



The Town of Bedford, Virginia

Annual Comprehensive Financial Report



Fiscal Year Ended June 30, 2024



Town of Bedford, Virginia

Annual Comprehensive Financial Report

June 30, 2024

Prepared by: Finance Department



Town of Bedford, Virginia

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Introductory Section





Town of Bedford, Virginia

215 East Main Street • Bedford, Virginia 24523 • (P) 540-587-6001 • (F) 540-587-6143

October 29, 2024

The Honorable Mayor, Members of Town Council And the Citizens of Bedford, Virginia:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Town of Bedford for the fiscal year ended June 30, 2024. This report is submitted in accordance with Section 15.1-167 of the Code of Virginia and with Section 30 of the Charter of the Town of Bedford, both of which require an annual independent audit and report of financial activity of the Town. The independent certified public accounting firm of Brown, Edwards & Company, L.L.P., has audited the financial statements and supplemental schedules contained herein. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Reporting Entity and Services Provided

For financial reporting purposes, in accordance with the Governmental Accounting Standards Board (GASB) criteria, the Town of Bedford includes funds, agencies, boards, commissions and authorities that were controlled by or were financially dependent upon the Town within the reporting period. Control by or financial dependence was determined on the basis of obligation of the Town to finance deficits, guarantee debt, select the governing authority, approve the budget, have authority to make a public levy, and to have ownership of assets. The Town of Bedford provides an extensive range of services for its citizens including general administration, public safety, public works, planning, zoning, economic and community development, code enforcement, and cemetery management. The Town also provides and maintains electrical utilities, and handles solid waste disposal for the benefit of its citizens.

Organization of Government

The Town of Liberty was established in October 1782. In September 1968, the Town of Liberty adopted a city charter and became the City of Bedford. In April 2013, the City of Bedford reverted to the Town of Bedford and adopted its present Town Charter. The Town is organized under a Council-Manager form of government with a seven-member Town Council as the governing body. The Town Council is popularly elected and the Mayor is selected by Town Council from its membership. Council is responsible for adopting an annual budget, passing ordinances,

Organization of Government (continued)

establishing policies, appointing committees, and appointing the Town Manager, Town Attorney and Town Clerk. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for the day-to-day operations of the Town, and for appointing Town department heads.

Economic Condition and Outlook

The Town of Bedford is located in the west-central portion of Virginia, midway between the cities of Lynchburg to the east and Roanoke to the west. The Town is within the physical boundaries of Bedford County and serves as the County seat for administrative and judicial affairs. This strategic location between two urban centers and surrounded by Bedford County allows the Town to serve as a regional employment and commercial center, while preserving its small-town atmosphere and enjoying the markets and services of larger cities.

Bedford enjoys a diversified economy primarily comprised of manufacturing, services, and retail trade. Bedford's industrial base includes major employers involved in furniture manufacturing, lithographed labels, plastics, weaving, and polyurethane products. Since the independent City of Bedford was changed to town status and was added to Bedford County, town demographics and economic statistics are now reported in conjunction with Bedford County. Town Council's commitment to economic development and diversification positions the Town well for expansion. Bedford also enjoys a healthy mix in real estate values with approximately 62 percent coming from residential property, while approximately 38 percent is commercial and industrial.

The Town of Bedford has enjoyed a relatively stable economic status as a result of several factors. The Town was one of the first in the Commonwealth to be selected as a Virginia Main Street City in 1985, and its commitment to downtown revitalization has resulted in millions of dollars being invested in ongoing renovation and rehabilitation projects in the Historic Centertown area. Bedford's downtown continues to experience a higher than normal vacancy rate due to several issues such as the shifting economy, however, there has been renewed interest in that area by several new start-up businesses. A significant downtown improvement program is currently underway and business owners continue to reinvest in their facilities. In addition, there has been a revitalization effort in the Town's vacant industrial properties introducing new residential and commercial opportunities.

The Town of Bedford continues to maintain Virginia Enterprise Zone designation, which provides State incentives for investment focused in Centertown, the older manufacturing buildings along the rail line, as well as the Bedford Center for Business. The Town has capitalized on the full acreage allowed by the State to include key commercial and industrial areas. State Enterprise Zone grants provide money as an incentive for physical improvements to property. The State Enterprise Zone grant also provides an incentive for job creation above four employees. Local

Economic Condition and Outlook (continued)

incentives administered by the Town EDA are designed to reward both new and existing industries.

Tourism continues to grow in the Town and surrounding area. The shared tourism effort with Bedford County stands as a testimonial to the benefits of localities working together. The Welcome Center, at the intersection of Route 122 and US Highway 460, is a credit to the Bedford community, a beacon for travelers, and cost Bedford residents a fraction of its price tag thanks to Town/County joint participation and significant federal transportation funding invested many years ago.

Major Initiatives and Accomplishments

As of June 30, 2024, the Town had several major initiatives accomplished which will serve as the building blocks for continued growth and prosperity within the community. These initiatives include:

- The Town Redevelopment and Housing Authority continues to facilitate the Hilltop CDBG Grant on behalf of the Town, with a total budget of \$963,983. This grant provides homeowners with an opportunity for housing rehabilitation within the area identified in the grant. The Town has seen great success in the first phase of the program and has been awarded a second phase grant.
- An award was received in FY 2019 for \$258,000 from the Department of Homeland Security for Staffing for Adequate Fire and Emergency Response (SAFER). The grant applies to FY 2020 through FY 2024. This program allows the Town to provide funding for volunteer firefighters to help meet industry minimum standards and attain 24-hour staffing to provide adequate protection from fire and fire-related hazards.
- The Town received a grant award through the Virginia Department of Transportation (VDOT) of \$5,998,525 towards the replacement of McGhee Street Bridge. During FY 2024, Town Staff worked on the design phase of the bridge.
- The Town continues to be awarded and manage several other important grant projects that benefit the community and assist at keeping local tax rates stable.
- The Bedford Police Department continues to receive certification through the Commission on Accreditation for Law Enforcement Agencies (CALEA), a prestigious award.

Major Initiatives and Accomplishments (continued)

- The Town continues to participate in cooperative services such as the Central Virginia Planning District Commission, the Blue Ridge Power Agency, and the Municipal Electric Power Association of Virginia.

Financial Information

During the reporting period, the Town of Bedford managed its financial affairs using Generally Accepted Accounting Principles (GAAP) and maintained its general government accounting records on a modified accrual basis. The Town's enterprise funds are reported on the full accrual basis, under which revenues are recorded when earned and expenses are recorded when incurred. Additional information can be found in Note 1 of this report.

During the reporting period, Town management was responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits require estimates and judgments by management. In addition, the Town maintained budgetary controls during the reporting period.

Budgetary control is maintained at the department or function level by the adoption of an annual, modified accrual plus encumbrances basis for both the General and Enterprise Funds. The budget ordinance adopts funding at the functional department level (i.e., Public Safety, Public Works, Community Development, etc.). The budgetary controls are designed to ensure compliance with legal restrictions on expenditures as established by the Town Council. Only the Town Council may revise appropriations. Year-end outstanding encumbrances are reported as a reserve of fund balance and re-appropriated in the subsequent year for General Funds.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Cash Management

The Town uses a pooled cash concept to allow greater investment flexibility and consequently a better return on investments. During the year, restricted cash was invested in certain U.S. Government Agency Securities and unrestricted cash was primarily deposited with approved local depositories. There were no changes to the Investment Policy adopted by Town Council on June 13, 2017, that governs the specific criteria for all investments handled by the Town during the budget process.

Other Information

Independent Audit

Virginia Law and the Charter of the Town of Bedford require that the financial statements of the Town be audited by a Certified Public Accountant. Brown, Edwards, & Company, L.L.P., has performed an annual audit of the Annual Comprehensive Financial Report. The auditor's report is included in the Financial Section of this report. The auditor's report as required by Government Auditing Standards is found in the Compliance Section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Bedford for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the twenty-first consecutive year that the government has achieved this prestigious award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

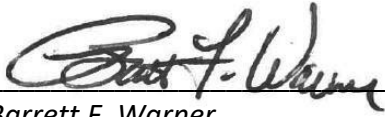
Acknowledgements

The preparation of this report is a very intensive project, and could not have been accomplished without the assistance and dedication of the Finance Department staff and other personnel from various departments, who assisted in the preparation. The Mayor and Town Council continue to be very supportive of our efforts to produce the best financial reports possible for our citizens. We appreciate your support in granting us the time and funding to generate this document, and allowing us to submit it to the GFOA for consideration. Lastly, we would like to express our

Other Information (continued)

appreciation to our independent auditing firm, Brown, Edwards & Company, L.L.P., for their cooperation and assistance in these efforts.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Barrett F. Warner", written over a horizontal line.

Barrett F. Warner
Town Manager

A handwritten signature in dark ink, appearing to read "Anne W. Cantrell", written over a horizontal line.

Anne W. Cantrell
Finance Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Bedford
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

