

**TOWN OF BLUEFIELD, VIRGINIA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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TOWN OF BLUEFIELD, VIRGINIA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

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**INTRODUCTORY SECTION**

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# TOWN OF BLUEFIELD, VIRGINIA

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## TOWN COUNCIL

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Donald Harris, Mayor  
Anglis Trigg, Jr., Vice Mayor  
Jimmy Jones  
Chuck Presley  
Jarrod Bailey  
Ron Holt

## OTHER OFFICIALS

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Mike Watson ..... Town Manager  
James Hampton ..... Town Treasurer  
Matthew Freedman ..... Town Attorney

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**FINANCIAL SECTION**

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**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bluefield, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bluefield, Virginia, as of June 30, 2019, and the respective 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.

## ***Change in Accounting Principle***

As described in Note 20 to the financial statements, in 2019, the Town adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 19 to the financial statements, in 2019, the Town restated several beginning balances to correct previously reported amounts. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-17, 71, and 72-79, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bluefield, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

*Supplementary and Other Information (continued)*

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the Town of Bluefield, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Bluefield, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bluefield, Virginia's internal control over financial reporting and compliance.

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

Blacksburg, Virginia  
November 15, 2019

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

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The following is a narrative overview and analysis of the financial activities of the Town of Bluefield, Virginia for the fiscal year ended June 30, 2019.

### **Financial Highlights**

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

The assets and deferred outflows of resources of the Town of Bluefield, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,023,114 (net position). Of this amount, \$3,128,445 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Total net position of \$9,023,114 is split between governmental activities \$9,023,214 and business-type activities (\$100).

#### **Fund Financial Statements**

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,468,082 (See Exhibit 3).

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

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

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

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

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

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

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

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

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

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

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

**Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental funds:***

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliations between the two methods are provided in exhibits 4 and 6.

***Proprietary funds:***

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

***Fiduciary funds:***

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

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

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

**Notes to the financial statements**

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

**Government-wide Financial Analysis**

As previously noted, net position may serve as a useful indicator of a government's financial position. For the Town of Bluefield, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,023,114 at the end of the fiscal year.

The Town's net position is divided into two categories: (1) net investment in capital assets; and (2) unrestricted. Below please find a comparison of the Town's net position for 2018 and 2019.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 5,812,286	\$ 5,392,623	\$ 622,896	\$ 378,931	\$ 6,435,182	\$ 5,771,554
Capital assets	8,467,597	8,205,677	2,437,914	2,661,968	10,905,511	10,867,645
Total assets	14,279,883	13,598,300	3,060,810	3,040,899	17,340,693	16,639,199
Deferred outflows of resources:						
Deferred charges on refunding	151,765	156,651	-	-	151,765	156,651
Items related to pension & OPEB	212,343	236,706	22,760	22,142	235,103	258,848
Total deferred outflows	364,108	393,357	22,760	22,142	386,868	415,499
Long-term liabilities	4,113,132	4,432,518	2,276,789	2,483,900	6,389,921	6,916,418
Other liabilities	220,583	222,159	783,196	610,578	1,003,779	832,737
Total liabilities	4,333,715	4,654,677	3,059,985	3,094,478	7,393,700	7,749,155
Deferred inflows of resources:						
Property taxes	1,097,790	986,128	-	-	1,097,790	986,128
Prepaid taxes	10,766	11,074	-	-	10,766	11,074
Items related to pension & OPEB	178,506	221,550	23,685	46,891	202,191	268,441
Total deferred inflows	1,287,062	1,218,752	23,685	46,891	1,310,747	1,265,643
Net position:						
Net investment in capital assets	5,585,263	5,066,872	309,406	329,563	5,894,669	5,396,435
Unrestricted	3,437,951	3,051,356	(309,506)	(407,891)	3,128,445	2,643,465
Total net position	\$ 9,023,214	\$ 8,118,228	\$ (100)	\$ (78,328)	\$ 9,023,114	\$ 8,039,900

For the Town, investments in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 65 percent of total net position at the end of 2019 as compared to 64 percent at the end of 2018. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.

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

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

**Governmental Activities**

Governmental activities increased the Town's net position by \$1,284,303 while net position of the business-type activities increased by \$26,160. Key elements of these changes are as follows:

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 565,046	\$ 606,396	\$ 1,286,301	\$ 1,101,905	\$ 1,851,347	\$ 1,708,301
Operating grants and contributions	1,605,160	1,595,077	-	-	1,605,160	1,595,077
Capital grants and contributions	891,769	72,219	-	-	891,769	72,219
General Revenues:						
Property taxes	916,663	957,775	-	-	916,663	957,775
Other taxes	3,260,723	3,151,320	-	-	3,260,723	3,151,320
Grants and contributions not restricted to specific programs	110,380	155,722	-	-	110,380	155,722
Other	125,918	91,186	-	-	125,918	91,186
<b>Total revenues</b>	<b>7,475,659</b>	<b>6,629,695</b>	<b>1,286,301</b>	<b>1,101,905</b>	<b>8,761,960</b>	<b>7,731,600</b>
Expenses:						
General government administration	1,517,272	1,376,164	-	-	1,517,272	1,376,164
Public safety	1,939,738	1,933,580	-	-	1,939,738	1,933,580
Public works	1,930,624	2,081,648	-	-	1,930,624	2,081,648
Parks, recreation and cultural	478,415	517,811	-	-	478,415	517,811
Community development	226,724	240,751	-	-	226,724	240,751
Interest on long-term debt	98,583	93,977	-	-	98,583	93,977
Water	-	-	1,260,141	1,170,043	1,260,141	1,170,043
<b>Total expenses</b>	<b>6,191,356</b>	<b>6,243,931</b>	<b>1,260,141</b>	<b>1,170,043</b>	<b>7,451,497</b>	<b>7,413,974</b>
Change in net position	1,284,303	385,764	26,160	(68,138)	1,310,463	317,626
Net position beginning of year (restated)	7,738,911	7,732,464	(26,260)	(10,190)	7,712,651	7,722,274
<b>Net position end of year</b>	<b>\$ 9,023,214</b>	<b>\$ 8,118,228</b>	<b>\$ (100)</b>	<b>\$ (78,328)</b>	<b>\$ 9,023,114</b>	<b>\$ 8,039,900</b>

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

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

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

**Governmental funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the Town's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's General fund reported an ending fund balance of \$4,306,309. This majority constitutes unassigned fund balance, which is available for spending at the government's discretion. Council may assign these funds for future projects; however, the use of these funds is not legally restricted for any specific purpose. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Higher percentages indicate strong liquidity, while lower percentages indicate poor liquidity.

**Proprietary funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Town of Bluefield, Virginia's water and sewer fund at the end of the year were \$(100).

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

**Governmental Funds Budgetary Highlights**

There were several amendments to the budget for the fiscal year ending June 30, 2019.

**PURPOSE:** School Resource Officer Grant

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. Law	<u>\$41,137.50</u>	<u>\$50,219.25</u>	<u>\$9,081.75</u>
	Enforcement	<u>\$41,137.50</u>	<u>\$50,219.25</u>	<u>\$9,081.75</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1100	Salaries Regular	<u>\$814,000.00</u>	<u>\$823,081.75</u>	<u>\$9,081.75</u>
		<u>\$814,000.00</u>	<u>\$823,081.75</u>	<u>\$9,081.75</u>

**PURPOSE:** Security Services Payment - Highlands Fellowship

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. Law	<u>\$50,219.25</u>	<u>\$50,467.75</u>	<u>\$248.50</u>
	Enforcement	<u>\$50,219.25</u>	<u>\$50,467.75</u>	<u>\$248.50</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1200	Salaries OT	<u>\$10,887.50</u>	<u>\$11,136.00</u>	<u>\$248.50</u>
		<u>\$10,887.50</u>	<u>\$11,136.00</u>	<u>\$248.50</u>

**PURPOSE:** Security Services Payment - Graham High School & Highlands Fellowship

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. Law	<u>\$50,467.75</u>	<u>\$53,585.00</u>	<u>\$3,117.25</u>
	Enforcement	<u>\$50,467.75</u>	<u>\$53,585.00</u>	<u>\$3,117.25</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1200	Salaries OT	<u>\$11,136.00</u>	<u>\$14,253.25</u>	<u>\$3,117.25</u>
		<u>\$11,136.00</u>	<u>\$14,253.25</u>	<u>\$3,117.25</u>

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

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**PURPOSE:** Community Foundation Grant

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. Law	<u>\$53,585.00</u>	<u>\$56,356.82</u>	<u>\$2,771.82</u>
	Enforcement	<u>\$53,585.00</u>	<u>\$56,356.82</u>	<u>\$2,771.82</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-8100	Grants	<u>\$0</u>	<u>\$2,771.82</u>	<u>\$2,771.82</u>
		<u>\$0</u>	<u>\$2,771.82</u>	<u>\$2,771.82</u>

**PURPOSE:** Security Services Payment

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. Law	<u>\$57,166.57</u>	<u>\$16,880.25</u>	<u>\$1,846.00</u>
	Enforcement	<u>\$57,166.57</u>	<u>\$16,880.25</u>	<u>\$1,846.00</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1200	Salaries OT	<u>\$15,034.25</u>	<u>\$16,880.25</u>	<u>\$1,846.00</u>
		<u>\$15,034.25</u>	<u>\$16,880.25</u>	<u>\$1,846.00</u>

**PURPOSE:** Donation for Economic Development from Eastern District Funds

**Revenue**

Line Item		Original Budget	Amended Budget	Change
3108-9901	General Fund	<u>\$225,120.00</u>	<u>\$305,120.00</u>	<u>\$80,000.00</u>
	Miscellaneous	<u>\$225,120.00</u>	<u>\$305,120.00</u>	<u>\$80,000.00</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
8120-5652	Economic	<u>\$5,000.00</u>	<u>\$85,000.00</u>	<u>\$80,000.00</u>
	Development	<u>\$5,000.00</u>	<u>\$85,000.00</u>	<u>\$80,000.00</u>

**PURPOSE:** Donation received to go towards purchase of Bank of Graham building.

**Revenue**

Line Item		Original Budget	Amended Budget	Change
3108-9914	Refunds &	<u>\$8,000.00</u>	<u>\$28,000.00</u>	<u>\$20,000.00</u>
	Rebates	<u>\$8,000.00</u>	<u>\$28,000.00</u>	<u>\$20,000.00</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
8120-5652	Economic	<u>\$85,000.00</u>	<u>\$105,000.00</u>	<u>\$20,000.00</u>
	Development	<u>\$85,000.00</u>	<u>\$105,000.00</u>	<u>\$20,000.00</u>

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

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**PURPOSE:** Line Item corrections for Commonwealth Attorney Grant - Police Dept.

