TOWN OF TAZEWELL, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

Town of Tazewell, Virginia

Financial Report

For the Year Ended June 30, 2025

TOWN OF TAZEWELL, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

TOWN OF TAZEWELL, VIRGINIA

TOWN COUNCIL

Michael Hoops, Mayor
Dr. Glenn Catron, Vice Mayor
Joe Beasley
Zachary Cline
Emily Davis
David Fox
Jonathan Hankins

TOWN INDUSTRIAL/ECONOMIC DEVLEOPMENT AUTHORITY BOARD

Cara Spivey, Chair
Glen Keen, Vice Chair
Alicia Bales
Justin Takach
Susan Whittaker
Danny Willis

OTHER OFFICIALS

Leeanne Regon ..... Town Manager
Jessica Hayes ..... Treasurer
Gillespie, Hart, Altizer & Whitesell, PC ..... Town Attorney

FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Members of
the Town Council
Town of Tazewell, 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, and each major fund of the Town of Tazewell, 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 Tazewell, Virginia'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, and each major fund of the Town of Tazewell, Virginia, as of June 30, 2025, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Tazewell, 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 of Tazewell, Virginia 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 21 to the financial statements, in 2025, the Town of Tazewell, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 101. 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 the Town of Tazewell, 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 Authorities, Boards, and Commissions* 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 Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Tazewell, 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 the Town of Tazewell, 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 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 is the responsibility of management and, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tazewell, Virginia's basic financial statements. The accompanying combining financial statements 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 financial statements 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 section and 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 October 14, 2025, on our consideration of the Town of Tazewell, 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 the Town of Tazewell, 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 Tazewell, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
October 14, 2025

Basic Financial Statements

Exhibit 1

Town of Tazewell, Virginia
Statement of Net Position
At June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,307,293	$ 2,486,067	$ 6,793,360
Receivables (net of allowance for uncollectibles):			
Taxes receivable	221,181	-	221,181
Accounts receivable	286,172	659,400	945,572
Notes receivable	-	137,469	137,469
EMS receivable	143,968	-	143,968
Due from other governmental units	14,388	171,481	185,869
Inventory/investment held for resale	-	240,000	240,000
Prepaid items	54,151	5,314	59,465
Net pension asset	695,269	212,825	908,094
Capital assets, not being depreciated/amortized	2,378,830	2,189,296	4,568,126
Capital assets, net of accumulated depriciation/amortization	6,673,342	6,674,886	13,348,228
Total assets	$ 14,774,594	$ 12,776,738	$ 27,551,332
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 164,205	$ 58,993	$ 223,198
OPEB related items	565,962	38,739	604,701
Total deferred outflows of resources	$ 730,167	$ 97,732	$ 827,899
LIABILITIES			
Accounts payable	$ 110,951	$ 134,871	$ 245,822
Construction payable	-	155,923	155,923
Accrued liabilities	100,989	29,294	130,283
Customers' deposits	-	167,473	167,473
Accrued interest payable	-	8,703	8,703
Unearned revenue	11,486	885,295	896,781
Long-term liabilities:			
Due within one year	224,279	361,330	585,609
Due in more than one year	2,539,692	3,541,145	6,080,837
Total liabilities	$ 2,987,397	$ 5,284,034	$ 8,271,431
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - prepaid taxes	$ 29,634	$ -	$ 29,634
Pension related items	464,618	150,929	615,547
OPEB related items	1,222,178	269,620	1,491,798
Total deferred inflows of resources	$ 1,716,430	$ 420,549	$ 2,136,979
NET POSITION			
Net investment in capital assets	$ 8,781,824	$ 5,356,366	$ 14,138,190
Restricted	710,330	212,825	923,155
Unrestricted	1,308,780	1,600,696	2,909,476
Total net position	$ 10,800,934	$ 7,169,887	$ 17,970,821

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

Exhibit 2

Town of Tazewell, Virginia
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	$ 852,577	$ -	$ -	$ -	$ (852,577)	$ -	$ (852,577)
Public safety	4,026,683	1,404,001	229,536	-	(2,393,146)	-	(2,393,146)
Public works	2,202,564	463,820	1,478,243	-	(260,501)	-	(260,501)
Parks, recreation, and cultural	470,542	77,714	-	-	(392,828)	-	(392,828)
Community development	159,166	-	50,000	-	(109,166)	-	(109,166)
Interest on long-term debt	14,304	-	-	-	(14,304)	-	(14,304)
Total governmental activities	$ 7,725,836	$ 1,945,535	$ 1,757,779	$ -	$ (4,022,522)	$ -	$ (4,022,522)
Business-type activities:							
Water and sewer fund	$ 3,275,255	$ 3,916,065	$ -	$ 408,484	$ -	$ 1,049,294	$ 1,049,294
IDA fund	54,459	-	50,000	-	-	(4,459)	(4,459)
Total business-type activities	$ 3,329,714	$ 3,916,065	$ 50,000	$ 408,484	$ -	$ 1,044,835	$ 1,044,835
Total primary government	$ 11,055,550	$ 5,861,600	$ 1,807,779	$ 408,484	$ (4,022,522)	$ 1,044,835	$ (2,977,687)
General revenues:							
General property taxes					$ 1,193,526	$ -	$ 1,193,526
Other local taxes:							
Local sales and use taxes					454,769	-	454,769
Consumers' utility taxes					59,901	-	59,901
Business license taxes					326,439	-	326,439
Motor vehicle licenses					57,630	-	57,630
Bank stock tax					177,612	-	177,612
Cigarette Tax					198,000	-	198,000
Meals taxes					1,165,732	-	1,165,732
Other local taxes					71,519	-	71,519
Unrestricted revenues from use of money					205,252	9,664	214,916
Miscellaneous					142,745	5,343	148,088
Grants and contributions not restricted to specific programs					79,395	-	79,395
Transfers					(3,607)	3,607	-
Total general revenues and transfers					$ 4,128,913	$ 18,614	$ 4,147,527
Change in net position					$ 106,391	$ 1,063,449	$ 1,169,840
Net position - beginning, as previously reported					$ 10,790,898	$ 6,136,162	$ 16,927,060
Restatement					(96,355)	(29,724)	(126,079)
Net position - beginning, as restated					$ 10,694,543	$ 6,106,438	$ 16,800,981
Net position - ending					$ 10,800,934	$ 7,169,887	$ 17,970,821

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

Exhibit 3

Town of Tazewell, Virginia
Balance Sheet
Governmental Fund
At June 30, 2025

		General
ASSETS		
Cash and cash equivalents	$	4,307,293
Receivables (net of allowance for uncollectibles):		
Taxes receivable		221,181
Accounts receivable		286,172
EMS receivable		143,968
Due from other governmental units		14,388
Prepaid items		54,151
Total assets	$	5,027,153
LIABILITIES		
Accounts payable	$	110,951
Accrued payroll and related liabilities		100,989
Unearned revenue		11,486
Total liabilities	$	223,426
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$	241,727
Total deferred inflows of resources	$	241,727
FUND BALANCE		
Nonspendable		
Prepaid items	$	54,151
Restricted		15,061
Unassigned		4,492,788
Total fund balance	$	4,562,000
Total liabilities, deferred inflows of resources, and fund balance	$	5,027,153

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

Exhibit 4

Town of Tazewell, Virginia
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
At 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		$ 4,562,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not being depreciated/amortized	$ 2,378,830	
Capital assets being depreciated/amortized	14,228,691	
Accumulated depreciation/amortization	(7,555,349)	9,052,172
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes	$ 212,093	
Net pension asset	695,269	907,362
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 164,205	
OPEB related items	565,962	730,167
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Loans payable	$ (270,348)	
Compensated absences	(214,114)	
Net OPEB liabilities	(2,279,509)	(2,763,971)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (464,618)	
OPEB related items	(1,222,178)	(1,686,796)
Net position of governmental activities		$ 10,800,934