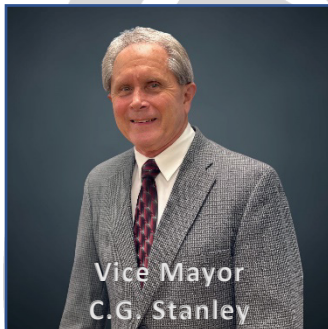
Executive Director/CEO

Directory of Principal Officials
June 30, 2024

TOWN COUNCIL



Mayor
Tim Black



Vice Mayor
C.G. Stanley



Council Member
Stacey Hailey



Council Member
Bruce Johannessen



Council Member
Robert Carson



Council Member
Darryl Updike

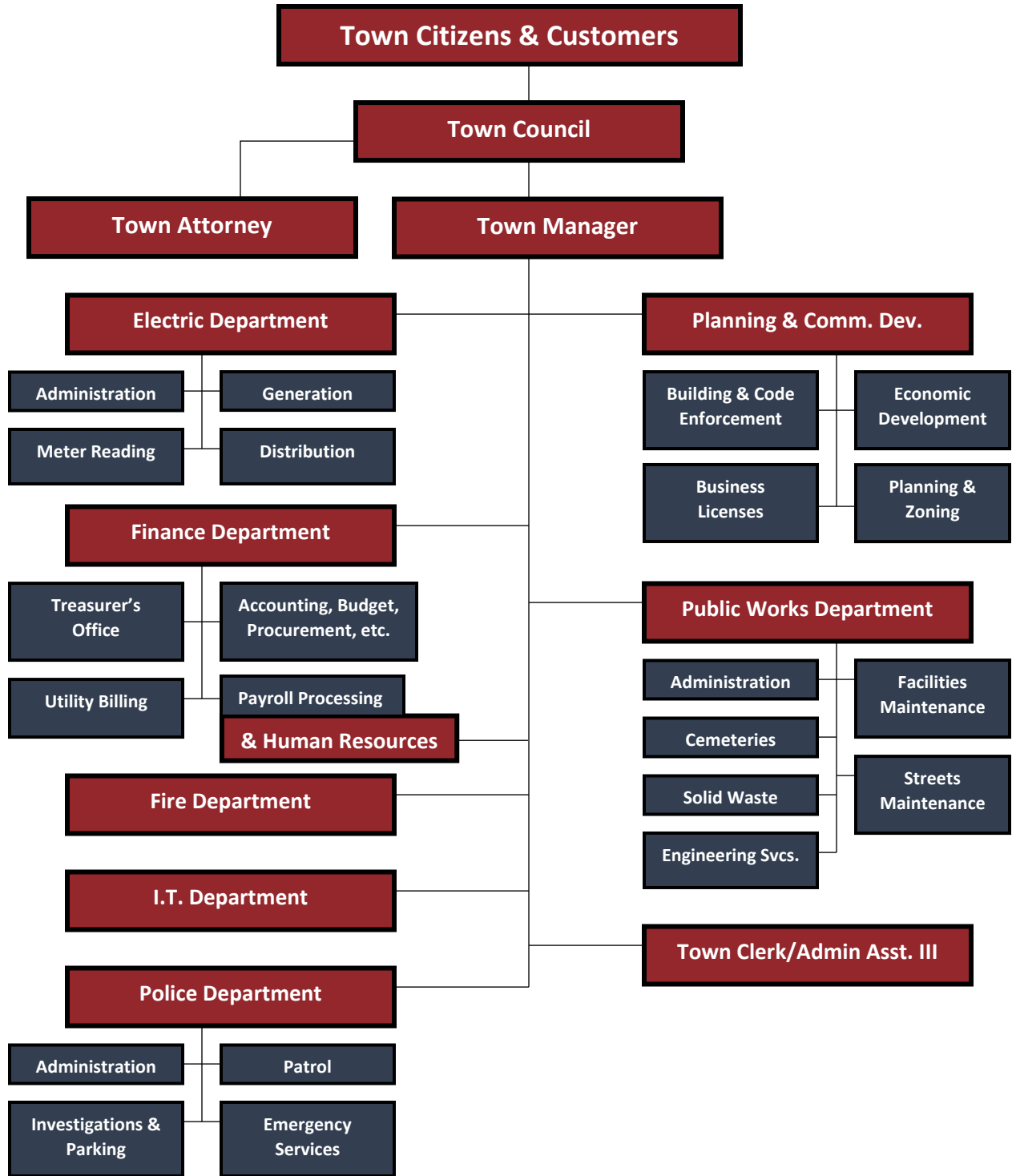


Council Member
Todd Foreman

OTHER TOWN OFFICIALS

Barrett "Bart" Warner - Town Manager	Anne Cantrell - Finance Director/Treasurer
Tom Woodard - Director of Public Works	Ronnie Lewis - Chief of Police
John Wagner - Director of Electric	Todd Stone - Fire Chief
Debra Anderson - Town Clerk	Crystal Hosey - Assistant Finance Director
Michael Lockaby - Town Attorney	Mary Zirkle - Planning & Community Development Director

Town of Bedford Organizational Chart





Financial Section

Independent Auditor's Report

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Bedford, Virginia (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of



management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bedford's basic financial statements. The accompanying discretely presented component units combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the discretely presented component units combining financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Bedford, Virginia (the "Town"), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2024 and 2023. Please consider the information presented here in conjunction with information that we have furnished in our letter of transmittal found on pages i through vi.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of current fiscal year by \$38,095,809 (net position). Of this amount, \$7,357,201 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,633,911 which is primarily attributable to total expenses of \$32,611,343 being less than total revenues of \$34,245,254. Another factor includes a decrease of \$2,130,020 (8.33%) in total liabilities. The decrease in liabilities was primarily attributable to a decrease in net pension liability of \$564,372 (7.57%).
- At the end of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$6,745,873, an increase of \$240,221 in comparison with the prior year. Approximately 62.71% of this total amount, \$4,230,187 is available for spending at the Town's discretion (unassigned fund balance).
- Total assets of the Town decreased by \$387,343 (0.63%), primarily due to an increase in capital assets and a decrease in cash and cash equivalents.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements:

Government-wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and

charges (business-type activities). The governmental activities include general government, judicial administration, public safety, public works, and cultural and community development. The business-type activities are the solid waste and electric funds.

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Fund – The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, 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.

The Town maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

At June 30, 2024, the Town’s governmental fund reported an ending fund balance of \$6,745,873, an increase of \$240,221 in comparison with the prior year restated fund balance. Of that amount, \$998,833 was nonspendable, \$211,127 was restricted, \$220,000 was committed, \$1,085,726 was assigned, and \$4,230,187 was unassigned.

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. Unassigned fund balance represents 33.85% of total general fund expenditures, while total fund balance represents 53.97% of that same amount.

Proprietary Funds – Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its solid waste and electric operations.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town’s funding progress for its defined benefit pension plan and other post-employment benefits.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$38,095,809 at the close of the most recent fiscal year.

A portion of the Town's net position (76.09%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of *unrestricted net assets* (19.31%) may be used to meet the government's ongoing obligations to citizens and creditors.

The Town's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 12,395,758	\$ 12,866,625	\$ 15,527,975	\$ 15,820,358	\$ 27,923,733	\$ 28,686,983
Capital assets (net)	12,660,098	12,393,792	20,364,060	20,254,459	33,024,158	32,648,251
Total assets	<u>25,055,856</u>	<u>25,260,417</u>	<u>35,892,035</u>	<u>36,074,817</u>	<u>60,947,891</u>	<u>61,335,234</u>
Deferred outflow of resources	728,059	868,594	693,973	835,111	1,422,032	1,703,705
Current and other liabilities	4,911,736	5,214,725	3,569,924	3,305,852	8,481,660	8,520,577
Long-term liabilities	8,302,303	9,122,644	6,645,227	7,915,989	14,947,530	17,038,633
Total liabilities	<u>13,214,039</u>	<u>14,337,369</u>	<u>10,215,151</u>	<u>11,221,841</u>	<u>23,429,190</u>	<u>25,559,210</u>
Deferred inflows of resources	497,521	606,033	347,403	411,798	844,924	1,017,831
Net position						
Net investment in capital	11,583,418	11,444,567	17,392,177	16,216,324	28,975,595	27,660,891
Restricted	1,209,960	1,195,354	553,053	633,327	1,763,013	1,828,681
Unrestricted	<u>(721,023)</u>	<u>(1,454,312)</u>	<u>8,078,224</u>	<u>8,426,638</u>	<u>7,357,201</u>	<u>6,972,326</u>
Total net position	<u>\$ 12,072,355</u>	<u>\$ 11,185,609</u>	<u>\$ 26,023,454</u>	<u>\$ 25,276,289</u>	<u>\$ 38,095,809</u>	<u>\$ 36,461,898</u>

In reviewing the consolidated net position of the Town, total assets of the Town decreased by \$387,343 (0.63%) in comparison to the prior year. Deferred outflow of resources decreased by \$281,673 (16.53%) based on changes to the actuarial report for the Town's participation in the Virginia Retirement System (VRS). Similarly, deferred inflow of resources decreased \$172,907 (16.99%) as a part of the same actuarial valuation for VRS. Total liabilities of the Town decreased \$2,130,020 (8.33%) primarily due to principal retirement of long-term debt. As noted, net position and assets by category may serve over time as a useful indicator of government's financial position. In the case of the Town, as of June 30, 2024, assets exceeded liabilities by \$38,095,809 in Governmental Activities and Business-type Activities.

The Town's Total Government net position increased by \$781,254 (6.92%) during the current fiscal year. The main contributing factor of this increase was a reduction in deferred inflows of resources relating to changes in the actuarial valuation of the Town's post-retirement benefits. The Town continues its current initiative towards lean decision making for all of the Town's funds – including General Fund, Electric Fund, and Solid Waste Fund – in an effort to be good stewards of public resources and to put the Town in the best financial position possible.

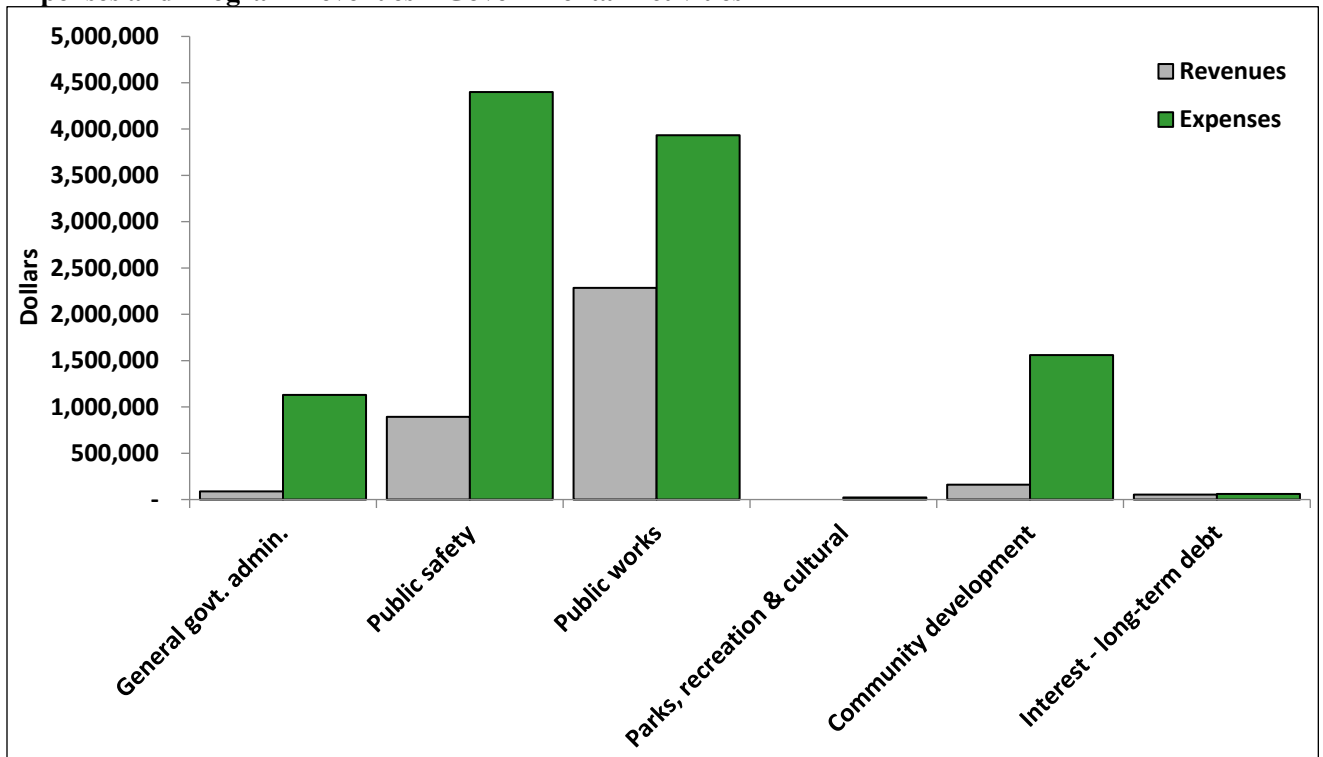
Governmental Activities – Governmental activities increased the Town's net position by \$781,254. The increase in net position is primarily due to the combination of strong investment earnings for the year and a transfer from the business-type activities. Total assets remained stable with a total decrease of \$204,561 (0.81%). The allocated portion of the VRS actuarial report reduced the deferred inflows and the deferred outflows of resources. The total liabilities decreased \$1,123,330 (7.83%) from principal retirement.

Business-type Activities – Business-type activities increased the Town’s net position by \$852,657. The increase was substantially less than the prior year increase of \$2,578,249, where the prior year increase was primarily related to the write-off of an interfund payable from a landfill closure. Total assets remained stable with a total decrease of \$182,782 (0.51%). The VRS report reduced the deferred inflows and the deferred outflows of resources. The total liabilities decreased \$1,006,690 (8.97%) from principal retirement.