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0100-0509	Prior Year	<u>\$205,000.00</u>	<u>\$208,430.00</u>	<u>\$3,430.00</u>
	Reserves	<u>\$205,000.00</u>	<u>\$208,430.00</u>	<u>\$3,430.00</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3110-6050	Commonwealth	<u>\$0</u>	<u>\$3,430.00</u>	<u>\$3,430.00</u>
	Attorney Grant	<u>\$0</u>	<u>\$3,430.00</u>	<u>\$3,430.00</u>

**PURPOSE:** PBT's purchased with DMV Grant - Police Dept.

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0400-0413	Misc. Law	<u>\$16,880.25</u>	<u>\$18,076.25</u>	<u>\$1,196.00</u>
	Enforcement	<u>\$16,880.25</u>	<u>\$18,076.25</u>	<u>\$1,196.00</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3110-8106	Grants	<u>\$2,771.82</u>	<u>\$3,967.82</u>	<u>\$1,196.00</u>
		<u>\$2,771.82</u>	<u>\$3,967.82</u>	<u>\$1,196.00</u>

**PURPOSE:** Security Services Reimbursement (Highlands, Fellowship, Walmart) - Police Dept.

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0400-0413	Misc. Law	<u>\$18,076.25</u>	<u>\$19,673.75</u>	<u>\$1,597.50</u>
	Enforcement	<u>\$18,076.25</u>	<u>\$19,673.75</u>	<u>\$1,597.50</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3110-1200	Salaries OT	<u>\$16,880.25</u>	<u>\$18,477.45</u>	<u>\$1,597.50</u>
		<u>\$16,880.25</u>	<u>\$18,477.45</u>	<u>\$1,597.50</u>

**PURPOSE:** SRO Grant Remittance - Police Dept.

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0400-0413	Misc. Law	<u>\$19,673.75</u>	<u>\$28,755.50</u>	<u>\$9,081.75</u>
	Enforcement	<u>\$19,673.75</u>	<u>\$28,755.50</u>	<u>\$9,081.75</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3110-1100	Salaries Regular	<u>\$823,081.75</u>	<u>\$832,163.50</u>	<u>\$9,081.75</u>
		<u>\$823,081.75</u>	<u>\$832,163.50</u>	<u>\$9,081.75</u>

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

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**PURPOSE:** Economic Development - Bank of Graham Building

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0100-0509	From Prior	<u>\$208,430.00</u>	<u>\$246,507.00</u>	<u>\$38,077.00</u>
	Years Reserves	<u>\$208,430.00</u>	<u>\$246,507.00</u>	<u>\$38,077.00</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
8120-5652	Economic	<u>\$105,000.00</u>	<u>\$143,077.00</u>	<u>\$38,077.00</u>
	Development	<u>\$105,000.00</u>	<u>\$143,077.00</u>	<u>\$38,077.00</u>

**PURPOSE:** Reimbursement from VACORP for Property Damage to P.D. Vehicle

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0900-0204	Recovered	<u>\$40,322.86</u>	<u>\$41,573.48</u>	<u>\$1,250.62</u>
	Costs	<u>\$40,322.86</u>	<u>\$41,573.48</u>	<u>\$1,250.62</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
1252-4245	Garage / Maint.,	<u>\$8,000.00</u>	<u>\$9,250.62</u>	<u>\$1,250.62</u>
	Tires, Parts	<u>\$8,000.00</u>	<u>\$9,250.62</u>	<u>\$1,250.62</u>

**PURPOSE:** Police Department - Highlands Fellowship Payment for Security Services

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. Law	<u>\$72,698.32</u>	<u>\$73,372.82</u>	<u>\$674.50</u>
	Enforcement	<u>\$72,698.32</u>	<u>\$73,372.82</u>	<u>\$674.50</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1200	Salaries OT	<u>\$20,287.95</u>	<u>\$20,962.45</u>	<u>\$674.50</u>
		<u>\$20,287.95</u>	<u>\$20,962.45</u>	<u>\$674.50</u>

**PURPOSE:** Police Department - School Resource Officer Grant Payment

**Revenue**

Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc. Law	<u>\$73,372.82</u>	<u>\$82,454.57</u>	<u>\$9,081.75</u>
	Enforcement	<u>\$73,372.82</u>	<u>\$82,454.57</u>	<u>\$9,081.75</u>

**Expenditure**

Line Item		Original Budget	Amended Budget	Change
3110-1100	Salaries	<u>\$832,163.50</u>	<u>\$841,245.25</u>	<u>\$9,081.75</u>
	Regular	<u>\$832,163.50</u>	<u>\$841,245.25</u>	<u>\$9,081.75</u>

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

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**PURPOSE:** Payment from I.S.A.R. for Security Services (Police Department)

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0400-0413	Misc. Law	<u>\$40,250.00</u>	<u>\$40,392.00</u>	<u>\$142.00</u>
	Enforcement	<u>\$40,250.00</u>	<u>\$40,392.00</u>	<u>\$142.00</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3110-1200	Salaries OT	<u>\$10,000.00</u>	<u>\$10,142.00</u>	<u>\$142.00</u>
		<u>\$10,000.00</u>	<u>\$10,142.00</u>	<u>\$142.00</u>

**PURPOSE:** Security Services Reimbursement (Police Department)

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0400-0413	Misc. Law	<u>\$40,392.00</u>	<u>\$41,137.50</u>	<u>\$745.50</u>
	Enforcement	<u>\$40,392.00</u>	<u>\$41,137.50</u>	<u>\$745.50</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3110-1200	Salaries OT	<u>\$10,142.00</u>	<u>\$10,887.50</u>	<u>\$745.50</u>
		<u>\$10,142.00</u>	<u>\$10,887.50</u>	<u>\$745.50</u>

**PURPOSE:** Security Services Payment

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0400-0413	Misc. Law	<u>\$70,887.82</u>	<u>\$72,698.32</u>	<u>\$1,810.50</u>
	Enforcement	<u>\$70,887.82</u>	<u>\$72,698.32</u>	<u>\$1,810.50</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3110-1200	Salaries OT	<u>\$18,477.45</u>	<u>\$20,287.95</u>	<u>\$1,810.50</u>
		<u>\$18,477.45</u>	<u>\$20,287.95</u>	<u>\$1,810.50</u>

**PURPOSE:** Donation for Sunset @ the Square Movies

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3108-9903	Gifts & Donations	<u>\$8,095.00</u>	<u>\$13,095.00</u>	<u>\$5,000.00</u>
		<u>\$8,095.00</u>	<u>\$13,095.00</u>	<u>\$5,000.00</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
7130-6014	Other Operating Supplies	<u>\$11,000.00</u>	<u>\$16,000.00</u>	<u>\$5,000.00</u>
		<u>\$11,000.00</u>	<u>\$16,000.00</u>	<u>\$5,000.00</u>

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

**PURPOSE:** Reimbursement from VACORP for Property Damage

<b>Revenue</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
<b>Line Item</b>				
0900-0204	Recovered Costs	\$40,000.00	\$40,322.86	\$322.86
		<u>\$40,000.00</u>	<u>\$40,322.86</u>	<u>\$322.86</u>
<b>Expenditure</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
<b>Line Item</b>				
9100-5850	Contingency	\$34,089.00	\$34,411.86	\$322.86
		<u>\$34,089.00</u>	<u>\$34,411.86</u>	<u>\$322.86</u>

**PURPOSE:** School Safety Communication Systems Equipment

<b>Revenue</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
<b>Line Item</b>				
3108-9901	Miscellaneous	\$335,120.00	\$340,120.00	\$5,000.00
		<u>\$335,120.00</u>	<u>\$340,120.00</u>	<u>\$5,000.00</u>
<b>Expenditure</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
<b>Line Item</b>				
4120-8103	Communications	\$31,000.00	\$36,000.00	\$5,000.00
	Equipment	\$31,000.00	\$36,000.00	\$5,000.00
		<u>\$31,000.00</u>	<u>\$36,000.00</u>	<u>\$5,000.00</u>

**PURPOSE:** School Safety Communication Systems Equipment

<b>Revenue</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
<b>Line Item</b>				
3108-9903	Gifts / Donations	\$13,095.00	\$20,875.00	\$7,780.00
		<u>\$13,095.00</u>	<u>\$20,875.00</u>	<u>\$7,780.00</u>
<b>Expenditure</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
<b>Line Item</b>				
4120-8103	Communications	\$36,000.00	\$43,780.00	\$7,780.00
	Equipment	\$36,000.00	\$43,780.00	\$7,780.00
		<u>\$36,000.00</u>	<u>\$43,780.00</u>	<u>\$7,780.00</u>

**PURPOSE:** Sedgewood Commons Water Line Replacements

<b>Revenue</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
<b>Line Item</b>				
3106-1710	Water Taps	\$3,600.00	\$16,081.47	\$12,481.47
		<u>\$3,600.00</u>	<u>\$16,081.47</u>	<u>\$12,481.47</u>
<b>Expenditure</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
<b>Line Item</b>				
4044-8113	Line	\$30,000.00	\$42,481.47	\$12,481.47
	Replacement	\$30,000.00	\$42,481.47	\$12,481.47
		<u>\$30,000.00</u>	<u>\$42,481.47</u>	<u>\$12,481.47</u>

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

**Capital Asset and Debt Administration**

**Capital assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2019 is \$8,467,597 (net of accumulated depreciation). The Town's investment in capital assets for its business-type activities as of June 30, 2019 was \$2,437,914. These investments in capital assets include land, buildings and system, machinery and equipment, and construction in progress. The Town also continued work on water system upgrades which increased the assets reported for infrastructure and decreased the assets reported for construction in progress for business-type activities. These along with other changes in the Town's capital assets are shown in the table that follows:

A summary of capital assets by category is presented below:

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018 (restated)	2019	2018	2019	2018 (restated)
Land	\$ 1,552,410	\$ 1,177,110	\$ 22,868	\$ 22,868	\$ 1,575,278	\$ 1,199,978
CIP	106,811	140,131	117,210	110,307	224,021	250,438
Buildings and improvements	4,754,017	4,272,807	-	-	4,754,017	4,272,807
Machinery and equipment	1,533,979	1,722,153	30,873	25,495	1,564,852	1,747,648
Infrastructure	520,380	548,476	2,266,963	2,503,298	2,787,343	3,051,774
<b>Total</b>	<b>\$ 8,467,597</b>	<b>\$ 7,860,677</b>	<b>\$ 2,437,914</b>	<b>\$ 2,661,968</b>	<b>\$ 10,905,511</b>	<b>\$ 10,522,645</b>

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

**Long-term debt**

The Town issued a capital lease in the amount of \$120,000 for various equipment during the year. The only other changes in long-term obligations of the Town was the scheduled repayment of existing debt as same came due. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

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

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

- A low interest rate environment has the effect of reducing revenues for the Town as interest rates on investments have suffered. The Town does not benefit from lower interest rates in the bond market as most Town debts are subsidized through the Federal and State agencies. The interest rates obtained through these agencies, while below comparable market rates, have not been affected significantly by market conditions.

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

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**Economic Factors and Next Year's Budgets and Rates (continued)**

- The Commonwealth of Virginia has encountered budget shortfalls which have resulted in reduced local funding. Additional reductions may occur in future fiscal years.

Other local factors that may affect the Town's ability to meet operational needs under the current tax structure include:

- The Town will continue to pay on debt service in future periods with repayment of a \$2.9 million dollar loan which began in the 2005-2006 fiscal year, and repayment of a \$3.7 million dollar loan which began in the 2006-2007 fiscal year.

All of the aforementioned factors were considered in preparing the Town's budget for the 2019-2020 fiscal year.

