

**TOWN OF BLUEFIELD, VIRGINIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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TOWN OF BLUEFIELD, VIRGINIA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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## INTRODUCTORY SECTION

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# TOWN OF BLUEFIELD, VIRGINIA

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## TOWN COUNCIL

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

## OTHER OFFICIALS

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

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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

**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, 2021, 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, 2021, 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 21 to the financial statements, in 2021, the Town of Bluefield, Virginia adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. 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 5-14, 72, and 73-80, 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.

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.



*Supplementary and Other Information (Continued)*

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 December 20, 2021 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 black ink that reads "Robinson, Famer, Cox Associates". The script is cursive and fluid.

Blacksburg, Virginia  
December 20, 2021

## **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, 2021.

### **Financial Highlights**

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

The assets and deferred outflows of resources of the Town of Bluefield, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,015,635 (net position). Of this amount, \$3,499,474 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Total net position of \$10,015,635 is split between governmental activities \$8,835,718 and business-type activities \$1,179,917.

#### **Fund Financial Statements**

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,810,256 (See Exhibit 3).

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

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

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

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

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

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

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

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### Overview of the Financial Statements (continued)

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

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

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

#### Fund Financial Statements

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

##### *Governmental funds:*

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

##### *Proprietary funds:*

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

##### *Fiduciary funds:*

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

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

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

**Notes to the financial statements**

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

**Government-wide Financial Analysis**

As previously noted, net position may serve as a useful indicator of a government's financial position. For the Town of Bluefield, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,015,635 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 2020 and 2021.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 8,761,788	\$ 5,508,210	\$ 536,557	\$ (6,224)	\$ 9,298,345	\$ 5,501,986
Capital assets	8,621,874	8,673,815	7,933,989	5,732,821	16,555,863	14,406,636
Total assets	17,383,662	14,182,025	8,470,546	5,726,597	25,854,208	19,908,622
Deferred outflows of resources:						
Deferred charges on refunding	120,501	132,551	-	-	120,501	132,551
Items related to pension & OPEB	732,875	369,621	140,008	40,832	872,883	410,453
Total deferred outflows	853,376	502,172	140,008	40,832	993,384	543,004
Long-term liabilities	4,833,333	6,660,406	6,576,278	5,013,262	11,409,611	11,673,668
Other liabilities	3,267,602	754,459	838,587	407,931	4,106,189	1,162,390
Total liabilities	8,100,935	7,414,865	7,414,865	5,421,193	15,515,800	12,836,058
Deferred inflows of resources:						
Property taxes	1,126,547	1,103,552	-	-	1,126,547	1,103,552
Prepaid taxes	11,996	11,190	-	-	11,996	11,190
Items related to pension & OPEB	161,842	348,377	15,772	34,876	177,614	383,253
Total deferred inflows	1,300,385	1,463,119	15,772	34,876	1,316,157	1,497,995
Net position:						
Net investment in capital assets	5,410,342	5,489,253	1,105,819	666,084	6,516,161	6,155,337
Unrestricted	3,425,376	2,951,548	74,098	(354,724)	3,499,474	2,596,824
Total net position	\$ 8,835,718	\$ 8,440,801	\$ 1,179,917	\$ 311,360	\$ 10,015,635	\$ 8,752,161

For the Town, investments in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 75 percent of total net position at the end of 2021 as compared to 70 percent at the end of 2020. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.

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

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

**Governmental Activities**

Governmental activities decreased the Town's net position by \$394,917 while net position of the business-type activities increased by \$868,557. Key elements of these changes are as follows:

Town of Bluefield, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 530,968	\$ 530,039	\$ 2,207,313	\$ 1,660,193	\$ 2,738,281	\$ 2,190,232
Operating grants and contributions	2,082,117	1,784,640	-	-	2,082,117	1,784,640
Capital grants and contributions	-	496,394	923,576	244,532	923,576	740,926
General Revenues:						
Property taxes	875,247	1,020,970	-	-	875,247	1,020,970
Other taxes	3,373,406	3,178,444	-	-	3,373,406	3,178,444
Grants and contributions not restricted to specific programs	147,750	152,195	-	-	147,750	152,195
Other	447,252	116,808	107,299	52,441	554,551	169,249
<b>Total revenues</b>	<b>7,456,740</b>	<b>7,279,490</b>	<b>3,238,188</b>	<b>1,957,166</b>	<b>10,694,928</b>	<b>9,236,656</b>
Expenses:						
General government administration	1,447,535	1,510,157	-	-	1,447,535	1,510,157
Public safety	2,461,607	2,029,065	-	-	2,461,607	2,029,065
Public works	2,072,939	2,641,554	-	-	2,072,939	2,641,554
Parks, recreation and cultural	407,793	425,735	-	-	407,793	425,735
Community development	196,623	629,225	-	-	196,623	629,225
Interest on long-term debt	109,934	116,167	-	-	109,934	116,167
Water	-	-	1,315,871	1,236,606	1,315,871	1,236,606
Fincastle Golf & Swim	-	-	1,419,152	919,100	1,419,152	919,100
<b>Total expenses</b>	<b>6,696,431</b>	<b>7,351,903</b>	<b>2,735,023</b>	<b>2,155,706</b>	<b>9,431,454</b>	<b>9,507,609</b>
<b>Change in net position before transfers</b>	<b>760,309</b>	<b>(72,413)</b>	<b>503,165</b>	<b>(198,540)</b>	<b>1,263,474</b>	<b>(270,953)</b>
<b>Transfers</b>	<b>(365,392)</b>	<b>(510,000)</b>	<b>365,392</b>	<b>510,000</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>394,917</b>	<b>(582,413)</b>	<b>868,557</b>	<b>311,460</b>	<b>1,263,474</b>	<b>(270,953)</b>
<b>Net position beginning of year</b>	<b>8,440,801</b>	<b>9,023,214</b>	<b>311,360</b>	<b>(100)</b>	<b>8,752,161</b>	<b>9,023,114</b>
<b>Net position end of year</b>	<b>\$ 8,835,718</b>	<b>\$ 8,440,801</b>	<b>\$ 1,179,917</b>	<b>\$ 311,360</b>	<b>\$ 10,015,635</b>	<b>\$ 8,752,161</b>

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

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

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

**Governmental funds**

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

At the end of the fiscal year, the Town's General fund reported an ending fund balance of \$4,810,256. This majority constitutes unassigned fund balance, which is available for spending at the government's discretion. Council may assign these funds for future projects; however, the use of these funds is not legally restricted for any specific purpose. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Higher percentages indicate strong liquidity, while lower percentages indicate poor liquidity.

**Proprietary funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the Town of Bluefield, Virginia's water fund at the end of the year was \$451,531. Total net position of the Town of Bluefield, Virginia's Fincastle Golf & Swim fund at the end of the year was \$728,386.

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

**Governmental Funds Budgetary Highlights**

There were many amendments to the budget for the fiscal year ending June 30, 2021. Some of the more significant changes are noted below:

**BUDGET AMENDMENTS  
2020 / 2021**

**PURPOSE: SRO Grant Funding**

Revenue		Original Budget	Amended Budget	Change
Line Item				
0400-0413	Misc. State Law Enforcement	<u>\$88,024.50</u>	<u>\$106,896.00</u>	<u>\$18,871.50</u>
		<u>\$88,024.50</u>	<u>\$106,896.00</u>	<u>\$18,871.50</u>
Expenditure		Original Budget	Amended Budget	Change
Line Item				
3110-1100	Salaries-Regular	<u>\$841,953.00</u>	<u>\$860,824.50</u>	<u>\$18,871.50</u>
		<u>\$841,953.00</u>	<u>\$860,824.50</u>	<u>\$18,871.50</u>

**PURPOSE: COVID-19 Reimbursement (CARES Act Money)**

Revenue		Original Budget	Amended Budget	Change
Line Item				
3101-0104	COVID-19 Reimbursement	<u>\$0.00</u>	<u>\$104,000.00</u>	<u>\$104,000.00</u>
		<u>\$0.00</u>	<u>\$104,000.00</u>	<u>\$104,000.00</u>
Expenditure		Original Budget	Amended Budget	Change
Line Item				
9100-6032	COVID-19 (Non-departmental)	<u>\$0.00</u>	<u>\$104,000.00</u>	<u>\$104,000.00</u>
		<u>\$0.00</u>	<u>\$104,000.00</u>	<u>\$104,000.00</u>

**PURPOSE: C-PROP Grant (Fincastle)**

Revenue		Original Budget	Amended Budget	Change
Line Item				
3501-0511	Fincastle Grants	<u>\$1,880.00</u>	<u>\$96,029.00</u>	<u>\$94,149.00</u>
		<u>\$1,880.00</u>	<u>\$96,029.00</u>	<u>\$94,149.00</u>
Expenditure		Original Budget	Amended Budget	Change
Line Item				
1230-8204	C-PROP Grant	<u>\$1,880.00</u>	<u>\$96,029.00</u>	<u>\$94,149.00</u>
		<u>\$1,880.00</u>	<u>\$96,029.00</u>	<u>\$94,149.00</u>

**PURPOSE: Gifts & Donations (BVLL Lighting)**

Revenue		Original Budget	Amended Budget	Change
Line Item				
3108-9903	Gifts & Donations	<u>\$29,793.00</u>	<u>\$154,793.00</u>	<u>\$125,000.00</u>
		<u>\$29,793.00</u>	<u>\$154,793.00</u>	<u>\$125,000.00</u>
Expenditure		Original Budget	Amended Budget	Change
Line Item				
7130-8202	Pool Lights Or Shelters	<u>\$5,000.00</u>	<u>\$130,000.00</u>	<u>\$125,000.00</u>
		<u>\$5,000.00</u>	<u>\$130,000.00</u>	<u>\$125,000.00</u>

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

**Governmental Funds Budgetary Highlights (Continued)**

There were many amendments to the budget for the fiscal year ending June 30, 2021. Some of the more significant changes are noted below:

**BUDGET AMENDMENTS (Continued)  
2020 / 2021**

**PURPOSE:** COVID-19 Reimbursement

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3101-0104	COVID-19 Revenue	<u>\$0.00</u>	<u>\$56,000.00</u>	<u>\$56,000.00</u>
	Reimbursement	<u>\$0.00</u>	<u>\$56,000.00</u>	<u>\$56,000.00</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
9100-6032	COVID-19	<u>\$0.00</u>	<u>\$56,000.00</u>	<u>\$56,000.00</u>
	Expenditures	<u>\$0.00</u>	<u>\$56,000.00</u>	<u>\$56,000.00</u>