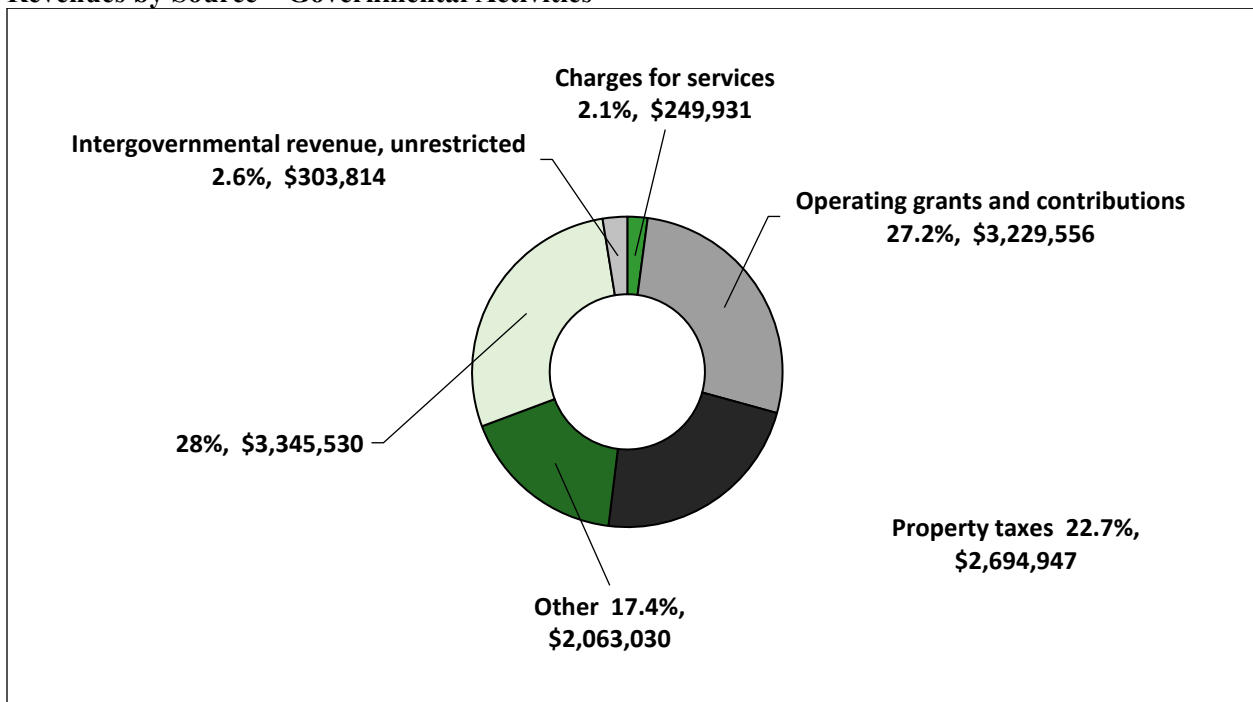
The Town’s Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 249,931	\$ 302,802	\$ 22,450,647	\$ 23,139,789	\$ 22,700,578	\$ 23,442,591
Operating grants and contributions	3,229,556	5,659,786	-	-	3,229,556	5,659,786
General revenues						
Property taxes	2,694,947	2,146,854	-	-	2,694,947	2,146,854
Other taxes	3,345,530	3,100,840	-	-	3,345,530	3,100,840
Intergovernmental revenue	303,814	301,471	-	-	303,814	301,471
Investment earnings	310,331	125,973	392,460	321,374	702,791	447,347
Other	503,168	619,242	14,870	132,967	518,038	752,209
County reversion payments	750,000	750,000	-	-	750,000	750,000
Total revenues	11,387,277	13,006,968	22,857,977	23,594,130	34,245,254	36,601,098
Expenses						
General government	1,130,267	1,425,013	-	-	1,130,267	1,425,013
Public safety	4,399,428	3,877,051	-	-	4,399,428	3,887,051
Public works	3,932,553	3,759,709	-	-	3,932,553	3,759,709
Parks, recreation, and cultural	23,063	26,696	-	-	23,063	26,696
Community development	1,560,289	2,267,013	-	-	1,560,289	2,267,013
Interest on long-term debt	59,954	76,872	-	-	59,954	76,872
Solid waste	-	-	963,213	1,349,554	963,213	1,349,554
Electric	-	-	20,542,576	21,034,372	20,542,576	21,034,372
Total expenses	11,105,554	11,432,354	21,505,789	22,383,926	32,611,343	33,816,280
Excess (Deficit) of Revenues over expenditures	281,723	1,574,614	1,352,188	1,210,204	1,633,911	2,784,818
Other Financing Sources (Uses)						
Transfers in (out)	499,531	(1,368,044)	(499,531)	1,368,044	-	-
Total Other Financing Sources (Uses)	499,531	(1,368,044)	(499,531)	1,368,044	-	-
Change in net position	781,254	206,570	852,657	2,578,249	1,633,911	2,784,818
Net position – July 1, as restated	11,291,101	10,979,039	25,170,797	22,698,041	36,461,898	33,677,080
Net position – June 30	\$ 12,072,355	\$ 11,185,609	\$ 26,023,454	\$ 25,276,289	\$ 38,095,809	\$ 36,461,898

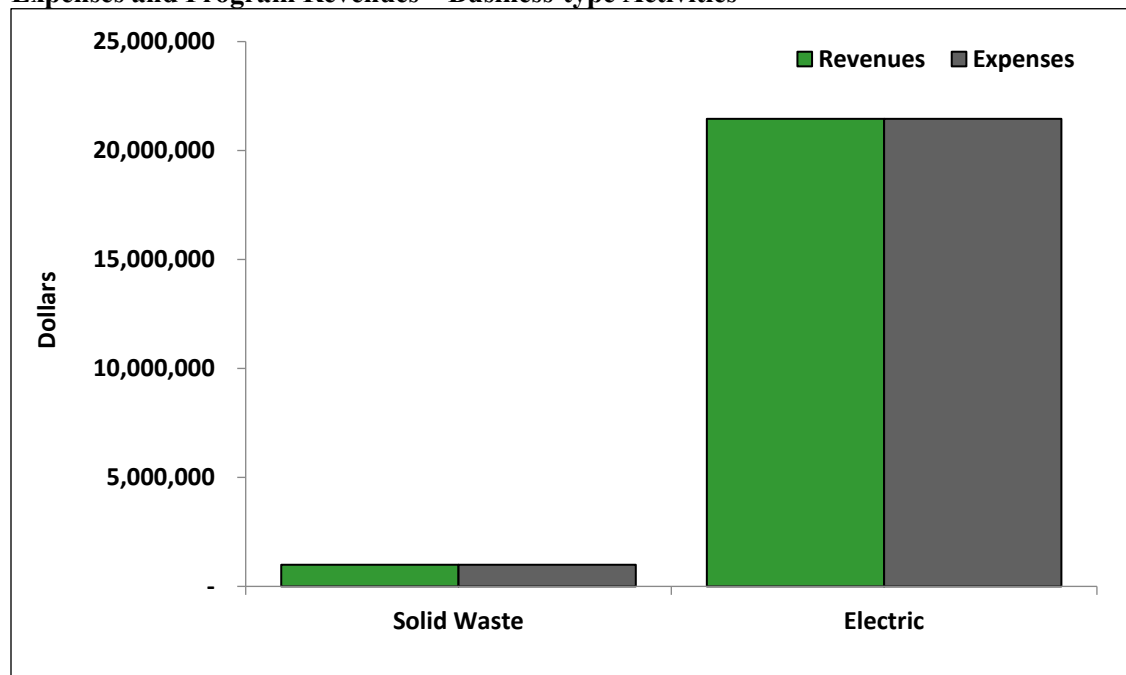
Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Expenses and Program Revenues – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$6,745,873, an increase of \$240,221 in comparison with the prior year. Approximately 62.71% of this total amount – that is, \$4,230,187 constitutes *unassigned fund balance*, which is available for spending at the Town's discretion. Approximately 16.09%, \$1,085,726 constitutes *assigned fund balance*, which the government intends to use for specific purposes, such as purchase orders and future commitments. Approximately 3.26%, \$220,000 constitutes *committed fund balance*, which the Town Council appropriated towards a joint project with the Bedford Regional Water Authority. Approximately 3.13%, \$211,127 constitutes *restricted fund balance* which has been constrained with provisions. Approximately 14.81%, \$998,833 constitutes *nonspendable fund balance* which the government has set aside as a cemetery perpetual care fund per Town Code requirements.

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. Unassigned fund balance represents 33.85% of total general fund expenditures, while total fund balance represents 53.97% of that same amount.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the solid waste fund had a deficit of (\$2,210,419); and the unrestricted net position for the electric fund amounted to \$10,288,643. The total fiscal year increase in net position for enterprise funds was \$852,657 or 3.39%. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for revenues amounted to \$13,309,855. Differences between the final amended budget and actual results amounted to (\$11,381,208). Highlights include the following:

- Appropriation of \$6,844,498 of the American Rescue Plan Act (ARPA) funding, to include \$4,500,000 towards the Bedford Regional Water Authority for expenditures approved under the signed agreement, a portion of which was expended.
- Appropriation of \$4,648,860 for a Federal Emergency Management Agency (FEMA) grant which will provide a back-up generator for the Centra Bedford Memorial Hospital. This is a multi-year grant which was not yet expended.
- Appropriation of \$3,488,525 of a VDOT State of Good Repair Grant for McGhee Street Bridge, which was not yet expended.
- Appropriation of \$140,448 of Transit Grant Funding for the second phase of Otter Bus transit operation. This is a multi-year grant which was not yet expended.

Differences between the original budget and final amended budget for expenditures amounted to \$14,085,443. Differences between the final amended budget and actual results amounted to \$12,023,648. Highlights are as follows:

- Appropriation of \$6,844,498 of the American Rescue Plan Act (ARPA) funding, to include \$4,500,000 towards the Bedford Regional Water Authority for expenditures approved under the signed agreement, a portion of which was expended.
- Appropriation of \$4,648,860 for a Federal Emergency Management Agency (FEMA) grant which will provide a back-up generator for the Centra Bedford Memorial Hospital. This is a multi-year grant which was not yet expended.
- Appropriation of \$3,488,525 of a VDOT State of Good Repair Grant for McGhee Street Bridge, which was not yet expended.
- Appropriation of \$140,448 of Transit Grant Funding for the second phase of Otter Bus transit operation. This is a multi-year grant which was not yet expended.
- The actual expenditures for public safety and debt principal retirement exceeded the final budgeted amount by \$194,222 from the journal entry to record a capital outlay for the leased value of police vehicles.

Capital Asset and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$33,024,158 (net of accumulated depreciation). This includes land, buildings and system improvements, and machinery, equipment, and infrastructure. The total increase in the investment in capital assets for the current fiscal year was 1.15% (a 2.15% decrease for governmental activities and a 0.54% increase for business-type activities). The Town's investment in capital assets is summarized as follows:

The Town's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,536,611	\$ 2,032,745	\$ 755,810	\$ 761,899	\$ 2,292,421	\$ 2,794,644
Buildings and improvements	2,536,694	5,510,590	14,609,532	14,818,674	17,146,226	20,329,264
Distribution and transmission systems	-	-	20,432,971	19,667,265	20,432,971	19,667,265
Landfill development costs	-	-	3,322,031	3,315,945	3,322,031	3,315,945
Machinery and equipment	8,278,260	8,699,610	11,798,507	10,525,023	20,076,767	19,224,633
Infrastructure	20,377,163	15,872,764	-	-	20,377,163	15,872,764
Construction in progress	1,045,070	925,280	16,955	214,916	1,062,025	1,140,196
Machinery and equipment - leased assets	457,838	-	-	-	457,838	-
Subscription right-to-use assets	202,774	202,774	233,153	233,153	435,927	435,927
Less accumulated depreciation	(21,774,312)	(20,849,971)	(30,804,899)	(29,282,416)	(52,579,211)	(50,132,387)
Total	\$ 12,660,098	\$ 12,393,792	\$ 20,364,060	\$ 20,254,459	\$ 33,024,158	\$ 32,648,251

Additional information on the Town's capital assets can be found in Note 8 of this report.