**Requests for Information**

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

## Basic Financial Statements

Town of Bluefield, Virginia  
Statement of Net Position  
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,201,422	\$ 384,152	\$ 1,585,574	\$ 26,658
Investments	2,452,455	1,366	2,453,821	-
Restricted cash and cash equivalents:				
Customers' deposits	-	59,320	59,320	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,149,354	-	1,149,354	-
Accounts receivable	253,948	178,058	432,006	-
Internal balances	658,893	(658,893)	-	-
Due from other governmental units	96,214	-	96,214	-
Capital assets not being depreciated:				
Land	1,552,410	22,868	1,575,278	131,800
Construction in progress	106,811	117,210	224,021	-
Capital assets, net of accumulated depreciation:				
Buildings and improvements	4,754,017	-	4,754,017	87,074
Machinery, equipment, and vehicles	1,533,979	30,873	1,564,852	-
Infrastructure	520,380	2,266,963	2,787,343	-
Total Assets	<u>\$ 14,279,883</u>	<u>\$ 2,401,917</u>	<u>\$ 16,681,800</u>	<u>\$ 245,532</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	\$ 151,765	\$ -	\$ 151,765	\$ -
Pension related items	192,824	20,741	213,565	-
OPEB related items	19,519	2,019	21,538	-
Total Deferred Outflows of Resources	<u>\$ 364,108</u>	<u>\$ 22,760</u>	<u>\$ 386,868</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 102,372	\$ 28,078	\$ 130,450	\$ 1,550
Accrued wages	90,357	10,728	101,085	-
Customers' deposits	-	59,320	59,320	1,000
Accrued interest payable	27,854	26,177	54,031	-
Long-term liabilities:				
Due within one year	357,242	200,017	557,259	-
Due in more than one year	3,755,890	2,076,772	5,832,662	-
Total Liabilities	<u>\$ 4,333,715</u>	<u>\$ 2,401,092</u>	<u>\$ 6,734,807</u>	<u>\$ 2,550</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 1,097,790	\$ -	\$ 1,097,790	\$ -
Deferred revenue - prepaid taxes	10,766	-	10,766	-
Pension related items	163,255	21,936	185,191	-
OPEB related items	15,251	1,749	17,000	-
Total Deferred Inflows of Resources	<u>\$ 1,287,062</u>	<u>\$ 23,685</u>	<u>\$ 1,310,747</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 5,585,263	\$ 309,406	\$ 5,894,669	\$ 218,874
Unrestricted (deficit)	3,437,951	(309,506)	3,128,445	24,108
Total Net Position	<u>\$ 9,023,214</u>	<u>\$ (100)</u>	<u>\$ 9,023,114</u>	<u>\$ 242,982</u>

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

Town of Bluefield, Virginia  
Statement of Activities  
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-type Activities	Total		Indust. Develop. Authority
			Operating Grants and Contributions	Capital Grants and Contributions					
Governmental activities:									
General government administration	\$ 1,517,272	\$ -	\$ -	\$ -	\$ (1,517,272)	\$ -	\$ (1,517,272)	\$ -	
Public safety	1,939,738	66,104	197,091	-	(1,676,543)	-	(1,676,543)	-	
Public works	1,930,624	420,194	1,408,069	-	(102,361)	-	(102,361)	-	
Parks, recreation, and cultural	478,415	75,262	-	-	(403,153)	-	(403,153)	-	
Community development	226,724	3,486	-	891,769	668,531	-	668,531	-	
Interest on long-term debt	98,583	-	-	-	(98,583)	-	(98,583)	-	
Total governmental activities	\$ 6,191,356	\$ 565,046	\$ 1,605,160	\$ 891,769	\$ (3,129,381)	\$ -	\$ (3,129,381)	\$ -	
Business-type activities:									
Water	\$ 1,260,141	\$ 1,286,301	\$ -	\$ -	\$ -	\$ 26,160	\$ 26,160	\$ -	
Total	\$ 7,451,497	\$ 1,851,347	\$ 1,605,160	\$ 891,769	\$ (3,129,381)	\$ 26,160	\$ (3,103,221)	\$ -	
<b>COMPONENT UNITS:</b>									
Industrial Development Authority	\$ 14,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,431)	
General revenues:									
General property taxes					\$ 916,663	\$ -	\$ 916,663	\$ -	
Other local taxes:									
Local sales and use tax					353,613	-	353,613	-	
Business license taxes					597,659	-	597,659	-	
Restaurant food taxes					1,599,634	-	1,599,634	-	
Bank stock taxes					231,111	-	231,111	-	
Cigarette taxes					290,745	-	290,745	-	
Other local taxes					187,961	-	187,961	-	
Unrestricted revenues from use of money and property					52,375	-	52,375	1,750	
Miscellaneous					73,543	-	73,543	3,944	
Grants and contributions not restricted to specific programs					110,380	-	110,380	-	
Total general revenues					\$ 4,413,684	\$ -	\$ 4,413,684	\$ 5,694	
Change in net position					\$ 1,284,303	\$ 26,160	\$ 1,310,463	\$ (8,737)	
Net position - beginning, as restated					7,738,911	(26,260)	7,712,651	251,719	
Net position - ending					\$ 9,023,214	\$ (100)	\$ 9,023,114	\$ 242,982	

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

Town of Bluefield, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,067,742	\$ 133,680	\$ 1,201,422
Investments	2,426,471	25,984	2,452,455
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,149,354	-	1,149,354
Accounts receivable	253,948	-	253,948
Due from other funds	658,893	-	658,893
Due from other governmental units	84,557	11,657	96,214
Total assets	<u>\$ 5,640,965</u>	<u>\$ 171,321</u>	<u>\$ 5,812,286</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 98,542	\$ 3,830	\$ 102,372
Accrued wages	84,639	5,718	90,357
Total liabilities	<u>\$ 183,181</u>	<u>\$ 9,548</u>	<u>\$ 192,729</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 1,140,709	\$ -	\$ 1,140,709
Unavailable revenue - prepaid taxes	10,766	-	10,766
Total deferred inflows of resources	<u>\$ 1,151,475</u>	<u>\$ -</u>	<u>\$ 1,151,475</u>
<b>FUND BALANCES</b>			
<b>Committed:</b>			
Public Transit Fund	\$ -	\$ 81,891	\$ 81,891
Cemetery Fund	-	79,882	79,882
<b>Assigned:</b>			
Stormwater	129,646	-	129,646
Fire reserves	201,026	-	201,026
Law enforcement reserves	62,929	-	62,929
Equipment	31,808	-	31,808
Community center	319,892	-	319,892
<b>Unassigned:</b>			
General fund	3,561,008	-	3,561,008
Total fund balances	<u>\$ 4,306,309</u>	<u>\$ 161,773</u>	<u>\$ 4,468,082</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,640,965</u>	<u>\$ 171,321</u>	<u>\$ 5,812,286</u>

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

Town of Bluefield, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 4,468,082
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 1,552,410	
Buildings and system	4,754,017	
Machinery and equipment	1,533,979	
Infrastructure	520,380	
Construction in progress	<u>106,811</u>	8,467,597
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue-property taxes		42,919
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Deferred charge on refunding	\$ 151,765	
Pension related items	192,824	
OPEB related items	<u>19,519</u>	364,108
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (2,809,908)	
Capital lease	(224,191)	
Accrued interest payable	(27,854)	
Net OPEB liabilities	(840,270)	
Net pension liability	(129,271)	
Compensated absences	<u>(109,492)</u>	(4,140,986)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (163,255)	
OPEB related items	<u>(15,251)</u>	<u>(178,506)</u>
Net position of governmental activities		<u>\$ 9,023,214</u>

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

Town of Bluefield, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 974,405	\$ -	\$ 974,405
Other local taxes	3,260,723	-	3,260,723
Permits, privilege fees, and regulatory licenses	13,825	-	13,825
Fines and forfeitures	55,765	-	55,765
Revenue from the use of money and property	51,929	446	52,375
Charges for services	454,392	41,064	495,456
Miscellaneous	73,543	-	73,543
Recovered costs	67,960	-	67,960
Intergovernmental:			
Commonwealth	1,478,152	74,365	1,552,517
Federal	5,647	199,876	205,523
Total revenues	<u>\$ 6,436,341</u>	<u>\$ 315,751</u>	<u>\$ 6,752,092</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,313,233	\$ -	\$ 1,313,233
Public safety	1,837,962	-	1,837,962
Public works	1,296,732	371,836	1,668,568
Parks, recreation, and cultural	436,742	19,636	456,378
Community development	378,813	-	378,813
Nondepartmental	130,167	-	130,167
Capital projects	180,373	-	180,373
Debt service:			
Principal	381,357	-	381,357
Interest and other fiscal charges	95,527	-	95,527
Total expenditures	<u>\$ 6,050,906</u>	<u>\$ 391,472</u>	<u>\$ 6,442,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 385,435</u>	<u>\$ (75,721)</u>	<u>\$ 309,714</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 96,000	\$ 96,000
Transfers out	(96,000)	-	(96,000)
Issuance of capital leases	120,000	-	120,000
Total other financing sources (uses)	<u>\$ 24,000</u>	<u>\$ 96,000</u>	<u>\$ 120,000</u>
Net change in fund balances	\$ 409,435	\$ 20,279	\$ 429,714
Fund balances - beginning, as restated	<u>3,896,874</u>	<u>141,494</u>	<u>4,038,368</u>
Fund balances - ending	<u>\$ 4,306,309</u>	<u>\$ 161,773</u>	<u>\$ 4,468,082</u>

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

Town of Bluefield, Virginia  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	\$	429,714
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$	504,177	
Depreciation expense		<u>(718,949)</u>	(214,772)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.			792,092
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable revenue - property taxes			(57,742)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of capital lease	\$	(120,000)	
Principal payments:			
General obligation bonds		189,505	
Capital leases		<u>191,852</u>	261,357

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	\$	(5,742)	
(Increase) decrease in accrued interest payable		1,830	
Amortization of deferred charges on refunding		(4,886)	
Changes in net OPEB liabilities and related deferred items		(48,547)	
Changes in net pension liability and related deferred items		<u>130,999</u>	<u>73,654</u>

Change in net position of governmental activities			<u>\$ 1,284,303</u>
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The notes to the financial statements are an integral part of this statement.

Town of Bluefield, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2019

	Enterprise Fund Water Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 384,152
Investments	1,366
Restricted cash and cash equivalents:	
Customers' deposits	59,320
Accounts receivable, net of allowance for uncollectibles	178,058
Total current assets	\$ 622,896
Noncurrent assets:	
Capital assets:	
Land	\$ 22,868
Utility plant in service	7,628,531
Machinery, equipment, and vehicles	294,148
Construction in progress	117,210
Accumulated depreciation	(5,624,843)
Total capital assets	\$ 2,437,914
Total noncurrent assets	\$ 2,437,914
Total assets	\$ 3,060,810
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 20,741
OPEB related items	2,019
Total deferred outflows of resources	\$ 22,760
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 28,078
Customers' deposits	59,320
Accrued wages payable	10,728
Accrued interest payable	26,177
Due to other funds	658,893
Compensated absences - current portion	32,283
Bonds payable - current portion	167,734
Total current liabilities	\$ 983,213
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 10,761
Bonds payable - net of current portion	1,960,774
Net OPEB liabilities	90,417
Net pension liability	14,820
Total noncurrent liabilities	\$ 2,076,772
Total liabilities	\$ 3,059,985
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 21,936
OPEB related items	1,749
Total deferred inflows of resources	\$ 23,685
<b>NET POSITION</b>	
Net investment in capital assets	\$ 309,406
Unrestricted	(309,506)
Total net position	\$ (100)

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

Town of Bluefield, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2019

	Enterprise Fund <u>Water Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water sales	\$ 1,271,978
Tap fees	13,381
Other revenues	942
Total operating revenues	<u>\$ 1,286,301</u>
<b>OPERATING EXPENSES</b>	
Salaries and fringes	\$ 516,009
Utilities	70,740
Maintenance and repairs	260,073
Office expense	21,141
Chemicals	56,635
Permits	6,838
Miscellaneous	15,522
Depreciation	248,335
Total operating expenses	<u>\$ 1,195,293</u>
Operating income (loss)	<u>\$ 91,008</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest expense	\$ (64,848)
Total nonoperating revenues (expenses)	<u>\$ (64,848)</u>
Change in net position	\$ 26,160
Net position - beginning, as restated	<u>(26,260)</u>
Net position - ending	<u>\$ (100)</u>

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

Town of Bluefield, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2019

	Enterprise Fund
	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,265,091
Payments to and for employees	(545,795)
Payments for goods and services	(428,831)
Net cash provided by (used for) operating activities	\$ 290,465
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund borrowings	\$ 176,564
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Additions to capital assets	\$ (24,282)
Principal payments on bonds	(202,121)
Interest payments	(69,547)
Net cash provided by (used for) capital and related financing activities	\$ (295,950)
Net increase (decrease) in cash and cash equivalents	\$ 171,079
Cash and cash equivalents - June 30, 2018 (includes investments of \$31,236 and restricted cash and cash equivalents of \$59,712)	273,759
Cash and cash equivalents - June 30, 2019 (includes investments of \$1,366 and restricted cash and cash equivalents of \$59,320)	\$ 444,838
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 91,008
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 248,335
(Increase) decrease in accounts receivable	(20,818)
Increase (decrease) in customers' deposits	(392)
Increase (decrease) in accounts payable	2,118
Increase (decrease) in accrued wages	(2,748)
Increase (decrease) in compensated absences	(95)
Pension expense	(26,813)
OPEB expense	(130)
Total adjustments	\$ 199,457
Net cash provided by (used for) operating activities	\$ 290,465

