



Regular Council Meeting

A G E N D A

February 17, 2026

7:00 p.m.

Administrative

- Approval of Minutes
- Report of Town Manager
- Appearances before Council
- Council Comments
- Report of Council Committees
- Revisions to Agenda

Public Hearings:

Consent Agenda (roll call)

1-CC-15-1-2-17	Acceptance of Single Audit Report for Fiscal Year 2025
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Old Business

New Business

2-CC-15-1-2-17	Downtown Action Strategy Update – Discussion of Vacant Building Registry
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Closed session pursuant to Section 2.2-3711 (a) (1) of the Code of Virginia of 1950, as amended, to discuss personnel matters

Citizens may watch the meeting in real time via the Town of Bedford Live Stream website: <https://www.youtube.com/@townofbedford>

The Town will strive to provide reasonable accommodations and services for persons who require special assistance to participate in this public involvement opportunity. Contact (540) 587-6001 for more information.

TOWN OF BEDFORD, VIRGINIA
TOWN COUNCIL
ACTION FORM

ITEM: Acceptance of Single Audit Report for Fiscal Year 2025

DATE OF COUNCIL MEETING: February 17, 2026

DATE: February 11, 2026

PRESENTATION:

In accordance with the Single Audit Act and OMB Uniform Guidance, the Town of Bedford is required to undergo an annual audit of its federal award expenditures because the Town expended more than \$750,000 in federal funds during the fiscal year. The report is a supplement to the Annual Comprehensive Financial Report (ACFR) and focuses specifically on internal controls and compliance related to federal programs.

The audit for Fiscal Year (FY) 2025 was completed by Brown Edwards & Company LLC. The report is typically issued with the ACFR, but was delayed this year due to a delay in the release of guidance from the federal government. The primary objective of the report is to describe the scope of testing of internal control and compliance and the result of that testing. The results of the audit are included on the Schedule of Findings and Questioned Costs, with the only finding comment relating to public safety and parks expenditures that exceeded the final revised budget of the Town. No instances of noncompliance, deficiencies, or material weaknesses were reported.

ACTION REQUESTED:

Town Council is requested to approve and accept the FY2025 Single Audit Report as presented and authorize its submission to the Federal Audit Clearinghouse (FAC).

		YES	NO	OTHER	ROUTING		
DATE: _____	EVANS	()	()	()	TOWN ATTY.	()	I.T. ()
	FOREMAN	()	()	()	COMM. DEV.	()	POLICE ()
APPROVED ()	FOSTER	()	()	()	ELECTRIC	()	PUBLIC SERV. ()
DENIED ()	HAILEY	()	()	()	ENGINEERING	()	OTHER _____ ()
DEFERRED TO: _____	IPPOLITO	()	()	()	FINANCE	()	
	STANLEY	()	()	()	FIRE DEPT.	()	
	UPDIKE	()	()	()	H.R.	()	

Town of Bedford, Virginia

Report on Single Audit

June 30, 2025



BROWNEDWARDS
certified public accountants

Town of Bedford, Virginia

Contents

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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Compliance Information

Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	7
Summary of Compliance Matters	8
Schedule of Findings and Questioned Costs	9



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

To the Honorable Members of Town Council
Town of Bedford, Virginia
Bedford, 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 Town of Bedford, Virginia (the "Town"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 12, 2025, except for the Compliance Information, as to which is dated January 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 an instance of noncompliance that is required to be reported under *Governmental Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs, as Item 2025-001.