Long-term Debt and Liabilities – At June 30, 2024 the Town had total debt and liabilities outstanding of \$10,799,038. Of this amount, \$3,430,599 comprises of general obligation bond debt backed by the full faith and credit of the government.

The Town's Outstanding Debt and Liabilities						
General Obligation Bonds, Capital Leases, and Liabilities						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 1,414,947	\$ 2,093,227	\$ 2,015,652	\$ 2,990,372	\$ 3,430,599	\$ 5,083,599
Lease liabilities	364,120	488,668	59,402	78,440	423,522	567,108
Revenue bonds	-	-	415,000	600,000	415,000	600,000
Payable to AMP:						
Contract	-	-	538,195	413,202	538,195	413,202
Subscription Liability	105,245	165,915	128,632	202,785	233,877	368,700
Lease Liability	408,953	-	-	-	408,953	-
Compensated absences	293,148	283,856	202,197	203,836	495,345	487,692
Landfill liability:						
Closed landfill	2,877,541	2,737,619	-	-	2,877,541	2,737,619
Region 2000	-	-	49,981	50,206	49,981	50,206
Transfer station	-	-	29,431	28,491	29,431	28,491
Active landfill	-	-	1,896,594	1,836,006	1,896,594	1,836,006
Total	\$ 5,463,954	\$ 5,769,285	\$ 5,335,084	\$ 6,403,338	\$ 10,799,038	\$ 12,172,623

The Town's total debt decreased by \$1,373,585 or 11.28% during the fiscal year primarily due to principal payment of outstanding general obligation bonds. The Town does not currently have outstanding debt requiring a rating by rating agencies. Additional information on the Town's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Town continues to monitor the cost of purchased power and anticipates an upcoming decrease in purchased power cost. The Town previously signed an agreement to purchase wind energy at a reduced rate which diversified the purchased power portfolio. Approximately 20% of power usage is generated locally.
- The Town continues to analyze its financial situation and implement the necessary measures to maintain and expand adequate levels of fund balance to mitigate risks, provide a back-up plan for revenue shortfalls, and ensure that appropriate amounts are available for emergencies. General property taxes only account for approximately 21.28% of the Town's total general fund revenue, resulting in a heavier dependence on economy-driven revenue sources. To assist during periods of economic recession, the Town maintains a higher level of fund balance and cash-on-hand for continuation of critical services.
- Economic Development continues to be a top priority for Town Council as evidenced by the continued designation of one-half cent of meals tax revenue generated being earmarked for economic development initiatives only. In addition, Council continues to have a major focus on community planning and the level of service required for accommodating growth and providing resources for a sustainable future.
- The Town of Bedford has been notified of a \$1,481,000 Department of Transportation (DOT) grant award which will support the potential development of a new intercity passenger rail stop in Bedford.
- The Town incorporated adjacent areas to Town Corporate limits on July 1, 2023, as included in the Voluntary Settlement Agreement. The Town expanded by approximately four-square miles and citizens in those areas receive the enhanced level of services that are currently provided to all Town residents.

All of these factors will continue to be an economic consideration in the Town's future budgeting processes.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Town of Bedford, 215 East Main Street, Bedford, Virginia 24523.



Basic Financial Statements

Town of Bedford, Virginia

Exhibit 1

Statement of Net Position

June 30, 2024

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 2)	\$ 4,622,541	\$ 9,606,881	\$ 14,229,422	\$ 854,176
Investments (Note 2)	146,584	-	146,584	-
Receivables, net (Note 3)	1,282,515	2,356,308	3,638,823	-
Lease receivable (Note 4)	-	1,643,996	1,643,996	-
Due from other governmental units (Note 6)	436,674	-	436,674	-
Inventories	-	1,367,737	1,367,737	-
Cash and cash equivalents, restricted (Note 2)	4,690,444	553,053	5,243,497	-
BRWA debt service receivable (Note 7)	1,217,000	-	1,217,000	-
Capital assets: (Note 8)				
Nondepreciable	2,581,681	772,765	3,354,446	20,325
Depreciable, net	10,078,417	19,591,295	29,669,712	-
Total assets	25,055,856	35,892,035	60,947,891	874,501
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (Notes 14 and 17)	672,740	471,150	1,143,890	-
Deferred outflows related to other postemployment benefits (Notes 15, 16, and 17)	55,319	37,825	93,144	-
Deferred charge on refunding	-	184,998	184,998	-
Total deferred outflows of resources	728,059	693,973	1,422,032	-
LIABILITIES				
Accounts payable and accrued liabilities	118,558	1,318,069	1,436,627	12,197
Accrued payroll and related liabilities	117,882	75,871	193,753	-
Accrued interest payable	20,694	23,822	44,516	-
Unearned revenue (Note 3)	3,195,378	-	3,195,378	-
Customer security deposits	-	459,393	459,393	-
Net other postemployment benefit liability, current (Notes 15, 16, and 17)	-	6,161	6,161	-
Noncurrent liabilities:				
Due within one year (Note 9)	1,459,224	1,686,608	3,145,832	-
Due in more than one year (Note 9)	4,004,730	3,648,476	7,653,206	-
Net pension liability (Notes 14 and 17)	4,053,225	2,838,658	6,891,883	-
Net other postemployment benefit liability (Notes 15, 16, and 17)	244,348	158,093	402,441	-
Total liabilities	13,214,039	10,215,151	23,429,190	12,197
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows lease revenue (Note 4)	-	2,863	2,863	-
Deferred inflows related to pensions (Notes 14 and 17)	420,678	294,620	715,298	-
Deferred inflows related to other postemployment benefits (Notes 15, 16, and 17)	76,843	49,920	126,763	-
Total deferred inflows of resources	497,521	347,403	844,924	-
NET POSITION				
Net investment in capital assets	11,583,418	17,392,177	28,975,595	20,325
Restricted for:				
Purpose – cemetery	998,833	-	998,833	-
Other grants	139,869	-	139,869	-
Debt collateral	-	93,654	93,654	-
Unspent shared revenue	71,258	-	71,258	-
Landfill	-	6	6	-
Utility deposits	-	459,393	459,393	-
Unrestricted	(721,023)	8,078,224	7,357,201	841,979
Total net position	\$ 12,072,355	\$ 26,023,454	\$ 38,095,809	\$ 862,304

The Notes to Financial Statements are an integral part of this statement.

Town of Bedford, Virginia

Exhibit 2

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government administration	\$ 1,130,267	\$ 87,293	\$ -	\$ -	\$ (1,042,974)		\$ (1,042,974)	\$ -
Public safety	4,399,428	162,638	730,809	-	(3,505,981)		(3,505,981)	-
Public works	3,932,553	-	2,285,211	-	(1,647,342)		(1,647,342)	-
Parks, recreation, and cultural	23,063	-	-	-	(23,063)		(23,063)	-
Community development	1,560,289	-	160,465	-	(1,399,824)		(1,399,824)	-
Interest on long-term debt	59,954	-	53,071	-	(6,883)		(6,883)	-
Total governmental activities	11,105,554	249,931	3,229,556	-	(7,626,067)		(7,626,067)	-
Business-type activities:								
Solid waste	963,213	995,789	-	-		\$ 32,576	32,576	-
Electric	20,542,576	21,454,858	-	-		912,282	912,282	-
Total business-type activities	21,505,789	22,450,647	-	-		944,858	944,858	-
Total primary government	\$ 32,611,343	\$ 22,700,578	\$ 3,229,556	\$ -	(7,626,067)	944,858	(6,681,209)	-
Component Units	\$ 62,409	\$ -	\$ -	\$ -	-	-	-	(62,409)
General revenues:								
Property taxes					2,694,947	-	2,694,947	-
Sales tax					403,629	-	403,629	-
Communication tax					77,334	-	77,334	-
Meals tax					1,844,883	-	1,844,883	-
Other local taxes					1,019,684	-	1,019,684	-
Intergovernmental revenue, unrestricted					303,814	-	303,814	-
Unrestricted investment earnings					310,331	392,460	702,791	9,635
Other					503,168	14,870	518,038	-
County reversion payments (Note 24)					750,000	-	750,000	-
Town contribution					-	-	-	198,943
Transfers (Note 5)					499,531	(499,531)	-	-
Total general revenues and special items					8,407,321	(92,201)	8,315,120	208,578
Change in net position					781,254	852,657	1,633,911	146,169
NET POSITION AT JULY 1, as restated (Note 25)					11,291,101	25,170,797	36,461,898	716,135
NET POSITION AT JUNE 30					\$ 12,072,355	\$ 26,023,454	\$ 38,095,809	\$ 862,304

The Notes to Financial Statements are an integral part of this statement.

Town of Bedford, Virginia

Exhibit 3

Balance Sheet – Governmental Fund

June 30, 2024

	General
ASSETS	
Cash and cash equivalents (Note 2)	\$ 4,622,541
Investments (Note 2)	146,584
Receivables, net (Note 3)	1,282,515
Due from other governmental units (Note 6)	436,674
Cash and cash equivalents, restricted (Note 2)	4,690,444
BRWA debt service receivable (Note 7)	1,217,000
Total assets	\$ 12,395,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 118,558
Accrued payroll and related liabilities	117,882
Unearned revenue (Note 3)	3,195,378
Total liabilities	3,431,818
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue (Note 3 and 7)	2,218,067
FUND BALANCE (Note 13)	
Nonspendable	998,833
Restricted	211,127
Committed	220,000
Assigned	1,085,726
Unassigned	4,230,187
Total fund balance	6,745,873
Total liabilities, deferred inflows of resources, and fund balance	\$ 12,395,758

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance – Governmental Fund		\$ 6,745,873
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets	\$ 2,581,681	
Depreciable capital assets, net	<u>10,078,417</u>	12,660,098
Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		2,218,067
Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	672,740	
Other postemployment benefits	<u>55,319</u>	728,059
Deferred inflows related to:		
Pensions	(420,678)	
Other postemployment benefits	<u>(76,843)</u>	(497,521)
Net pension liability		(4,053,225)
Net other postemployment benefits liability		(244,348)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds	(1,414,947)	
Financed purchases	(364,120)	
Lease liability	(408,953)	
Subscription liability	(105,245)	
Accrued interest payable	(20,694)	
Compensated absences	(293,148)	
Landfill postclosure liability	<u>(2,877,541)</u>	(5,484,648)
Total Net Position – Governmental Activities		<u>\$ 12,072,355</u>

Town of Bedford, Virginia

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Year Ended June 30, 2024

	<u>General</u>
REVENUES	
General property taxes	\$ 2,506,902
Other local taxes	3,345,530
Permits, privilege fees, and regulatory licenses	45,047
Fines and forfeitures	12,736
Investment earnings	310,331
Charges for services	74,557
County reversion payments (Note 24)	750,000
Other	503,168
Intergovernmental	3,480,299
BRWA debt service payments (Note 7)	635,071
Recovered costs	117,591
Total revenues	<u>11,781,232</u>
EXPENDITURES	
Current	
General government administration	1,089,493
Public safety	4,696,427
Public works	4,278,488
Parks, recreation, and cultural	23,793
Community development	1,428,116
Debt service	
Principal retirement	912,383
Interest and fiscal charges	69,680
Total expenditures	<u>12,498,380</u>
Deficiency of revenues over expenditures	<u>(717,148)</u>
OTHER FINANCING SOURCES (USES)	
Issuance of lease liability	457,838
Transfers in (Note 5)	584,000
Transfers out (Note 5)	(84,469)
Total other financing sources (uses)	<u>957,369</u>
Net change in fund balance	240,221
FUND BALANCE AT JULY 1, as restated (Note 25)	<u>6,505,652</u>
FUND BALANCE AT JUNE 30	<u><u>\$ 6,745,873</u></u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
Year Ended June 30, 2024**