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

Town of Bluefield, Virginia  
 Statement of Net Position  
 Fiduciary Funds  
 June 30, 2019

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	<u>Cemetery Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,891
Investments	607,308
Total assets	<u>\$ 622,199</u>
 <b>NET POSITION</b>	
Held in trust for Cemetery expenses	<u>\$ 622,199</u>

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

Town of Bluefield, Virginia  
Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2019

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	<u>Cemetery Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Contributions from the Town of Bluefield	\$ 4,000
Investment earnings:	
Interest	\$ 11,944
Net increase (decrease) in the fair market value of investments	28,621
Total investment earnings	\$ 40,565
Less: investment expense	(6,541)
Net investment earnings	\$ 34,024
Total additions	\$ 38,024
Change in net position	\$ 38,024
Net position - beginning	584,175
Net position - ending	\$ 622,199

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

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

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

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

A. Financial reporting entity:

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

Blended Component Units - None

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

Related Organizations - None

Jointly Governed Organizations - Sanitary Board of Bluefield

B. Government-wide financial statements:

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

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

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

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

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

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

The government-wide 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. 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 as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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 expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

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

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

The Town reports the following major governmental funds:

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

The Town reports the following major proprietary funds:

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

Additionally, the Town reports the following fund types:

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

1. Cash and Cash Equivalents

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

2. Property Taxes

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

3. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$312,263 at June 30, 2019. The allowance consists of delinquent taxes in the amount of \$221,274, delinquent garbage bills of \$22,630 and delinquent water bills of \$68,359.

4. Use of Estimates

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

5. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost in accordance with current reporting standards. All other investments are reported at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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

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

6. Capital Assets

Capital assets, which include property, plant, equipment, 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, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

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

7. Compensated Absences

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

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

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

8. 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.

9. Other Postemployment Benefits (OPEB)

**Group Life Insurance**

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

**Health Insurance**

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

10. 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.

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

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

11. Fund Balance

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

- Nonspendable fund balance - amounts that are 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 constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

Resource Flow Policy:

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

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

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

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date. For more detailed information on the pension and OPEB items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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. 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 the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

13. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

The Town's net position is classified as follows:

Net Investment in Capital Assets - This category represents the net value of capital assets (property, plant, and equipment less accumulated depreciation) reduced by the debt incurred to acquire or construct the asset. 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 also included in this component of net position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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

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

13. Net Position (Continued)

Restricted - This category includes resources for which the Town is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted - Unrestricted net position represents resources derived from charges to customers for goods received, services rendered or privileges provided, operating grants and contributions, and capital grants and contributions. These resources are used for transactions relating to the operations of the Town and may be used at the Town's discretion to meet current expenses for any lawful purposes.

14. Net Position Flow Assumption

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.

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

A. Budgetary information

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General, Water, Transit, and Cemetery Funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level in the General Fund and fund level of other funds. Only the Town Council can revise the appropriation for each fund. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town units.
8. The accompanying financial statements present the original and revised budgets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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**Note 2-Stewardship, Compliance, and Accountability: (Continued)**

A. Budgetary information (Continued)

9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town's accounting system.

B. Excess of expenditures over appropriations

The recreation department and debt service exceeded their appropriations.

C. Deficit fund equity

At June 30, 2019, no funds had deficit fund equity.

**Note 3-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 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 and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments at June 30, 2019 were held in the Town's name by the Town's custodial bank.

Credit Risk of Debt Securities: The Town has not adopted an investment policy for credit risk. The Town's rated debt investments as of June 30, 2019 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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

Investments	Town's Investment Values			
	AAAm	AA+	Unrated	Total
Local Government Investment Pool (LGIP)	\$ 2,453,821	\$ -	\$ -	\$ 2,453,821
US Government Agency Obligations	-	563,089	-	563,089
Corporate Bonds & Notes	-	-	44,219	44,219
Total	\$ 2,453,821	\$ 563,089	\$ 44,219	\$ 3,061,129

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

Interest Rate Risk:

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

Investment Type	Investment Maturities (in years)		
	Fair Value	1-5 yrs	6-10 yrs
Local Government Investment Pool (LGIP)	\$ 2,453,821	\$ 2,453,821	\$ -
US Government Agency Obligations	563,089	314,137	248,952
Corporate Bonds & Notes	44,219	-	44,219
Total	\$ 3,061,129	\$ 2,767,958	\$ 293,171

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TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Call Options</u>
Governmental Agency Obligations (US Agencies):			
Federal Home Loan Banks	\$ 50,000	11/17/2023	None
Federal Home Loan Banks	49,470	8/23/2024	None
Federal Home Loan Banks	49,625	8/22/2025	None
Farm Credit System Banks	50,245	3/2/2026	None
Farm Credit System Banks	49,576	5/17/2021	None
Farm Credit System Banks	49,750	9/8/2025	None
Farm Credit System Banks	79,660	10/5/2023	None
Freddie Mac	49,862	11/25/2024	None
Freddie Mac	55,122	3/18/2022	None
Fannie Mae	29,828	10/29/2020	None
Fannie Mae	49,951	8/15/2023	None
Corporate Bonds & Notes:			
Discover Bank CD	44,219	9/1/2027	None
Total	<u>\$ 607,308</u>		

**Note 4-Fair Value Measurements:**

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

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

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

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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

The Town has the following recurring fair value measurements as of June 30, 2019:

Investment	6/30/2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Governmental Agency Obligations (US Agencies)	\$ 563,089	\$ 563,089	\$ -	\$ -
Corporate Bonds & Notes	44,219	44,219	-	-
<b>Total</b>	<b>\$ 607,308</b>	<b>\$ 607,308</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

	Primary Government
<b><u>Commonwealth of Virginia:</u></b>	
Local sales tax	\$ 61,780
Moped ATV sales tax	2
Mobile home titling tax	75
Communications tax	5,906
Rolling stock	6,898
Categorical aid	9,082
<b><u>Federal Government:</u></b>	
Categorical aid	12,471
<b>Total</b>	<b>\$ 96,214</b>

**Note 6-Interfund Activity:**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 96,000
Public Transit Fund	96,000	-
<b>Totals</b>	<b>\$ 96,000</b>	<b>\$ 96,000</b>

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

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 6-Interfund Activity: (Continued)**

Fund	Due From	Due To
General Fund	\$ 658,893	\$ -
Water Fund	-	658,893
Totals	<u>\$ 658,893</u>	<u>\$ 658,893</u>

The Town’s General Fund has loaned the Water Fund \$658,893. There are no repayment terms but the Town does expect this to be repaid.

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

**Governmental Activities Obligations:**

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2019:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 2,999,413	\$ -	\$ (189,505)	\$ 2,809,908
Capital leases	296,043	120,000	(191,852)	224,191
Net pension liability	253,614	667,084	(791,427)	129,271
Net OPEB liabilities	779,698	124,455	(63,883)	840,270
Compensated absences	103,750	83,554	(77,813)	109,492
Total	<u>\$ 4,432,518</u>	<u>\$ 995,093</u>	<u>\$ (1,314,480)</u>	<u>\$ 4,113,132</u>

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

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Principal	Interest
2020	\$ 190,934	\$ 86,954
2021	204,173	76,486
2022	207,903	70,198
2023	214,560	63,749
2024	220,766	57,098
2025-2029	1,134,466	179,701
2030-2034	637,106	39,326
Totals	<u>\$ 2,809,908</u>	<u>\$ 573,512</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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

**Governmental Activities Obligations: (Continued)**

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
<b><u>Direct Borrowings and Direct Placements:</u></b>		
<i>General Obligation Bonds:</i>		
\$2,845,000 general obligation bond bearing interest at 2.93%, issued July 1, 2013, payable in semi-annual installments beginning February 2014 until August 2033.	\$ 2,268,768	\$ 142,042
\$601,200 general obligation bond bearing interest at 3.41%, issued May 8, 2018, payable in monthly principal and interest installments of \$5,920 until May 2028.	541,140	48,892
Total direct borrowings and direct placements	\$ 2,809,908	\$ 190,934
<b><u>Other Obligations:</u></b>		
Capital leases	\$ 224,191	\$ 84,189
Net pension liability	129,271	-
Net OPEB liabilities	840,270	-
Compensated absences	109,492	82,119
Total other obligations	\$ 1,303,224	\$ 166,308
Total long-term obligations	\$ 4,113,132	357,242

**Business-type Activities Obligations:**

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2019:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 2,328,853	\$ -	\$ (202,121)	\$ 2,126,732
Unamortized premium	3,552	-	(1,776)	1,776
Net pension liability	18,968	85,548	(89,696)	14,820
Net OPEB liabilities	89,388	17,675	(16,646)	90,417
Compensated absences	43,139	32,259	(32,354)	43,044
Total	\$ 2,483,900	\$ 135,482	\$ (342,593)	\$ 2,276,789

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 7-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 Direct Placements	
	Principal	Interest
2020	\$ 165,958	\$ 61,590
2021	137,434	55,831
2022	139,113	51,793
2023	143,430	47,668
2024	147,268	43,420
2025-2029	806,136	148,968
2030-2034	587,393	36,259
Totals	<u>\$ 2,126,732</u>	<u>\$ 445,529</u>

**Details of long-term obligations:**

	Total Amount	Amount Due Within One Year
<b>Direct Borrowings and Direct Placements:</b>		
<i>General Obligation Bonds:</i>		
\$1,010,000 general obligation bond bearing interest at 4.22%, issued February 8, 2007, payable in semi-annual principal installments of \$37,500 plus interest thereon through December 2021.	\$ 35,000	\$ 35,000
\$2,623,000 general obligation bond bearing interest at 2.93%, issued July 1, 2013, payable in semi-annual installments beginning February 2014 until August 2033.	2,091,732	130,958
Plus: Unamortized Premium	1,776	1,776
Total direct borrowings and direct placements	<u>\$ 2,128,508</u>	<u>\$ 167,734</u>
<b>Other Obligations:</b>		
Net pension liability	\$ 14,820	\$ -
Net OPEB liabilities	90,417	-
Compensated absences	43,044	32,283
Total other obligations	<u>\$ 148,281</u>	<u>\$ 32,283</u>
Total long-term obligations	<u>\$ 2,276,789</u>	<u>200,017</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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

The Town has a general obligation bond that is split between the governmental activities and business-type activities totaling \$4,360,500 at year-end. This bond contains a clause stating that in the event of default the interest rate will become 12% per year or the maximum rate permitted by law, whichever is less.

**Note 8-Capital Leases:**

The Town has entered into several lease agreements to finance the acquisition of two garbage trucks, a fire truck, a dump truck, a road grader, and a utility and bobcat loader. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 1,683,589
Less: Accumulated depreciation	(651,369)
Total	\$ 1,032,220

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30,	Governmental Activities
2020	\$ 89,257
2021	91,574
2022	51,697
Total minimum lease payments	\$ 232,528
Less: Amount representing interest	(8,337)
Present value of minimum lease payments	\$ 224,191

**Note 9-Pension Plan:**

***Plan Description***

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

***Benefit Structures***

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

- a. Employees hired 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 creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service 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 creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of 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 creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. 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 creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired 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 creditable service, or when the sum of their age and service equal 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.