**PURPOSE:** Dump Truck Purchase (replaces 1999 International Dump truck)

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
0100-0509	Prior Year Reserves	<u>\$180,612.00</u>	<u>\$204,112.00</u>	<u>\$23,500.00</u>
		<u>\$180,612.00</u>	<u>\$204,112.00</u>	<u>\$23,500.00</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
1252-6009	Vehicle/Other Equip	<u>\$500.00</u>	<u>\$24,000.00</u>	<u>\$23,500.00</u>
	Parts, ETC	<u>\$500.00</u>	<u>\$24,000.00</u>	<u>\$23,500.00</u>

**PURPOSE:** Industrial Park Escrow Account CD (closed acct/transferred in the Water fund)

<b>Revenue</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
3105-0208	Industrial Park	<u>\$1,300.00</u>	<u>\$82,742.85</u>	<u>\$81,442.85</u>
	Escrow	<u>\$1,300.00</u>	<u>\$82,742.85</u>	<u>\$81,442.85</u>
<b>Expenditure</b>				
<b>Line Item</b>		<b>Original Budget</b>	<b>Amended Budget</b>	<b>Change</b>
4044-8114	Ind. Park Escrow	<u>\$2,040,674.00</u>	<u>\$2,122,116.85</u>	<u>\$81,442.85</u>
	Constr. Project	<u>\$2,040,674.00</u>	<u>\$2,122,116.85</u>	<u>\$81,442.85</u>



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

**Governmental Funds Budgetary Highlights (Continued)**

There were many amendments to the budget for the fiscal year ending June 30, 2021. Some of the more significant changes are noted below:

**BUDGET AMENDMENTS (Continued)  
2020 / 2021**

**PURPOSE:** Fire Department Grant Money (Turn out gear and washer/dryer)

Revenue				
Line Item		Original Budget	Amended Budget	Change
3108-9903	Gifts & Donations	<u>\$29,793.00</u>	<u>\$173,393.00</u>	<u>\$143,600.00</u>
		<u>\$29,793.00</u>	<u>\$173,393.00</u>	<u>\$143,600.00</u>
Expenditure				
Line Item		Original Budget	Amended Budget	Change
3220-8106	Fire Grant	<u>\$3,000.00</u>	<u>\$146,600.00</u>	<u>\$143,600.00</u>
		<u>\$3,000.00</u>	<u>\$146,600.00</u>	<u>\$143,600.00</u>

**PURPOSE:** Shott Grant Loan (Golf Course Renovations)

Revenue				
Line Item		Original Budget	Amended Budget	Change
3501-0513	Shott Golf Course	<u>\$0.00</u>	<u>\$950,000.00</u>	<u>\$950,000.00</u>
	Renovation Grant	<u>\$0.00</u>	<u>\$950,000.00</u>	<u>\$950,000.00</u>
Expenditure				
Line Item		Original Budget	Amended Budget	Change
9400-1002	Shott Golf Course	<u>\$0.00</u>	<u>\$950,000.00</u>	<u>\$950,000.00</u>
	Renovation Grant	<u>\$0.00</u>	<u>\$950,000.00</u>	<u>\$950,000.00</u>

**PURPOSE:** Grant Funding for the purchase of PPE & Related Equipment for COVID

Revenue				
Line Item		Original Budget	Amended Budget	Change
0400-0413	Misc Law	<u>\$216,316.09</u>	<u>\$263,884.60</u>	<u>\$47,568.51</u>
	Enforcement	<u>\$216,316.09</u>	<u>\$263,884.60</u>	<u>\$47,568.51</u>
Expenditure				
Line Item		Original Budget	Amended Budget	Change
3110-8106	Grants	<u>\$0.00</u>	<u>\$47,568.51</u>	<u>\$47,568.51</u>
		<u>\$0.00</u>	<u>\$47,568.51</u>	<u>\$47,568.51</u>

# Town of Bluefield, Virginia

## Management's Discussion and Analysis (Continued)

### Capital Asset and Debt Administration

#### Capital assets

The Town's investment in capital assets for its governmental activities as of June 30, 2021 is \$8,621,874 (net of accumulated depreciation). The Town's investment in capital assets for its business-type activities as of June 30, 2021 was \$7,933,989. 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 and purchased the Fincastle golf course which caused a significant increase to the business-type activities. These along with other changes in the Town's capital assets are shown in the table that follows:

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	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,552,410	\$ 1,552,410	\$ 625,166	\$ 625,166	\$ 2,177,576	\$ 2,177,576
CIP	412,992	142,199	2,614,542	1,780,520	3,027,534	1,922,719
Buildings and improvements	4,493,172	4,520,074	2,652,886	1,230,398	7,146,058	5,750,472
Machinery and equipment	1,687,970	1,961,246	246,634	69,101	1,934,604	2,030,347
Infrastructure	475,330	497,886	1,794,761	2,030,636	2,270,091	2,528,522
Total	\$ 8,621,874	\$ 8,673,815	\$ 7,933,989	\$ 5,735,821	\$ 16,555,863	\$ 14,409,636

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 general obligation bond in the amount of \$950,000 for the renovation of the golf course and a general obligation bond in the amount of \$509,000 for High Street improvements. The golf course also leased new golf carts and equipment. The Fincastle Golf and Swim Club received a Paycheck Protection Program (PPP) loan in the amount of \$84,128. This PPP loan was forgiven in October 2021. The only other changes in long-term obligations of the Town was the scheduled repayment of existing debt as same came due. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

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

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

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

- A low interest rate environment has the effect of reducing revenues for the Town as interest rates on investments have suffered. The Town does not benefit from lower interest rates in the bond market as most Town debts are subsidized through the Federal and State agencies. The interest rates obtained through these agencies, while below comparable market rates, have not been affected significantly by market conditions.
- The Commonwealth of Virginia has encountered budget shortfalls which have resulted in reduced local funding. Additional reductions may occur in future fiscal years particularly in the current COVID-19 pandemic.
- The Town will continue to pay debt service in future periods on individual loans and bonds as noted in long-term debt.

All of the aforementioned factors were considered in preparing the Town's budget for the 2021-2022 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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,382,531	\$ 895,036	\$ 5,277,567	\$ 29,243
Investments	2,068,753	1,390	2,070,143	-
Restricted cash and cash equivalents:				
Customers' deposits	-	56,670	56,670	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,130,341	-	1,130,341	-
Accounts receivable	273,633	193,802	467,435	-
Internal balances	625,215	(625,215)	-	-
Due from other governmental units	151,193	10,680	161,873	-
Inventories	-	4,194	4,194	-
Restricted assets:				
Cash and cash equivalents	130,122	-	130,122	-
Capital assets not being depreciated:				
Land	1,552,410	625,166	2,177,576	146,400
Construction in progress	412,992	2,614,542	3,027,534	141,741
Capital assets, net of accumulated depreciation:				
Buildings and improvements	4,493,172	2,652,886	7,146,058	215,194
Machinery, equipment, and vehicles	1,687,970	246,634	1,934,604	-
Infrastructure	475,330	1,794,761	2,270,091	-
Total Assets	\$ 17,383,662	\$ 8,470,546	\$ 25,854,208	\$ 532,578
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	\$ 120,501	\$ -	\$ 120,501	\$ -
Pension related items	696,010	133,887	829,897	-
OPEB related items	36,865	6,121	42,986	-
Total Deferred Outflows of Resources	\$ 853,376	\$ 140,008	\$ 993,384	\$ -
<b>LIABILITIES</b>				
Accounts payable	\$ 182,901	\$ 54,619	\$ 237,520	\$ -
Accrued wages	110,317	40,617	150,934	-
Customers' deposits	-	56,670	56,670	1,000
Accrued interest payable	24,898	48,312	73,210	-
Unearned revenues	2,525,955	-	2,525,955	-
Long-term liabilities:				
Due within one year	423,531	638,369	1,061,900	456
Due in more than one year	4,833,333	6,576,278	11,409,611	148,417
Total Liabilities	\$ 8,100,935	\$ 7,414,865	\$ 15,515,800	\$ 149,873
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 1,126,547	\$ -	\$ 1,126,547	\$ -
Deferred revenue - prepaid taxes	11,996	-	11,996	-
Pension related items	152,598	14,515	167,113	-
OPEB related items	9,244	1,257	10,501	-
Total Deferred Inflows of Resources	\$ 1,300,385	\$ 15,772	\$ 1,316,157	\$ -
<b>NET POSITION</b>				
Net investment in capital assets	\$ 5,410,342	\$ 1,105,819	\$ 6,516,161	\$ 354,462
Unrestricted (deficit)	3,425,376	74,098	3,499,474	28,243
Total Net Position	\$ 8,835,718	\$ 1,179,917	\$ 10,015,635	\$ 382,705

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, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities		Component Unit Indust. Develop. Authority
			Grants and Contributions	Capital Contributions		Activities	Total	
Governmental activities:								
General government administration	\$ 1,447,535	\$ -	\$ -	\$ -	\$ (1,447,535)	\$ (1,447,535)	\$ -	-
Public safety	2,461,607	50,659	436,465	-	(1,974,483)	(1,974,483)	-	-
Public works	2,072,939	406,883	1,467,529	-	(198,527)	(198,527)	-	-
Parks, recreation, and cultural	407,793	69,112	-	-	(338,681)	(338,681)	-	-
Community development	196,623	4,314	178,123	-	(14,186)	(14,186)	-	-
Interest on long-term debt	109,934	-	-	-	(109,934)	(109,934)	-	-
Total governmental activities	\$ 6,696,431	\$ 530,968	\$ 2,082,117	\$ -	\$ (4,083,346)	\$ (4,083,346)	\$ -	-
Business-type activities:								
Water	\$ 1,315,871	\$ 1,331,842	\$ -	\$ 154,145	\$ -	\$ 170,116	\$ 170,116	\$ -
Fincastle Golf & Swim	1,419,152	875,471	-	769,431	-	225,750	225,750	-
Total business-type activities	\$ 2,735,023	\$ 2,207,313	\$ -	\$ 923,576	\$ -	\$ 395,866	\$ 395,866	\$ -
Total	\$ 9,431,454	\$ 2,738,281	\$ 2,082,117	\$ 923,576	\$ (4,083,346)	\$ 395,866	\$ (3,687,480)	\$ -
<b>COMPONENT UNIT:</b>								
Industrial Development Authority	\$ 23,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(23,158)
General revenues:								
General property taxes	\$ 875,247	\$ -	\$ -	\$ 875,247	\$ -	\$ -	\$ -	-
Other local taxes:								
Local sales and use tax	423,016	-	-	423,016	-	-	-	-
Business license taxes	628,328	-	-	628,328	-	-	-	-
Restaurant food taxes	1,630,413	-	-	1,630,413	-	-	-	-
Bank stock taxes	206,710	-	-	206,710	-	-	-	-
Cigarette taxes	294,472	-	-	294,472	-	-	-	-
Other local taxes	190,467	-	-	190,467	-	-	-	-
Unrestricted revenues from use of money and property	2,367	-	-	2,367	-	-	-	-
Miscellaneous	444,885	-	-	444,885	-	-	-	-
Grants and contributions not restricted to specific programs	147,750	-	-	147,750	-	-	-	-
Transfers	(365,392)	-	-	(365,392)	-	-	-	-
Total general revenues and transfers	\$ 4,478,263	\$ 472,691	\$ 4,950,954	\$ 16,485	\$ -	\$ -	\$ -	-
Change in net position	\$ 394,917	\$ 868,557	\$ 1,263,474	\$ (6,673)	\$ -	\$ -	\$ -	-
Net position - beginning	8,440,801	311,360	8,752,161	389,378	\$ -	\$ -	\$ -	-
Net position - ending	\$ 8,835,718	\$ 1,179,917	\$ 10,015,635	\$ 382,705	\$ -	\$ -	\$ -	-