Net Change in Fund Balance – Governmental Fund	\$	240,221
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlays	\$	1,502,719
Depreciation expense	<u>(1,231,268)</u>	271,451
The net effect of loss on disposition of assets involving capital assets that do not provide or use current financial resources and are not reported as revenue or expenditures in the governmental funds.		
		(5,145)
Governmental funds report debt service amounts received from BRWA as revenue, while this represents repayment of principal of the long-term receivable in governmental activities.		
		(582,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		188,045
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction has an effect on net position.		
Issuance of lease liability	(457,838)	
Principal repayments and other long-term liability reductions:		
General obligation bonds	678,280	
Financed purchases	124,548	
Lease and subscription liabilities	109,555	
Landfill postclosure (net change)	<u>(139,922)</u>	314,623
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:		
Pension contributions	657,261	
Cost of benefits earned net of employee contributions	<u>(310,978)</u>	346,283
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense:		
Employer other postemployment benefit contributions	16,832	
Other postemployment benefit	<u>(9,490)</u>	7,342
Governmental funds report the effect of discounts and premiums when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of those differences is as follows:		
Interest expense		9,726
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.		
		<u>(9,292)</u>
Change in Net Position – Governmental Activities	\$	<u>781,254</u>

Town of Bedford, Virginia

Exhibit 7

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 2,602,808	\$ 2,602,808	\$ 2,506,902	\$ (95,906)
Other local taxes	2,758,704	3,120,704	3,345,530	224,826
Permits, privilege fees, and regulatory licenses	36,068	36,068	45,047	8,979
Fines and forfeitures	42,111	14,611	12,736	(1,875)
Investment earnings	83,149	268,898	310,331	41,433
Charges for services	122,046	118,126	74,557	(43,569)
Other	798,222	1,327,323	1,253,168	(74,155)
Intergovernmental	2,644,406	14,890,896	3,480,299	(11,410,597)
BRWA debt service payments	635,071	635,071	635,071	-
Recovered costs	130,000	147,935	117,591	(30,344)
Total revenues	9,852,585	23,162,440	11,781,232	(11,381,208)
EXPENDITURES				
Current				
General government administration	1,241,389	1,302,037	1,089,493	212,544
Public safety	3,782,538	4,502,205	4,696,427	(194,222)
Public works	4,179,802	4,584,822	4,278,488	306,334
Parks, recreation, and cultural	30,000	70,000	23,793	46,207
Community development	335,348	13,195,456	1,428,116	11,767,340
Debt service				
Principal retirement	797,827	797,827	912,383	(114,556)
Interest and fiscal charges	69,681	69,681	69,680	1
Total expenditures	10,436,585	24,522,028	12,498,380	12,023,648
Excess (deficiency) of revenue over expenditures	(584,000)	(1,359,588)	(717,148)	642,440
OTHER FINANCING SOURCES (USES)				
Issuance of financed purchase and subscription liability	-	-	457,838	457,838
Proceeds from sale of capital assets	-	10,000	-	(10,000)
Transfers in	584,000	1,271,190	584,000	(687,190)
Transfers out	-	(107,025)	(84,469)	22,556
Total other financing sources (uses)	584,000	1,174,165	957,369	(216,796)
Net change in fund balance	\$ -	\$ (185,423)	\$ 240,221	\$ 425,644

Town of Bedford, Virginia

Exhibit 8

Statement of Net Position – Proprietary Funds

June 30, 2024

	Business-Type Activities – Enterprise Funds		
	Solid Waste	Electric	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 2)	\$ -	\$ 9,606,881	\$ 9,606,881
Receivables, net (Note 3)	135,502	2,220,806	2,356,308
Lease receivable (Note 4)	-	135,086	135,086
Inventories	-	1,367,737	1,367,737
Total current assets	135,502	13,330,510	13,466,012
NONCURRENT ASSETS			
Cash and cash equivalents, restricted (Note 2)	6	553,047	553,053
Lease receivable (Note 4)	-	1,508,910	1,508,910
Capital assets: (Note 8)			
Nondepreciable	552,124	220,641	772,765
Depreciable, net	516,717	19,074,578	19,591,295
Total noncurrent assets	1,068,847	21,357,176	22,426,023
Total assets	1,204,349	34,687,686	35,892,035
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 14 and 17)	55,620	415,530	471,150
Deferred outflows related to other postemployment benefits (Notes 15, 16, and 17)	4,697	33,128	37,825
Deferred charges on refunding	-	184,998	184,998
Total deferred outflows of resources	60,317	633,656	693,973
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	2,512	1,315,557	1,318,069
Accrued payroll and related liabilities	6,907	68,964	75,871
Accrued interest payable	2,405	21,417	23,822
Customer security deposits	-	459,393	459,393
Net other postemployment benefit liability (Notes 15, 16, and 17)	5,213	948	6,161
Noncurrent liabilities due within one year (Note 9)	256,581	1,430,027	1,686,608
Total current liabilities	273,618	3,296,306	3,569,924
NONCURRENT LIABILITIES			
Due in more than one year (Note 9)	1,966,544	1,681,932	3,648,476
Net pension liability (Notes 14 and 17)	335,106	2,503,552	2,838,658
Net other postemployment benefit liability (Notes 15, 16, and 17)	15,833	142,260	158,093
Total noncurrent liabilities	2,317,483	4,327,744	6,645,227
Total liabilities	2,591,101	7,624,050	10,215,151
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows lease revenue (Note 4)	-	2,863	2,863
Deferred inflows related to pensions (Notes 14 and 17)	34,780	259,840	294,620
Deferred inflows related to other postemployment benefits (Notes 15, 16, and 17)	6,802	43,118	49,920
Total deferred inflows of resources	41,582	305,821	347,403
NET POSITION (DEFICIT)			
Net investment in capital assets	842,396	16,549,781	17,392,177
Restricted for:			
Debt collateral	-	93,654	93,654
Landfill	6	-	6
Utility deposits	-	459,393	459,393
Unrestricted	(2,210,419)	10,288,643	8,078,224
Total net position (deficit)	\$ (1,368,017)	\$ 27,391,471	\$ 26,023,454

The Notes to Financial Statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities – Enterprise Funds		
	Solid Waste	Electric	Total
OPERATING REVENUES			
Charges for services	\$ 995,789	\$ 21,454,858	\$ 22,450,647
OPERATING EXPENSES			
Refuse collection	186,667	-	186,667
Refuse disposal	317,124	-	317,124
Transmission and distribution	-	1,280,743	1,280,743
Power generation	-	185,898	185,898
Purchased power	-	14,422,704	14,422,704
Meter reading	-	61,250	61,250
Landfill closure and postclosure care	171,428	-	171,428
Administration	73,628	2,243,940	2,317,568
Maintenance and repair	-	843,168	843,168
Depreciation and amortization	208,466	1,328,730	1,537,196
Total operating expenses	957,313	20,366,433	21,323,746
Operating income	38,476	1,088,425	1,126,901
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	392,460	392,460
Interest expense	(5,900)	(176,143)	(182,043)
Other income	10,561	4,309	14,870
Net nonoperating revenues (expenses)	4,661	220,626	225,287
Income before transfers	43,137	1,309,051	1,352,188
TRANSFERS IN (Note 5)	84,469	-	84,469
TRANSFERS OUT (Note 5)	-	(584,000)	(584,000)
Change in net position	127,606	725,051	852,657
NET POSITION (DEFICIT) AT JULY 1, as restated (Note 25)	(1,495,623)	26,666,420	25,170,797
NET POSITION (DEFICIT) AT JUNE 30	<u><u>\$ (1,368,017)</u></u>	<u><u>\$ 27,391,471</u></u>	<u><u>\$ 26,023,454</u></u>

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities – Enterprise Funds		
	Solid Waste	Electric	Total
OPERATING ACTIVITIES			
Receipts from customers	\$ 972,140	\$ 21,314,913	\$ 22,287,053
Payments to suppliers	(453,920)	(15,975,624)	(16,429,544)
Payments to employees	(420,662)	(3,031,430)	(3,452,092)
Net cash provided by operating activities	97,558	2,307,859	2,405,417
NONCAPITAL FINANCING ACTIVITIES			
Other income	-	4,309	4,309
Transfers from (to) other funds	84,469	(584,000)	(499,531)
Net cash provided by (used in) noncapital financing activities	84,469	(579,691)	(495,222)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	10,561	-	10,561
Purchases of capital assets	(83,451)	(1,563,346)	(1,646,797)
Principal paid on capital debt	(102,241)	(1,206,179)	(1,308,420)
Interest paid on capital debt	(6,890)	(126,557)	(133,447)
Net cash used in capital and related financing activities	(182,021)	(2,896,082)	(3,078,103)
INVESTING ACTIVITIES			
Interest received	-	392,460	392,460
Net cash provided by investing activities	-	392,460	392,460
Net increase (decrease) in cash and cash equivalents	6	(775,454)	(775,448)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	-	10,935,382	10,935,382
Ending at June 30	\$ 6	\$ 10,159,928	\$ 10,159,934
RECONCILIATION TO EXHIBIT 8			
Cash and cash equivalents	\$ -	\$ 9,606,881	\$ 9,606,881
Cash and cash equivalents, restricted	6	553,047	553,053
	\$ 6	\$ 10,159,928	\$ 10,159,934
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 38,476	\$ 1,088,425	\$ 1,126,901
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	208,466	1,328,730	1,537,196
Landfill closure and postclosure care	61,303	-	61,303
Payable to AMP	-	180,502	180,502
Pension expense net of employer contributions	(148,847)	(2,497)	(151,344)
Other postemployment benefit expense net of employer contributions	(9,139)	10,923	1,784

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities – Enterprise Funds		
	Solid Waste	Electric	Total
Change in assets and liabilities:			
(Increase) decrease in:			
Receivables, net	(23,649)	(275,880)	(299,529)
Lease receivable	-	116,551	116,551
Inventories	-	(407,073)	(407,073)
(Decrease) increase in:			
Accounts payable and accrued liabilities	(16,057)	211,416	195,359
Accrued payroll and related liabilities	(2,325)	28,347	26,022
Customer security deposits	-	19,384	19,384
Compensated absences	(10,670)	9,031	(1,639)
Net cash provided by operating activities	<u>\$ 97,558</u>	<u>\$ 2,307,859</u>	<u>\$ 2,405,417</u>

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies

A – The Financial Reporting Entity

The Town of Bedford, Virginia (the “Town”) was originally incorporated as a city in 1968. Effective July 1, 2013, the City reverted to town status, as more fully described in Note 23. The Town operates a Council-Manager form of government and provides municipal services to its residents. The financial statements of the reporting entity include only those of the Town (the primary government).

