39,112	\$ 37,522	\$ 49,251
Interest	36,446	49,374	48,385	23,021	23,399	27,054	27,520	18,221
Changes of assumptions	(16,596)	(26,498)	(13,597)	(179,727)	5,625	125,236	30,153	(112,481)
Differences between expected and actual experience	(109,655)	(463,845)	(70,841)	435,156	(44,613)	94,404	(21,461)	59,747
Benefit payments	(15,600)	(43,426)	(42,355)	(42,355)	(24,854)	(13,764)	(13,133)	(9,504)
Net change in total OPEB liability	\$ (60,132)	\$ (419,550)	\$ (13,564)	\$ 292,251	\$ -17,977	\$ 272,042	\$ 60,601	\$ 5,234
Total OPEB liability - beginning	889,843	1,309,393	1,322,957	1,030,706	1,012,729	740,687	680,086	674,852
Total OPEB liability - ending	\$ 829,711	\$ 889,843	\$ 1,309,393	\$ 1,322,957	\$ 1,030,706	\$ 1,012,729	\$ 740,687	\$ 680,086
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Town's total OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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, 2025

Valuation Date: 6/30/2025

Measurement Date: 6/30/2025

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	5.20% as of June 30, 2025
Healthcare Trend Rate - Medical	The medical healthcare trend rate assumption starts at 5.80% and ultimately decreases to 4.10%
Healthcare Trend Rate - Pharmacy	The pharmacy trend rate assumption starts at 11.70% and ultimately decreases to 4.10%
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% and remains constant
Salary Increase Rates	3.00% per year as of June 30, 2025
Retirement Age	The average age at retirement is 64
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years

Town of Bluefield, Virginia
 Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

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)
2024	0.01298% \$	144,847 \$	3,332,512	4.35%	73.41%
2023	0.01293%	155,071	3,045,893	5.09%	69.30%
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, 2016 through June 30, 2025

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)
2025	\$ 16,328	\$ 16,328	\$ -	3,474,079	0.47%
2024	17,996	17,996	-	3,332,512	0.54%
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%

Town of Bluefield, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025

	Special Revenue Funds		
	Public Transit <u>Fund</u>	Cemetery <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 160,458	103,549	\$ 264,007
Due from other governmental units	16,991	-	16,991
Due from other funds	-	13	13
Total assets	<u>\$ 177,449</u>	<u>\$ 103,562</u>	<u>\$ 281,011</u>
LIABILITIES			
Accounts payable	\$ 5,187	\$ 399	\$ 5,586
Accrued wages payable	21,857	-	21,857
Total liabilities	<u>\$ 27,044</u>	<u>\$ 399</u>	<u>\$ 27,443</u>
FUND BALANCES			
Committed	\$ 150,405	\$ 103,163	\$ 253,568
Total fund balances	<u>\$ 150,405</u>	<u>\$ 103,163</u>	<u>\$ 253,568</u>
Total liabilities and fund balances	<u>\$ 177,449</u>	<u>\$ 103,562</u>	<u>\$ 281,011</u>

Town of Bluefield, Virginia
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2025

	Special Revenue Funds		
	Public Transit Fund	Cemetery Fund	Total
REVENUES			
Revenue from the use of money and property	\$ -	\$ 3,801	\$ 3,801
Charges for services	26,727	25,405	52,132
Intergovernmental:			
Commonwealth	148,769	-	148,769
Federal	333,748	-	333,748
Total revenues	<u>\$ 509,244</u>	<u>\$ 29,206</u>	<u>\$ 538,450</u>
EXPENDITURES			
Current:			
Public works	\$ 611,729	\$ -	\$ 611,729
Parks, recreation, and cultural	-	21,996	21,996
Total expenditures	<u>\$ 611,729</u>	<u>\$ 21,996</u>	<u>\$ 633,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (102,485)</u>	<u>\$ 7,210</u>	<u>\$ (95,275)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 107,960	\$ -	\$ 107,960
Total other financing sources (uses)	<u>\$ 107,960</u>	<u>\$ -</u>	<u>\$ 107,960</u>
Net change in fund balances	\$ 5,475	\$ 7,210	\$ 12,685
Fund balances - beginning	144,930	95,953	240,883
Fund balances - ending	<u>\$ 150,405</u>	<u>\$ 103,163</u>	<u>\$ 253,568</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, 2025