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

Town of Bluefield, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2021

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,239,004	\$ 143,527	\$ 4,382,531
Investments	2,047,401	21,352	2,068,753
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,130,341	-	1,130,341
Accounts receivable	273,633	-	273,633
Due from other funds	625,215	-	625,215
Due from other governmental units	128,576	22,617	151,193
Restricted assets:			
Cash and cash equivalents	130,122	-	130,122
Total assets	<u>\$ 8,574,292</u>	<u>\$ 187,496</u>	<u>\$ 8,761,788</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 178,032	\$ 4,869	\$ 182,901
Accrued wages	101,561	8,756	110,317
Unearned revenue	2,525,955	-	2,525,955
Total liabilities	<u>\$ 2,805,548</u>	<u>\$ 13,625</u>	<u>\$ 2,819,173</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 1,120,363	\$ -	\$ 1,120,363
Unavailable revenue - prepaid taxes	11,996	-	11,996
Total deferred inflows of resources	<u>\$ 1,132,359</u>	<u>\$ -</u>	<u>\$ 1,132,359</u>
<b>FUND BALANCES</b>			
<b>Restricted:</b>			
High Street improvements - unspent bond proceeds	\$ 130,122	\$ -	\$ 130,122
<b>Committed:</b>			
Public Transit Fund	-	95,298	95,298
Cemetery Fund	-	78,573	78,573
<b>Assigned:</b>			
Stormwater	131,960	-	131,960
Fire reserves	97,914	-	97,914
Law enforcement reserves	73,179	-	73,179
Equipment	8,855	-	8,855
Community center	244,267	-	244,267
<b>Unassigned:</b>			
General fund	3,950,088	-	3,950,088
Total fund balances	<u>\$ 4,636,385</u>	<u>\$ 173,871</u>	<u>\$ 4,810,256</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,574,292</u>	<u>\$ 187,496</u>	<u>\$ 8,761,788</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, 2021

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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	\$	4,810,256
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,552,410		
Buildings and system	4,493,172		
Machinery, equipment, and vehicles	1,687,970		
Infrastructure	475,330		
Construction in progress	412,992		8,621,874

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			(6,184)
------------------------------------	--	--	---------

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	\$ 120,501		
Pension related items	696,010		
OPEB related items	36,865		853,376

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	\$ (2,902,684)		
Capital lease	(559,471)		
Accrued interest payable	(24,898)		
Net OPEB liabilities	(1,012,674)		
Net pension liability	(673,066)		
Compensated absences	(108,969)		(5,281,762)

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

Pension related items	\$ (152,598)		
OPEB related items	(9,244)		(161,842)

Net position of governmental activities	\$	8,835,718
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The notes to the financial statements are an integral part of this statement.



Town of Bluefield, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 984,042	\$ -	\$ 984,042
Other local taxes	3,373,406	-	3,373,406
Permits, privilege fees, and regulatory licenses	15,757	-	15,757
Fines and forfeitures	39,216	-	39,216
Revenue from the use of money and property	2,294	73	2,367
Charges for services	424,109	51,886	475,995
Miscellaneous	441,743	3,142	444,885
Recovered costs	41,343	-	41,343
Intergovernmental:			
Commonwealth	1,569,428	43,818	1,613,246
Federal	329,842	286,779	616,621
Total revenues	<u>\$ 7,221,180</u>	<u>\$ 385,698</u>	<u>\$ 7,606,878</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,293,298	\$ -	\$ 1,293,298
Public safety	2,287,117	-	2,287,117
Public works	1,275,062	357,483	1,632,545
Parks, recreation, and cultural	540,125	22,278	562,403
Community development	284,970	-	284,970
Nondepartmental	63,893	-	63,893
Capital projects	448,455	-	448,455
Debt service:			
Principal	363,958	-	363,958
Interest and other fiscal charges	99,783	-	99,783
Total expenditures	<u>\$ 6,656,661</u>	<u>\$ 379,761</u>	<u>\$ 7,036,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 564,519</u>	<u>\$ 5,937</u>	<u>\$ 570,456</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 20,000	\$ 20,000
Transfers out	(385,392)	-	(385,392)
Issuance of general obligation bond	509,000	-	509,000
Total other financing sources (uses)	<u>\$ 123,608</u>	<u>\$ 20,000</u>	<u>\$ 143,608</u>
Net change in fund balances	\$ 688,127	\$ 25,937	\$ 714,064
Fund balances - beginning	<u>3,948,258</u>	<u>147,934</u>	<u>4,096,192</u>
Fund balances - ending	<u>\$ 4,636,385</u>	<u>\$ 173,871</u>	<u>\$ 4,810,256</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, 2021

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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	\$	714,064
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital asset additions in the current period.

Capital asset additions	\$	827,989	
Depreciation expense		(859,552)	(31,563)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			(20,378)
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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			(108,795)
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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 bonds	\$	(509,000)	
Principal payments:			
General obligation bonds		221,029	
Capital leases		142,929	(145,042)

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	\$	12,572	
(Increase) decrease in accrued interest payable		1,899	
Amortization of deferred charges on refunding		(12,050)	
Changes in net OPEB liabilities and related deferred items		67,992	
Changes in net pension liability and related deferred items		(83,782)	(13,369)

Change in net position of governmental activities	\$	394,917
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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, 2021

	Enterprise Funds		
	Water	Fincastle	
	Fund	Golf & Swim	Total
	Fund	Fund	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 681,109	\$ 213,927	\$ 895,036
Investments	1,390	-	1,390
Restricted cash and cash equivalents:			
Customers' deposits	56,670	-	56,670
Inventories	-	4,194	4,194
Accounts receivable, net of allowance for uncollectibles	186,259	7,543	193,802
Due from other funds	-	57,668	57,668
Due from other governmental units	10,680	-	10,680
Total current assets	\$ 936,108	\$ 283,332	\$ 1,219,440
Noncurrent assets:			
Capital assets:			
Land	\$ 22,868	\$ 602,298	\$ 625,166
Utility plant in service	7,628,531	-	7,628,531
Buildings and improvements	-	2,729,673	2,729,673
Machinery, equipment, and vehicles	298,502	250,115	548,617
Construction in progress	2,572,085	42,457	2,614,542
Accumulated depreciation	(6,111,072)	(101,468)	(6,212,540)
Total capital assets	\$ 4,410,914	\$ 3,523,075	\$ 7,933,989
Total noncurrent assets	\$ 4,410,914	\$ 3,523,075	\$ 7,933,989
Total assets	\$ 5,347,022	\$ 3,806,407	\$ 9,153,429
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 91,374	\$ 42,513	\$ 133,887
OPEB related items	4,012	2,109	6,121
Total deferred outflows of resources	\$ 95,386	\$ 44,622	\$ 140,008
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 11,859	\$ 42,760	\$ 54,619
Customers' deposits	56,670	-	56,670
Accrued wages payable	13,791	26,826	40,617
Accrued interest payable	34,034	14,278	48,312
Due to other funds	682,883	-	682,883
Compensated absences - current portion	27,863	5,697	33,560
Bonds payable - current portion	193,256	290,938	484,194
Leases and other obligations - current portion	-	120,615	120,615
Total current liabilities	\$ 1,020,356	\$ 501,114	\$ 1,521,470
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 9,287	\$ 1,900	\$ 11,187
Bonds payable - net of current portion	3,727,994	2,379,192	6,107,186
Net OPEB liabilities	131,484	88,646	220,130
Net pension liability	86,348	35,252	121,600
Leases and other obligations - net of current portion	-	116,175	116,175
Total noncurrent liabilities	\$ 3,955,113	\$ 2,621,165	\$ 6,576,278
Total liabilities	\$ 4,975,469	\$ 3,122,279	\$ 8,097,748
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 14,515	\$ -	\$ 14,515
OPEB related items	893	364	1,257
Total deferred inflows of resources	\$ 15,408	\$ 364	\$ 15,772
<b>NET POSITION</b>			
Net investment in capital assets	\$ 489,664	\$ 616,155	\$ 1,105,819
Unrestricted (deficit)	(38,133)	112,231	74,098
Total net position	\$ 451,531	\$ 728,386	\$ 1,179,917

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, 2021

	Enterprise Funds		
	Water	Fincastle	
	<u>Fund</u>	<u>Golf &amp; Swim</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Water sales	\$ 1,331,392	\$ -	\$ 1,331,392
Golf course sales	-	381,412	381,412
Restaurant sales	-	368,039	368,039
Rental revenues	-	9,410	9,410
Tap fees	450	-	450
Memberships	-	126,020	126,020
Other revenues	1,995	95,187	97,182
Total operating revenues	<u>\$ 1,333,837</u>	<u>\$ 980,068</u>	<u>\$ 2,313,905</u>
<b>OPERATING EXPENSES</b>			
Salaries and fringes	\$ 571,625	\$ 684,063	\$ 1,255,688
Utilities	84,718	77,806	162,524
Food supplies	-	200,173	200,173
Agricultural supplies	-	48,711	48,711
Other supplies	-	65,954	65,954
Maintenance and repairs	226,665	81,663	308,328
Office expense	20,905	-	20,905
Chemicals	57,437	-	57,437
Permits	6,838	-	6,838
Miscellaneous	4,576	121,156	125,732
Depreciation	244,139	75,488	319,627
Total operating expenses	<u>\$ 1,216,903</u>	<u>\$ 1,355,014</u>	<u>\$ 2,571,917</u>
Operating income (loss)	<u>\$ 116,934</u>	<u>\$ (374,946)</u>	<u>\$ (258,012)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 707	\$ -	\$ 707
Interest expense	(98,968)	(64,138)	(163,106)
Total nonoperating revenues (expenses)	<u>\$ (98,261)</u>	<u>\$ (64,138)</u>	<u>\$ (162,399)</u>
Income (loss) before capital contributions and transfers	<u>\$ 18,673</u>	<u>\$ (439,084)</u>	<u>\$ (420,411)</u>
Capital contributions and construction grants	\$ 154,145	\$ 769,431	\$ 923,576
Transfers in (out)	41,044	324,348	365,392
Change in net position	<u>\$ 213,862</u>	<u>\$ 654,695</u>	<u>\$ 868,557</u>
Net position - beginning	237,669	73,691	311,360
Net position - ending	<u><u>\$ 451,531</u></u>	<u><u>\$ 728,386</u></u>	<u><u>\$ 1,179,917</u></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, 2021