Discretely Presented Component Units

Town of Bedford Redevelopment and Housing Authority

Under the *Code of Virginia*, the Commonwealth of Virginia created in each town and county, a redevelopment and housing authority which is a separate political subdivision of the Commonwealth. In 1970, Town Council activated the Town of Bedford Redevelopment and Housing Authority (the “Authority”). The Authority owns and operates federal and state-assisted housing projects for low-income families and administers urban development projects. Commissioners of the Authority are appointed by Town Council; the Town is not financially accountable for the Authority, however, the Town does provide financial support.

Economic Development Authority of the Town of Bedford

In 1970, Town Council created the Economic Development Authority of the Town of Bedford (the “EDA”). The EDA was established to promote industry and develop trade within the Town. The EDA is governed by a board of seven directors appointed by Town Council; the Town is not financially accountable for the EDA, however, the Town does provide financial support.

The following entity is excluded from the accompanying financial statements:

Jointly Governed Organizations

Region 2000 Services Authority

During 2008, the Town, in conjunction with the Counties of Campbell, Nelson, and Appomattox, and the City of Lynchburg, created the Region 2000 Services Authority (the “Region 2000”). In 2013, the Town requested their agreement with the Region 2000 be terminated as the Town now has full access to Bedford County’s landfill. The Region 2000 agreed to release the Town. The Town will continue to be responsible for the closure and post-closure cost previously incurred at the Region 2000, which is recorded in the long-term liabilities of the solid waste fund.

Public Safety Training Center

The Town of Bedford owns a public safety training center which is utilized by the Town and the County of Bedford. The Town is the fiscal agent for the property. The agreement was established to note the County’s continued right to use the facility, cost sharing for maintenance, upkeep, and any new construction. All routine costs and expenses are initially paid by the Town, but such costs and expenses are split on a 50/50 basis between the parties, with payment due from Bedford County upon receipt of invoice. At the end of each fiscal year, the revenue from fees are divided 50/50 between the Town and County.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Related Organizations

Other Boards and Commissions

Town Council appoints certain members of various boards and commissions' governing bodies as provided under state and local laws and ordinances. However, the boards and commissions are advisory in nature and the Town is not financially accountable for these organizations.

B – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information 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.

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*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual enterprise funds are reported as separate columns in the fund financial statements.

C – Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting principally of categorical aid from federal and state agencies, are recognized when earned or at the time of the specific expenditure. Sales, communication sales and use, and public utility taxes, which are collected by the Commonwealth of Virginia and public utilities, respectively, and subsequently remitted to the Town, are recognized as revenues and receivables when measurable and available.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

The Town reports the following major governmental fund:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The *solid waste fund* accounts for solid waste operations.

The *electric fund* accounts for electric distribution operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds 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 solid waste and electric enterprise funds are charges to customers for sales and services. 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.

D – Budgets and Budgetary Accounting

Following are the procedures used to establish the budgetary data reflected in the financial statements:

1. Prior to May 1, the Town Manager submits to Town Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an appropriations resolution. The appropriations ordinance places legal restrictions on expenditures at the department level.
4. The Town Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total budget amounts and/or appropriations of any fund must be approved by Town Council. Town Council approved additional appropriations of approximately \$14,100,000 during the current fiscal year primarily for unanticipated expenditures in general governmental administration, public works, public safety, and potential grant expenditures in community development.
5. Formal budgetary integration is employed as a management control device for all funds.
6. The budget for the general fund is adopted on the modified accrual basis of accounting.

Appropriations lapse on June 30 for all Town funds except for carry-forward requests approved by Council.

E – Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Town of Bedford, Virginia
Notes to Financial Statements
June 30, 2024

F – Investments and Fair Value Measurement

Investments are stated at fair value.

The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

G – Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

H – Inventories

Inventories are stated at the lower of cost or market. Inventories consist of electric department parts and materials held for consumption, which are expensed when used.

I – Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, 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 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Prior to June 30, 2015, donated capital assets were recorded at estimated fair market value at the date of donation. Subsequent to June 30, 2015, donated capital assets have been report at acquisition value. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

Capital assets generally are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	30-40 years
Machinery and equipment	5-10 years
Distribution and transmission systems	40-50 years
Infrastructure	40-50 years

Certain capital assets used specifically in landfill operations are depreciated based on the percentage of capacity used.

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

Lease assets are recorded under GASB Statement No. 87, *Leases*. Lease assets are amortized over the shorter of the lease term or useful life of the underlying asset.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Intangible assets include subscription right-to-use assets recorded under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, net of accumulated amortization. *SBITAs* are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

J – Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows of resources. These items represent an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualifies for reporting as deferred inflows or outflows:

- Deferred charge on refunding. A deferred charge on refunding is a deferred outflow which 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.
- Contributions subsequent to the measurement date for pensions and other postemployment benefits (OPEB) are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in actuarial assumptions that will be recognized in the OPEB expenses over the closed five-year period and may be reported as a deferred inflow or outflow as applicable.
- Changes in proportionate share between measurement dates on OPEB liability. This difference will be recognized in OPEB expense over the remaining service life of the employees subject to the plan and may be reported as a deferred inflow or outflow as applicable.
- The governmental fund reports unavailable revenue from property taxes and other receivables, such as Bedford Regional Water Authority (BRWA) receivable, not collected within 45 days of year end and property taxes levied to fund future years.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Lease-related amounts are recognized at the inception of leases in which the Town is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

K – Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to Virginia Retirement System (VRS) administered pension and OPEB plans, information about the fiduciary net position of the Town's Plans and the additions to/deductions from the Town's Plan's net fiduciary position have been determined on the same basis as they were reported by the 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.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

L – Compensated Absences

Town employees accumulate vacation time depending upon their length of service. Outstanding vacation time up to 30 days is payable upon termination of employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund statements. A liability for these amounts is reported in the governmental fund only when the amounts are due and payable. Management believes the long-term portion of compensated absences is immaterial.

M – Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Issuance costs are recognized during the period. 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N – Net Position/Fund Balance

Net position in government-wide and proprietary financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through state statute. Net investment in capital assets represents capital assets net of debt related to it.

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Town using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same level of action is taken to remove or change the constraint.
- **Assigned** – Amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Fund balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the Town Manager or his designee.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

O – Restricted Amounts

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P – Minimum Fund Balance Policy

The Town will maintain a minimum Undesignated/Unreserved General Fund Reserve that is sufficient to provide financial resources for the Town in the event of an emergency or the loss of a major revenue source. The Town has set the minimum Undesignated/Unreserved Balance for the General Fund at an amount equal to 25.0% of General Fund operating expenditures to mitigate the impacts of unanticipated revenue shortfalls and provide a buffer for unexpected expenditure requirements.

Q – Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Significant encumbrances as of June 30 totaled \$130,619 in the general fund.

R – Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

Note 2 – Deposits and Investments

Deposits

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

Investments

Investment Policy

Statutes authorize the Town to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; “prime quality” commercial paper and certain corporate notes; banker’s acceptances; repurchase agreements; the Virginia State Non-Arbitrage Program (SNAP); and the State Treasurer’s Local Government Investment Pool (LGIP).

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Pursuant to Sec. 2.1-234.7 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP (a 2a-7 like pool) reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share). The investment policy specifies that no investment may have a maturity greater than three months from the date of purchase.

Credit Risk

As required by state statute or by the Town, the policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following; Moody's Investors Service, Standard & Poor's, or Fitch Investor's Service, provided that the issuing corporation has a net worth of \$50,000,000 and its long-term debt is rated A or better by Moody's and Standard & Poor's. Banker's acceptances and certificates of deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Open-ended investment funds must be registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein. Commonwealth of Virginia and Virginia Local Government Obligations secured by debt service reserve funds not subject to annual appropriation must be rated AA or higher by Moody's or Standard & Poor's. Repurchase agreements require that the counterparty be rated "A" or better by Moody's and Standard & Poor's.

Concentration of Credit Risk

Although the intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, or (iii) maturity, the policy places no limit on the amount the Town may invest in any one issuer.

Interest Rate Risk

The Policy limits certain investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Agency securities purchased must mature within five years of the date of purchase. Prime commercial paper must mature within 270 days of the date of purchase, and banker's acceptances must mature within 180 days of the date of purchase.

As of June 30, 2024, the fair value, credit rating, percentage of portfolio, and weighted-average maturity of investments are as follows:

Investment Type	Fair Value	Standard & Poor's Credit Rating	Percentage of Portfolio	Weighted-Average Maturity*
Government and Agency Bonds	<u>\$ 146,584</u>	AAA	100.00%	20.48

* Weighted-average maturity in years

Custodial Credit Risk

The Policy requires that all investment securities purchased by the Town be held in safekeeping by a third-party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, 2024 investments are held in a bank's trust department in the Town's name.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Deposits and investments consist of the following:

Deposits	\$ 20,327,095
Investments	146,584
Total deposits and investments	<u><u>\$ 20,473,679</u></u>
Reconciliation of deposits and investments to Exhibit 1	
Cash and cash equivalents – primary government	\$ 14,229,422
Cash and cash equivalents – component units	854,176
Investments – primary government	146,584
Cash and cash equivalents, restricted – primary government	5,243,497
Total deposits and investments	<u><u>\$ 20,473,679</u></u>

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consists of the following:

	Governmental Activities	Business-Type Activities	Total
Unspent shared revenue	\$ 71,258	\$ -	\$ 71,258
Maintained as a condition of certain bond instruments	-	93,654	93,654
Cemetery	998,833	-	998,833
Utility deposits	-	459,393	459,393
Landfill closure	-	6	6
Park trust	81,131	-	81,131
Grant restrictions	3,539,222	-	3,539,222
	<u><u>\$ 4,690,444</u></u>	<u><u>\$ 553,053</u></u>	<u><u>\$ 5,243,497</u></u>

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The Town has the following recurring fair value measurements as of June 30, 2024:

	Level 1
Debt securities	
Government and Agency Bonds	\$ 146,584
	<u><u>\$ 146,584</u></u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Note 3 – Receivables

Receivables for the individual major funds are as follows:

	General	Solid Waste	Electric	Total
Receivables				
Taxes	\$ 1,247,147	\$ -	\$ -	\$ 1,247,147
Accounts	203,562	154,282	2,394,542	2,752,386
Gross receivables	1,450,709	154,282	2,394,542	3,999,533
Less allowance for uncollectible	(168,194)	(18,780)	(173,736)	(360,710)
Net receivables	<u><u>\$ 1,282,515</u></u>	<u><u>\$ 135,502</u></u>	<u><u>\$ 2,220,806</u></u>	<u><u>\$ 3,638,823</u></u>

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2024, unavailable revenue related to taxes receivable was \$1,001,067 and the BRWA debt service receivable was \$1,217,000. Also at June 30, 2024, unearned revenue related to federal ARPA funding was \$3,195,378.

Note 4 – Lease Receivable

The electric fund is the lessor of certain equipment relating to an electric substation for a thirty-year term through 2026. The lessee provides all maintenance and repairs. The lessee will purchase the equipment at the end of the lease term. Monthly payments are \$29,152 through May 2026, at which time the guaranteed residual value is due.

The lease receivable is due as follows:

Year Ending	Principal	Interest
2025	\$ 135,086	\$ 214,735
2026	1,508,910	179,776
	<u>\$ 1,643,996</u>	<u>\$ 394,511</u>

Lease and interest revenue was \$118,046 and \$230,441, respectively, for 2024. Deferred inflow of lease revenue as of June 30, 2024 was \$2,863.

Note 5 – Interfund Receivables, Payables, and Transfers

Interfund transfers totaling \$584,000 from the electric fund to the general fund were to finance general fund programs in accordance with budgetary authorizations.

Interfund transfers totaling \$84,469 from the general fund to the solid waste fund to pay off interfund liabilities and to cover obligations of the fund that exceeded available revenues.