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

Exhibit 5

Town of Tazewell, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2025

	General
REVENUES	
General property taxes	$ 1,136,634
Other local taxes	2,511,602
Permits, privilege fees, and regulatory licenses	30,583
Fines and forfeitures	21,959
Revenue from the use of money and property	205,252
Charges for services	1,892,993
Miscellaneous	142,745
Intergovernmental	1,837,174
Total revenues	$ 7,778,942
EXPENDITURES	
Current:	
General government administration	$ 922,185
Public safety	3,923,981
Public works	2,255,337
Parks, recreation, and cultural	398,622
Community development	177,716
Capital projects	291,480
Debt service:	
Principal retirement	68,180
Interest and other fiscal charges	14,304
Total expenditures	$ 8,051,805
Excess (deficiency) of revenues over (under) expenditures	$ (272,863)
OTHER FINANCING SOURCES (USES)	
Transfers out	$ (3,607)
Issuance of loans payable	244,323
Total other financing sources (uses)	$ 240,716
Net change in fund balances	$ (32,147)
Fund balance - beginning	4,594,147
Fund balance - ending	$ 4,562,000

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

Exhibit 6

Town of Tazewell, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Fund
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		$ (32,147)
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 and amortization expense. This is the detail of items supporting this adjustment:		
Capital outlays	$ 808,147	
Depreciation expense	(749,628)	58,519
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		56,892
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.		
Debt issued or incurred:		
Issuance of loan payable	$ (244,323)	
Principal repayments:		
Loans payable	68,180	(176,143)
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.		
Change in compensated absences	$ 34,447	
Change in pension related items	292,861	
Change in OPEB related items	(128,038)	199,270
Change in net position of governmental activities		$ 106,391

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

Exhibit 7

Town of Tazewell, Virginia
Statement of Net Position
Proprietary Funds
At June 30, 2025

	Enterprise Funds		
	Water and Sewer Fund	IDA Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,478,199	$ 7,868	$ 2,486,067
Accounts receivable, net of allowances for uncollectibles	659,400	-	659,400
Due from other governmental units	171,481	-	171,481
Prepaid items	5,314	-	5,314
Note receivable, current portion	7,333	-	7,333
Total current assets	$ 3,321,727	$ 7,868	$ 3,329,595
Note receivable, net of current portion	$ 130,136	$ -	$ 130,136
Net pension asset	212,825	-	212,825
Inventory/investment held for resale	-	240,000	240,000
Capital assets not being depreciated/amortized	1,651,383	537,913	2,189,296
Capital assets, net of accumulated depreciation/amortization	6,658,274	16,612	6,674,886
Net capital assets	$ 8,309,657	$ 554,525	$ 8,864,182
Total noncurrent assets	$ 8,652,618	$ 794,525	$ 9,447,143
Total assets	$ 11,974,345	$ 802,393	$ 12,776,738
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 58,993	$ -	$ 58,993
OPEB related items	38,739	-	38,739
Total deferred outflows of resources	$ 97,732	$ -	$ 97,732
LIABILITIES			
Current liabilities:			
Accounts payable	$ 134,341	$ 530	$ 134,871
Construction payable	155,923	-	155,923
Accrued payroll and related liabilities	29,294	-	29,294
Customers' deposits	167,473	-	167,473
Accrued interest payable	8,703	-	8,703
Unearned revenue	885,295	-	885,295
Note payable - Tazewell PSA - current portion	15,867	-	15,867
Bonds and notes payable - current portion	272,847	-	272,847
Lease liability - current portion	-	180	180
Compensated absences - current portion	72,436	-	72,436
Total current liabilities	$ 1,742,179	$ 710	$ 1,742,889
Noncurrent liabilities:			
Bonds and notes payable - net of current portion	$ 2,693,885	$ -	$ 2,693,885
Lease liability - net of current portion	-	17,792	17,792
Note payable - Tazewell PSA - net of current portion	351,322	-	351,322
Compensated absences - net of current portion	24,145	-	24,145
Net OPEB liability	454,001	-	454,001
Total noncurrent liabilities	$ 3,523,353	$ 17,792	$ 3,541,145
Total liabilities	$ 5,265,532	$ 18,502	$ 5,284,034
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 150,929	$ -	$ 150,929
OPEB related items	269,620	-	269,620
Total deferred inflows of resources	$ 420,549	$ -	$ 420,549
NET POSITION			
Net investment in capital assets	$ 4,819,813	$ 536,553	$ 5,356,366
Restricted	212,825	-	212,825
Unrestricted	1,353,358	247,338	1,600,696
Total net position	$ 6,385,996	$ 783,891	$ 7,169,887

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

Exhibit 8

Town of Tazewell, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds		
	Water and Sewer Fund	IDA Fund	Total
OPERATING REVENUES			
Charges for services:			
Charges for services	$ 3,905,174	$ -	$ 3,905,174
Penalties and service charges	10,891	-	10,891
Miscellaneous	5,343	-	5,343
Total operating revenues	$ 3,921,408	$ -	$ 3,921,408
OPERATING EXPENSES			
Salaries, wages and fringes	$ 763,723	$ -	$ 763,723
Fringe benefits	190,760	-	190,760
Insurance	18,850	-	18,850
Professional services	1,900	-	1,900
Office supplies	26,630	-	26,630
Postage	11,269	-	11,269
Telecommunications	13,706	-	13,706
Uniforms	5,165	-	5,165
Training	6,931	-	6,931
Maintenance	145,588	-	145,588
Equipment	112,700	-	112,700
Motor fuel and oil	12,437	-	12,437
Water works fees	5,901	-	5,901
Wastewater fees	51,046	-	51,046
Supplies	72,668	-	72,668
Purchased water	1,039,697	-	1,039,697
Utilities	269,212	-	269,212
Chemicals	11,766	-	11,766
Miscellaneous	36,406	-	36,406
Community and economic development incentives	-	53,607	53,607
Depreciation/amortization	409,449	489	409,938
Total operating expenses	$ 3,205,804	$ 54,096	$ 3,259,900
Operating income (loss)	$ 715,604	$ (54,096)	$ 661,508
NONOPERATING REVENUES (EXPENSES)			
Interest income	$ 9,664	$ -	$ 9,664
Noncapital grants	-	50,000	50,000
Interest expense	(69,451)	(363)	(69,814)
Total nonoperating revenues (expenses)	$ (59,787)	$ 49,637	$ (10,150)
Income (loss) before contributions and transfers	$ 655,817	$ (4,459)	$ 651,358
Capital contributions	408,484	-	408,484
Transfers in	-	3,607	3,607
Change in net position	$ 1,064,301	$ (852)	$ 1,063,449
Total net position - beginning, as previously reported	$ 5,351,419	$ 784,743	$ 6,136,162
Restatement	(29,724)	-	(29,724)
Total net position - beginning, as restated	5,321,695	784,743	6,106,438
Total net position - ending	$ 6,385,996	$ 783,891	$ 7,169,887

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

Exhibit 9

Town of Tazewell, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds		
	Water and Sewer Fund	IDA Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 3,684,569	$ -	$ 3,684,569
Payments to suppliers	(2,010,402)	(104,327)	(2,114,729)
Payments to and for employees	(1,039,317)	-	(1,039,317)
Net cash provided by (used for) operating activities	$ 634,850	$ (104,327)	$ 530,523
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	$ -	$ 54,857	$ 54,857
Intergovernmental revenue	-	50,000	50,000
Net cash provided by (used for) noncapital financing activities	$ -	$ 104,857	$ 104,857
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	$ (675,457)	$ -	$ (675,457)
Principal payments on bonds and notes	(266,630)	-	(266,630)
Principal payments on amounts due to Tazewell PSA	(15,867)	-	(15,867)
Principal payments on lease liability	-	(167)	(167)
Proceeds from indebtedness	52,387	-	52,387
Capital contributions	408,484	-	408,484
Interest expense	(68,099)	(363)	(68,462)
Net cash provided by (used for) capital and related financing activities	$ (565,182)	$ (530)	$ (565,712)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	$ 9,664	$ -	$ 9,664
Net cash provided by (used for) investing activities	$ 9,664	$ -	$ 9,664
Net increase (decrease) in cash and cash equivalents	$ 79,332	$ -	$ 79,332
Cash and cash equivalents - beginning	2,398,867	7,868	2,406,735
Cash and cash equivalents - ending	$ 2,478,199	$ 7,868	$ 2,486,067
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 715,604	$ (54,096)	$ 661,508
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization	$ 409,449	$ 489	$ 409,938
Change in assets, deferred outflows, liabilities, and deferred inflows:			
Accounts receivable	(128,616)	-	(128,616)
Deferred outflows of resources	17,823	-	17,823
Prepaid items	(1,876)	-	(1,876)
Net pension asset	(202,810)	-	(202,810)
Amount from other governmental units	(83,242)	-	(83,242)
Customer deposits	11,526	-	11,526
Accounts payable	(166,654)	(50,720)	(217,374)
Accrued payroll and related liabilities	8,347	-	8,347
Unearned revenue	(36,507)	-	(36,507)
Compensated absences	10,546	-	10,546
Net OPEB liability	(80,295)	-	(80,295)
Deferred inflows of resources	161,555	-	161,555
Total adjustments	$ (80,754)	$ (50,231)	$ (130,985)
Net cash provided by (used for) operating activities	$ 634,850	$ (104,327)	$ 530,523
Noncash investing, capital, and financing activities:			
Capital asset additions included in accounts payable at end of year	$ 155,923	$ -	$ 155,923