	Enterprise Funds		
	Water Fund	Fincastle Golf & Swim Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,344,062	\$ 985,340	\$ 2,329,402
Payments to and for employees	(544,715)	(622,155)	(1,166,870)
Payments for goods and services	(405,796)	(576,856)	(982,652)
Net cash provided by (used for) operating activities	\$ 393,551	\$ (213,671)	\$ 179,880
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund borrowings and transfers	\$ 15,709	\$ 266,680	\$ 282,389
Proceeds from indebtedness - PPP loan	-	84,128	84,128
Net cash provided (used) by noncapital financing activities	\$ 15,709	\$ 350,808	\$ 366,517
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (1,033,255)	\$ (1,726,229)	\$ (2,759,484)
Principal payments on bonds	(137,434)	(103,948)	(241,382)
Principal payments on lease obligations	-	(8,387)	(8,387)
Contributions in aid of construction	201,548	769,431	970,979
Proceeds from indebtedness	1,054,714	1,111,049	2,165,763
Interest payments	(88,872)	(53,833)	(142,705)
Net cash provided by (used for) capital and related financing activities	\$ (3,299)	\$ (11,917)	\$ (15,216)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 707	\$ -	\$ 707
Net increase (decrease) in cash and cash equivalents	\$ 406,668	\$ 125,220	\$ 531,888
Cash and cash equivalents - June 30, 2020 (includes investments of \$1,388 and restricted cash and cash equivalents of \$62,880)	332,501	88,707	421,208
Cash and cash equivalents - June 30, 2021 (includes investments of \$1,390 and restricted cash and cash equivalents of \$56,670)	\$ 739,169	\$ 213,927	\$ 953,096
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 116,934	\$ (374,946)	\$ (258,012)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 244,139	\$ 75,488	\$ 319,627
(Increase) decrease in accounts receivable	16,435	5,272	21,707
Increase (decrease) in customers' deposits	(6,210)	-	(6,210)
Increase (decrease) in accounts payable	(4,657)	18,607	13,950
Increase (decrease) in accrued wages	(754)	6,589	5,835
Increase (decrease) in compensated absences	(2,019)	4,620	2,601
Change in net pension liability and related items	2,820	(1,510)	1,310
Change in net OPEB liabilities and related items	26,863	52,209	79,072
Total adjustments	\$ 276,617	\$ 161,275	\$ 437,892
Net cash provided by (used for) operating activities	\$ 393,551	\$ (213,671)	\$ 179,880
Noncash investing, capital, and financing activities:			
Construction payables - prior year	\$ (241,689)	\$ -	\$ (241,689)

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

Town of Bluefield, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2021

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	<u>Cemetery Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 199
Investments	643,860
Total assets	<u>\$ 644,059</u>
<b>NET POSITION</b>	
Held in trust for Cemetery expenses	<u>\$ 644,059</u>

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

Town of Bluefield, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2021

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	<u>Cemetery Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Contributions from the Town of Bluefield	\$ 6,600
Investment earnings:	
Interest	\$ 6,300
Net increase (decrease) in the fair market value of investments	(8,356)
Total investment earnings	\$ (2,056)
Less: investment expense	(7,100)
Net investment earnings	\$ (9,156)
Total additions	\$ (2,556)
Change in net position	\$ (2,556)
Net position - beginning	646,615
Net position - ending	<u>\$ 644,059</u>

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

## TOWN OF BLUEFIELD, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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

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

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

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

Blended Component Units - None

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

Related Organizations - None

Jointly Governed Organizations - Sanitary Board of Bluefield

#### **B. Government-wide financial statements:**

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

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

The 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 when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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 system are accounted for in the water fund.

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

Additionally, the Town reports the following fund types:

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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:

1. Cash and Cash Equivalents

The Town's cash and cash equivalents include cash on hand, amounts in demand deposits, as well as 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 \$311,128 at June 30, 2021. The allowance consists of delinquent taxes in the amount of \$235,097, delinquent garbage bills of \$24,608 and delinquent water bills of \$51,423.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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:

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

## 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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)

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 fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Other Postemployment Benefits (OPEB)

**Group Life Insurance**

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

**Health Insurance**

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

10. Long-term Obligations

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

11. Fund Balance

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

**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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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)

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. 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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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)

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

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

**Note 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, 2021

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

C. Deficit fund balance

At June 30, 2021, no funds had deficit fund balance.

**Note 3-Deposits and Investments:**

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments at June 30, 2021 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, 2021 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, 2021

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

Investments	Town's Investment Values				
	Fair Quality Ratings				Total
	AAA	AA	AA+	Unrated	
Local Government Investment Pool (LGIP)	\$ 2,070,143	\$ -	\$ -	\$ -	\$ 2,070,143
US Government Agency Obligations	-	246,269	317,816	-	564,085
Corporate Bonds & Notes	-	-	-	49,636	49,636
Money Market Funds	-	-	-	30,139	30,139
Total	\$ 2,070,143	\$ 246,269	\$ 317,816	\$ 79,775	\$ 2,714,003

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

**Interest Rate Risk:**

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

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1 yr	1-5 yrs	6-10 yrs
Local Government Investment Pool (LGIP)	\$ 2,070,143	\$ 2,070,143	\$ -	\$ -
US Government Agency Obligations	564,085	-	490,607	73,478
Corporate Bonds & Notes	49,636	-	-	49,636
Money Market Funds	30,139	30,139	-	-
Total	\$ 2,714,003	\$ 2,100,282	\$ 490,607	\$ 123,114

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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 Bank	\$ 61,993	12/6/2022	None
Federal Home Loan Bank	73,478	10/29/2026	None
Federal Home Loan Bank	89,801	5/12/2026	None
Federal Farm Credit Bank	53,216	3/2/2026	None
Federal Farm Credit Bank	39,328	11/3/2025	None
Freddie Mac	147,711	9/3/2025	None
Fannie Mae	98,558	8/25/2025	None
Corporate Bonds & Notes:			
Discover Bank CD	49,636	9/1/2027	None
Total	<u>\$ 613,721</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, 2021

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

The Town has the following recurring fair value measurements as of June 30, 2021:

Investment	6/30/2021	for Identical Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
Governmental Agency				
Obligations (US Agencies) \$	564,085	\$ 564,085	\$ -	\$ -
Corporate Bonds & Notes	49,636	49,636	-	-
Money Market Funds	30,139	30,139	-	-
Total	\$ 643,860	\$ 643,860	\$ -	\$ -

**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	\$ 71,936
Moped ATV sales tax	183
Games of Skill	432
Communications tax	5,010
Rolling stock	6,555
Categorical aid	74,975
<b><u>Federal Government:</u></b>	
Categorical aid	2,782
Total	<u>\$ 161,873</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 6-Interfund Activity:**

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 385,392
Public Transit Fund	20,000	-
Water Fund	41,044	-
Fincastle Golf & Swim Fund	324,348	-
Totals	<u>\$ 385,392</u>	<u>\$ 385,392</u>

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

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 625,215
Water Fund	682,883	-
Fincastle Golf & Swim Fund	-	57,668
Totals	<u>\$ 682,883</u>	<u>\$ 682,883</u>

The Town's General Fund has loaned the Water Fund \$682,883. 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, 2021:

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct borrowings and direct placements:				
General obligation bonds	\$ 2,614,713	\$ 509,000	\$ (221,029)	\$ 2,902,684
Capital leases	702,400	-	(142,929)	559,471
Net pension liability	46,104	1,001,804	(374,842)	673,066
Net OPEB liabilities	1,074,057	116,175	(177,558)	1,012,674
Compensated absences	121,541	78,584	(91,156)	108,969
Total	<u>\$ 4,558,815</u>	<u>\$ 1,705,563</u>	<u>\$ (1,007,514)</u>	<u>\$ 5,256,864</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**Governmental Activities Obligations: (Continued)**

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

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Principal	Interest
2022	\$ 237,247	\$ 80,639
2023	244,547	73,547
2024	251,410	66,239
2025	258,879	58,719
2026	266,435	50,975
2027-2031	1,228,239	143,082
2032-2036	415,927	20,757
Totals	<u>\$ 2,902,684</u>	<u>\$ 493,958</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**Governmental Activities Obligations: (Continued)**

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b><u>Direct Borrowings and Direct Placements:</u></b>		
<i>General Obligation Bonds:</i>		
\$2,845,000 general obligation bond bearing interest at 2.93%, issued July 1, 2013, payable in semi-annual installments beginning February 2014 until August 2033.	\$ 1,977,920	\$ 150,887
\$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.	432,620	57,016
\$509,000 general obligation bond bearing interest at 2.17%, issued December 18, 2020, payable in monthly principal and interest installments of \$3,315 beginning January 18, 2021 until paid in full on December 18, 2035.	<u>492,144</u>	<u>29,344</u>
Total direct borrowings and direct placements	\$ <u>2,902,684</u>	\$ <u>237,247</u>
<b><u>Other Obligations:</u></b>		
Capital leases	\$ 559,471	\$ 104,557
Net pension liability	673,066	-
Net OPEB liabilities	1,012,674	-
Compensated absences	<u>108,969</u>	<u>81,727</u>
Total other obligations	\$ <u>2,354,180</u>	\$ <u>186,284</u>
Total long-term obligations	<u>\$ 5,256,864</u>	<u>423,531</u>

## TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 7-Long-term Obligations: (Continued)****Business-type Activities Obligations:**

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2021:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 4,828,048	\$ 2,004,714	\$ (241,382)	\$ 6,591,380
Note payable	-	84,128	-	84,128
Capital leases	-	161,049	(8,387)	152,662
Net pension liability	4,405	184,317	(67,122)	121,600
Net OPEB liabilities	138,663	101,028	(19,561)	220,130
Compensated absences	42,146	34,211	(31,610)	44,747
Total	\$ 5,013,262	\$ 2,569,447	\$ (368,062)	\$ 7,214,647

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
2022	\$ 484,194	\$ 165,104
2023	496,079	153,411
2024	507,664	141,415
2025	519,913	129,119
2026	532,351	116,508
2027-2031	1,837,191	415,047
2032-2036	1,070,375	187,168
2037-2041	396,209	109,011
2042-2046	443,107	62,110
2047-2051	304,297	12,625
Totals	\$ 6,591,380	\$ 1,491,518