Town of Bedford, Virginia' Responses to Findings

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

Purpose of this Report

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

Brown, Edwards & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia

November 12, 2025, except for the Compliance Information, as to which is dated January 29, 2026

Compliance Information



Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Honorable Members of Town Council
Town of Bedford, Virginia
Bedford, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Town of Bedford, Virginia's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2025. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Town of Bedford, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated November 12, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia

January 29, 2026

Town of Bedford, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Amounts Passed Thru to Sub-Recipients	Federal Expenditures	Total Cluster
Department of Housing and Urban Development:					
Pass Through Payments:					
Virginia Department of Housing and Community Development					
Community Development Block Grants/Entitlement Grants (CDBG – Entitlement Grant Cluster)	14.218		\$ -	\$ 93,702	<u>\$ 93,702</u>
Total CDBG – Entitlement Grant Cluster					
Department of Agriculture					
Direct Awards					
USDA Rural Business Development Grant	10.351		-	37,500	
Department of Justice:					
Pass Through Payments:					
Virginia Department of Criminal Justice Services					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	3,200	
Department of Transportation:					
Pass Through Payments:					
Virginia Department of Motor Vehicles					
Alcohol Open Container Requirements	20.607		-	3,149	
Highway Safety Cluster					
State and Community Highway Safety	20.600		-	13,441	<u>\$ 13,441</u>
Total Highway Safety Cluster					
Department of the Treasury:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	461592994	3,046,989	3,046,989	
Department of Homeland Security					
Direct Awards					
Staffing for Adequate Fire and Emergency Response	97.083		-	31,000	
Department of Transportation					
Pass Through Payments:					
Virginia Department of Transportation					
Highway Planning and Construction	20.205		-	251,800	<u>\$ 3,046,989</u> <u>\$ 3,480,781</u>

Notes:

Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Indirect Cost Rate

The Town has not elected to utilize the 10 percent de minimis indirect cost rate.

Outstanding Loan Balances

At June 30, 2025, the Town had no outstanding loan balances requiring continuing disclosure.

Town of Bedford, Virginia
Summary of Compliance Matters
June 30, 2025

As more fully described in the Independent Auditor's 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*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia:

- Budget and Appropriation Laws
- Cash and Investment Laws
- Conflicts of Interest Act
- Local Retirement Systems
- Debt Provisions
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act
- Highway Maintenance
- Fire Program Aid

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

Local Compliance Matters

Town Charter

Town Code

Town of Bedford, Virginia
Schedule of Findings and Questioned Costs
June 30, 2025

A – Summary of Auditor’s Results

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the financial statements were reported in the Independent Auditor’s 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed no audit findings related to the major program.
7. The program tested as major was:

Name of Program	Assistance Listing Number
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The **threshold for distinguishing Type A and Type B programs** was **\$750,000**.
9. The Town was determined to be a **low-risk auditee**.

B – Findings – Financial Statement Audit

None noted.

C – Findings and Questioned Costs – Major Federal Award Program Audit

None noted.

Town of Bedford, Virginia

Schedule of Findings and Questioned Costs

June 30, 2025

D – Findings and Questioned Costs – Commonwealth of Virginia

2025-001: General Government Budget Appropriation

Condition Parks, recreation, and culture expenditures and principal retirement debt service expenditures exceeded budget appropriations.

Criteria The Town is required to keep expenditures within budgeted amounts.

Cause Public Safety budget was overspent due to the lease issuance for police vehicles

Effect Actual expenditures for parks, recreation, and cultural expenditures and principal retirement exceeded amounts approved by Town Council.

Recommendation Steps be taken to ensure that excess expenditures over budgeted appropriations be approved by Town Council and budget amended accordingly.

Management's Response The calculation for the lease was completed as part of audit procedures after the end of the (Unaudited) fiscal year, and no provisions were available for retroactive budget appropriations. The Finance Department will calculate the lease entry before the end of the fiscal year to reduce the risk of future expenditures beyond budget appropriations.

TOWN OF BEDFORD, VIRGINIA
TOWN COUNCIL
ACTION FORM

ITEM: Downtown Action Strategy Update – Discussion of Vacant Building Registry

DATE OF COUNCIL MEETING: February 17, 2026

DATE: February 12, 2026

PRESENTATION:

Staff is working to implement the provisions of the Downtown Action Strategy which was approved by Council on January 6, 2026. One of the Policy & Administration recommendations of the Strategy is adoption of a Vacant Building Registration Ordinance. In cooperation with the Town Attorney, staff has developed a formal draft of such an ordinance which is attached.