Note 6 – Due From Other Governmental Units

Amounts due from other governmental units is as follows:

	Governmental Activities
Commonwealth of Virginia	
Transit grant	\$ 95,922
FEMA Grant	89,000
VDOT Grant	72,800
Community Grant	96,854
Sales tax	69,059
Other	13,039
	<u>\$ 436,674</u>

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Note 7 – Bedford Regional Water Authority Debt Service Receivable

On July 1, 2013, the water and sewer fund was closed. Certain assets were transferred to the newly created Bedford Regional Water Authority (BRWA). In consideration, BRWA agreed to pay debt service on certain General Obligation Bonds of the Town. The receivable has been deferred in the governmental funds as the amounts are not considered available, however, is recognized in the fund statements as recovered costs when normal payments are received. The receivable is due as follows:

Year Ending	Principal	Interest
2025	\$ 600,000	\$ 35,902
2026	617,000	18,202
	<u>\$ 1,217,000</u>	<u>\$ 54,104</u>

Note 8 – Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases*	Decreases*	Ending Balance
Capital assets, not depreciated				
Land	\$ 2,032,745	\$ -	\$ (496,134)	\$ 1,536,611
Construction in progress	925,280	176,180	(56,390)	1,045,070
Total capital assets, not depreciated	2,958,025	176,180	(552,524)	2,581,681
Capital assets, depreciated and amortized				
Buildings and improvements	5,510,590	57,533	(3,031,429)	2,536,694
Machinery and equipment	8,699,610	390,044	(811,394)	8,278,260
Infrastructure	15,872,764	4,651,399	(147,000)	20,377,163
Machinery and equipment – lease assets	-	457,838	-	457,838
Subscription right-to-use assets	202,774	-	-	202,774
Total capital assets, depreciated and amortized	30,285,738	5,556,814	(3,989,823)	31,852,729
Less accumulated depreciation and amortization for:				
Buildings and improvements	(2,942,907)	(27,433)	11,328	(2,959,012)
Machinery and equipment	(6,455,565)	(510,978)	148,599	(6,817,944)
Infrastructure	(11,448,574)	(572,438)	147,000	(11,874,012)
Machinery and equipment – lease assets	-	(48,885)	-	(48,885)
Subscription right-to-use assets	(2,925)	(71,534)	-	(74,459)
Total accumulated depreciation and amortization	(20,849,971)	(1,231,268)	306,927	(21,774,312)
Total capital assets, depreciated and amortized, net	9,435,767	4,325,546	(3,682,896)	10,078,417
Governmental activities capital assets, net	<u>\$ 12,393,792</u>	<u>\$ 4,501,726</u>	<u>\$ (4,235,420)</u>	<u>\$ 12,660,098</u>

* Reclassifications between internal capital asset categories occurred during fiscal year 2024. Reclassifications of these assets had no impact on their designated useful lives.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Business-Type Activities	Beginning Balance	Increases*	Decreases*	Ending Balance
Capital assets, not depreciated				
Land	\$ 761,899	\$ -	\$ (6,089)	\$ 755,810
Construction in progress	214,916	1,127	(199,088)	16,955
Total capital assets, not depreciated	976,815	1,127	(205,177)	772,765
Capital assets, depreciated and amortized				
Buildings and improvements	14,818,674	30,910	(240,052)	14,609,532
Machinery and equipment	10,525,023	1,545,982	(272,498)	11,798,507
Landfill development costs	3,315,945	6,086	-	3,322,031
Distribution and transmission systems	19,667,265	1,583,275	(817,569)	20,432,971
Subscription right-to-use assets	233,153	-	-	233,153
Total capital assets, depreciated and amortized	48,560,060	3,166,253	(1,330,119)	50,396,194
Less accumulated depreciation and amortization				
Buildings and improvements	(9,713,664)	(145,085)	-	(9,858,749)
Machinery and equipment	(7,620,147)	(753,939)	14,713	(8,359,373)
Landfill development costs	(3,315,945)	-	-	(3,315,945)
Distribution and transmission systems	(8,632,660)	(550,742)	-	(9,183,402)
Subscription right-to-use assets	-	(87,430)	-	(87,430)
Total accumulated depreciation and amortization	(29,282,416)	(1,537,196)	14,713	(30,804,899)
Total capital assets, depreciated and amortized, net	19,277,644	1,629,057	(1,315,406)	19,591,295
Business-type activities capital assets, net	<u>\$ 20,254,459</u>	<u>\$ 1,630,184</u>	<u>\$ (1,520,583)</u>	<u>\$ 20,364,060</u>

* Reclassifications between internal capital asset categories occurred during fiscal year 2024. Reclassifications of these assets had no impact on their designated useful lives.

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities	
General government administration	\$ 192,399
Public safety	568,980
Public works	299,041
Community development	170,848
	<u>\$ 1,231,268</u>
Business-type activities	
Solid waste	\$ 208,466
Electric	1,328,730
	<u>\$ 1,537,196</u>

Discretely Presented Component Unit – Economic Development Authority (EDA)

Capital asset activity for the EDA for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	<u>\$ 10,000</u>	<u>\$ 10,325</u>	<u>\$ -</u>	<u>\$ 20,325</u>

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Note 9 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,093,227	\$ -	\$ (678,280)	\$ 1,414,947	\$ 698,020
Financed purchases	488,668	-	(124,548)	364,120	122,137
Subscription liability	165,915	-	(60,670)	105,245	62,515
Lease liability	-	457,838	(48,885)	408,953	91,568
Compensated absences	283,856	293,148	(283,856)	293,148	293,148
Landfill liability					
Closed landfill	2,737,619	331,605	(191,683)	2,877,541	191,836
Governmental activities long-term liabilities	<u><u>\$ 5,769,285</u></u>	<u><u>\$ 1,082,591</u></u>	<u><u>\$ (1,387,922)</u></u>	<u><u>\$ 5,463,954</u></u>	<u><u>\$ 1,459,224</u></u>

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,990,372	\$ -	\$ (974,720)	\$ 2,015,652	\$ 996,980
Revenue bonds	600,000	-	(185,000)	415,000	200,000
Financed purchases	78,440	-	(19,038)	59,402	19,414
Subscription liability	202,785	-	(74,153)	128,632	76,408
Payable to AMP					
Contract (Note 17)	413,202	180,502	(55,509)	538,195	72,000
Compensated absences	203,836	202,197	(203,836)	202,197	202,197
Landfill liability					
Region 2000	50,206	3,257	(3,482)	49,981	3,332
Transfer station	28,491	2,965	(2,025)	29,431	1,837
Active landfill	1,836,006	191,103	(130,515)	1,896,594	126,440
Business-type activities long-term liabilities	<u><u>\$ 6,403,338</u></u>	<u><u>\$ 580,024</u></u>	<u><u>\$ (1,648,278)</u></u>	<u><u>\$ 5,335,084</u></u>	<u><u>\$ 1,698,608</u></u>

Governmental activities long-term liabilities are liquidated by the general fund.

Compensated absences are expected to be liquidated in the upcoming year.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

The annual requirements to amortize long-term debt and related interest are as follows:

Year Ending June 30,	Governmental Activities					
	General Obligation					
	Bonds		Financed Purchases		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 698,020	\$ 43,493	\$ 122,137	\$ 7,478	\$ 91,568	\$ 18,571
2026	716,927	22,042	125,209	4,828	91,568	18,571
2027	-	-	116,774	2,118	91,568	18,571
2028	-	-	-	-	91,568	18,571
2029	-	-	-	-	42,681	8,775
	<u>\$ 1,414,947</u>	<u>\$ 65,535</u>	<u>\$ 364,120</u>	<u>\$ 14,424</u>	<u>\$ 408,953</u>	<u>\$ 83,059</u>

Year Ending June 30,	Business-Type Activities						
	General Obligation				AMP Obligations	Financed Purchases	
	Bonds		Revenue Bonds		Contract		
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2025	\$ 996,980	\$ 44,747	\$ 200,000	\$ 28,507	\$ 72,000	\$ 19,414	\$ 1,174
2026	1,018,672	22,614	215,000	12,691	60,000	19,798	790
2027	-	-	-	-	60,000	20,190	399
2028	-	-	-	-	60,000	-	-
2029	-	-	-	-	60,000	-	-
2030-2033	-	-	-	-	226,195	-	-
	<u>\$ 2,015,652</u>	<u>\$ 67,361</u>	<u>\$ 415,000</u>	<u>\$ 41,198</u>	<u>\$ 538,195</u>	<u>\$ 59,402</u>	<u>\$ 2,363</u>

	Subscription Liabilities			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 62,515	\$ 2,302	\$ 76,408	\$ 2,814
2026	42,730	482	52,224	590
	<u>\$ 105,245</u>	<u>\$ 2,784</u>	<u>\$ 128,632</u>	<u>\$ 3,404</u>

During 2024, the AMP Obligation liability was adjusted and will be refunded over the same terms as previously agreed upon.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business-Type Activities
General Obligation Bonds						
Virginia Revolving Loan Fund						
Public improvement	2.9%	03/2011	2026	\$ 5,485,000	\$ 1,216,585	\$ -
Public improvement	1.9-2.2	12/2017	2026	5,485,000	198,362	2,015,652
					<u>\$ 1,414,947</u>	<u>\$ 2,015,652</u>
Revenue Bonds						
Virginia Resources Authority						
Taxable lease	7.8%	06/1996	2026	2,630,000	\$ -	\$ 415,000
Obligations Payable – AMP						
Generating station contract	0.8%	N/A	2033	1,081,697	\$ -	\$ 538,195
Financed Purchases						
Equipment loan	1.976%	12/2019	2026	844,974	\$ 315,382	\$ 59,402
Equipment loan	3.170	03/2021	2026	101,530	38,734	-
Equipment loan	0.000	10/2022	2026	25,011	10,004	-
					<u>\$ 364,120</u>	<u>\$ 59,402</u>

Equipment

During fiscal years 2020, 2021, and 2023 the Town entered into various financed purchases of equipment totaling \$971,515.

The assets acquired through the financed purchases are as follows:

Machinery and equipment	\$ 978,715
Less accumulated depreciation	(283,128)
	<u>\$ 695,587</u>

Obligations Payable – AMP

Generating Station Contract

During 2008, the Town entered into a “take or pay” power sales contract with American Municipal Power (AMP) whereby it agreed to participate in the guaranteed purchase of electric generation capacity from a coal-fired generating facility. The participants authorized AMP to acquire ownership interest in the project, and the Town agreed to purchase 1.25% of the power generated under that ownership interest. The project was cancelled, which resulted in stranded costs that are owed by each participant. The Town elected to participate in a new project, the AMP Fremont Energy Center (AFEC) natural gas combined cycle project, which reduced the estimated stranded costs to \$1,081,697, due to certain development costs being transferred to the AFEC project. The ultimate outcome that will be paid by the Town is unclear; ongoing litigation related to the failure of the project could reduce the Town’s liability, if successful. However, the Town’s share of the litigation costs will be added to this liability as they are incurred. Also, AMP’s management believes that approximately \$425,000 of the stranded costs (related to undeveloped land and permitting costs) are likely to have future benefit to the participants, and if so, would reduce the amount owed by the Town. In June 2014, the Town elected to begin repaying the estimated total stranded costs over a 15-year period. The obligation bears interest based upon AMP’s own borrowing costs, which is 0.80%.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Note 10 – Landfill Closure and Postclosure Care Costs

Closed Landfill – SWP 196

The Town closed its former landfill site in 1994. In accordance with federal and state laws, the Town placed a final cover on this site and was required to perform certain maintenance and monitoring functions for a minimum of ten years after closure. The cumulative amount of estimated closure and postclosure care costs for this site, less costs paid to date, totals \$2,877,541. The presence of certain contaminants has been detected in the groundwater on adjacent property. The estimated liability is based on the Virginia Department of Environmental Quality (DEQ) accepting the active remedy proposed by the Town. If the DEQ does not accept the active remedy, the actual costs may increase. Also, actual costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances.