	Budgeted Amounts		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 8,000	\$ 8,000	\$ 26,727	\$ 18,727
Miscellaneous	-	23,423	-	(23,423)
Intergovernmental:				
Commonwealth	185,005	185,005	148,769	(36,236)
Federal	333,748	333,748	333,748	-
Total revenues	<u>\$ 526,753</u>	<u>\$ 550,176</u>	<u>\$ 509,244</u>	<u>\$ (40,932)</u>
EXPENDITURES				
Current:				
Public works	\$ 618,720	\$ 642,143	\$ 611,729	\$ 30,414
Total expenditures	<u>\$ 618,720</u>	<u>\$ 642,143</u>	<u>\$ 611,729</u>	<u>\$ 30,414</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (91,967)</u>	<u>\$ (91,967)</u>	<u>\$ (102,485)</u>	<u>\$ (10,518)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 91,967</u>	<u>\$ 91,967</u>	<u>\$ 107,960</u>	<u>\$ 15,993</u>
Net change in fund balances	\$ -	\$ -	\$ 5,475	\$ 5,475
Fund balances - beginning	-	-	144,930	144,930
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,405</u>	<u>\$ 150,405</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, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 1,050	\$ 1,050	\$ 3,801	\$ 2,751
Charges for services	33,500	33,500	25,405	(8,095)
Total revenues	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 29,206</u>	<u>\$ (5,344)</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 34,550	\$ 34,550	\$ 21,996	\$ 12,554
Total expenditures	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 21,996</u>	<u>\$ 12,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,210</u>	<u>\$ 7,210</u>
Net change in fund balances	\$ -	\$ -	\$ 7,210	\$ 7,210
Fund balances - beginning	-	-	95,953	95,953
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,163</u>	<u>\$ 103,163</u>

Town of Bluefield, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 954,498	\$ 954,498	\$ 854,746	\$ (99,752)
Real and Personal PSC Tax	-	-	55,290	55,290
Personal Property Tax	241,500	284,438	281,900	(2,538)
Mobile Home Tax	2,500	2,500	2,717	217
Machinery and Tools Tax	-	-	27,939	27,939
Penalties	3,600	3,600	5,801	2,201
Interest	2,400	2,400	65	(2,335)
Total general property taxes	<u>\$ 1,204,498</u>	<u>\$ 1,247,436</u>	<u>\$ 1,228,458</u>	<u>\$ (18,978)</u>
Other local taxes:				
Local sales and use taxes	\$ 500,000	\$ 500,000	\$ 497,925	\$ (2,075)
Consumers' utility taxes	120,000	120,000	113,694	(6,306)
Cigarette tax	260,000	260,000	162,155	(97,845)
Business license taxes	653,000	842,899	872,132	29,233
Consumption taxes	30,000	30,000	24,410	(5,590)
Motor vehicle licenses	31,000	31,000	28,218	(2,782)
Bank stock taxes	210,000	210,000	234,018	24,018
Franchise tax	9,000	9,000	123	(8,877)
Restaurant food taxes	2,100,000	2,100,000	2,141,358	41,358
Total other local taxes	<u>\$ 3,913,000</u>	<u>\$ 4,102,899</u>	<u>\$ 4,074,033</u>	<u>\$ (28,866)</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 32,612	\$ 32,612	\$ 22,516	\$ (10,096)
Zoning permits	3,250	3,250	1,190	(2,060)
Erosion and sediment permits	1,500	1,500	-	(1,500)
Total permits, privilege fees, and regulatory licenses	<u>\$ 37,362</u>	<u>\$ 37,362</u>	<u>\$ 23,706</u>	<u>\$ (13,656)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 51,000	\$ 51,000	\$ 43,469	\$ (7,531)
Revenue from use of money and property:				
Revenue from use of money	\$ 125,000	\$ 174,009	\$ 244,614	\$ 70,605
Charges for services:				
Charges for recreation user fees	\$ 2,000	\$ 2,000	\$ 4,536	\$ 2,536
Charges for fire calls	50,000	50,000	30,886	(19,114)
Charges for refuse collections	399,396	399,396	391,659	(7,737)
Charges for Harmony Acres pool	50,000	50,000	57,032	7,032
Total charges for services	<u>\$ 501,396</u>	<u>\$ 501,396</u>	<u>\$ 484,113</u>	<u>\$ (17,283)</u>