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

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Town of Tazewell, Virginia (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:

The Town was established in 1916. It is a political subdivision of the Commonwealth of Virginia operating under the Mayor-Council form of government. The Town consists of a mayor and six other council members. The Town is part of Tazewell County, Virginia and has taxing powers subject to statewide restrictions and tax limits. The Town provides a full range of municipal services including police, fire and rescue, refuse collection, public improvements, planning and zoning, general administrative services, recreation, and water and wastewater services. The financial statements present the Town as the primary government. A component unit is an entity for which the Town is considered to be financially accountable. The Town has no related or jointly governed organization.

Blended Component Unit - The business-type activities column in the financial statements includes the financial data of the Town's blended component unit.

The Town of Tazewell Industrial Development Authority ("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 because the Town provides significant funding and debt of the IDA is covered by a support agreement with the Town. In addition, the IDA does not have separate taxing powers. The IDA is reported as a proprietary fund and does not issue separate financial statements.

For financial reporting purposes the Town includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent upon the Town Council. Control by, or dependence upon, the Town Council was determined on the basis of the following:

1. The Town's ability to designate the management or significantly control the operations of the entity.
2. The Town's responsibility for the fiscal matters of the entity, including the authorization of budgetary appropriations, funding of operating deficiencies, control or use of surplus funds, responsibility for debts, and control over the collections and disbursement of funds.
3. The scope of public services rendered by and the geographic location of the entity.

Based on the foregoing criteria, the financial activities of no other organizations are included in the accompanying financial statements.

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

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 (governmental 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).

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*.

C. Budgetary basis of accounting

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

1. During the regular May Council meetings, the Town Manager submits a proposed operating and capital budget for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget for the general fund is legally enacted through passage of an Appropriations Ordinance. Town Council may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.

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

C. Budgetary basis of accounting (Continued)

4. The Appropriations Ordinance places legal restrictions on expenditures at the department or category level. The appropriations for each department or category can be revised only by Town Council. The Town Manager is authorized to transfer amounts within general governmental departments.

5. Formal budgetary integration is employed as a management control device during the year.

6. Budgets are adopted utilizing the modified accrual of accounting.

7. Appropriations lapse on June 30 for all Town units.

8. All budget data presented is the final revised budget.

For the year ended June 30, 2025, expenditures exceeded appropriations in the community development and the miscellaneous water fund departments.

At year end, no funds had deficit fund equity.

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

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, as applicable. 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 government funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

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

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.

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 fund:

The *general fund* is the primary operating fund of the Town. The fund is used to account for and report for all financial resources except those required to be accounted for and reported in another fund.

The Town reports the following major proprietary funds:

Proprietary funds consist of enterprise funds. *Enterprise funds* account for financing and services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges, or where management has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for management control, accountability, or other purposes. The enterprise funds consist of the activities related to water and sewer services and the IDA fund.

The *Water and Sewer fund* accounts for the activities of the Town's water and sewer system, which includes water distribution and sewage collections throughout the Town.

The *IDA fund* accounts for activities for the IDA, a blended component unit of the Town. The IDA encourages and provides financing for industrial development in the Town.

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 proprietary fund 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)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services and contributions. 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, depreciation on capital assets, and community and economic development incentives. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. 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, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the Town's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. 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.

3. Property Taxes

Property is assessed at 100% of its fair market 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. Personal property taxes do not create a lien on property. The County of Tazewell, Virginia is responsible for the assessments, while the Town bills and collects its own property taxes.

4. 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 $540,279 for the General Fund and $259,584 for the Water and Sewer Fund at June 30, 2025. The allowance consists of unpaid taxes in the amount of $44,484, unpaid garbage bills of $39,295, ambulance services of $456,500, and unpaid water/sewer bills of $259,584.

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

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

5. 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.

6. Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

7. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscriptions, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) 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 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, lease assets, subscriptions assets, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	25-40
Utility plants and buildings in service	25-40
Infrastructure	25
Machinery, equipment, and vehicles	5-10
Equipment, furniture, and fixtures	5-10
Right-to-use lease land	40
Subscription assets	5

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

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

7. Capital Assets (Continued)

Infrastructure assets are roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. and include all assets constructed since July 1, 2001. The retroactive reporting of general infrastructure is optional and the Town has chosen not to report these assets.

8. 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) accumulated 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) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *personal time off (PTO) 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.

9. Pensions

For purposes of measuring the net pension 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 net fiduciary 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.

10. Other Postemployment Benefits (OPEB) – Line of Duty Act Program

For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and related LODA OPEB expense, information about the fiduciary net position of the VRS LODA Program OPEB Plan and the additions to/deductions from the VRS LODA Program OPEB Plan's net fiduciary 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)

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

11. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

11. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general 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.

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

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

11. Fund Balance (Continued)

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.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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 one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

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

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

13. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation 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 and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

14. Leases and Subscription Based IT Arrangements

The Town has one lease asset and one subscription-based IT arrangement (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.

Lessee
The Town recognizes lease liabilities and intangible right-to-use lease assets (lease asset) 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).

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

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

15. Leases and Subscription Based IT Arrangements (Continued)

Lessee (Continued)
The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions
The Town recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of $5,000, 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). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key estimates and judgements

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) 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) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or subscription liability.

Note 2-Deposits and Investments:

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

Investments: 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 Investor Service, Inc.; A-1 by Standard & Poor's; or F-1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Interest Rate Risk: The Town has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)

Investment Type	Fair Value	Less than 1 Year
LGIP	$ 3,380,637	$ 3,380,637

Custodial Credit Risk - Investments: 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'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.

Town's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
LGIP	$ 3,380,637

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

Note 3-Due from Other Governmental Units:

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

	Governmental Activities	Business-type Activities	Total
Local Government:			
Tazewell PSA	$ -	$ 31,205	$ 31,205
Commonwealth of Virginia:			
Categorical aid	2,862	-	2,862
Federal Government:			
Categorical aid	11,526	140,276	151,802
Total	$ 14,388	$ 171,481	$ 185,869

Note 4-Interfund Activity:

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

Fund	Transfers In	Transfers Out
General Fund	$ -	$ 3,607
IDA Fund	3,607	-
Total	$ 3,607	$ 3,607

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 one fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Interfund balances at year end represent amounts that have been transferred between funds in a lending or borrowing capacity are expected to be repaid by current administration. There were no interfund balances for the year ended June 30, 2025.

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Note 5-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:

	Balance July 1, 2024, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct borrowings and placements -				
Loans payable	$ 94,205	$ 244,323	$ (68,180)	$ 270,348
Compensated absences*	248,561	-	(34,447)	214,114
Net OPEB liabilities	2,718,709	1,361,794	(1,800,994)	2,279,509
Total	$ 3,061,475	$ 1,606,117	$ (1,903,621)	$ 2,763,971

*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 Placements	
	Principal	Interest
2026	$ 63,693	$ 14,895
2027	66,464	10,933
2028	70,673	6,724
2029	60,249	2,479
2030	9,269	69
Totals	$ 270,348	$ 35,100

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Note 5-Long-term Obligations: (Continued)

Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Loan Payable	1.92%	2022	2026	$ 55,000	$ 1,189	$ 1,189
Loan Payable	6.70%	2023	2029	48,775	32,041	9,574
Loan Payable	6.49%	2024	2029	38,973	28,683	7,508
Loan Payable	5.99%	2025	2030	244,323	208,435	45,422
Total Direct Borrowings and Placements					$ 270,348	$ 63,693
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 214,114	$ 160,586
Net OPEB Liabilities	n/a	n/a	n/a	n/a	2,279,509	-
Total other obligations					$ 2,493,623	$ 160,586
Total long-term obligations					$ 2,763,971	$ 224,279

In the event of default for the loan payable from direct borrowings and placements, the lender may declare the entire unpaid principal and interest on the issuance as due and payable.