ACTION REQUESTED:

Town Council is requested to discuss the terms and provisions of the proposed Vacant Building Registry ordinance as drafted.

		YES	NO	OTHER	<u>ROUTING</u>		
DATE: _____	EVANS	()	()	()	TOWN ATTY.	()	I.T. ()
	FOREMAN	()	()	()	COMM. DEV.	()	POLICE ()
APPROVED ()	FOSTER	()	()	()	ELECTRIC	()	PUBLIC SERV. ()
DENIED ()	HAILEY	()	()	()	ENGINEERING	()	OTHER _____ ()
DEFERRED TO: _____	IPPOLITO	()	()	()	FINANCE	()	
	STANLEY	()	()	()	FIRE DEPT.	()	
	UPDIKE	()	()	()	H.R.	()	

ORDINANCE

PROVIDING FOR THE REGISTRATION OF VACANT BUILDINGS

WHEREAS, vacant structures in the Town of Bedford (the “Town”) are often ill-kept, have poor appearance, are economically unproductive, erode the tax base, and contribute to blight in the Town, and otherwise harm the public health, safety, and general welfare; and,

WHEREAS, the Town Council is committed to improving the appearance and productivity of the Town’s commercial districts and providing for safe, sanitary housing, and assisting those who wish to make vacant property productive; and,

WHEREAS, pursuant to Section 15.2-1127 of the Code of Virginia, 1950, as amended, the Town may adopt a vacant building registry in order to more effectively track vacant structures and ensure that their owners have every opportunity to bring the properties back into productive use for the public health, safety, and general welfare.

NOW THEREFORE, be it ordained by the Council of the Town of Bedford, Virginia, that a new section of the Town Code is adopted, as follows:

1. A new Section 22-4 of the Town Code, to read as follows:

Section 26-21. – Vacant building registry.

- (a) The following terms are used as follows in this section:

“Vacant” means a building or structure that is not occupied, unattended, and not being used as a residence or business. Use of a structure by persons not lawfully authorized by the owner shall not be considered occupation, attendance, or use. A building may also be considered vacant if it meets the definition of vacant in the Virginia Uniform Statewide Building Code.

“Derelict building” means any building or structure, whether or not construction has been completed, that might endanger the public health, safety, or welfare and for a continuous period in excess of six months, has been (i) vacant, (ii) boarded up in accordance with the Virginia Uniform Statewide Building Code, and (iii) not lawfully connected to electric service, or not lawfully connected to water or sewer service, if required.

“Criminal blight” means a condition on real property endangering the public health or safety of the Town and is caused by (i) the regular presence on the property of persons in possession or under the influence of controlled substances, (ii) the regular use of the property for the purpose of illegally possessing, manufacturing or distributing controlled substances, (iii) the regular

use of the property for the purpose of engaging in commercial sex acts, or (iv) the criminal dangerous discharge of a firearm.

(b) The owner or owners of buildings that have been vacant for a continuous period of 12 months or more and (i) that are derelict buildings, (ii) that are criminal blight, or (iii) in which the town manager or his or her designee has, on behalf of the town, determined a person is living without the authority of the owner or owners shall, within 30 days after the initial 12-month period of vacancy has elapsed, register the property with the town manager or his or her designee. The property must be re-registered each year not later than the last day of the month of January.

(c) The following fees apply:

Initial or annual registration fee:	\$100
Failure to register	\$200, plus payment of initial or annual registration fee.
Failure to register a property that is in a conservation or rehabilitation district, or has been determined to be spot blight	\$400, plus payment of initial or annual registration fee.

2. And this ordinance shall be in effect following publication in accordance with Section 19 of the Town Charter.

* * *