Town of Bluefield, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Gifts and donations	\$ 5,698	\$ 39,803	\$ 48,980	\$ 9,177
Miscellaneous	190,000	209,504	45,281	(164,223)
Total miscellaneous	<u>\$ 195,698</u>	<u>\$ 249,307</u>	<u>\$ 94,261</u>	<u>\$ (155,046)</u>
Recovered costs:				
Other recovered costs	\$ 60,000	\$ 285,966	\$ 360,737	\$ 74,771
Total revenue from local sources	<u>\$ 6,087,954</u>	<u>\$ 6,649,375</u>	<u>\$ 6,553,391</u>	<u>\$ (95,984)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 7,700	\$ 7,700	\$ 7,912	\$ 212
Mobile home titling tax	500	500	-	(500)
Telecommunications Tax	30,000	30,000	28,307	(1,693)
Personal property tax relief funds	108,477	108,477	108,447	(30)
Total noncategorical aid	<u>\$ 146,677</u>	<u>\$ 146,677</u>	<u>\$ 144,666</u>	<u>\$ (2,011)</u>
Categorical aid:				
Other categorical aid:				
Law enforcement grants	\$ 254,463	\$ 763,971	\$ 423,744	\$ (340,227)
Litter control grant	3,000	3,000	-	(3,000)
State fire funds	18,445	18,445	26,117	7,672
Street maintenance	1,400,000	1,400,000	1,471,457	71,457
Total other categorical aid	<u>\$ 1,675,908</u>	<u>\$ 2,185,416</u>	<u>\$ 1,921,318</u>	<u>\$ (264,098)</u>
Total categorical aid	<u>\$ 1,675,908</u>	<u>\$ 2,185,416</u>	<u>\$ 1,921,318</u>	<u>\$ (264,098)</u>
Total revenue from the Commonwealth	<u>\$ 1,822,585</u>	<u>\$ 2,332,093</u>	<u>\$ 2,065,984</u>	<u>\$ (266,109)</u>
Revenue from the Federal Government:				
Categorical aid:				
Police grants	\$ -	\$ -	\$ 44,158	\$ 44,158
FEMA reimbursement - Hurricane Helene	-	27,817	105,452	77,635
American Rescue Plan Act (ARPA) Funds	-	164,025	164,025	-
Total categorical aid	<u>\$ -</u>	<u>\$ 191,842</u>	<u>\$ 313,635</u>	<u>\$ 121,793</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 191,842</u>	<u>\$ 313,635</u>	<u>\$ 121,793</u>
Total intergovernmental	<u>\$ 1,822,585</u>	<u>\$ 2,523,935</u>	<u>\$ 2,379,619</u>	<u>\$ (144,316)</u>
Total General Fund	<u>\$ 7,910,539</u>	<u>\$ 9,173,310</u>	<u>\$ 8,933,010</u>	<u>\$ (240,300)</u>