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Note 5-Long-term Obligations: (Continued)

Business-type Activities Obligations:

The following is a summary of long-term obligation transactions of the Water and Sewer Fund for the year ended June 30, 2025:

	Balance July 1, 2024, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Placements -				
Revenue bonds	$ 1,144,599	$ -	$ (46,211)	$ 1,098,388
General obligation bonds	1,937,768	52,387	(196,826)	1,793,329
Note payable	98,608	-	(23,593)	75,015
Note payable - Tazewell PSA	383,056	-	(15,867)	367,189
Lease liability	18,139	-	(167)	17,972
Compensated absences*	86,035	10,546	-	96,581
Net OPEB liability	534,296	117,968	(198,263)	454,001
Total	$ 4,202,501	$ 180,901	$ (480,927)	$ 3,902,475

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

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Note 5-Long-term Obligations: (Continued)

Business-type Activities Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liability	
	Principal	Interest	Principal	Interest
2026	$ 288,714	$ 65,529	$ 180	$ 359
2027	294,740	59,583	194	356
2028	348,522	53,050	209	352
2029	277,448	46,887	224	348
2030	282,246	42,088	240	343
2031-2035	748,658	151,693	1,460	1,638
2035-2040	634,649	84,627	1,947	1,472
2041-2045	409,095	16,609	2,519	1,256
2046-2050	49,849	-	3,191	977
2051-2055	-	-	3,975	628
2056-2059	-	-	3,833	195
Totals	$ 3,333,921	$ 520,066	$ 17,972	$ 7,924

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Note 5-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	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Revenue Bond-Rural Development	3.25%	2003	2043	$ 1,800,000	$ 1,098,388	$ 46,898
Notes Payable:						
Note Payable - Backhoe Loan	5.95%	2023	2028	$ 124,400	$ 75,015	$ 25,050
Tazewell PSA - Note Payable	0.00%	2020	2049	476,000	367,189	15,867
Total Notes Payable					$ 442,204	$ 40,917
General Obligation Bonds:						
Virginia Resources Authority	2.25%	2015	2046	$ 518,022	$ 353,800	$ 16,150
Virginia Resources Authority	2.25%	2015	2046	108,598	56,547	3,874
Virginia Resources Authority	1.55%	2013	2034	2,988,696	1,005,253	162,544
Virginia Resources Authority [1]	0.00%	2021	2046	458,287	325,342	18,331
Virginia Resources Authority [2]	2.20%	2025	2057	1,300,000	52,387	-
Total General Obligation Bonds					$ 1,793,329	$ 200,899
Total direct borrowings and placements					$ 3,333,921	$ 288,714
Other Obligations:						
Lease Liability	2.00%	2020	2059	$ 19,209	$ 17,972	$ 180
Compensated Absences	n/a	n/a	n/a	n/a	96,581	72,436
Net OPEB Liability	n/a	n/a	n/a	n/a	454,001	-
Total other obligations					$ 568,554	$ 72,616
Total long-term obligations					$ 3,902,475	$ 361,330

Revenue bonds are secured by revenue of the water and sewer fund.

[1] As of June 30, 2025, only $380,336 has been drawn down on this loan.

[2] As of June 30, 2025, only $52,387 has been drawn down on this loan.

If an event of default occurs with VRA bonds, the principal of the bond(s) may be declared immediately due and payable to the register owner of the bond(s) by written notice to the Authority. In the event of default for the bond payable from direct borrowings and placements, the lender may declare the entire unpaid principal and interest on the issuance as due and payable.

Arbitrage Rebate Compliance:
As of June 30, 2025 and for the year then ended, the Town was not liable for any amounts due under current rules governing arbitrage earnings.

Debt Purpose:
All of the bonds issued in either the governmental activities or business-type activities as listed above were issued for capital projects, land purchases, or refunding bonds previously issued for capital projects.

Note 6-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 a 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 creditable service. 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 creditable service 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.

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Note 6-Pension Plan: (Continued)

Benefit Structures (Continued)

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 creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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.

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Note 6-Pension Plan: (Continued)

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:

	Number
Inactive members or their beneficiaries currently receiving benefits	50
Inactive members:	
Vested inactive members	15
Non-vested inactive members	40
Inactive members active elsewhere in VRS	38
Total inactive members	93
Active members	65
Total covered employees	208

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 7.44% 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 $218,006 and $254,166 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 $1,343,580 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 $13,436 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $11,149 for the year ended June 30, 2025.

Note 6-Pension Plan: (Continued)

Net Pension Liability (Asset)

The net pension liability (asset) (NPL/A) 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. The Town's 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 and rolled forward to the measurement date of June 30, 2024.

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 for 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

Note 6-Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (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

Note 6-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 Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 6-Pension Plan: (Continued)

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

Mortality Rates: (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) – 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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Note 6-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%
MAPS - Multi-Asset Public Strategies	1.00%	8.00%	0.08%
PIP - Private Investment Partnership	6.00%	5.80%	0.35%
PIP - Private Investment Partnership	2.00%	3.00%	0.06%
Cash	-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%.

Note 6-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 is 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	$ 9,461,311	$ 9,500,665	$ (39,354)
Changes for the year:			
Service cost	$ 322,626	$ -	$ 322,626
Interest	643,471	-	643,471
Differences between expected and actual experience	(530,190)	-	(530,190)
Contributions - employer	-	254,166	(254,166)
Contributions - employee	-	134,623	(134,623)
Net investment income	-	921,580	(921,580)
Benefit payments, including refunds of employee contributions	(502,076)	(502,076)	-
Administrative expenses	-	(5,920)	5,920
Other changes	-	198	(198)
Net changes	$ (66,169)	$ 802,571	$ (868,740)
Balances at June 30, 2024	$ 9,395,142	$ 10,303,236	$ (908,094)

Note 6-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%)	Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability (Asset)	$ 312,851	$ (908,094)	$ (1,903,973)

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 $(196,416). 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	$ -	$ 345,625
Change in assumptions	-	-
Change in proportionate shares	5,192	5,192
Net difference between projected and actual earnings on pension plan investments	-	264,730
Employer contributions subsequent to the measurement date	218,006	-
Total	$ 223,198	$ 615,547

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Note 6-Pension Plan: (Continued)

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

$218,006 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/increase of the Net Pension Liability/Asset in the year 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 as follows:

Year ended June 30		
2026	$	(454,913)
2027		(45,705)
2028		(52,873)
2029		(56,864)

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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Note 7-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 2,206,204	$ -	$ -	$ 2,206,204
Construction in progress	-	172,626	-	172,626
Total capital assets not being depreciated/amortized	$ 2,206,204	$ 172,626	$ -	$ 2,378,830
Capital assets, being depreciated/amortized:				
Buildings and improvements	$ 3,629,439	$ -	$ -	$ 3,629,439
Infrastructure	4,869,682	30,411	-	4,900,093
Vehicles	3,097,345	423,323	(45,670)	3,474,998
Equipment, furniture, and fixtures	1,985,959	181,787	-	2,167,746
Subscription assets	56,415	-	-	56,415
Total capital assets being depreciated/amortized	$ 13,638,840	$ 635,521	$ (45,670)	$ 14,228,691
Accumulated depreciation/amortization:				
Buildings and improvements	$ (1,546,188)	$ (97,665)	$ -	$ (1,643,853)
Infrastructure	(1,567,691)	(175,814)	-	(1,743,505)
Vehicles	(2,327,748)	(278,056)	45,670	(2,560,134)
Equipment, furniture, and fixtures	(1,391,000)	(186,810)	-	(1,577,810)
Subscription assets	(18,764)	(11,283)	-	(30,047)
Total accumulated depreciation/amortization	$ (6,851,391)	$ (749,628)	$ 45,670	$ (7,555,349)
Total capital assets being depreciated/amortized, net	$ 6,787,449	$ (114,107)	$ -	$ 6,673,342
Governmental activities capital assets, net	$ 8,993,653	$ 58,519	$ -	$ 9,052,172

The subscription assets were paid in advance. Accordingly, there is no related liabilities associated with same.