*The note payable has been excluded from the above table as it was forgiven prior to release of the financial statements.*



TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

**Details of long-term obligations:**

	Total Amount	Amount Due Within One Year
<b><u>Direct Borrowings and Direct Placements:</u></b>		
<i>General Obligation Bonds:</i>		
Water Fund - \$2,169,839 general obligation bond bearing interest at 2.25%, issued November 26, 2019, payable in semi-annual principal and interest installments of \$50,522 thereon through October 2050.	\$ 2,097,910	\$ 54,143
Water Fund - \$2,623,000 general obligation bond bearing interest at 2.93%, issued July 1, 2013, payable in semi-annual installments beginning February 2014 until August 2033.	1,823,340	139,113
Fincastle Golf & Swim - \$1,900,000 general obligation bond bearing interest at 3.03%, issued September 26, 2019, payable in monthly installments of \$13,148 beginning October 2019 until June 2035.	1,720,130	107,142
Fincastle Golf & Swim - \$950,000 general obligation bond bearing interest at 1.66%, issued October 21, 2020, payable in yearly installments of \$199,566 beginning October 2021 until October 2025.	950,000	183,796
<i>Note Payable:*</i>		
Fincastle Golf & Swim - \$84,128 Paycheck Protection Program (PPP) Loan bearing interest at 1.00%, issued March 24, 2021 with a maturity date of March 24, 2026.	84,128	84,128
Total direct borrowings and direct placements	\$ 6,675,508	\$ 568,322
<b><u>Other Obligations:</u></b>		
Capital Lease	\$ 152,662	\$ 36,487
Net pension liability	121,600	-
Net OPEB liabilities	220,130	-
Compensated absences	44,747	33,560
Total other obligations	\$ 539,139	\$ 70,047
Total long-term obligations	\$ 7,214,647	638,369

*\*This was completely forgiven in October 2021*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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 \$3,801,260 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.

The Town's 2020 issuance in the amount of \$2,169,839 was secured by future water and tax revenues.

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

**Note 8-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, a utility truck, a bobcat track loader, 50 golf carts, and multiple John Deere lawn care equipment. 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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Machinery, equipment, and vehicles	\$ 1,042,135	\$ 161,049
Less: Accumulated depreciation	<u>(403,827)</u>	<u>(8,161)</u>
Total	<u>\$ 638,308</u>	<u>\$ 152,888</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8-Capital Leases: (continued)**

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, were as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2022	\$ 117,848	\$ 36,487
2023	68,301	36,487
2024	68,301	36,487
2025	68,301	29,359
2026	68,301	13,842
2027-2031	227,491	-
Total minimum lease payments	\$ 618,543	\$ 152,662
Less: Amount representing interest	(59,072)	-
Present value of minimum lease payments	\$ 559,471	\$ 152,662

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Benefit Structures (continued)***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plan: (Continued)*****Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

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

***Employees Covered by Benefit Terms***

As of the June 30, 2019 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	32
Inactive members:	
Vested inactive members	7
Non-vested	40
Inactive members active elsewhere in VRS	<u>25</u>
Total inactive members	72
Active members	<u>72</u>
Total covered employees	<u><u>176</u></u>

***Contributions***

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

The Town's contractually required employer contribution rate for the year ended June 30, 2021 was 7.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$191,953 and \$165,715 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

***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, 2019, 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, 2020.

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

\* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

Mortality 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plan: (Continued)*****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, 2019, 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, 2020.

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

\* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

**Mortality rates:**

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.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plan: (Continued)*****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits - (Continued)***

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

## 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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

*The remainder of this page is left blank intentionally.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

\* The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 9—Pension Plan: (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 8,005,661	\$ 7,955,152	\$ 50,509
Changes for the year:			
Service cost	\$ 258,251	\$ -	\$ 258,251
Interest	527,650	-	527,650
Differences between expected and actual experience	391,568	-	391,568
Assumption changes	-	-	-
Contributions - employer	-	166,424	(166,424)
Contributions - employee	-	119,756	(119,756)
Net investment income	-	152,457	(152,457)
Benefit payments, including refunds of employee contributions	(377,248)	(377,248)	-
Administrative expenses	-	(5,145)	5,145
Other changes	-	(180)	180
Net changes	\$ 800,221	\$ 56,064	\$ 744,157
Balances at June 30, 2020	\$ 8,805,882	\$ 8,011,216	\$ 794,666

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9—Pension Plan: (Continued)*****Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town of Bluefield's			
Net Pension Liability (Asset)	\$ 2,033,404	\$ 794,666	\$ (221,110)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$277,756. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 279,691	\$ 163,480
Change in assumptions	116,542	-
Net difference between projected and actual earnings on pension plan investments	238,078	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,633	3,633
Employer contributions subsequent to the measurement date	191,953	-
Total	\$ 829,897	\$ 167,113

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9—Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$191,953 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, 2022. 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>	
2022	\$ 85,011
2023	173,535
2024	136,034
2025	76,251
2026	-
Thereafter	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 10-Capital Assets:**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,552,410	\$ -	\$ -	\$ 1,552,410
Construction in progress	142,199	270,793	-	412,992
Total capital assets not being depreciated	<u>\$ 1,694,609</u>	<u>\$ 270,793</u>	<u>\$ -</u>	<u>\$ 1,965,402</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 7,885,691	\$ 214,808	\$ -	\$ 8,100,499
Machinery, equipment, and vehicles	8,132,016	342,388	(167,504)	8,306,900
Infrastructure	684,217	-	-	684,217
Total capital assets being depreciated	<u>\$ 16,701,924</u>	<u>\$ 557,196</u>	<u>\$ (167,504)</u>	<u>\$ 17,091,616</u>
Accumulated depreciation:				
Buildings and improvements	\$ (3,365,617)	\$ (241,710)	\$ -	\$ (3,607,327)
Machinery, equipment, and vehicles	(6,170,770)	(595,286)	147,126	(6,618,930)
Infrastructure	(186,331)	(22,556)	-	(208,887)
Total accumulated depreciation	<u>\$ (9,722,718)</u>	<u>\$ (859,552)</u>	<u>\$ 147,126</u>	<u>\$ (10,435,144)</u>
Total capital assets being depreciated, net	<u>\$ 6,979,206</u>	<u>\$ (302,356)</u>	<u>\$ (20,378)</u>	<u>\$ 6,656,472</u>
Governmental activities capital assets, net	<u>\$ 8,673,815</u>	<u>\$ (31,563)</u>	<u>\$ (20,378)</u>	<u>\$ 8,621,874</u>

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

**Governmental Activities:**

General government administration	\$ 186,442
Public safety	357,062
Public works	245,746
Parks, recreation, and cultural	37,688
Community development	<u>32,614</u>
Total depreciation expense-governmental activities	<u>\$ 859,552</u>

TOWN OF BLUEFIELD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 625,166	\$ -	\$ -	\$ 625,166
Construction in progress	1,780,519	2,312,444	(1,478,421)	2,614,542
Total capital assets not being depreciated	<u>\$ 2,405,685</u>	<u>\$ 2,312,444</u>	<u>\$ (1,478,421)</u>	<u>\$ 3,239,708</u>
Capital assets, being depreciated:				
Utility plant and equipment	\$ 7,628,531	\$ -	\$ -	\$ 7,628,531
Buildings and Improvements	1,251,252	1,478,421	-	2,729,673
Machinery, equipment, and vehicles	350,866	205,351	(7,600)	548,617
Total capital assets being depreciated	<u>\$ 9,230,649</u>	<u>\$ 1,683,772</u>	<u>\$ (7,600)</u>	<u>\$ 10,906,821</u>
Accumulated depreciation:				
Utility plant and equipment	\$ (5,597,894)	\$ (235,876)	\$ -	\$ (5,833,770)
Buildings and Improvements	(20,854)	(55,933)	-	(76,787)
Machinery, equipment, and vehicles	(281,765)	(27,818)	7,600	(301,983)
Total accumulated depreciation	<u>\$ (5,900,513)</u>	<u>\$ (319,627)</u>	<u>\$ 7,600</u>	<u>\$ (6,212,540)</u>
Total capital assets being depreciated, net	<u>\$ 3,330,136</u>	<u>\$ 1,364,145</u>	<u>\$ -</u>	<u>\$ 4,694,281</u>
Business-type activities capital assets, net	<u>\$ 5,735,821</u>	<u>\$ 3,676,589</u>	<u>\$ (1,478,421)</u>	<u>\$ 7,933,989</u>

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

**Business-type Activities:**

Water	\$ 244,139
Fincastle Golf & Swim	<u>75,488</u>
Total depreciation expense - business-type activities	<u>\$ 319,627</u>

**Note 11-Surety Bonds:**

*Acordia of West Virginia*

All Town Employees - blanket bond	\$ 25,000
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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.

**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, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees	76
Total retired employees	3
Total	<u>79</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, 2021, was \$24,854.

***Total OPEB Liability***

The Town's total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

The total OPEB liability in the June 30, 2021 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	2.00%
Average Retirement Age	64
Discount Rate	2.16%

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

**Discount Rate**

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

**Changes in Total OPEB Liability**

	Total OPEB Liability
Balance as of June 30, 2020	\$ 1,012,729
Changes for the year:	
Service cost	58,420
Interest	23,399
Effect of Economic/Demographic Gains or Losses	(44,613)
Effect of changes in assumptions	5,625
Contributions - employer	(24,854)
Balance as of June 30, 2021	<u>\$ 1,030,706</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 (1.16%) or one percentage point higher (3.16%) than the current discount rate:

1% Decrease (1.16%)	Current Discount (2.16%)	1% Increase (3.16%)
\$ 1,155,156	\$ 1,030,706	\$ 927,277

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

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

Healthcare Cost Trend Rates		
1% Decrease	Current	1% Increase
\$ 893,157	\$ 1,030,706	\$ 1,199,506

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

For the year ended June 30, 2021, the Town recognized OPEB expense in the amount of \$42,831. At June 30, 2021, 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) Plan (OPEB Plan):**

***Plan Description***

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

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

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

***Eligible Employees***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, 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 service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. The benefit will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ( $1.34\% \times 60\%$ ) and the employer component was 0.54% ( $1.34\% \times 40\%$ ). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$13,845 and \$12,955 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$202,098 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.01211% as compared to 0.01229% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$6,979. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

At June 30, 2021, 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	\$ 12,963	\$ 1,815
Net difference between projected and actual earnings on GLI OPEB plan investments	6,071	-
Change in assumptions	10,107	4,220
Changes in proportionate share	-	4,466
Employer contributions subsequent to the measurement date	<u>13,845</u>	<u>-</u>
Total	<u>\$ 42,986</u>	<u>\$ 10,501</u>