Town of Bluefield, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Public Transit Fund:				
Revenue from local sources:				
Charges for services:				
Charges for fares	\$ 8,000	\$ 8,000	\$ 26,727	\$ 18,727
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 23,423	\$ -	\$ (23,423)
Total revenue from local sources	\$ 8,000	\$ 31,423	\$ 26,727	\$ (4,696)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public transportation grant	\$ 185,005	\$ 185,005	\$ 148,769	\$ (36,236)
Total revenue from the Commonwealth	\$ 185,005	\$ 185,005	\$ 148,769	\$ (36,236)
Revenue from the federal government:				
Categorical aid:				
Public transportation grant	\$ 333,748	\$ 333,748	\$ 333,748	\$ -
Total revenue from the federal government	\$ 333,748	\$ 333,748	\$ 333,748	\$ -
Total intergovernmental	\$ 518,753	\$ 518,753	\$ 482,517	\$ (36,236)
Total Public Transit Fund	\$ 526,753	\$ 550,176	\$ 509,244	\$ (40,932)
Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,050	\$ 1,050	\$ 3,801	\$ 2,751
Charges for services:				
Charges for grave openings	\$ 20,000	\$ 20,000	\$ 12,800	\$ (7,200)
Charges for plots	13,500	13,500	12,605	(895)
Total charges for services	\$ 33,500	\$ 33,500	\$ 25,405	\$ (8,095)
Total revenue from local sources	\$ 34,550	\$ 34,550	\$ 29,206	\$ (5,344)
Total Cemetery Fund	\$ 34,550	\$ 34,550	\$ 29,206	\$ (5,344)
Total Primary Government	\$ 8,471,842	\$ 9,758,036	\$ 9,471,460	\$ (286,576)

Town of Bluefield, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

<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>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 64,413	\$ 64,413	\$ 64,325	\$ 88
General and financial administration:				
Town manager	\$ 414,852	\$ 464,852	\$ 445,343	\$ 19,509
Legal services	25,000	25,000	17,780	7,220
Vehicle maintenance	573,601	624,245	636,367	(12,122)
Treasurer	308,873	331,134	328,720	2,414
Bookkeeper	144,078	174,454	174,124	330
Audit services	62,000	62,000	61,100	900
Total general and financial administration	\$ 1,528,404	\$ 1,681,685	\$ 1,663,434	\$ 18,251
Total general government administration	\$ 1,592,817	\$ 1,746,098	\$ 1,727,759	\$ 18,339
Public safety:				
Law enforcement and traffic control:				
Police	\$ 2,514,838	\$ 2,618,758	\$ 2,778,816	\$ (160,058)
Fire and rescue services:				
Fire department	\$ 218,877	\$ 243,377	\$ 243,948	\$ (571)
Inspections:				
Building	\$ 148,032	\$ 213,182	\$ 204,511	\$ 8,671
Total public safety	\$ 2,881,747	\$ 3,075,317	\$ 3,227,275	\$ (151,958)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 1,077,332	\$ 1,177,142	\$ 1,426,020	\$ (248,878)
Sanitation and waste removal:				
Refuse collections	\$ 418,640	\$ 358,671	\$ 376,742	\$ (18,071)
Maintenance of general buildings and grounds:				
General properties	\$ 284,128	\$ 252,748	\$ 312,560	\$ (59,812)
Total public works	\$ 1,780,100	\$ 1,788,561	\$ 2,115,322	\$ (326,761)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 524,270	\$ 645,016	\$ 692,614	\$ (47,598)
Cultural enrichment:				
Cemetery department	\$ 106,721	\$ 106,721	\$ 105,571	\$ 1,150
Total parks, recreation, and cultural	\$ 630,991	\$ 751,737	\$ 798,185	\$ (46,448)