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Note 7-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 464,871	$ -	$ -	$ 464,871
Construction in progress	989,716	734,709	-	1,724,425
Total capital assets not being depreciated/amortized	$ 1,454,587	$ 734,709	$ -	$ 2,189,296
Capital assets, being depreciated/amortized:				
Right-to-use lease land	$ 18,567	$ -	$ -	$ 18,567
Machinery and equipment	946,198	43,221	-	989,419
Utility plant and buildings in service	17,270,472	53,450	-	17,323,922
Total capital assets being depreciated/amortized	$ 18,235,237	$ 96,671	$ -	$ 18,331,908
Accumulated depreciation/amortization:				
Right-to-use lease land	$ (1,466)	$ (489)	$ -	$ (1,955)
Machinery and equipment	(811,809)	(371,714)	-	(1,183,523)
Utility plant and buildings in service	(10,433,809)	(37,735)	-	(10,471,544)
Total accumulated depreciation/amortization	$ (11,247,084)	$ (409,938)	$ -	$ (11,657,022)
Total capital assets being depreciated/amortized, net	$ 6,988,153	$ (313,267)	$ -	$ 6,674,886
Business-type activities capital assets, net	$ 8,442,740	$ 421,442	$ -	$ 8,864,182

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Note 7-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	$ 45,268
Public safety	292,461
Public works	286,426
Parks, recreation, and cultural	125,473
Total depreciation expense - governmental activities	$ 749,628
Business type activities:	
Water and sewer	$ 409,449
IDA	489
Total depreciation/amortization expense - business-type activities	$ 409,938

Note 8-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; and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of general liability and workers compensation with the Virginia Risk Sharing Association. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Virginia Risk Sharing Association contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims have not exceeded pool coverage in any of the past three fiscal years. The Town carried commercial insurance, as necessary, for other risks of loss.

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Note 9-Aggregate OPEB Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2025.

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Other Postemployment Benefits - Health Insurance	$ 92,924	$ 965,884	$ 1,839,629	$ 133,181
Line of Duty Act (LODA) Program	511,777	525,914	893,881	161,344
Totals	$ 604,701	$ 1,491,798	$ 2,733,510	$ 294,525

Note 10-Other Postemployment Benefits (OPEB) – Health Insurance:

Plan Description

In addition to the pension benefits, the Town administers a single-employer defined benefit healthcare plan, The Town of Tazewell OPEB Plan. Participants must meet eligibility requirements based on service earned with the Town to be eligible to receive benefits upon retirement. Only participants who retire directly from active service are eligible for the OPEB as follows:

- Employees retiring after 50 years of age and 10 year of service.
- Employees retiring after 55 years of age and 5 years of service.

The plan does not issue a publicly available financial report.

Benefits Provided

Benefits include medical, dental and vision insurance. The Town contributes 80% of the premium until the retiree reaches the age of 65. The Town makes no contributions to retirees for post-65 coverage as Medicare eligible retirees pay 100% of the Medicare supplement premium.

Plan Membership

At June 30, 2025 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	69
Total retirees and spouses with coverage	7
Total	76

Note 10-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

Contributions

The Town 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. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2025 was $127,995.

Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2024, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate - A 5.20% discount rate was used for measuring the plan's June 30, 2025 total OPEB liability. This assumption is similar to yields implied by theoretical 20-year general obligation bond indices as of June 30, 2025. (This compares to the 3.93% discount rate used to measure the plan's June 30, 2024 total OPEB liability.)

Inflation Rate - 2.50% annual rate of inflation.

Coverage Elections – The Town assumes 90% of future retirees will elect health coverage upon retirement. The Town assumes 90% of future retirees electing medical coverage will also elect to cover their spouse.

Option Elections - The proportion of members in each option will remain constant.

Mortality, Retirement, Withdrawal and Disability Rates - The actuarial valuation relied primarily on the most recent experience study performed for VRS. This study examined actual VRS experience over the four-year period ending June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021. Information relative to same is presented in the Town's pension disclosures.

Age-Related Claims Cost Assumption – A blended premium rate for active employees and retirees under age 65 is a common practice. Medical costs generally increase with age, so the result is the blended premium rate is higher than the true underlying cost for actives and the blended premium rate is lower than the true underlying cost for retirees. GASB addresses this practice by requiring the plan sponsor to determine the liabilities and costs for retiree benefits after removing the effect of any implicit rate subsidies. The net cost of the plan is equal to the true underlying cost minus the portion of the cost paid by the retiree.

Note 10-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

Actuarial Assumptions (Continued)

Age-Related Claims Cost Assumption (continued) - Milliman's *Health Cost Guidelines* (Guidelines) was used to estimate the true underlying cost of each medical option and used these estimated costs to calculate the GASB liabilities and costs.

Healthcare Trend Assumption - The healthcare trend rate assumption starts at 6.20% decreasing to 3.90% over 48 years.

The date of the most recent actuarial experience study for which significant assumptions were based on actual experience over the four-year period ending June 30, 2020.

Changes in Total OPEB Liability

		Total OPEB Liability
Balances at June 30, 2024	$	2,279,742
Changes for the year:		
Service cost		265,718
Interest		97,546
Effect of economic/demographic gains or losses		(476,207)
Effect of assumptions changes or inputs		(199,175)
Benefit payments		(127,995)
Net changes		(440,113)
Balances at June 30, 2025	$	1,839,629

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 a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

Rate		
1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
$ 1,994,291	$ 1,839,629	$ 1,700,256

Note 10-Other Postemployment Benefits (OPEB) - 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 (5.20% decreasing ultimate rate of 2.90%) or one percentage point higher (7.20% decreasing ultimate rate of 4.90%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.20% decreasing to 2.90%)	Healthcare Cost Trend (6.20% decreasing to 3.90%)	1% Increase (7.20% decreasing to 4.90%)
$ 1,614,116	$ 1,839,629	$ 2,105,770

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 $133,181. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 552,157
Changes in assumptions	-	320,803
Changes in proportionate share	92,924	92,924
Total	$ 92,924	$ 965,884

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	
2026	$ (241,010)
2027	(222,884)
2028	(130,730)
2029	(114,609)
2030	(102,331)
Thereafter	(61,396)

Note 10-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

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

Note 11-Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA Program) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date (the benefit will be $75,000 for approved presumptive deaths occurring on or after January 1, 2025); or an additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Note 11-Line of Duty Act (LODA) Program: (Continued)

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was $1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were $48,720 and $34,238 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of $893,881 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was 0.22713% as compared to 0.24277% at June 30, 2023.

For the year ended June 30, 2025, the entity recognized LODA OPEB expense of $161,344. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,102	$ 218,348
Net difference between projected and actual earnings on LODA OPEB plan investments	-	2,955
Change in assumptions	164,778	180,032
Change in proportion	267,177	124,579
Employer contributions subsequent to the measurement date	48,720	-
Total	$ 511,777	$ 525,914

Note 11-Line of Duty Act (LODA) Program: (Continued)

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

$48,720 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA 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 LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30		
2026	$	33,629
2027		4,479
2028		(919)
2029		(2,763)
2030		(14,715)
Thereafter		(82,568)

Actuarial Assumptions

The total LODA 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 employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.25%
Ages 65 and older	6.50%-4.25%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Investment rate of return	3.97%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

Note 11-Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety 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

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 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

Note 11-Line of Duty Act (LODA) Program: (Continued)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program'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 LODA Program are as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	$ 398,395
Plan Fiduciary Net Position	4,841
LODA Net OPEB Liability (Asset)	$ 393,554
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%

The total LODA 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 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.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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Note 11-Line of Duty Act (LODA) Program: (Continued)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	Discount Rate		
	1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
Town's proportionate share of the total LODA Net OPEB Liability	$ 990,936	$ 893,881	$ 810,424

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.25% decreasing to 3.7=25%)	Current (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
Town's proportionate share of the LODA Net OPEB Liability	$ 761,468	$ 893,881	$ 1,056,354

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program 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.