\$13,845 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, 2022. 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>	
2022	\$ 2,316
2023	4,030
2024	5,595
2025	5,665
2026	1,021
Thereafter	14

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

\*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

**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, 2021

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Net GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\*The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy 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, 2020, 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 265,671	\$ 202,098	\$ 150,467

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021

**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, 2021, was \$7,576.

**Note 16-OPEB Summary:**

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Health Insurance OPEB (Note 13)	\$ -	\$ -	\$ 1,030,706	\$ 42,831
VRS Group Life Insurance(GLI) Plan (Note 14)	42,986	10,501	202,098	6,979
Totals	<u>\$ 42,986</u>	<u>\$ 10,501</u>	<u>\$ 1,232,804</u>	<u>\$ 49,810</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 - 2021 Levy	\$ 1,126,547
Prepaid taxes	11,996
Total deferred revenue for governmental activities	<u>\$ 1,138,543</u>

Taxes receivable due prior to June 30, 2021, not collected within 60 days	(6,184)
Total unavailable revenue for governmental funds	<u>\$ 1,132,359</u>

## TOWN OF BLUEFIELD, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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#### **Note 18-Litigation:**

As of June 30, 2021, 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-Commitments:**

At June 30, 2021, the Town had the following outstanding construction commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Cleco Corporation - High Street Improvements	\$ 693,165	\$ 447,465	\$ 120,210	\$ -
Thompson & Litton - High Street Improvements	139,854	13,199	3,778	-
Thompson & Litton - Water System Improvements	127,256	2,011	1,057	-
National Pools of Roanoke, Inc - Pool Upgrades	148,700	110,544	-	-
Cardno, Inc - BFVA Bluefield Brownfield Asmt.	579,000	229,850	6,527	-
Total	\$ 1,687,975	\$ 803,069	\$ 131,572	\$ -

#### **Note 20-COVID-19 Pandemic Funding and Subsequent Event:**

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

#### ***CARES Act Funding***

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The Town received total CRF funding of \$181,905 through Tazewell County, Virginia. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$16,721 are reported as unearned revenue as of June 30.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 20-COVID-19 Pandemic Funding and Subsequent Event: (Continued)**

***ARPA Funding***

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

On June 30, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,509,234 from the initial allocation are reported as unearned revenue as of June 30.

***Paycheck Protection Program (PPP) Loan***

As discussed in Note 7, the Fincastle Golf and Swim Club received a PPP loan in the amount of \$84,128.40 during fiscal year 2021. This amount was completely forgiven in October 2021.

**Note 21-Adoption of Accounting Principle:**

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purpose and how those activities should be reported. No restatement was required as a result of this implementation.

**Note 22-Upcoming Pronouncements:**

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 June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 22-Upcoming Pronouncements: (Continued)**

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
General property taxes	\$ 1,000,000	\$ 1,000,000	\$ 984,042	\$ (15,958)
Other local taxes	3,189,491	3,189,492	3,373,406	183,914
Permits, privilege fees, and regulatory licenses	22,750	22,750	15,757	(6,993)
Fines and forfeitures	60,000	60,000	39,216	(20,784)
Revenue from the use of money and property	3,000	3,000	2,294	(706)
Charges for services	456,000	456,000	424,109	(31,891)
Miscellaneous	272,467	595,162	441,743	(153,419)
Recovered costs	185,000	231,588	41,343	(190,245)
Intergovernmental:				
Commonwealth	1,682,998	1,839,201	1,569,428	(269,773)
Federal	600,000	852,569	329,842	(522,727)
Total revenues	<u>\$ 7,471,706</u>	<u>\$ 8,249,762</u>	<u>\$ 7,221,180</u>	<u>\$ (1,028,582)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,416,547	\$ 1,433,979	\$ 1,293,298	\$ 140,681
Public safety	1,929,783	2,345,151	2,287,117	58,034
Public works	1,490,309	1,531,909	1,275,062	256,847
Parks, recreation, and cultural	598,133	723,133	540,125	183,008
Community development	205,705	381,792	284,970	96,822
Nondepartmental	112,515	138,584	63,893	74,691
Capital projects	1,228,715	1,228,715	448,455	780,260
Debt service:				
Principal	363,958	363,958	363,958	-
Interest and other fiscal charges	39,041	39,041	99,783	(60,742)
Total expenditures	<u>\$ 7,384,706</u>	<u>\$ 8,186,262</u>	<u>\$ 6,656,661</u>	<u>\$ 1,529,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 87,000</u>	<u>\$ 63,500</u>	<u>\$ 564,519</u>	<u>\$ 501,019</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (531,612)	\$ (531,612)	\$ (385,392)	\$ 146,220
Issuance of general obligation bond	264,000	264,000	509,000	245,000
Total other financing sources (uses)	<u>\$ (267,612)</u>	<u>\$ (267,612)</u>	<u>\$ 123,608</u>	<u>\$ 391,220</u>
Net change in fund balances	<u>\$ (180,612)</u>	<u>\$ (204,112)</u>	<u>\$ 688,127</u>	<u>\$ 892,239</u>
Fund balances - beginning	<u>180,612</u>	<u>204,112</u>	<u>3,948,258</u>	<u>3,744,146</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,636,385</u>	<u>\$ 4,636,385</u>

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

**For the Measurement Dates of June 30, 2014 through June 30, 2020**

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 258,251	\$ 230,259	\$ 240,107	\$ 245,491	\$ 244,311	\$ 223,823	\$ 185,176
Interest	527,650	523,006	498,539	470,942	439,333	388,048	362,854
Changes in benefit terms	-	-	-	-	-	503,171	-
Differences between expected and actual experience	391,568	(322,849)	(75,749)	63,743	12,334	(183,752)	-
Changes of assumptions	-	256,114	-	(92,340)	-	-	-
Benefit payments	(377,248)	(304,765)	(321,973)	(265,201)	(223,643)	(173,666)	(202,548)
<b>Net change in total pension liability</b>	<b>\$ 800,221</b>	<b>\$ 381,765</b>	<b>\$ 340,924</b>	<b>\$ 422,635</b>	<b>\$ 472,335</b>	<b>\$ 757,624</b>	<b>\$ 345,482</b>
<b>Total pension liability - beginning</b>	<b>8,005,661</b>	<b>7,623,896</b>	<b>7,282,972</b>	<b>6,860,337</b>	<b>6,388,002</b>	<b>5,630,378</b>	<b>5,284,896</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 8,805,882</b>	<b>\$ 8,005,661</b>	<b>\$ 7,623,896</b>	<b>\$ 7,282,972</b>	<b>\$ 6,860,337</b>	<b>\$ 6,388,002</b>	<b>\$ 5,630,378</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 166,424	\$ 163,202	\$ 158,676	\$ 155,323	\$ 185,991	\$ 184,961	\$ 128,659
Contributions - employee	119,756	118,719	117,408	122,353	112,253	111,090	105,784
Net investment income	152,457	503,389	520,220	766,573	109,576	265,551	774,022
Benefit payments	(377,248)	(304,765)	(321,973)	(265,201)	(223,643)	(173,666)	(202,548)
Administrator charges	(5,145)	(4,880)	(4,452)	(4,333)	(3,700)	(3,460)	(4,101)
Other	(180)	(318)	(464)	(685)	(46)	(56)	41
<b>Net change in plan fiduciary net position</b>	<b>\$ 56,064</b>	<b>\$ 475,347</b>	<b>\$ 469,415</b>	<b>\$ 774,030</b>	<b>\$ 180,431</b>	<b>\$ 384,420</b>	<b>\$ 801,857</b>
<b>Plan fiduciary net position - beginning</b>	<b>7,955,152</b>	<b>7,479,805</b>	<b>7,010,390</b>	<b>6,236,360</b>	<b>6,055,929</b>	<b>5,671,509</b>	<b>4,869,652</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 8,011,216</b>	<b>\$ 7,955,152</b>	<b>\$ 7,479,805</b>	<b>\$ 7,010,390</b>	<b>\$ 6,236,360</b>	<b>\$ 6,055,929</b>	<b>\$ 5,671,509</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 794,666</b>	<b>\$ 50,509</b>	<b>\$ 144,091</b>	<b>\$ 272,582</b>	<b>\$ 623,977</b>	<b>\$ 332,073</b>	<b>\$ (41,131)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	<b>90.98%</b>	<b>99.37%</b>	<b>98.11%</b>	<b>96.26%</b>	<b>90.90%</b>	<b>94.80%</b>	<b>100.73%</b>
<b>Covered payroll</b>	<b>\$ 2,475,726</b>	<b>\$ 2,411,073</b>	<b>\$ 2,375,840</b>	<b>\$ 2,311,623</b>	<b>\$ 2,265,911</b>	<b>\$ 2,245,314</b>	<b>\$ 2,117,937</b>
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	<b>32.10%</b>	<b>2.09%</b>	<b>6.06%</b>	<b>11.79%</b>	<b>27.54%</b>	<b>14.79%</b>	<b>-1.94%</b>

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



Town of Bluefield, Virginia  
Schedule of Employer Contributions  
Pension Plan

For the Years Ended June 30, 2012 through June 30, 2021

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)		
2021	\$ 191,953	\$ 191,953	\$ -	\$ 2,535,462	7.57%
2020	165,715	165,715	-	2,475,726	6.69%
2019	163,312	163,312	-	2,411,073	6.77%
2018	158,676	158,676	-	2,375,840	6.68%
2017	153,852	153,852	-	2,311,623	6.66%
2016	185,991	185,991	-	2,265,911	8.21%
2015	184,961	184,961	-	2,245,314	8.24%
2014	128,771	128,771	-	2,117,937	6.08%
2013	125,865	125,865	-	2,090,618	6.02%
2012	60,984	60,984	-	2,013,159	3.03%

**Town of Bluefield, Virginia**  
**Notes to Required Supplementary Information**  
**Pension Plan**  
**For the Year Ended June 30, 2021**

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Town of Bluefield, Virginia  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Town Health Insurance  
For the Measurement Dates of June 30, 2018 through June 30, 2021

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

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

Town of Bluefield, Virginia  
Notes to Required Supplementary Information - Town Health Insurance  
For the Year Ended June 30, 2021

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Valuation Date: 6/30/2021

Measurement Date: 6/30/2021

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	2.16% as of June 30, 2021
Inflation	2.00% per year as of June 30, 2021
Healthcare Trend Rate - Medical	The medical healthcare trend rate assumption starts at 4.90% and before ultimately decreasing to 4.30%
Healthcare Trend Rate - Pharmacy	The pharmacy trend rate assumption starts at 5.90% and ultimately decreasing to 4.30%
Healthcare Trend Rate - Dental	The dental healthcare trend rate assumption starts at 3.50% and decreases after one year to a constant 3.00%
Healthcare Trend Rate - Vision	The vision healthcare trend rate assumption starts at 3.00% remains constant
Salary Increase Rates	2.00% per year as of June 30, 2021
Retirement Age	The average age at retirement is 64
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years