**Note 9-Pension Plan: (Continued)**

***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 creditable service. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

***Employees Covered by Benefit Terms***

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	29
Inactive members:	
Vested inactive members	7
Non-vested	38
Inactive members active elsewhere in VRS	<u>22</u>
Total inactive members	67
Active members	<u>75</u>
Total covered employees	<u><u>171</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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**Note 9-Pension Plan: (Continued)**

**Contributions**

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

The Town's contractually required employer contribution rate for the year ended June 30, 2019 was 6.95% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$163,312 and \$158,676 for the years ended June 30, 2019 and June 30, 2018, respectively.

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Town of Bluefield, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

**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, 2017, 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, 2018.

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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**Note 9-Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees - (Continued)**

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compound from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 9-Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees - (Continued)**

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**Mortality rates:**

Largest 10 - Non-Hazardous Duty: 70% of deaths are assumed to be service related

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 9-Pension Plan: (Continued)**

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 9-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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	1.82%
Fixed Income	15.00%	0.10%
Credit Strategies	15.00%	0.59%
Real Assets	15.00%	0.86%
Private Equity	15.00%	1.43%
Total	<u>100.00%</u>	<u>4.80%</u>
		<u>2.50%</u>
		<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. From July 1, 2018 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.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 9—Pension Plan: (Continued)**

**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, 2017	\$ 7,282,972	\$ 7,010,390	\$ 272,582
Changes for the year:			
Service cost	\$ 240,107	\$ -	\$ 240,107
Interest	498,539	-	498,539
Differences between expected and actual experience	(75,749)	-	(75,749)
Contributions - employer	-	158,676	(158,676)
Contributions - employee	-	117,408	(117,408)
Net investment income	-	520,220	(520,220)
Benefit payments, including refunds of employee contributions	(321,973)	(321,973)	-
Administrative expenses	-	(4,452)	4,452
Other changes	-	(464)	464
Net changes	\$ 340,924	\$ 469,415	\$ (128,491)
Balances at June 30, 2018	\$ 7,623,896	\$ 7,479,805	\$ 144,091

**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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town of Bluefield's Net Pension Liability (Asset)	\$ 1,257,612	\$ 144,091	\$ (767,258)

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 9—Pension Plan: (Continued)**

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

For the year ended June 30, 2019, the Town recognized pension expense of \$5,584. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,073	\$ 56,023
Change in assumptions	-	42,960
Net difference between projected and actual earnings on pension plan investments	-	69,028
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,180	17,180
Employer contributions subsequent to the measurement date	<u>163,312</u>	<u>-</u>
Total	<u>\$ 213,565</u>	<u>\$ 185,191</u>

\$163,312 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year fiscal ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (6,120)
2021	(33,783)
2022	(88,780)
2023	(6,255)
2024	-
Thereafter	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 10-Capital Assets:**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,206,710	\$ 345,700	\$ -	\$ 1,552,410
Construction in progress	140,131	23,857	(57,177)	106,811
Total capital assets not being depreciated	<u>\$ 1,346,841</u>	<u>\$ 369,557</u>	<u>\$ (57,177)</u>	<u>\$ 1,659,221</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 7,174,029	\$ 711,662	\$ -	\$ 7,885,691
Machinery and equipment	6,931,855	272,227	-	7,204,082
Infrastructure	684,217	-	-	684,217
Total capital assets being depreciated	<u>\$ 14,790,101</u>	<u>\$ 983,889</u>	<u>\$ -</u>	<u>\$ 15,773,990</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,901,222)	\$ (230,452)	\$ -	\$ (3,131,674)
Machinery and equipment	(5,209,702)	(460,401)	-	(5,670,103)
Infrastructure	(135,741)	(28,096)	-	(163,837)
Total accumulated depreciation	<u>\$ (8,246,665)</u>	<u>\$ (718,949)</u>	<u>\$ -</u>	<u>\$ (8,965,614)</u>
Total capital assets being depreciated, net	<u>\$ 6,543,436</u>	<u>\$ 264,940</u>	<u>\$ -</u>	<u>\$ 6,808,376</u>
Governmental activities capital assets, net	<u>\$ 7,890,277</u>	<u>\$ 634,497</u>	<u>\$ (57,177)</u>	<u>\$ 8,467,597</u>

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

**Governmental Activities:**

General government administration	\$ 174,999
Public safety	214,657
Public works	278,039
Parks, recreation, and cultural	25,265
Community development	25,989
	<u>718,949</u>

Total depreciation expense-governmental activities \$ 718,949

The Town governmental activities received donation of properties during fiscal year 2019 with a value of \$849,269.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 10-Capital Assets: (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 22,868	\$ -	\$ -	\$ 22,868
Construction in progress	110,307	6,903	-	117,210
Total capital assets not being depreciated	<u>\$ 133,175</u>	<u>\$ 6,903</u>	<u>\$ -</u>	<u>\$ 140,078</u>
Capital assets, being depreciated:				
Utility plant and equipment	\$ 7,628,531	\$ -	\$ -	\$ 7,628,531
Machinery and equipment	276,770	17,378	-	294,148
Total capital assets being depreciated	<u>\$ 7,905,301</u>	<u>\$ 17,378</u>	<u>\$ -</u>	<u>\$ 7,922,679</u>
Accumulated depreciation:				
Utility plant and equipment	\$ (5,125,233)	\$ (236,335)	\$ -	\$ (5,361,568)
Machinery and equipment	(251,275)	(12,000)	-	(263,275)
Total accumulated depreciation	<u>\$ (5,376,508)</u>	<u>\$ (248,335)</u>	<u>\$ -</u>	<u>\$ (5,624,843)</u>
Total capital assets being depreciated, net	<u>\$ 2,528,793</u>	<u>\$ (230,957)</u>	<u>\$ -</u>	<u>\$ 2,297,836</u>
Business-type activities capital assets, net	<u>\$ 2,661,968</u>	<u>\$ (224,054)</u>	<u>\$ -</u>	<u>\$ 2,437,914</u>

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

**Business-type Activities:**

Water \$ 248,335

Total depreciation expense - business-type activities \$ 248,335

**Note 11-Surety Bonds:**

*Acordia of West Virginia*

All Town Employees - blanket bond	\$	<u>25,000</u>
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**Note 12-Risk Management:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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**Note 13-Other Postemployment Benefits - Health Insurance:**

***Plan Description***

In addition to the pension benefits described in Note 9, the Town administers a single-employer defined benefit healthcare plan, The Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town’s pension plans. The plan does not issue a publicly available financial report.

***Benefits Provided***

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

***Plan Membership***

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees	66
Total retired employees	<u>2</u>
Total	<u><u>68</u></u>

***Contributions***

The Town Council does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2019 was \$13,133.

***Total OPEB Liability***

The Town’s total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019.

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2019 actuarial valuation, using the alternative measurement method, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	1.90%
Average Retirement Age	64
Discount Rate	3.50%

Mortality rates was the RP2000 Mortality Table for Males and Females projected 18 years. This assumption does not include a margin for future improvements in longevity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 13-Other Postemployment Benefits - Health Insurance: (Continued)**

**Discount Rate**

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

**Changes in Total OPEB Liability**

	Total OPEB Liability
Balance as of June 30, 2018	\$ 680,086
Changes for the year:	
Service cost	37,522
Interest	27,520
Differences between expected and actual experience	(21,461)
Effect of changes in assumptions	30,153
Contributions - employer	(13,133)
Balance as of June 30, 2019	<u>\$ 740,687</u>

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

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using discount rates that are one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

<u>1% Decrease</u> <u>(2.50%)</u>	<u>Current Discount</u> <u>(3.50%)</u>	<u>1% Increase</u> <u>(4.50%)</u>
\$ 832,991	\$ 740,687	\$ 663,439

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

<u>Healthcare Cost Trend Rates</u>		
<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
\$ 637,819	\$ 740,687	\$ 867,008

**Note 13-Other Postemployment Benefits - Health Insurance: (Continued)**

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

For the year ended June 30, 2019, the Town recognized OPEB expense in the amount of \$73,734. At June 30, 2019, the Town did not report deferred outflows of resources and deferred inflows of resources related to OPEB.

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

**Note 14-Group Life Insurance (GLI) Program (OPEB) Plan:**

***Plan Description***

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

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

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

***Eligible Employees***

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

**Note 14 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

***Benefit Amounts***

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

***Contributions***

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ( $1.31\% \times 60\%$ ) and the employer component was 0.52% ( $1.31\% \times 40\%$ ). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$12,538 and \$12,354 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of \$190,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.01249% as compared to 0.01253% at June 30, 2017.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 14-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,000	\$ 3,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,000
Change in assumptions	-	8,000
Employer contributions subsequent to the measurement date	<u>12,538</u>	<u>-</u>
Total	<u>\$ 21,538</u>	<u>\$ 17,000</u>

\$12,538 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (3,000)
2021	(3,000)
2022	(3,000)
2023	(1,000)
2024	1,000
Thereafter	1,000

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

**Note 14 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5%-5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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**Note 14 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 14 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 14 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 14 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Net GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI 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, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		<u>GLI OPEB Program</u>
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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

**Long-Term Expected Rate of Return**

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	2.50%
	*Expected arithmetic nominal return		<u>7.30%</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 14 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

***Long-Term Expected Rate of Return (Continued)***

\*The above allocation provides a one-year return of 7.30%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town's proportionate share of the GLI Program Net OPEB Liability	\$ 248,000	\$ 190,000	\$ 143,000

***GLI Program Fiduciary Net Position***

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 15-Line of Duty Act (LODA) (OPEB):**

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The Town’s LODA premium for the year ended June 30, 2019 was \$7,383.

**Note 16-OPEB Summary:**

	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>Net OPEB</u> <u>Liability</u>	<u>OPEB</u> <u>Expense</u>
Health Insurance OPEB (Note 13)	\$ -	\$ -	\$ 740,687	\$ 73,734
VRS OPEB Plan:				
Group Life Insurance Program (Note 14)	21,538	17,000	190,000	-
Totals	<u>\$ 21,538</u>	<u>\$ 17,000</u>	<u>\$ 930,687</u>	<u>\$ 73,734</u>

**Note 17-Deferred/ Unavailable Revenue:**

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

Delinquent property taxes receivable - 2019 Levy	\$ 1,097,790
Prepaid taxes	10,766
Total deferred revenue for governmental activities	<u>\$ 1,108,556</u>
Taxes receivable due prior to June 30, 2019, not collected within 60 days	42,919
Total unavailable revenue for governmental funds	<u>\$ 1,151,475</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 18-Litigation:**

As of June 30, 2019, 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 19-Restatement of Beginning Balances:**

	General Fund	Transit Fund	Cemetery Fund	Total
Fund balance (deficit), July 1, 2018, as previously reported	\$ 3,944,659	\$ 72,731	\$ 84,895	\$ 4,102,285
Correction of accounts receivable	-	(63,917)	-	(63,917)
Correct due to/from balances in the funds	(47,785)	63,398	(15,613)	-
Fund balance (deficit), July 1, 2018, as restated	<u>\$ 3,896,874</u>	<u>\$ 72,212</u>	<u>\$ 69,282</u>	<u>\$ 4,102,285</u>
	Primary Government			
	Governmental Activities	Business-type Activities		Total
Net position (deficit), July 1, 2018, as previously reported	\$ 8,118,228	\$ (78,328)		\$ 8,039,900
Correction of accounts receivable	(63,917)	52,068		(11,849)
Correction of capital assets	(315,400)	-		(315,400)
Net position (deficit), July 1, 2018, as restated	<u>\$ 7,738,911</u>	<u>\$ (26,260)</u>		<u>\$ 7,712,651</u>

**Note 20-Adoption of Accounting Principles:**

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

The Town early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

**Note 21-Subsequent Events:**

The Town entered into a contract on September 3, 2019 for building repairs and improvements in the amount of \$579,000. The Town also received a grant award that is expected to pay for these costs.