Note 12-Deferred/ Unavailable Revenue:

Deferred and 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.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	$ -	$ 212,093
Prepaid property taxes due after June 30 but paid in advance by taxpayers	29,634	29,634
	$ 29,634	$ 241,727

Note 13-Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

The general fund reports unearned revenue in connection with grant funds received upfront and the entire amount not being spent. The enterprise fund reports unearned revenue in connection with receipt of capital assets from the sale of capacity rights to the Town's sewer treatment plant. Revenue is recognized over the term of the agreement. During the year ended June 30, 2024, $36,507 of revenue was recognized under this agreement. At June 30, 2025, the Town had $885,295 in unearned revenue under this agreement.

Note 14-Contingencies:

Grants - Federal programs in which the Town participates may be subjected to audit by the Federal Government or a related oversight agency, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 15-Commitments:

At June 30, 2025, the Town had no outstanding construction commitments.

In February 2021, the IDA and Dragon Property Holdings, LLC (DPH) signed a property development agreement for the acquisition and renovation of the Sunnyside property. The IDA has agreed to purchase the Sunnyside property for $300,000 and provide $850,000 in upfits to the property. Both the IDA and DPH have agreed to raise grant funding in order to facilitate the IDA's ability to purchase the property and provide uplifts of at least $1,150,000. After the IDA has allowed expenditure of funds granted that totals $850,000 in uplifts to the property, DPH and the EDA will enter into a mutually agreeable four year lease agreement where DPH will lease the property for $60,000 per year with a right of first purchase option to acquire the property at the end of the lease term for $1.

Note 16-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 17-Service Contract:

Effective September 1996, the Town entered into an agreement with the Tazewell County Public Service Authority (the "PSA") to purchase water for a forty-year period at which time the agreement may be renewed in additional five-year increments. The Town also conveyed its water treatment plant to the PSA as part of the agreement. For 2025, the Town paid approximately $975,000 to the PSA for water.

Note 18-Sewer Treatment Capacity:

During 2010, the Town entered into an agreement with the PSA whereby the Town allocated 40% of its sewer treatment plant capacity to the Tazewell County Public Service Authority (PSA). Pursuant to terms of the agreement, the Town and PSA will proportionally share in certain capital cost deemed necessary under such agreement. At year end, the Town recorded a note receivable from the PSA in the amount of $137,469. Such amount represents 40% of the Town's 2021 VRA bond. It is anticipated that the PSA will make payments annually in an amount equal to 40% of the debt service payments due under the bond. Accordingly, payments are anticipated at $7,333 annually through 2042 with a final payment of $5,483 due in 2043. These payments are subject to change as the Town continues to draw upon the aforementioned loan.

The PSA will also pay a monthly Treatment and Disposal Volume Charge determined by the Town's total direct and indirect costs to maintain the facility and the number of gallons discharged into the facility by the PSA. Any unexpected capital expenditures along with necessary maintenance, repairs, replacements, or upgrades, of any sanitary sewer lines used to transport the PSA's flow into the facility will be paid by both parties based on their respective capacities in the facility. Both parties will each contribute $500, $1,000 in total, per month to a capital reserve fund not to exceed $50,000 to assist with unexpected capital expenditures. In addition, under this agreement, an annual true up of the volume charges to the PSA for wastewater and treatment and disposal charges will be calculated based on the Town's audited expenses incurred for the preceding fiscal year. The Town estimates the true-up due annually for financial reporting purposes based on prior year actual data.

Note 19-Restricted Fund Balance/Net Position:

At year end the following amounts were restricted as to use:

Purpose	Governmental Activities General Fund
North Tazewell Train Station	$ 3,031
Scholarship Fund	12,030
Total restricted fund balance	$ 15,061

Purpose	Governmental Activities	Business-type Activities
General fund restricted fund balance	$ 15,061	$ -
Net pension asset	695,269	212,825
Total restricted net position	$ 710,330	$ 212,825

Note 20-Jointly Constructed Asset:

The Town entered into an agreement with the Tazewell County Public Service Authority for the joint construction of a water tank. Terms of the agreement require the Town to make payments to the PSA equal to the debt service on their prorated share of the asset (water tank). An asset with a gross value of $462,389 has been recorded in the accompanying financial statements. In addition, a liability has been reported as an amount due to the Tazewell County PSA for the Town's share of the related liability.

Note 21-Adoption of Accounting Principle:

The Town implemented provisions of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Beginning net position for the Town was restated to include sick leave in compensated absences as part of implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

	Governmental Activities Fund	Water Fund	Sewer Fund	Water and Sewer Fund	Business-Type Activities
Beginning net position, as previously stated	$ 10,790,898	$ 1,526,698	$ 3,824,721	$ 5,351,419	$ 6,136,162
Increase in compensated absences	(96,355)	(12,080)	(17,644)	(29,724)	(29,724)
Beginning net position, as restated	$ 10,694,543	$ 1,514,618	$ 3,807,077	$ 5,321,695	$ 6,106,438

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

Exhibit 10

Town of Tazewell, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 1,089,900	$ 1,174,783	$ 1,136,634	$ (38,149)
Other local taxes	2,246,200	2,607,693	2,511,602	(96,091)
Permits, privilege fees, and regulatory licenses	9,400	30,583	30,583	-
Fines and forfeitures	37,000	37,000	21,959	(15,041)
Revenue from the use of money and property	15,800	217,170	205,252	(11,918)
Charges for services	2,140,800	2,157,591	1,892,993	(264,598)
Miscellaneous	94,650	251,612	142,745	(108,867)
Intergovernmental	1,612,600	1,921,353	1,837,174	(84,179)
Total revenues	$ 7,246,350	$ 8,397,785	$ 7,778,942	$ (618,843)
EXPENDITURES				
Current:				
General government administration	$ 838,848	$ 929,118	$ 922,185	$ 6,933
Public safety	3,912,710	4,248,856	3,923,981	324,875
Public works	1,819,712	2,112,283	2,255,337	(143,054)
Parks, recreation, and cultural	422,831	447,573	398,622	48,951
Community development	140,700	152,920	177,716	(24,796)
Capital projects	23,588	717,910	291,480	426,430
Debt service:				
Principal retirement	80,357	75,682	68,180	7,502
Interest and other fiscal charges	7,004	20,836	14,304	6,532
Total expenditures	$ 7,245,750	$ 8,705,178	$ 8,051,805	$ 653,373
Excess (deficiency) of revenues over (under) expenditures	$ 600	$ (307,393)	$ (272,863)	$ 34,530
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 314,125	$ -	$ (314,125)
Transfers out	(600)	(6,732)	(3,607)	3,125
Issuance of equipment loan payable	-	-	244,323	244,323
Total other financing sources (uses)	$ (600)	$ 307,393	$ 240,716	$ (66,677)
Net change in fund balances	$ -	$ -	$ (32,147)	$ (32,147)
Fund balances - beginning	-	-	4,594,147	4,594,147
Fund balances - ending	$ -	$ -	$ 4,562,000	$ 4,562,000