Town of Bluefield, Virginia  
Schedule of Town's Share of Net OPEB Liability  
Group Life Insurance (GLI) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2020

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)
2020	0.01211% \$	202,098 \$	2,475,726	8.16%	52.64%
2019	0.01229%	199,991	2,411,073	8.29%	52.00%
2018	0.01249%	190,000	2,375,840	8.00%	51.22%
2017	0.01253%	189,000	2,311,623	8.18%	48.86%

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

Town of Bluefield, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2012 through June 30, 2021

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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)
2021	\$ 13,845	\$ 13,845	\$ -	2,563,979	0.54%
2020	12,955	12,955	-	2,475,726	0.52%
2019	12,538	12,538	-	2,411,073	0.52%
2018	12,354	12,354	-	2,375,840	0.52%
2017	12,020	12,020	-	2,311,623	0.52%
2016	10,876	10,876	-	2,265,911	0.48%
2015	10,778	10,778	-	2,245,314	0.48%
2014	10,166	10,166	-	2,117,937	0.48%
2013	10,035	10,035	-	2,090,618	0.48%
2012	5,637	5,637	-	2,013,159	0.28%

**Town of Bluefield, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2021**

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 14.00% to 15.00%
Discount Rate	Decreased from 7.00% to 6.75%

**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 60.00% to 45.00%
Discount Rate	Decreased from 7.00% to 6.75%

## Other Supplementary Information



Town of Bluefield, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue Funds		
	Public Transit <u>Fund</u>	Cemetery <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 85,614	\$ 57,913	\$ 143,527
Investments	-	21,352	21,352
Due from other governmental units	22,617	-	22,617
Total assets	<u>\$ 108,231</u>	<u>\$ 79,265</u>	<u>\$ 187,496</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,177	\$ 692	\$ 4,869
Accrued wages	8,756	-	8,756
Total liabilities	<u>\$ 12,933</u>	<u>\$ 692</u>	<u>\$ 13,625</u>
<b>FUND BALANCES</b>			
Committed	\$ 95,298	\$ 78,573	\$ 173,871
Total fund balances	<u>\$ 95,298</u>	<u>\$ 78,573</u>	<u>\$ 173,871</u>
Total liabilities and fund balances	<u>\$ 108,231</u>	<u>\$ 79,265</u>	<u>\$ 187,496</u>

Town of Bluefield, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2021

	Special Revenue Funds		
	Public Transit <u>Fund</u>	Cemetery <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 73	\$ 73
Charges for services	7,906	43,980	51,886
Miscellaneous	3,142	-	3,142
Intergovernmental:			
Commonwealth	43,818	-	43,818
Federal	286,779	-	286,779
Total revenues	<u>\$ 341,645</u>	<u>\$ 44,053</u>	<u>\$ 385,698</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 357,483	\$ -	\$ 357,483
Parks, recreation, and cultural	-	22,278	22,278
Total expenditures	<u>\$ 357,483</u>	<u>\$ 22,278</u>	<u>\$ 379,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,838)</u>	<u>\$ 21,775</u>	<u>\$ 5,937</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Net change in fund balances	\$ 4,162	\$ 21,775	\$ 25,937
Fund balances - beginning	91,136	56,798	147,934
Fund balances - ending	<u>\$ 95,298</u>	<u>\$ 78,573</u>	<u>\$ 173,871</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 11,000	\$ 11,000	\$ 7,906	\$ (3,094)
Miscellaneous	-	-	3,142	3,142
Intergovernmental:				
Commonwealth	83,200	83,200	43,818	(39,382)
Federal	317,355	317,355	286,779	(30,576)
Total revenues	\$ 411,555	\$ 411,555	\$ 341,645	\$ (69,910)
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 528,710	\$ 528,710	\$ 357,483	\$ 171,227
Total expenditures	\$ 528,710	\$ 528,710	\$ 357,483	\$ 171,227
Excess (deficiency) of revenues over (under) expenditures	\$ (117,155)	\$ (117,155)	\$ (15,838)	\$ 101,317
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 117,155	\$ 117,155	\$ 20,000	\$ (97,155)
Total other financing sources (uses)	\$ 117,155	\$ 117,155	\$ 20,000	\$ (97,155)
Net change in fund balances	\$ -	\$ -	\$ 4,162	\$ 4,162
Fund balances - beginning	-	-	91,136	91,136
Fund balances - ending	\$ -	\$ -	\$ 95,298	\$ 95,298

Town of Bluefield, Virginia  
Cemetery Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,050	\$ 1,050	\$ 73	\$ (977)
Charges for services	33,500	33,500	43,980	10,480
Total revenues	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 44,053</u>	<u>\$ 9,503</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	\$ 34,550	\$ 34,550	\$ 22,278	\$ 12,272
Total expenditures	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 22,278</u>	<u>\$ 12,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,775</u>	<u>\$ 21,775</u>
Net change in fund balances	\$ -	\$ -	\$ 21,775	\$ 21,775
Fund balances - beginning	-	-	56,798	56,798
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,573</u>	<u>\$ 78,573</u>

Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 750,000	\$ 750,000	\$ 729,201	\$ (20,799)
Real and Personal PSC Tax	35,000	35,000	46,610	11,610
Personal Property Tax	186,500	186,500	179,496	(7,004)
Mobile Home Tax	2,500	2,500	1,877	(623)
Machinery and Tools Tax	20,000	20,000	21,029	1,029
Penalties	3,600	3,600	5,283	1,683
Interest	2,400	2,400	546	(1,854)
Total general property taxes	\$ 1,000,000	\$ 1,000,000	\$ 984,042	\$ (15,958)
Other local taxes:				
Local sales and use taxes	\$ 373,000	\$ 373,000	\$ 423,016	\$ 50,016
Consumers' utility taxes	120,000	120,000	116,623	(3,377)
Cigarette tax	238,000	238,000	294,472	56,472
Business license taxes	653,000	653,001	628,328	(24,673)
Consumption taxes	60,000	60,000	25,080	(34,920)
Motor vehicle licenses	31,000	31,000	39,389	8,389
Bank stock taxes	185,000	185,000	206,710	21,710
Franchise tax	9,000	9,000	9,375	375
Restaurant food taxes	1,520,491	1,520,491	1,630,413	109,922
Total other local taxes	\$ 3,189,491	\$ 3,189,492	\$ 3,373,406	\$ 183,914
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 15,000	\$ 15,000	\$ 11,443	\$ (3,557)
Zoning permits	6,000	6,000	3,651	(2,349)
Erosion and sediment permits	1,500	1,500	663	(837)
Permits and other licenses	250	250	-	(250)
Total permits, privilege fees, and regulatory licenses	\$ 22,750	\$ 22,750	\$ 15,757	\$ (6,993)
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 39,216	\$ (20,784)
Revenue from use of money and property:				
Revenue from use of money	\$ 3,000	\$ 3,000	\$ 2,294	\$ (706)
Charges for services:				
Charges for recreation user fees	\$ 2,000	\$ 2,000	\$ 2,617	\$ 617
Charges for refuse collections	403,000	403,000	398,328	(4,672)
Charges for container rent	1,000	1,000	649	(351)
Charges for Harmony Acres pool	50,000	50,000	22,515	(27,485)
Total charges for services	\$ 456,000	\$ 456,000	\$ 424,109	\$ (31,891)

Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Gifts and donations	\$ 5,698	\$ 298,393	\$ 360,665	\$ 62,272
Miscellaneous	266,769	296,769	81,078	(215,691)
Total miscellaneous	<u>\$ 272,467</u>	<u>\$ 595,162</u>	<u>\$ 441,743</u>	<u>\$ (153,419)</u>
Recovered costs:				
Other recovered costs	<u>\$ 185,000</u>	<u>\$ 231,588</u>	<u>\$ 41,343</u>	<u>\$ (190,245)</u>
Total revenue from local sources	<u>\$ 5,188,708</u>	<u>\$ 5,557,992</u>	<u>\$ 5,321,910</u>	<u>\$ (236,082)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 7,700	\$ 7,700	\$ 6,555	\$ (1,145)
Mobile home titling tax	500	500	330	(170)
Telecommunications Tax	-	-	32,118	32,118
Personal property tax relief funds	108,477	108,477	108,447	(30)
Total noncategorical aid	<u>\$ 116,677</u>	<u>\$ 116,677</u>	<u>\$ 147,450</u>	<u>\$ 30,773</u>
Categorical aid:				
Other categorical aid:				
Law enforcement grants	\$ 223,876	\$ 380,079	\$ 277,921	\$ (102,158)
Litter control grant	3,000	3,000	2,556	(444)
State fire funds	18,445	18,445	20,747	2,302
Street maintenance	1,057,000	1,057,000	1,120,754	63,754
VDOT revenue sharing	264,000	264,000	-	(264,000)
Total other categorical aid	<u>\$ 1,566,321</u>	<u>\$ 1,722,524</u>	<u>\$ 1,421,978</u>	<u>\$ (300,546)</u>
Total categorical aid	<u>\$ 1,566,321</u>	<u>\$ 1,722,524</u>	<u>\$ 1,421,978</u>	<u>\$ (300,546)</u>
Total revenue from the Commonwealth	<u>\$ 1,682,998</u>	<u>\$ 1,839,201</u>	<u>\$ 1,569,428</u>	<u>\$ (269,773)</u>
Revenue from the Federal Government:				
Categorical aid:				
Police grants	\$ -	\$ 47,569	\$ 50,793	\$ 3,224
COVID-19 Coronavirus Relief Fund	-	205,000	156,926	(48,074)
EPA hazardous materials grant	600,000	600,000	122,123	(477,877)
Total categorical aid	<u>\$ 600,000</u>	<u>\$ 852,569</u>	<u>\$ 329,842</u>	<u>\$ (522,727)</u>
Total revenue from the federal government	<u>\$ 600,000</u>	<u>\$ 852,569</u>	<u>\$ 329,842</u>	<u>\$ (522,727)</u>
Total intergovernmental	<u>\$ 2,282,998</u>	<u>\$ 2,691,770</u>	<u>\$ 1,899,270</u>	<u>\$ (792,500)</u>
Total General Fund	<u><u>\$ 7,471,706</u></u>	<u><u>\$ 8,249,762</u></u>	<u><u>\$ 7,221,180</u></u>	<u><u>\$ (1,028,582)</u></u>