On September 26, 2019, the Town issued a general obligation bond in the amount of \$1,900,000 for 15 years at 3.03% in order to purchase the Fincastle on the Mountain Golf Course.

Prior to June 30, 2019, the Town entered into an agreement to buy a new fire pumper truck with a cost of \$701,210. Subsequent to year-end, the Town received the truck and incurred the liability for same. The Town paid for this truck by issuing a capital lease in the amount of \$600,000 for 10 years at 2.63%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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**Note 22-Upcoming Pronouncements:**

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

**Required Supplementary Information**

Town of Bluefield, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 996,153	\$ 996,154	\$ 974,405	\$ (21,749)
Other local taxes	3,181,488	3,181,488	3,260,723	79,235
Permits, privilege fees, and regulatory licenses	22,750	22,750	13,825	(8,925)
Fines and forfeitures	47,500	47,500	55,765	8,265
Revenue from the use of money and property	3,000	3,000	51,929	48,929
Charges for services	499,000	499,000	454,392	(44,608)
Miscellaneous	258,470	362,345	73,543	(288,802)
Recovered costs	48,000	69,573	67,960	(1,613)
Intergovernmental:				
Commonwealth	1,568,225	1,610,461	1,478,152	(132,309)
Federal	-	-	5,647	5,647
Total revenues	\$ 6,624,586	\$ 6,792,271	\$ 6,436,341	\$ (355,930)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,393,550	\$ 1,394,801	\$ 1,313,233	\$ 81,568
Public safety	1,871,653	1,917,319	1,837,962	79,357
Public works	1,467,732	1,480,512	1,296,732	183,780
Parks, recreation, and cultural	427,520	432,520	436,742	(4,222)
Community development	193,957	488,129	378,813	109,316
Nondepartmental	309,363	309,686	130,167	179,519
Capital projects	1,510,038	1,510,038	180,373	1,329,665
Debt service:				
Principal	362,232	362,232	381,357	(19,125)
Interest and other fiscal charges	157,541	157,541	95,527	62,014
Total expenditures	\$ 7,693,586	\$ 8,052,778	\$ 6,050,906	\$ 2,001,872
Excess (deficiency) of revenues over (under) expenditures	\$ (1,069,000)	\$ (1,260,507)	\$ 385,435	\$ 1,645,942
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (96,000)	\$ (96,000)	\$ (96,000)	\$ -
Issuance of general obligation bond	250,000	250,000	-	(250,000)
Issuance of capital leases	710,000	710,000	120,000	(590,000)
Total other financing sources (uses)	\$ 864,000	\$ 864,000	\$ 24,000	\$ (840,000)
Net change in fund balances	\$ (205,000)	\$ (396,507)	\$ 409,435	\$ 805,942
Fund balances - beginning, as restated	205,000	396,507	3,896,874	3,500,367
Fund balances - ending	\$ -	\$ -	\$ 4,306,309	\$ 4,306,309

Town of Bluefield, Virginia  
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 240,107	\$ 245,491	\$ 244,311	\$ 223,823	\$ 185,176
Interest	498,539	470,942	439,333	388,048	362,854
Changes of benefit terms	-	-	-	503,171	-
Differences between expected and actual experience	(75,749)	63,743	12,334	(183,752)	-
Changes in assumptions	-	(92,340)	-	-	-
Benefit payments, including refunds of employee contributions	(321,973)	(265,201)	(223,643)	(173,666)	(202,548)
<b>Net change in total pension liability</b>	<u>\$ 340,924</u>	<u>\$ 422,635</u>	<u>\$ 472,335</u>	<u>\$ 757,624</u>	<u>\$ 345,482</u>
<b>Total pension liability - beginning</b>	<u>7,282,972</u>	<u>6,860,337</u>	<u>6,388,002</u>	<u>5,630,378</u>	<u>5,284,896</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 7,623,896</u>	<u>\$ 7,282,972</u>	<u>\$ 6,860,337</u>	<u>\$ 6,388,002</u>	<u>\$ 5,630,378</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 158,676	\$ 155,323	\$ 185,991	\$ 184,961	\$ 128,659
Contributions - employee	117,408	122,353	112,253	111,090	105,784
Net investment income	520,220	766,573	109,576	265,551	774,022
Benefit payments, including refunds of employee contributions	(321,973)	(265,201)	(223,643)	(173,666)	(202,548)
Administrative expense	(4,452)	(4,333)	(3,700)	(3,460)	(4,101)
Other	(464)	(685)	(46)	(56)	41
<b>Net change in plan fiduciary net position</b>	<u>\$ 469,415</u>	<u>\$ 774,030</u>	<u>\$ 180,431</u>	<u>\$ 384,420</u>	<u>\$ 801,857</u>
<b>Plan fiduciary net position - beginning</b>	<u>7,010,390</u>	<u>6,236,360</u>	<u>6,055,929</u>	<u>5,671,509</u>	<u>4,869,652</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 7,479,805</u>	<u>\$ 7,010,390</u>	<u>\$ 6,236,360</u>	<u>\$ 6,055,929</u>	<u>\$ 5,671,509</u>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	\$ 144,091	\$ 272,582	\$ 623,977	\$ 332,073	\$ (41,131)
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	98.11%	96.26%	90.90%	94.80%	100.73%
<b>Covered payroll</b>	\$ 2,375,840	\$ 2,311,623	\$ 2,265,911	\$ 2,245,314	\$ 2,117,937
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	6.06%	11.79%	27.54%	14.79%	-1.94%

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

Town of Bluefield, Virginia  
 Schedule of Employer Contributions - Pension  
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2019	\$ 163,312	\$ 163,312	\$ -	\$ 2,411,073	6.77%
2018	158,676	158,676	-	2,375,840	6.68%
2017	153,852	153,852	-	2,311,623	6.66%
2016	185,991	185,991	-	2,265,911	8.21%
2015	184,961	184,961	-	2,245,314	8.24%
2014	128,771	128,771	-	2,117,937	6.08%
2013	125,865	125,865	-	2,090,618	6.02%
2012	60,984	60,984	-	2,013,159	3.03%
2011	58,846	58,846	-	1,927,453	3.05%
2010	44,657	44,657	-	1,438,079	3.11%

**Town of Bluefield, Virginia**  
**Notes to Required Supplementary Information - Pension**  
**For the Year Ended June 30, 2019**

**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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**Largest 10 - Non-Hazardous Duty:**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Largest 10 - Hazardous Duty:**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Town of Bluefield, Virginia  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Primary Government  
 For the Measurement Dates of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>		
Service cost	\$ 37,522	\$ 49,251
Interest	27,520	18,221
Changes in assumptions	30,153	(112,481)
Differences between expected and actual experience	(21,461)	59,747
Benefit payments	<u>(13,133)</u>	<u>(9,504)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 60,601</b>	<b>\$ 5,234</b>
<b>Total OPEB liability - beginning</b>	<b>680,086</b>	<b>674,852</b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 740,687</u></b>	<b><u>\$ 680,086</u></b>
<b>Covered payroll</b>	<b>\$ N/A</b>	<b>\$ N/A</b>
<b>Town's total OPEB liability (asset) as a percentage of covered payroll</b>	<b>N/A</b>	<b>N/A</b>

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

Town of Bluefield, Virginia  
Notes to Required Supplementary Information - Town Health Insurance  
For the Year Ended June 30, 2019

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Valuation Date: 6/30/2019  
Measurement Date: 6/30/2019

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	Alternative measurement method (AMM)
Discount Rate	3.50% as of June 30, 2019
Inflation	1.90% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.60% in 2019 and gradually increases to 4.70% by the year 2029
Salary Increase Rates	1.90% per year as of June 30, 2019
Retirement Age	The average age at retirement is 64
Mortality Rates	Mortality rates was the RP2000 Mortality Table for Males and Females projected 18 years. This assumption does not include a margin for future improvements in longevity.

Town of Bluefield, Virginia  
 Schedule of Town's Share of Net OPEB Liability  
 Group Life Insurance Program  
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2018	0.01249%	\$ 190,000	\$ 2,375,840	8.00%	51.22%
2017	0.01253%	189,000	2,311,623	8.18%	48.86%

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

Town of Bluefield, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance Program  
 For the Years Ended June 30, 2010 through June 30, 2019

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 12,538	\$ 12,538	-	\$ 2,411,073	0.52%
2018	12,354	12,354	-	2,375,840	0.52%
2017	12,020	12,020	-	2,311,623	0.52%
2016	10,876	10,876	-	2,265,911	0.48%
2015	10,778	10,778	-	2,245,314	0.48%
2014	10,166	10,166	-	2,117,937	0.48%
2013	10,035	10,035	-	2,090,618	0.48%
2012	5,637	5,637	-	2,013,159	0.28%
2011	5,397	5,397	-	1,927,453	0.28%
2010	3,883	3,883	-	1,438,079	0.27%

**Town of Bluefield, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance Program**  
**For the Year Ended June 30, 2019**

**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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

## Other Supplementary Information

Town of Bluefield, Virginia  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

	<u>Special Revenue Funds</u>		
	<u>Public Transit</u> <u>Fund</u>	<u>Cemetery</u> <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 79,394	\$ 54,286	\$ 133,680
Due from other governmental units	11,657	-	11,657
Investments	-	25,984	25,984
Total assets	<u>\$ 91,051</u>	<u>\$ 80,270</u>	<u>\$ 171,321</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,442	\$ 388	\$ 3,830
Accrued wages	5,718	-	5,718
Total liabilities	<u>\$ 9,160</u>	<u>\$ 388</u>	<u>\$ 9,548</u>
<b>FUND BALANCES</b>			
Committed	\$ 81,891	\$ 79,882	\$ 161,773
Total fund balances	<u>\$ 81,891</u>	<u>\$ 79,882</u>	<u>\$ 161,773</u>
Total liabilities and fund balances	<u>\$ 91,051</u>	<u>\$ 80,270</u>	<u>\$ 171,321</u>

Town of Bluefield, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019

	<u>Special Revenue Funds</u>		
	<u>Public Transit Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 446	\$ 446
Charges for services	11,274	29,790	41,064
Intergovernmental:			
Commonwealth	74,365	-	74,365
Federal	199,876	-	199,876
Total revenues	<u>\$ 285,515</u>	<u>\$ 30,236</u>	<u>\$ 315,751</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 371,836	\$ -	\$ 371,836
Parks, recreation, and cultural	-	19,636	19,636
Total expenditures	<u>\$ 371,836</u>	<u>\$ 19,636</u>	<u>\$ 391,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (86,321)</u>	<u>\$ 10,600</u>	<u>\$ (75,721)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>\$ 96,000</u>	<u>\$ -</u>	<u>\$ 96,000</u>
Net change in fund balances	\$ 9,679	\$ 10,600	\$ 20,279
Fund balances - beginning, as restated	72,212	69,282	141,494
Fund balances - ending	<u>\$ 81,891</u>	<u>\$ 79,882</u>	<u>\$ 161,773</u>

Town of Bluefield, Virginia  
 Public Transit Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 11,000	\$ 11,000	\$ 11,274	\$ 274
Intergovernmental:				
Commonwealth	83,200	83,200	74,365	(8,835)
Federal	317,355	317,355	199,876	(117,479)
Total revenues	<u>\$ 411,555</u>	<u>\$ 411,555</u>	<u>\$ 285,515</u>	<u>\$ (126,040)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 528,710	\$ 528,710	\$ 371,836	\$ 156,874
Total expenditures	<u>\$ 528,710</u>	<u>\$ 528,710</u>	<u>\$ 371,836</u>	<u>\$ 156,874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (117,155)</u>	<u>\$ (117,155)</u>	<u>\$ (86,321)</u>	<u>\$ 30,834</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 117,155	\$ 117,155	\$ 96,000	\$ (21,155)
Total other financing sources (uses)	<u>\$ 117,155</u>	<u>\$ 117,155</u>	<u>\$ 96,000</u>	<u>\$ (21,155)</u>
Net change in fund balances	\$ -	\$ -	\$ 9,679	\$ 9,679
Fund balances - beginning, as restated	-	-	72,212	72,212
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,891</u>	<u>\$ 81,891</u>