Exhibit 11

Town of Tazewell, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Pension Plan
For the Measurement Dates June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 322,626	$ 337,800	$ 301,718	$ 288,388	$ 210,799	$ 179,383	$ 184,641	$ 182,645	$ 162,448	$ 159,244
Interest	643,471	617,714	585,682	497,445	463,326	434,836	420,207	428,414	395,660	387,474
Changes in benefit terms	-	-	-	273,862	-	-	-	-	(37,298)	-
Changes of assumptions	-	-	-	287,963	-	197,476	-	(110,726)	-	-
Differences between expected and actual experience	(530,190)	(74,535)	(4,192)	33,113	146,038	138,453	(90,679)	(297,667)	262,365	(105,444)
Net investment income	-	-	-	-	-	-	-	-	(279,932)	(315,859)
Benefit payments	(502,076)	(466,383)	(423,091)	(327,459)	(301,920)	(294,086)	(316,276)	(323,549)	(27,049)	(25,830)
Net change in total pension liability	$ (66,169)	$ 414,596	$ 460,117	$ 1,053,312	$ 518,243	$ 656,062	$ 197,893	$ (120,883)	$ 476,194	$ 99,585
Total pension liability - beginning	9,461,311	9,046,715	8,586,598	7,533,286	7,015,043	6,358,981	6,161,088	6,281,971	5,805,777	5,706,192
Total pension liability - ending (a)	$ 9,395,142	$ 9,461,311	$ 9,046,715	$ 8,586,598	$ 7,533,286	$ 7,015,043	$ 6,358,981	$ 6,161,088	$ 6,281,971	$ 5,805,777
Plan fiduciary net position										
Contributions - employer	$ 254,166	$ 231,468	$ 172,208	$ 174,818	$ 71,228	$ 67,114	$ 114,662	$ 117,604	$ 101,017	$ 93,319
Contributions - employee	134,623	144,827	122,578	121,402	117,521	107,970	101,599	102,534	86,660	79,627
Net investment income	921,580	585,096	(10,326)	1,979,398	137,373	454,839	477,130	715,290	100,250	261,411
Benefit payments	(502,076)	(466,383)	(423,091)	(327,459)	(301,920)	(294,086)	(316,276)	(323,549)	(306,981)	(341,689)
Administrator charges	(5,920)	(5,741)	(5,673)	(4,818)	(4,670)	(4,513)	(4,113)	(4,153)	(3,678)	(3,700)
Other	198	236	212	188	(163)	(287)	(426)	(634)	(43)	(55)
Net change in plan fiduciary net position	$ 802,571	$ 489,503	$ (144,092)	$ 1,943,529	$ 19,369	$ 331,037	$ 372,576	$ 607,092	$ (22,775)	$ 88,913
Plan fiduciary net position - beginning	9,500,665	9,011,162	9,155,254	7,211,725	7,192,356	6,861,319	6,488,743	5,881,651	5,904,426	5,815,513
Plan fiduciary net position - ending (b)	$ 10,303,236	$ 9,500,665	$ 9,011,162	$ 9,155,254	$ 7,211,725	$ 7,192,356	$ 6,861,319	$ 6,488,743	$ 5,881,651	$ 5,904,426
Town's net pension liability (asset) - ending (a) - (b)	$ (908,094)	$ (39,354)	$ 35,553	$ (568,656)	$ 321,561	$ (177,313)	$ (502,338)	$ (327,655)	$ 400,320	$ (98,649)
Plan fiduciary net position as a percentage of the total pension liability (asset)	109.67%	100.42%	99.61%	106.62%	95.73%	102.53%	107.90%	105.32%	93.63%	101.70%
Covered payroll	$ 2,936,161	$ 2,653,851	$ 2,520,064	$ 2,595,131	$ 2,516,152	$ 2,286,698	$ 2,128,304	$ 2,165,434	$ 1,813,465	$ 1,631,896
Town's net pension liability (asset) as a percentage of covered payroll	-30.93%	-1.48%	1.41%	-21.91%	12.78%	-7.75%	-23.60%	-15.13%	22.07%	-6.05%

Exhibit 12

Town of Tazewell, 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 Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2025	$ 218,006	$ 218,006	$ -	$ 2,930,195	7.44%
2024	254,166	254,166	-	2,936,161	8.66%
2023	231,468	231,468	-	2,653,851	8.72%
2022	172,208	172,208	-	2,520,064	6.83%
2021	174,818	174,818	-	2,595,131	6.74%
2020	71,228	71,228	-	2,516,152	2.83%
2019	67,114	67,114	-	2,286,698	2.93%
2018	114,662	114,662	-	2,128,304	5.39%
2017	117,604	117,604	-	2,165,434	5.43%
2016	101,017	101,017	-	1,813,465	5.57%

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

Town of Tazewell, 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 – 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

Exhibit 14

Town of Tazewell, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios - Health Insurance
For the Measurement Dates June 30, 2019 through June 30, 2025

	2024	2024	2023	2022	2021	2020	2019
Total OPEB liability							
Service cost	$ 265,718	$ 243,116	$ 252,505	$ 310,513	$ 305,088	$ 208,213	$ 191,769
Interest	97,546	84,219	79,125	49,469	55,662	75,110	75,837
Effect of economic/demographic gains or losses	(476,207)	-	(58,993)	-	(441,109)	-	-
Effect of assumptions changes or inputs	(199,175)	(50,539)	(63,951)	(231,751)	(41,694)	129,562	53,071
Benefit payments	(127,995)	(121,567)	(132,469)	(118,650)	(105,033)	(168,278)	(133,386)
Net change in total OPEB liability	$ (440,113)	$ 155,229	$ 76,217	$ 9,581	$ (227,086)	$ 244,607	$ 187,291
Total OPEB liability - beginning	2,279,742	2,124,513	2,048,296	2,038,715	2,265,801	2,021,194	1,833,903
Total OPEB liability - ending	$ 1,839,629	$ 2,279,742	$ 2,124,513	$ 2,048,296	$ 2,038,715	$ 2,265,801	$ 2,021,194
Covered employee payroll	$ 2,947,933	$ 2,587,918	$ 2,587,918	$ 2,532,012	$ 2,532,012	$ 2,781,543	$ 2,135,889
Town total OPEB liability (asset) as a percentage of covered-employee payroll	62.40%	88.09%	82.09%	80.90%	80.52%	81.46%	94.63%

Schedule is intended to show information for 10 years. Information prior to the 2019 valuation is not available. However, additional years will be included as they become available.

Town of Tazewell, Virginia
Notes to Required Supplementary Information - Health Insurance OPEB
For the Year Ended June 30, 2025

Valuation Date: 7/1/2024
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 level % of salary
Discount Rate	3.93% as of June 30, 2024; 5.20% as of June 30, 2025
Inflation	2.50% per year as of June 30, 2024; 2.50% per year as of June 30, 2025
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.20% decreasing to 3.90% over 48 years
Salary Increase Rates-General Employees	The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Salary Increase Rates-Public Safety	The salary increase rate starts at 4.75% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Mortality Rates-General Employees	The pre-retirement mortality rates are based on Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service-related. The post-retirement mortality rates are based on Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. The post-disablement mortality rates are based on Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females are set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
Mortality Rates-Public Safety	The pre-retirement mortality rates are based on Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 35% of deaths are assumed to be service-related. The post-retirement mortality rates are based on Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. The post-disablement mortality rates are based on 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. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Exhibit 16

Town of Tazewell, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered-Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2024	0.22713%	$ 893,881	$ N/A	N/A	1.22%
2023	0.24277%	973,263	N/A	N/A	1.31%
2022	0.25310%	957,984	N/A	N/A	1.87%
2021	0.18500%	815,659	N/A	N/A	1.68%
2020	0.16880%	706,876	N/A	N/A	1.02%
2019	0.16039%	575,458	N/A	N/A	0.60%
2018	0.17978%	564,000	N/A	N/A	0.60%
2017	0.19464%	511,000	N/A	N/A	1.30%

*The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

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.

Exhibit 17

Town of Tazewell, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2017 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered-Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2025	$ 48,720	$ 48,720	-	N/A	N/A
2024	34,238	34,238	-	N/A	N/A
2023	32,217	32,217	-	N/A	N/A
2022	34,863	34,863	-	N/A	N/A
2021	25,465	25,465	-	N/A	N/A
2020	22,937	22,937	-	N/A	N/A
2019	21,526	21,526	-	N/A	N/A
2018	19,149	19,149	-	N/A	N/A
2017	20,993	20,993	-	N/A	N/A

*The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

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 Tazewell, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
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 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 are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Other Supplementary Information

Exhibit 19

Town of Tazewell, Virginia
Combining Statement of Net Position
Proprietary Fund
At June 30, 2025