Town of Bluefield, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

<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>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 4,790	\$ 4,790	\$ 3,122	\$ 1,668
Zoning administration	126,646	106,646	122,582	(15,936)
Contributions and community activities	103,900	106,725	146,686	(39,961)
Economic development	18,000	33,830	36,873	(3,043)
Contribution to IDA	5,000	5,000	184,888	(179,888)
Total planning and community development	<u>\$ 258,336</u>	<u>\$ 256,991</u>	<u>\$ 494,151</u>	<u>\$ (237,160)</u>
Total community development	<u>\$ 258,336</u>	<u>\$ 256,991</u>	<u>\$ 494,151</u>	<u>\$ (237,160)</u>
Nondepartmental:				
Nondepartmental	\$ 141,363	\$ 263,554	\$ 276,481	\$ (12,927)
Enterprise fleet vehicle one time charges	301,961	301,961	79,354	222,607
Total non-departmental	<u>\$ 443,324</u>	<u>\$ 565,515</u>	<u>\$ 355,835</u>	<u>\$ 209,680</u>
Capital projects:				
Brownfield renovations	\$ -	\$ -	\$ 661	\$ (661)
Pedestrian footbridge	-	65,000	42,715	22,285
Graham Recreational Park	348,313	348,313	348,313	-
Land purchased for parks and recreation	-	1,331,566	1,331,566	-
Other Capital Projects	1,269,310	1,526,216	37,893	1,488,323
Total capital projects	<u>\$ 1,617,623</u>	<u>\$ 3,271,095</u>	<u>\$ 1,761,148</u>	<u>\$ 1,509,947</u>
Debt service:				
Principal retirement	\$ 270,594	\$ 292,002	\$ 453,968	\$ (161,966)
Bond issuance costs	-	-	63,626	(63,626)
Interest and other fiscal charges	87,707	87,707	171,828	(84,121)
Total debt service	<u>\$ 358,301</u>	<u>\$ 379,709</u>	<u>\$ 689,422</u>	<u>\$ (309,713)</u>
Total General Fund	<u>\$ 9,563,239</u>	<u>\$ 11,835,023</u>	<u>\$ 11,169,097</u>	<u>\$ 665,926</u>
Special Revenue Funds:				
Public Transit Fund:				
Public works:				
Public transportation:				
Transit system	\$ 618,720	\$ 642,143	\$ 611,729	\$ 30,414
Total Public Transit Fund	<u>\$ 618,720</u>	<u>\$ 642,143</u>	<u>\$ 611,729</u>	<u>\$ 30,414</u>
Cemetery Fund:				
Parks, recreation, and cultural:				
Cultural enrichment:				
Cemetery	\$ 34,550	\$ 34,550	\$ 21,996	\$ 12,554
Total Cemetery Fund	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 21,996</u>	<u>\$ 12,554</u>
Total Primary Government	<u>\$ 10,216,509</u>	<u>\$ 12,511,716</u>	<u>\$ 11,802,822</u>	<u>\$ 708,894</u>

Other Statistical Information

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

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt	Water	Fincastle Golf & Swim	Total
2015-16	\$ 1,450,930	\$ 2,022,880	\$ 2,155,929	\$ 448,671	\$ 236,154	\$ 111,208	\$ 1,191,305	\$ -	\$ 7,617,077
2016-17	1,456,833	1,985,518	1,721,992	432,800	291,537	105,633	1,153,652	-	7,147,965
2017-18	1,376,164	1,933,580	2,081,648	517,811	240,751	93,977	1,170,043	-	7,413,974
2018-19	1,517,272	1,939,738	1,930,624	478,415	226,724	98,583	1,260,141	-	7,451,497
2019-20	1,510,157	2,029,065	2,641,554	425,735	629,225	116,167	1,236,606	919,100	9,507,609
2020-21	1,447,535	2,461,607	2,072,939	407,793	196,623	109,934	1,315,871	1,419,152	9,431,454
2021-22	1,576,726	2,293,935	2,030,145	551,746	393,448	108,097	1,432,599	1,704,980	10,091,676
2022-23	1,728,303	2,613,034	2,727,175	460,328	831,551	97,297	1,621,518	2,143,525	12,222,731
2023-24	1,553,051	2,864,808	2,276,703	858,214	39,399	98,244	1,575,945	2,164,866	11,431,230
2024-25	1,839,632	3,119,973	2,680,277	737,777	488,035	354,709	1,794,435	2,239,258	13,254,096