Town of Bluefield, Virginia  
Cemetery Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019

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	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,050	\$ 1,050	\$ 446	\$ (604)
Charges for services	33,500	33,500	29,790	(3,710)
Total revenues	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 30,236</u>	<u>\$ (4,314)</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	\$ 34,550	\$ 34,550	\$ 19,636	\$ 14,914
Total expenditures	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 19,636</u>	<u>\$ 14,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,600</u>	<u>\$ 10,600</u>
Net change in fund balances	\$ -	\$ -	\$ 10,600	\$ 10,600
Fund balances - beginning, as restated	-	-	69,282	69,282
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,882</u>	<u>\$ 79,882</u>

Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 740,000	\$ 740,000	\$ 737,377	\$ (2,623)
Real and Personal PSC Tax	35,000	35,000	36,837	1,837
Personal Property Tax	212,653	212,654	173,429	(39,225)
Mobile Home Tax	2,500	2,500	1,400	(1,100)
Machinery and Tools Tax	-	-	17,670	17,670
Penalties	3,600	3,600	6,190	2,590
Interest	2,400	2,400	1,502	(898)
Total general property taxes	<u>\$ 996,153</u>	<u>\$ 996,154</u>	<u>\$ 974,405</u>	<u>\$ (21,749)</u>
Other local taxes:				
Local sales and use taxes	\$ 373,000	\$ 373,000	\$ 353,613	\$ (19,387)
Consumers' utility taxes	125,000	125,000	121,427	(3,573)
Cigarette tax	238,000	238,000	290,745	52,745
Business license taxes	657,000	657,000	597,659	(59,341)
Consumption taxes	42,996	42,996	26,635	(16,361)
Motor vehicle licenses	31,000	31,000	32,441	1,441
Bank stock taxes	185,000	185,000	231,111	46,111
Franchise tax	9,000	9,000	7,458	(1,542)
Restaurant food taxes	1,520,492	1,520,492	1,599,634	79,142
Total other local taxes	<u>\$ 3,181,488</u>	<u>\$ 3,181,488</u>	<u>\$ 3,260,723</u>	<u>\$ 79,235</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 15,000	\$ 15,000	\$ 10,339	\$ (4,661)
Zoning permits	6,000	6,000	2,651	(3,349)
Erosion and sediment permits	1,500	1,500	835	(665)
Permits and other licenses	250	250	-	(250)
Total permits, privilege fees, and regulatory licenses	<u>\$ 22,750</u>	<u>\$ 22,750</u>	<u>\$ 13,825</u>	<u>\$ (8,925)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 47,500	\$ 47,500	\$ 55,765	\$ 8,265
Revenue from use of money and property:				
Revenue from use of money	\$ 3,000	\$ 3,000	\$ 51,929	\$ 48,929
Charges for services:				
Charges for recreation user fees	\$ 2,000	\$ 2,000	\$ 3,203	\$ 1,203
Charges for refuse collections	412,000	412,000	408,330	(3,670)
Charges for container rent	35,000	35,000	590	(34,410)
Charges for Harmony Acres pool	50,000	50,000	42,269	(7,731)
Total charges for services	<u>\$ 499,000</u>	<u>\$ 499,000</u>	<u>\$ 454,392</u>	<u>\$ (44,608)</u>

Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Gifts and donations	\$ 2,000	\$ 20,875	\$ 18,875	\$ (2,000)
Miscellaneous	256,470	341,470	54,668	(286,802)
Total miscellaneous	<u>\$ 258,470</u>	<u>\$ 362,345</u>	<u>\$ 73,543</u>	<u>\$ (288,802)</u>
Recovered costs:				
Other recovered costs	\$ 48,000	\$ 69,573	\$ 67,960	\$ (1,613)
Total revenue from local sources	<u>\$ 5,056,361</u>	<u>\$ 5,181,810</u>	<u>\$ 4,952,542</u>	<u>\$ (229,268)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 7,700	\$ 7,700	\$ 6,904	\$ (796)
Mobile home titling tax	500	500	525	25
Telecommunications Tax	37,004	37,004	37,004	-
Personal property tax relief funds	108,477	108,477	108,447	(30)
Total noncategorical aid	<u>\$ 153,681</u>	<u>\$ 153,681</u>	<u>\$ 152,880</u>	<u>\$ (801)</u>
Categorical aid:				
Other categorical aid:				
Law enforcement grants	\$ 159,099	\$ 201,335	\$ 172,601	\$ (28,734)
Litter control grant	3,000	3,000	2,731	(269)
State fire funds	18,445	18,445	18,843	398
Street maintenance	1,010,000	1,010,000	1,088,597	78,597
Bluefield Iron restoration grants	-	-	42,500	42,500
VDOT revenue sharing	224,000	224,000	-	(224,000)
Total other categorical aid	<u>\$ 1,414,544</u>	<u>\$ 1,456,780</u>	<u>\$ 1,325,272</u>	<u>\$ (131,508)</u>
Total categorical aid	<u>\$ 1,414,544</u>	<u>\$ 1,456,780</u>	<u>\$ 1,325,272</u>	<u>\$ (131,508)</u>
Total revenue from the Commonwealth	<u>\$ 1,568,225</u>	<u>\$ 1,610,461</u>	<u>\$ 1,478,152</u>	<u>\$ (132,309)</u>
Revenue from the Federal Government:				
Categorical aid:				
Police grants	\$ -	\$ -	\$ 5,647	\$ 5,647
Total intergovernmental	<u>\$ 1,568,225</u>	<u>\$ 1,610,461</u>	<u>\$ 1,483,799</u>	<u>\$ (126,662)</u>
Total General Fund	<u>\$ 6,624,586</u>	<u>\$ 6,792,271</u>	<u>\$ 6,436,341</u>	<u>\$ (355,930)</u>

Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds:</b>				
<b>Public Transit Fund:</b>				
Revenue from local sources:				
Charges for services:				
Charges for fares	\$ 11,000	\$ 11,000	\$ 11,274	\$ 274
Total revenue from local sources	\$ 11,000	\$ 11,000	\$ 11,274	\$ 274
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public transportation grant	\$ 83,200	\$ 83,200	\$ 74,365	\$ (8,835)
Total revenue from the Commonwealth	\$ 83,200	\$ 83,200	\$ 74,365	\$ (8,835)
Revenue from the federal government:				
Categorical aid:				
Public transportation grant	\$ 317,355	\$ 317,355	\$ 199,876	\$ (117,479)
Total revenue from the federal government	\$ 317,355	\$ 317,355	\$ 199,876	\$ (117,479)
Total intergovernmental	\$ 400,555	\$ 400,555	\$ 274,241	\$ (126,314)
Total Public Transit Fund	\$ 411,555	\$ 411,555	\$ 285,515	\$ (126,040)
<b>Cemetery Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,050	\$ 1,050	\$ 446	\$ (604)
Charges for services:				
Charges for grave openings	\$ 20,000	\$ 20,000	\$ 17,250	\$ (2,750)
Charges for plots	13,500	13,500	12,540	(960)
Total charges for services	\$ 33,500	\$ 33,500	\$ 29,790	\$ (3,710)
Total revenue from local sources	\$ 34,550	\$ 34,550	\$ 30,236	\$ (4,314)
Total Cemetery Fund	\$ 34,550	\$ 34,550	\$ 30,236	\$ (4,314)
Total Primary Government	\$ 7,070,691	\$ 7,238,376	\$ 6,752,092	\$ (486,284)

Town of Bluefield, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative	\$ 62,782	\$ 62,782	\$ 64,350	\$ (1,568)
General and financial administration:				
Town manager	\$ 466,018	\$ 466,018	\$ 440,199	\$ 25,819
Legal services	4,000	4,000	3,878	122
Vehicle maintenance	494,384	495,635	458,665	36,970
Treasurer	201,908	201,908	185,865	16,043
Bookkeeper	125,458	125,458	124,211	1,247
Audit services	39,000	39,000	36,065	2,935
Total general and financial administration	<u>\$ 1,330,768</u>	<u>\$ 1,332,019</u>	<u>\$ 1,248,883</u>	<u>\$ 83,136</u>
Total general government administration	<u>\$ 1,393,550</u>	<u>\$ 1,394,801</u>	<u>\$ 1,313,233</u>	<u>\$ 81,568</u>
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,589,746	\$ 1,635,412	\$ 1,576,926	\$ 58,486
Fire and rescue services:				
Fire department	\$ 161,922	\$ 161,922	\$ 147,898	\$ 14,024
Inspections:				
Building	\$ 119,985	\$ 119,985	\$ 113,138	\$ 6,847
Total public safety	<u>\$ 1,871,653</u>	<u>\$ 1,917,319</u>	<u>\$ 1,837,962</u>	<u>\$ 79,357</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 1,080,445	\$ 1,093,225	\$ 923,297	\$ 169,928
Sanitation and waste removal:				
Refuse collections	\$ 279,808	\$ 279,808	\$ 274,963	\$ 4,845
Maintenance of general buildings and grounds:				
General properties	\$ 107,479	\$ 107,479	\$ 98,472	\$ 9,007
Total public works	<u>\$ 1,467,732</u>	<u>\$ 1,480,512</u>	<u>\$ 1,296,732</u>	<u>\$ 183,780</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 348,318	\$ 353,318	\$ 359,657	\$ (6,339)
Cultural enrichment:				
Cemetery department	\$ 79,202	\$ 79,202	\$ 77,085	\$ 2,117
Total parks, recreation, and cultural	<u>\$ 427,520</u>	<u>\$ 432,520</u>	<u>\$ 436,742</u>	<u>\$ (4,222)</u>

Town of Bluefield, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Planning commission	\$ 6,990	\$ 6,990	\$ 5,436	\$ 1,554
Zoning administration	90,267	90,267	87,811	2,456
Contributions and community activities	88,200	94,295	100,349	(6,054)
Contribution to Town IDA	2,500	2,500	-	2,500
Economic development	6,000	294,077	185,217	108,860
Total planning and community development	<u>\$ 193,957</u>	<u>\$ 488,129</u>	<u>\$ 378,813</u>	<u>\$ 109,316</u>
Total community development	<u>\$ 193,957</u>	<u>\$ 488,129</u>	<u>\$ 378,813</u>	<u>\$ 109,316</u>
Nondepartmental:				
Nondepartmental	<u>\$ 309,363</u>	<u>\$ 309,686</u>	<u>\$ 130,167</u>	<u>\$ 179,519</u>
Capital projects:				
High Street	\$ 500,000	\$ 500,000	\$ 3,816	\$ 496,184
Property purchased	66,323	66,323	66,323	-
Bobcat and utility vehicle	110,000	110,000	101,026	8,974
Hockman Pike project	833,715	833,715	9,208	824,507
Total capital projects	<u>\$ 1,510,038</u>	<u>\$ 1,510,038</u>	<u>\$ 180,373</u>	<u>\$ 1,329,665</u>
Debt service:				
Principal retirement	\$ 362,232	\$ 362,232	\$ 381,357	\$ (19,125)
Interest and other fiscal charges	157,541	157,541	95,527	62,014
Total debt service	<u>\$ 519,773</u>	<u>\$ 519,773</u>	<u>\$ 476,884</u>	<u>\$ 42,889</u>
Total General Fund	<u>\$ 7,693,586</u>	<u>\$ 8,052,778</u>	<u>\$ 6,050,906</u>	<u>\$ 2,001,872</u>
<b>Special Revenue Funds:</b>				
<b>Public Transit Fund:</b>				
Public works:				
Public transportation:				
Transit system	<u>\$ 528,710</u>	<u>\$ 528,710</u>	<u>\$ 371,836</u>	<u>\$ 156,874</u>
Total Public Transit Fund	<u>\$ 528,710</u>	<u>\$ 528,710</u>	<u>\$ 371,836</u>	<u>\$ 156,874</u>
<b>Cemetery Fund:</b>				
Parks, recreation, and cultural:				
Cultural enrichment:				
Cemetery	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 19,636</u>	<u>\$ 14,914</u>
Total Cemetery Fund	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 19,636</u>	<u>\$ 14,914</u>
Total Primary Government	<u>\$ 8,256,846</u>	<u>\$ 8,616,038</u>	<u>\$ 6,442,378</u>	<u>\$ 2,173,660</u>

## Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration		Public Safety	Public Works	Parks, Recreation, and Cultural		Community Development	Interest on Long-term Debt	Water and Sewer		Total
	\$				\$				\$		
2009-10	\$ 1,385,303	\$	1,514,967	\$ 1,643,054	\$ 372,835	\$	264,006	\$ 197,842	\$ 1,339,675	\$	6,717,682
2010-11	1,423,696		1,486,594	1,269,626	478,707		696,843	187,116	1,371,961		6,914,543
2011-12	1,543,039		1,514,540	1,629,995	432,907		386,027	168,665	1,318,941		6,994,114
2012-13	1,523,817		1,725,235	1,450,069	465,349		339,940	165,529	1,253,641		6,923,580
2013-14	1,358,585		1,768,806	2,335,056	471,029		267,929	145,791	1,207,129		7,554,325
2014-15	1,404,112		1,823,885	1,720,679	411,105		216,964	125,819	1,222,115		6,924,679
2015-16	1,450,930		2,022,880	2,155,929	448,671		236,154	111,208	1,191,305		7,617,077
2016-17	1,456,833		1,985,518	1,721,992	432,800		291,537	105,633	1,153,652		7,147,965
2017-18	1,376,164		1,933,580	2,081,648	517,811		240,751	93,977	1,170,043		7,413,974
2018-19	1,517,272		1,939,738	1,930,624	478,415		226,724	98,583	1,260,141		7,451,497

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Revenue from the use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2009-10	\$ 1,732,872	\$ 1,303,013	\$ 200,000	\$ 945,358	\$ 2,449,245	\$ 6,027	\$ 64,770	\$ 154,917	\$ 6,856,202		
2010-11	1,762,929	1,413,698	50,000	1,004,015	2,550,085	4,227	22,973	162,204	6,970,131		
2011-12	1,745,518	1,406,280	217,198	1,004,149	2,698,280	3,180	11,802	162,040	7,248,447		
2012-13	1,619,470	1,264,245	141,547	961,439	2,789,680	3,769	26,643	161,088	6,967,881		
2013-14	1,620,712	1,377,633	25,000	907,160	2,692,326	2,697	33,830	160,351	6,819,709		
2014-15	1,664,346	1,987,701	-	945,292	2,854,620	2,569	68,368	168,413	7,691,309		
2015-16	1,642,992	1,507,851	151,940	995,704	2,749,753	6,900	51,452	168,183	7,274,775		
2016-17	1,586,636	1,524,995	73,759	957,369	2,755,213	15,776	139,891	156,782	7,210,421		
2017-18	1,708,301	1,595,077	72,219	957,775	3,151,320	27,025	64,161	155,722	7,731,600		
2018-19	1,851,347	1,605,160	891,769	916,663	3,260,723	52,375	73,543	110,380	8,761,960		

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

Fiscal Year	General			Parks, Recreation, and Cultural			Community Development	Capital Projects	Non-departmental	Debt Service	Total
	Government Administration	Public Safety	Public Works	Recreation and Cultural	Community Development	Capital Projects					
2009-10	\$ 1,068,112	\$ 1,449,174	\$ 1,556,075	\$ 373,722	\$ 254,334	\$ 167,640	\$ 118,976	\$ 503,550	\$ 5,491,583		
2010-11	1,110,483	1,417,753	1,308,380	453,844	703,675	64,897	124,559	499,386	5,682,977		
2011-12	1,213,731	1,381,949	1,692,065	417,621	380,582	141,729	150,215	502,326	5,880,218		
2012-13	1,264,869	1,578,171	1,596,319	461,285	333,986	159,841	131,365	490,009	6,015,845		
2013-14	1,152,369	1,620,440	2,186,898	457,132	262,603	123,240	117,118	500,357	6,420,157		
2014-15	1,169,685	1,730,066	1,911,386	404,756	213,884	-	137,141	495,030	6,061,948		
2015-16	1,174,128	1,821,891	1,953,104	413,990	224,644	54,257	160,902	495,067	6,297,983		
2016-17	1,191,474	1,876,013	1,633,792	462,229	287,959	340,820	114,487	406,464	6,313,238		
2017-18	1,242,526	1,872,674	2,026,785	509,469	240,818	601,196	178,886	436,737	7,109,091		
2018-19	1,313,233	1,837,962	1,668,568	456,378	378,813	180,373	130,167	476,884	6,442,378		

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the				Recovered Costs	Inter-governmental	Total
					Use of Money and Property	Charges for Services	Miscellaneous				
2009-10	\$ 963,451	\$ 2,449,245	\$ 25,799	\$ 51,535	\$ 5,243	\$ 467,741	\$ 64,770	\$ 42,892	\$ 1,657,930	\$ 5,728,606	
2010-11	994,598	2,550,085	17,961	67,121	3,786	499,201	22,973	47,249	1,625,902	5,828,876	
2011-12	944,245	2,698,280	29,014	75,380	2,906	506,486	11,802	42,223	1,780,244	6,090,580	
2012-13	974,221	2,789,680	30,012	67,356	3,558	502,219	26,643	75,509	1,566,880	6,036,078	
2013-14	947,029	2,692,326	19,206	57,518	2,632	508,193	33,830	39,083	1,562,984	5,862,801	
2014-15	971,875	2,854,620	24,290	43,716	2,434	516,452	68,368	42,601	2,156,114	6,680,470	
2015-16	959,676	2,749,753	17,364	45,134	6,708	531,517	51,452	47,148	1,827,974	6,236,726	
2016-17	980,860	2,755,213	11,292	52,319	15,462	505,409	139,891	38,334	1,755,536	6,254,316	
2017-18	950,262	3,151,320	23,855	50,803	27,025	531,738	64,161	43,876	1,823,018	6,666,058	
2018-19	974,405	3,260,723	13,825	55,765	52,375	495,456	73,543	67,960	1,758,040	6,752,092	

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)		
2009-10	\$ 1,053,211	\$ 1,019,891	96.84%	\$ 52,007	\$ 1,071,898	101.77%	\$ 168,531	16.00%	
2010-11	1,067,010	1,033,110	96.82%	69,935	1,103,045	103.38%	171,744	16.10%	
2011-12	1,075,508	1,020,105	94.85%	29,574	1,049,679	97.60%	216,855	20.16%	
2012-13	1,088,123	1,033,089	94.94%	49,579	1,082,668	99.50%	194,480	17.87%	
2013-14	1,101,233	1,028,674	93.41%	26,802	1,055,476	95.84%	216,561	19.67%	
2014-15	1,096,521	1,063,697	97.01%	16,625	1,080,322	98.52%	240,384	21.92%	
2015-16	1,092,281	1,038,431	95.07%	29,692	1,068,123	97.79%	259,704	23.78%	
2016-17	1,104,615	1,055,971	95.60%	33,336	1,089,307	98.61%	294,228	26.64%	
2017-18	1,093,632	1,032,936	94.45%	25,773	1,058,709	96.81%	295,899	27.06%	
2018-19	1,087,014	1,040,096	95.68%	42,756	1,082,852	99.62%	238,677	21.96%	

(1) May include penalties and interest.

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Utility (2) Real Estate and Personal Property	Total
2009-10	\$ 396,833,200	\$ 49,214,478	\$ 2,275,800	\$ 11,825,759	\$ 460,149,237
2010-11	395,996,569	51,341,670	1,391,400	11,653,371	460,383,010
2011-12	398,370,600	52,048,366	1,506,500	12,090,827	464,016,293
2012-13	393,256,900	52,596,375	3,255,000	13,477,634	462,585,909
2013-14	394,607,200	54,487,845	2,989,500	14,003,570	466,088,115
2014-15	396,028,300	54,036,120	2,848,500	13,850,181	466,763,101
2015-16	397,413,600	54,166,415	2,879,900	13,998,995	468,458,910
2016-17	399,248,100	53,886,845	3,239,500	15,282,544	471,656,989
2017-18	394,313,183	51,231,905	3,097,100	17,016,468	465,658,656
2018-19	389,982,251	50,845,775	2,944,900	19,549,533	463,322,459

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

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

Table 7

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

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Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2009-10	\$ 0.185	\$ 0.185	\$ 0.600	\$ 0.600
2010-11	0.185	0.185	0.600	0.600
2011-12	0.185	0.185	0.600	0.600
2012-13	0.188	0.188	0.600	0.600
2013-14	0.188	0.188	0.600	0.600
2014-15	0.188	0.188	0.600	0.600
2015-16	0.188	0.188	0.600	0.600
2016-17	0.188	0.188	0.600	0.600
2017-18	0.188	0.188	0.600	0.600
2018-19	0.188	0.188	0.600	0.600

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2009-10	5,078	\$ 460,149,237	\$ 4,030,000	0.88%	\$ 794
2010-11	5,444	460,383,010	3,845,000	0.84%	706
2011-12	5,444	464,016,293	3,660,000	0.79%	672
2012-13	5,444	462,585,909	3,470,000	0.75%	637
2013-14	5,444	466,088,115	6,008,500	1.29%	1,104
2014-15	5,444	466,763,101	5,701,000	1.22%	1,047
2015-16	5,444	468,458,910	5,385,500	1.15%	989
2016-17	5,444	471,656,989	5,062,000	1.07%	930
2017-18	5,444	465,658,656	5,331,817	1.15%	979
2018-19	5,444	463,322,459	4,938,417	1.07%	907

(1) Bureau of the Census.

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

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

Excludes capital leases and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2009-10	\$ 308,402	\$ 195,148	\$ 503,550	\$ 5,491,583	9.17%
2010-11	314,886	184,500	499,386	5,682,977	8.79%
2011-12	327,308	175,018	502,326	5,880,218	8.54%
2012-13	325,308	164,701	490,009	6,015,845	8.15%
2013-14	349,083	151,274	490,009	6,420,157	7.63%
2014-15	378,649	116,381	495,030	6,061,948	8.17%
2015-16	392,134	102,933	495,067	6,297,983	7.86%
2016-17	311,600	94,864	406,464	6,313,238	6.44%
2017-18	351,726	85,011	436,737	7,109,091	6.14%
2018-19	381,357	95,527	476,884	6,442,378	7.40%

Town of Bluefield, Virginia  
Computation of Legal Debt Margin  
June 30, 2019

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Assessed valuations:	
Assessed value	<u>\$ 389,982,251</u>
Legal debt margin	
Debt limitation - 10 percent of total assessed value	\$ 38,998,225
Total debt applicable to limitation	<u>4,938,417</u>
Legal debt margin	<u>\$ 34,059,808</u>

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**COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bluefield, Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Bluefield, Virginia's basic financial statements and have issued our report thereon dated November 15, 2019.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

*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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.

## Compliance and Other Matters

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

### Town of Bluefield, Virginia's Response to the Finding

Town of Bluefield, Virginia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Town of Bluefield, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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.

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

Blacksburg, Virginia  
November 15, 2019

Town of Bluefield, Virginia  
Schedule of Findings and Responses  
For the Year Ended June 30, 2019

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

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies)?	None reported
Noncompliance material to financial statements noted?	No

**Section II - Financial Statement Findings**

**2019-001**

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

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

Finding 2018-001 reoccured in the current year as 2019-001.