	Water	Sewer	Total Water and Sewer Fund
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,012,737	$ 1,465,462	$ 2,478,199
Accounts receivable, net of allowances for uncollectibles	317,765	341,635	659,400
Due from other governmental units	163,064	8,417	171,481
Prepaid items	2,657	2,657	5,314
Note receivable, current portion	-	7,333	7,333
Total current assets	$ 1,496,223	$ 1,825,504	$ 3,321,727
Noncurrent assets:			
Note receivable, net of current portion	$ -	$ 130,136	$ 130,136
Net pension asset	80,687	132,138	212,825
Capital assets not being depreciated	832,299	819,084	1,651,383
Capital assets, net of accumulated depreciation	2,641,639	4,016,635	6,658,274
Total capital assets	$ 3,473,938	$ 4,835,719	$ 8,309,657
Total noncurrent assets	$ 3,554,625	$ 5,097,993	$ 8,652,618
Total assets	$ 5,050,848	$ 6,923,497	$ 11,974,345
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 21,706	$ 37,287	$ 58,993
OPEB related items	9,570	29,169	38,739
Total deferred outflows of resources	$ 31,276	$ 66,456	$ 97,732
LIABILITIES			
Current liabilities:			
Accounts payable	$ 115,578	$ 18,763	$ 134,341
Construction payable	154,190	1,733	155,923
Accrued payroll and related liabilities	10,017	19,277	29,294
Customers' deposits	167,473	-	167,473
Accrued interest payable	4,093	4,610	8,703
Unearned revenue	-	885,295	885,295
Amount due to Tazewell PSA - current portion	15,867	-	15,867
General obligation bonds - current portion	20,024	180,875	200,899
Revenue bonds payable - current portion	46,898	-	46,898
Note payable - current portion	25,050	-	25,050
Compensated absences - current portion	27,125	45,311	72,436
Total current liabilities	$ 586,315	$ 1,155,864	$ 1,742,179
Noncurrent liabilities:			
General obligation bonds - net of current portion	$ 442,710	$ 1,149,720	$ 1,592,430
Revenue bonds payable - net of current portion	1,051,490	-	1,051,490
Note payable - net of current portion	49,965	-	49,965
Amount due to Tazewell PSA - current portion	351,322	-	351,322
Compensated absences - net of current portion	9,041	15,104	24,145
Net OPEB liability	167,024	286,977	454,001
Total noncurrent liabilities	$ 2,071,552	$ 1,451,801	$ 3,523,353
Total liabilities	$ 2,657,867	$ 2,607,665	$ 5,265,532
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 57,180	$ 93,749	$ 150,929
OPEB related items	115,776	153,844	269,620
Total deferred inflows of resources	$ 172,956	$ 247,593	$ 420,549
NET POSITION			
Net investment in capital assets	$ 1,470,612	$ 3,505,124	$ 4,975,736
Restricted	80,687	132,138	212,825
Unrestricted	700,002	497,433	1,197,435
Total net position	$ 2,251,301	$ 4,134,695	$ 6,385,996

Exhibit 20

Town of Tazewell, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2025

	Water	Sewer	Total Water and Sewer Fund
OPERATING REVENUES			
Charges for services:			
Charges for services	$ 2,217,848	$ 1,687,326	$ 3,905,174
Penalties and service charges	5,312	5,579	10,891
Miscellaneous	5,291	52	5,343
Total operating revenues	$ 2,228,451	$ 1,692,957	$ 3,921,408
OPERATING EXPENSES			
Salaries, wages and fringes	$ 269,885	$ 493,838	$ 763,723
Fringe benefits	59,001	131,759	190,760
Insurance	7,850	11,000	18,850
Professional services	-	1,900	1,900
Office supplies	17,215	9,415	26,630
Postage	5,548	5,721	11,269
Telecommunications	3,500	10,206	13,706
Uniforms	1,171	3,994	5,165
Training	4,252	2,679	6,931
Maintenance	71,224	74,364	145,588
Equipment	85,386	27,314	112,700
Motor fuel and oil	5,218	7,219	12,437
Water works fees	5,901	-	5,901
Wastewater fees	-	51,046	51,046
Supplies	65,905	6,763	72,668
Purchased water	1,039,697	-	1,039,697
Utilities	51,037	218,175	269,212
Chemicals	-	11,766	11,766
Miscellaneous	20,032	16,374	36,406
Depreciation	138,975	270,474	409,449
Total operating expenses	$ 1,851,797	$ 1,354,007	$ 3,205,804
Operating income (loss)	$ 376,654	$ 338,950	$ 715,604
NONOPERATING REVENUES (EXPENSES)			
Interest income	$ 3,451	$ 6,213	$ 9,664
Interest expense	(51,906)	(17,545)	(69,451)
Total nonoperating revenues (expenses)	$ (48,455)	$ (11,332)	$ (59,787)
Income before contributions and transfers	$ 328,199	$ 327,618	$ 655,817
Contributed capital	408,484	-	408,484
Change in net position	$ 736,683	$ 327,618	$ 1,064,301
Total net position - beginning, as previously reported	1,526,698	3,824,721	5,351,419
Restatement	(12,080)	(17,644)	(29,724)
Total net position - beginning, as restated	1,514,618	3,807,077	5,321,695
Total net position - ending	$ 2,251,301	$ 4,134,695	$ 6,385,996

Statistical Information

Table 1

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

Fiscal Year	General and Financial Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Capital Outlay	Debt Service	Total
2015-16	$ 846,402	$ 1,961,563	$ 2,379,047	$ 469,937	$ -	$ 1,112,846	$ 139,807	$ 6,909,602
2016-17	816,425	2,001,069	1,540,952	514,481	-	1,144,011	136,132	6,153,070
2017-18	734,404	1,979,222	1,668,430	424,632	728,597	1,294,386	842,845	7,672,516
2018-19	852,328	2,206,756	1,434,573	523,943	397,942	285,087	62,098	5,762,727
2019-20	716,265	2,678,111	2,529,642	366,764	127,294	126,194	835,450	7,379,720
2020-21	790,036	2,827,506	1,833,781	411,379	164,951	380,732	340,608	6,748,993
2021-22	723,289	3,272,022	1,554,115	389,797	123,449	483,675	45,381	6,591,728
2022-23	840,315	3,575,880	1,323,971	356,792	136,902	701,659	32,845	6,968,364
2023-24	887,099	4,086,851	2,128,410	427,192	444,317	604,792	26,777	8,605,438
2024-25	922,185	3,923,981	2,255,337	398,622	177,716	291,480	82,484	8,051,805

Restatements have not been applied retroactively.

Table 2

Town of Tazewell, 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	Refuse Charges	Inter-governmental	Miscellaneous	Total
2015-16	$ 827,328	$ 1,329,286	$ 256,332	$ 55,028	$ 2,463	$ 442,500	$ 389,133	$ 3,392,383	$ 102,006	$ 6,796,459
2016-17	849,414	1,352,602	229,531	53,554	12,558	430,714	340,676	2,452,547	86,051	5,807,647
2017-18	861,739	1,765,128	1,495	50,620	13,685	451,215	378,536	3,017,118	183,716	6,723,252
2018-19	854,944	1,772,854	1,705	46,870	8,424	554,374	391,004	1,397,117	197,721	5,225,013
2019-20	869,972	1,909,351	2,686	23,629	7,865	1,271,888	395,011	1,966,877	129,525	6,576,804
2020-21	992,901	2,106,602	14,286	33,900	12,334	1,365,663	402,420	1,657,967	416,795	7,002,868
2021-22	969,006	2,219,332	12,655	61,211	12,407	1,574,978	434,454	2,056,494	195,101	7,535,638
2022-23	1,002,442	2,343,580	23,524	30,092	143,951	1,857,159	467,471	4,007,357	116,854	9,992,430
2023-24	987,934	2,504,475	16,272	29,674	280,065	1,422,080	468,689	3,298,116	98,937	9,106,242
2024-25	1,136,634	2,511,602	30,583	21,959	205,252	1,440,674	452,319	1,837,174	142,745	7,778,942

Table 3

Town of Tazewell, Virginia
Computation of Legal Debt Margin
At June 30, 2025

Total assessed value of taxed real property	$ 331,348,200
Debt limit - 10 percent of total assessed value	33,134,820
Amount of debt applicable to debt limit	(2,891,717)
Legal debt margin	$ 30,243,103
Total net debt applicable to the limit as percentage of debt limit	8.73%

COMPLIANCE SECTION

Compliance

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 Honorable Members of
the Town Council
Town of Tazewell, 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, and each major fund of the Town of Tazewell, 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 Tazewell, Virginia basic financial statements, and have issued our report thereon dated October 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Tazewell, 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 Tazewell, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tazewell, Virginia 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tazewell, 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*.

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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
October 14, 2025