Town of Bluefield, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<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	\$ 7,906	\$ (3,094)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 3,142	\$ 3,142
Total revenue from local sources	\$ 11,000	\$ 11,000	\$ 11,048	\$ 48
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public transportation grant	\$ 83,200	\$ 83,200	\$ 43,818	\$ (39,382)
Total revenue from the Commonwealth	\$ 83,200	\$ 83,200	\$ 43,818	\$ (39,382)
Revenue from the federal government:				
Categorical aid:				
Public transportation grant	\$ 317,355	\$ 317,355	\$ 286,779	\$ (30,576)
Total revenue from the federal government	\$ 317,355	\$ 317,355	\$ 286,779	\$ (30,576)
Total intergovernmental	\$ 400,555	\$ 400,555	\$ 330,597	\$ (69,958)
Total Public Transit Fund	\$ 411,555	\$ 411,555	\$ 341,645	\$ (69,910)
<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	\$ 73	\$ (977)
Charges for services:				
Charges for grave openings	\$ 20,000	\$ 20,000	\$ 24,575	\$ 4,575
Charges for plots	13,500	13,500	19,405	5,905
Total charges for services	\$ 33,500	\$ 33,500	\$ 43,980	\$ 10,480
Total revenue from local sources	\$ 34,550	\$ 34,550	\$ 44,053	\$ 9,503
Total Cemetery Fund	\$ 34,550	\$ 34,550	\$ 44,053	\$ 9,503
Total Primary Government	\$ 7,917,811	\$ 8,695,867	\$ 7,606,878	\$ (1,088,989)

Town of Bluefield, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<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	\$ 62,962	\$ 62,962	\$ 78,351	\$ (15,389)
General and financial administration:				
Town manager	\$ 461,278	\$ 455,210	\$ 295,679	\$ 159,531
Legal services	4,000	4,000	15,166	(11,166)
Vehicle maintenance	499,809	523,309	509,361	13,948
Treasurer	209,237	209,237	228,444	(19,207)
Bookkeeper	136,261	136,261	124,947	11,314
Audit services	43,000	43,000	41,350	1,650
Total general and financial administration	\$ 1,353,585	\$ 1,371,017	\$ 1,214,947	\$ 156,070
Total general government administration	\$ 1,416,547	\$ 1,433,979	\$ 1,293,298	\$ 140,681
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,649,636	\$ 1,926,012	\$ 1,842,484	\$ 83,528
Fire and rescue services:				
Fire department	\$ 161,391	\$ 308,383	\$ 328,997	\$ (20,614)
Inspections:				
Building	\$ 118,756	\$ 110,756	\$ 115,636	\$ (4,880)
Total public safety	\$ 1,929,783	\$ 2,345,151	\$ 2,287,117	\$ 58,034
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 1,089,425	\$ 1,098,865	\$ 863,594	\$ 235,271
Sanitation and waste removal:				
Refuse collections	\$ 299,470	\$ 305,726	\$ 288,396	\$ 17,330
Maintenance of general buildings and grounds:				
General properties	\$ 101,414	\$ 101,414	\$ 109,450	\$ (8,036)
COVID related improvements	-	25,904	13,622	12,282
Total maintenance of general buildings and grounds	\$ 101,414	\$ 127,318	\$ 123,072	\$ 4,246
Total public works	\$ 1,490,309	\$ 1,531,909	\$ 1,275,062	\$ 256,847
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 510,462	\$ 635,462	\$ 454,430	\$ 181,032
Cultural enrichment:				
Cemetery department	\$ 87,671	\$ 87,671	\$ 85,695	\$ 1,976
Total parks, recreation, and cultural	\$ 598,133	\$ 723,133	\$ 540,125	\$ 183,008



Town of Bluefield, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<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	\$ 8,192	\$ (1,202)
Zoning administration	93,915	93,915	99,453	(5,538)
Contributions and community activities	92,200	88,395	79,745	8,650
Economic development	12,600	86,000	41,580	44,420
IDA COVID business grants	-	106,492	56,000	50,492
Total planning and community development	<u>\$ 205,705</u>	<u>\$ 381,792</u>	<u>\$ 284,970</u>	<u>\$ 96,822</u>
Total community development	<u>\$ 205,705</u>	<u>\$ 381,792</u>	<u>\$ 284,970</u>	<u>\$ 96,822</u>
Nondepartmental:				
Nondepartmental	<u>\$ 112,515</u>	<u>\$ 138,584</u>	<u>\$ 63,893</u>	<u>\$ 74,691</u>
Capital projects:				
High Street	\$ 556,715	\$ 556,715	\$ 274,571	\$ 282,144
Brownfield renovations	600,000	600,000	173,884	426,116
Hockman Pike Bridge	72,000	72,000	-	72,000
Total capital projects	<u>\$ 1,228,715</u>	<u>\$ 1,228,715</u>	<u>\$ 448,455</u>	<u>\$ 780,260</u>
Debt service:				
Principal retirement	\$ 363,958	\$ 363,958	\$ 363,958	\$ -
Interest and other fiscal charges	39,041	39,041	99,783	(60,742)
Total debt service	<u>\$ 402,999</u>	<u>\$ 402,999</u>	<u>\$ 463,741</u>	<u>\$ (60,742)</u>
Total General Fund	<u>\$ 7,384,706</u>	<u>\$ 8,186,262</u>	<u>\$ 6,656,661</u>	<u>\$ 1,529,601</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>\$ 357,483</u>	<u>\$ 171,227</u>
Total Public Transit Fund	<u>\$ 528,710</u>	<u>\$ 528,710</u>	<u>\$ 357,483</u>	<u>\$ 171,227</u>
<b>Cemetery Fund:</b>				
Parks, recreation, and cultural:				
Cultural enrichment:				
Cemetery	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 22,278</u>	<u>\$ 12,272</u>
Total Cemetery Fund	<u>\$ 34,550</u>	<u>\$ 34,550</u>	<u>\$ 22,278</u>	<u>\$ 12,272</u>
Total Primary Government	<u>\$ 7,947,966</u>	<u>\$ 8,749,522</u>	<u>\$ 7,036,422</u>	<u>\$ 1,713,100</u>

## Other Statistical Information

Table 1

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

Fiscal Year	General		Parks,			Interest		Fincastle		Total
	Government Administration	Public Safety	Public Works	Recreation, and Cultural	Community Development	on Long-term Debt	Water and Sewer	Golf & Swim		
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	
2019-20	1,510,157	2,029,065	2,641,554	425,735	629,225	116,167	1,236,606	919,100	9,507,609	
2020-21	1,447,535	2,461,607	2,072,939	407,793	196,623	109,934	1,315,871	1,419,152	9,431,454	

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	
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
2019-20	2,190,232	1,784,640	740,926	1,020,970	3,178,444	44,498	124,571	152,195	9,236,476
2020-21	2,738,281	2,082,117	923,576	875,247	3,373,406	12,484	542,067	147,750	10,694,928

Table 3

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

Fiscal Year	General		Parks,					Non-		Debt		Total
	Government Administration	Public Safety	Public Works	Recreation, and Cultural	Community Development	Capital Projects	departmental	departmental	Service	Service		
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			
2019-20	1,240,211	1,851,872	2,355,016	428,551	353,524	955,982	122,898	414,996	7,723,050			
2020-21	1,293,298	2,287,117	1,632,545	562,403	284,970	448,455	63,893	463,741	7,036,422			

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
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
2019-20	961,278	3,178,444	18,770	39,759	33,475	471,510	83,333	41,362	2,433,229	7,261,160
2020-21	984,042	3,373,406	15,757	39,216	2,367	475,995	444,885	41,343	2,229,867	7,606,878

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		Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Delinquent Taxes to Tax Levy	
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%	
2019-20	1,095,607	1,033,396	94.32%	36,329	1,069,725	97.64%	236,611	21.60%	
2020-21	1,092,863	1,044,411	95.57%	48,078	1,092,489	99.97%	212,329	19.43%	

(1) May include penalties and interest.

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Utility (2)	Total
				Real Estate and Personal Property	
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
2019-20	395,751,300	51,439,240	2,913,800	24,916,520	475,020,860
2020-21	393,101,900	51,210,885	3,504,900	24,858,447	472,676,132

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

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



Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
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
2019-20	0.188	0.188	0.600	0.600
2020-21	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
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
2019-20	5,444	475,020,860	7,442,761	1.57%	1,367
2020-21	5,444	472,676,132	7,396,154	1.56%	1,359

(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.

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
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%
2019-20	316,986	98,010	414,996	7,723,050	5.37%
2020-21	363,958	99,783	463,741	7,036,422	6.59%

Table 10

Town of Bluefield, Virginia  
Computation of Legal Debt Margin  
June 30, 2021

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Assessed valuations:	
Assessed value	\$ 393,101,900
	<u>                    </u>
Legal debt margin	
Debt limitation - 10 percent of total assessed value	\$ 39,310,190
Total debt applicable to limitation	7,396,154
	<u>                    </u>
Legal debt margin	\$ 31,914,036
	<u>                    </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, 2021, and the related notes to the financial statements, which collectively comprise the Town of Bluefield, Virginia's basic financial statements and have issued our report thereon dated December 20, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2021-001 and 2021-002, that we consider to be material weaknesses.

## Compliance and Other Matters

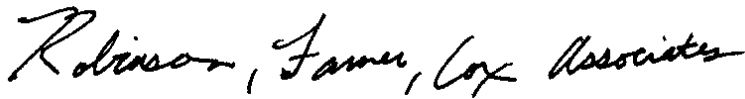
As part of obtaining reasonable assurance about whether the Town of Bluefield, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

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

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

## Purpose of this Report

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



Blacksburg, Virginia  
December 20, 2021

Town of Bluefield, Virginia  
Schedule of Findings and Responses  
For the Year Ended June 30, 2021

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

**Financial Statements**

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

**Section II - Financial Statement Findings**

**2021-001**

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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.



**Town of Bluefield, Virginia**  
**Schedule of Findings and Responses (Continued)**  
**For the Year Ended June 30, 2021**

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

**2021-002**

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Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The Town's financial statements required material adjustments to ensure such statements complied with Generally Accepted Accounting Principles.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the Town's internal controls over financial reporting.
Cause:	The Town has had limited interfund activity historically but the Town has implemented several new funds and activities. The Due to/Due from balances in the general ledger did not balance and caused significant audit adjustments to reconcile.
Recommendation:	The Town Treasurer and Finance Office should ensure the Due To/Due From accounts balance each month as well as transfers from fund to fund.
Management's Response:	The Town Treasurer and Finance Office will work to implement a process to ensure the books are appropriately balanced prior to providing same to the consultants for further preparation.

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

Finding 2020-001 reoccurred in the current year as 2021-001.