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			
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		
2023-24	3,546,231	2,088,418	1,018,010	1,076,201	3,940,342	296,753	609,884	151,961	12,727,800		
2024-25	3,686,646	2,219,697	767,741	1,284,983	4,074,033	279,207	188,292	144,666	12,645,265		

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

Fiscal Year	General		Parks, Recreation, and Cultural			Community Development	Capital Projects	Non-departmental	Debt Service	Total
	Government Administration	Public Safety	Public Works	Recreation and Cultural	Community Development					
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	
2023-24	1,591,953	2,972,224	3,246,414	874,521	482,239	363,040	85,908	532,883	10,149,182	
2024-25	1,727,759	3,227,275	2,727,051	820,181	494,151	1,761,148	355,835	689,422	11,802,822	

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
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
2023-24	1,017,359	3,940,342	42,198	40,230	273,328	508,901	535,334	88,971	3,058,389	9,505,052
2024-25	1,228,458	4,074,033	23,706	43,469	248,415	536,245	94,261	360,737	2,862,136	9,471,460

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		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)		
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%	
2023-24	1,159,575	1,098,128	94.70%	27,678	1,125,806	97.09%	223,464	19.27%	
2024-25	1,382,540	1,304,256	94.34%	32,649	1,336,905	96.70%	257,293	18.61%	

(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) Real Estate and Personal Property	Total
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
2023-24	391,457,600	64,419,043	4,312,900	21,971,923	482,161,466
2024-25	481,832,300	71,788,956	4,656,500	29,488,262	587,766,018

(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
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
2023-24	0.188	0.188	0.600	0.600
2024-25	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
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
2023-24	5,018	482,161,466	7,272,908	1.51%	1,449
2024-25	5,018	587,766,018	9,062,637	1.54%	1,806

(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, leases, and subscriptions.

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
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%
2023-24	442,653	90,230	532,883	10,149,182	5.25%
2024-25	453,968	171,828	625,796	11,802,822	5.30%

Table 10

Town of Bluefield, Virginia
 Computation of Legal Debt Margin
 June 30, 2025

Assessed valuations:	
Assessed value - real estate	<u>\$ 481,832,300</u>
Total assessed value - real estate	<u>\$ 481,832,300</u>
Legal debt margin	
Debt limitation - 10 percent of total assessed value	\$ 48,183,230
Total debt applicable to limitation	<u>9,062,637</u>
Legal debt margin	<u>\$ 39,120,593</u>

COMPLIANCE SECTION



**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***

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, 2025, 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 November 21, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2025-001 and 2025-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Town of Bluefield, Virginia's Responses to the Findings

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

Purpose of This Report

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



Blacksburg, Virginia
November 21, 2025

Town of Bluefield, Virginia
Schedule of Findings and Responses
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

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

Section II - Financial Statement Findings

2025-001 Material Weakness

Criteria: A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.

Condition: The Town does not have a proper segregation of duties over the 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 Responses (Continued)
For the Year Ended June 30, 2025

Section II - Financial Statement Findings (Continued)

2025-002 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.

Town of Bluefield, Virginia
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2025

Status of Prior Audit Findings

Finding 2024-003

Finding Type: Noncompliance

Condition: The Town overspent numerous departments in the General Fund as well as the Transit Fund and Fincastle Golf fund.

Recommendation: The Town should implement a monthly review of budgeted appropriations against expenditures and propose additional appropriations, if deemed necessary.

Current Status: For fiscal year 2025, the Town improved their review of budgeted expenditures against appropriations and made additional appropriations as necessary.

Findings 2024-001 and 2024-002 recurred in the current year as 2025-001 and 2025-002 respectively.