Closed Landfill – SWP 569

This landfill site began accepting waste in 1994. State and federal laws require the Town to place a final cover on this site when it stops accepting waste and to perform maintenance and monitoring functions for thirty years after closure. During 2021, the remaining capacity in the open landfill was considered 100% full and the landfill closed. The cumulative amount of remaining estimated closure and postclosure care costs for this site, less costs paid to date, totals \$1,896,594. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances.

The Town uses the financial assurance test method of demonstrating its ability to fund closure and postclosure care cost.

Note 11 – Subscription-Based Information Technology Arrangements (*SBITAs*)

The Town has *SBITAs* for software platforms with periods expiring October 2025 and February 2026. The Town uses its estimated incremental borrowing rate of 3.00% as the discount rate as none of the subscription arrangements have an explicitly stated interest rate. The value of the right-to-use subscription asset and related accumulated amortization as of year-end are disclosed in Note 8. The related liability as well as principal and interest requirements to maturity are disclosed in Note 9.

Note 12 – Leases

During 2024, the Town entered into a lease for multiple police vehicles for a term of 60 months. Minimum lease payments range from \$504 to \$811 on a monthly basis. For the purpose of discounting future payments, the Town imputed an interest rate ranging from 7.93% to 8.97%. The value of the lease assets and related accumulated amortization as of year-end are disclosed in Note 8. The related lease liability as well as principal and interest requirements to maturity are disclosed in Note 9.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

Note 13 – Net Position/Fund Equity

General fund balance is classified below based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources:

Restricted for:	
General governmental administration (grant funding)	\$ 58,738
2010 GO Bond	71,258
Community development	81,131
	<u>211,127</u>
Assigned to:	
Public works (encumbrances)	17,677
Public safety (encumbrances)	80,331
General government (encumbrances)	32,611
Public safety – fire apparatus	955,107
	<u>1,085,726</u>
Committed to:	
Bedford Regional Water Authority	<u>220,000</u>
Nonspendable:	
Corpus of permanent fund	998,833
Unassigned	<u>4,230,187</u>
Total fund balance	<u><u>\$ 6,745,873</u></u>

Deficit Net Position

At June 30, 2024, the solid waste fund had a deficit net position of \$1,368,017, which is anticipated to be recovered through future revenues, as well as possible transfers from the general and/or electric funds.

Note 14 – Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Town of Bedford, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Town of Bedford, Virginia
Notes to Financial Statements
June 30, 2024

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	138
Inactive members	
Vested inactive members	18
Non-vested inactive members	35
Long term disability	1
Inactive members active elsewhere in VRS	56
Total inactive members	110
Active members	90
Total covered employees	338

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 political subdivision's contractually required contribution rate for the year ended June 30, 2024 was 21.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2022.

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 political subdivision were \$1,117,569 and \$1,024,578 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

The net pension liability 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 political subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety Employees with hazardous duty benefits, in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial

Town of Bedford, Virginia

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cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

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

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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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75%
Inflation			2.50%
*Expected arithmetic nominal return			8.25%

- * The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of 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 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 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.

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Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 33,704,370	\$ 26,248,115	\$ 7,456,255
Changes for the year			
Service cost	589,069	-	589,069
Interest	2,242,752	-	2,242,752
Differences between expected and actual experience	(490,991)	-	(490,991)
Contributions – employer	-	1,024,578	(1,024,578)
Contributions – employee	-	230,530	(230,530)
Net investment income	-	1,666,488	(1,666,488)
Benefit payments, including refunds of employee contributions	(2,134,979)	(2,134,979)	-
Administrative expenses	-	(17,063)	17,063
Other changes	-	669	(669)
Net changes	205,851	770,223	(564,372)
Balances at June 30, 2023	<u>\$ 33,910,221</u>	<u>\$ 27,018,338</u>	<u>\$ 6,891,883</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability	<u>\$ 10,822,746</u>	<u>\$ 6,891,883</u>	<u>\$ 3,639,312</u>

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

For the year ended June 30, 2024, the political subdivision recognized pension expense of \$583,462. At June 30, 2024, the political subdivision 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	\$ 26,321	\$ 269,824
Net difference between projected and actual earnings on pension plan investments	-	445,474
Employer contributions subsequent to the measurement date	1,117,569	-
	<u>\$ 1,143,890</u>	<u>\$ 715,298</u>

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The \$1,117,569 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Effect on Pension Expense
2025	\$ (507,524)
2026	(575,865)
2027	379,409
2028	15,003
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Report) A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15 – Other Postemployment Benefits Liability – Local Plan

Plan Description

The Town provides postemployment medical coverage for retired employees through a single-employer defined benefit plan. The plan is established under the authority of Town Council, which may also amend the plan as deemed appropriate. Participants must meet eligibility requirements based on service earned with the Town to be eligible to receive benefits upon retirement. Only participants who retire directly from active service are eligible for the OPEB.

- General government with membership dates before July 1, 2010 (Plan 1) – Participants must have attained age 50 with a minimum of 30 years of service.
- General government with membership dates on or after July 1, 2010 (Plan 2) – receive reduced benefits after attaining 90 points (age plus service) with VRS.
- Law enforcement officers – Participants must have attained age 50 with a minimum of 25 years of service.

The plan does not have any assets accumulated in a trust.

Benefits Provided

Benefits include medical, dental, and vision insurance. Participating retirees pay monthly premiums to continue with the Town's insurance plans. Benefits end at the earlier of the retiree's death or attainment of age 65.

Employees Covered by Benefit Terms

As of the July 1, 2023 actuarial valuation, the following employees were covered by the benefit terms of the plan:

Active plan members

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Total OPEB Liability

The Town's total OPEB liability of \$157,945 was measured as of June 30, 2024 and was determined based on an actuarial valuation performed as of July 1, 2023.

Actuarial Assumptions and Other Inputs

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

Inflation	3.00%
Salary increases, including inflation	4.00%
Healthcare cost trend rates	6.00% Initial, 4.50% Ultimate
Retirees' share of benefit-related costs	Same as Health Care Trend

Mortality rates: RP-2014 Combined Annuitant Mortality Table for males and females.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2022 through June 30, 2023.

Changes in assumptions and other inputs reflect a change in the discount rate.

Changes in the Total OPEB Liability

Balance at June 30, 2023	\$ 151,337
Changes for the year	
Service cost	15,576
Interest	6,250
Assumption or other input changes	12,198
Difference between expected and actual experience	(27,416)
Net changes	6,608
Balance at June 30, 2024	<u><u>\$ 157,945</u></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 Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current discount rate:

	1.00% Decrease (3.21%)	Current Discount Rate (4.21%)	1.00% Increase (5.21%)
Total OPEB liability	<u><u>\$ 176,850</u></u>	<u><u>\$ 157,945</u></u>	<u><u>\$ 141,106</u></u>

Town of Bedford, Virginia

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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 Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current healthcare cost trend rates:

	1.00% Decrease (3.50%)	Current Healthcare Cost Trend Rates (4.50%)	1.00% Increase (5.50%)
Total OPEB liability	\$ 135,746	\$ 157,945	\$ 184,566

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$8,791. At June 30, 2024, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 43,957
Change in assumptions	23,205	39,728
	<u>\$ 23,205</u>	<u>\$ 83,685</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Reduction to OPEB Expense
2025	\$ (13,035)
2026	(13,035)
2027	(13,035)
2028	(8,093)
2029	(5,427)
Thereafter	(7,855)

Note 16 – Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Town also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. The plan is considered a multiple-employer, cost sharing plan.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	\$28,700
June 30, 2023 Contribution	\$30,048

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session.

OPEB Liability, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the net OPEB liability, was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2024 proportionate share of liability	\$	250,657
June 30, 2023 proportion		0.02090%
June 30, 2022 proportion		0.02032%
June 30, 2024 expense	\$	13,000

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Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,034	\$ 7,609
Change in assumptions	5,358	17,366
Net difference between projected and actual earnings on OPEB plan investments	-	10,073
Changes in proportion	10,847	8,030
Employer contributions subsequent to the measurement date	28,700	-
	<u>\$ 69,939</u>	<u>\$ 43,078</u>

The deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Group Life Insurance Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	\$ (410)
2026	(10,463)
2027	4,640
2028	713
2029	3,681
Thereafter	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

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Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 14.

Net OPEB Liability

The net OPEB liability represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,907,052
Plan fiduciary net position	2,707,739
Employers' net OPEB liability	1,199,313
Plan fiduciary net position as a percentage of total OPEB liability	69.30%

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

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS 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 OPEB 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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75%
Inflation			2.50%
*Expected arithmetic nominal return			8.25%

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- * The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of 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 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including inflation of 2.50%.

Discount Rate

The discount rate used to measure the GLI OPEB 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 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 ending June 30, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net 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 discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	<u>\$ 371,551</u>	<u>\$ 250,657</u>	<u>\$ 152,912</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Note 17 – Summary of Pension and Other Postemployment Benefit Elements

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 15,479	\$ 10,842	\$ 26,321
Employer contributions subsequent to the measurement date			
VRS	657,261	460,308	1,117,569
Total deferred outflows of resources – pensions	<u>\$ 672,740</u>	<u>\$ 471,150</u>	<u>\$ 1,143,890</u>
Deferred outflows of resources – OPEB			
Change in assumptions			
Local plan	\$ 14,301	\$ 8,904	\$ 23,205
VRS GLI	3,142	2,216	5,358
Difference between expected and actual experience			
VRS GLI	14,682	10,352	25,034
Changes in proportion			
VRS GLI	6,362	4,485	10,847
Employer contributions subsequent to the measurement date			
VRS GLI	16,832	11,868	28,700
Total deferred outflows of resources – OPEB	<u>\$ 55,319</u>	<u>\$ 37,825</u>	<u>\$ 93,144</u>
Net pension liability			
VRS	<u>\$ 4,053,225</u>	<u>\$ 2,838,658</u>	<u>\$ 6,891,883</u>
Net OPEB liability			
Local plan	\$ 97,348	\$ 60,597	\$ 157,945
VRS GLI	147,000	103,657	250,657
Total net OPEB liability	<u>\$ 244,348</u>	<u>\$ 164,254</u>	<u>\$ 408,602</u>
Deferred inflows of resources – pensions			
Net difference between projected and actual investment earnings on pension plan investments			
VRS	\$ 261,995	\$ 183,479	\$ 445,474
Difference between expected and actual experience			
VRS	158,683	111,141	269,824
Total deferred inflow of resources – pensions	<u>\$ 420,678</u>	<u>\$ 294,620</u>	<u>\$ 715,298</u>
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 27,091	\$ 16,866	\$ 43,957
VRS GLI	4,463	3,146	7,609
Changes in proportion			
VRS GLI	4,710	3,320	8,030
Net difference between projected and actual investment earnings on pension plan investments			
VRS GLI	5,910	4,163	10,073

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	Governmental Activities	Business-Type Activities	Total Primary Government
Changes in assumptions			
Local plan	24,484	15,244	39,728
VRS GLI	10,185	7,181	17,366
Total deferred inflow of resources – OPEB	<u>\$ 76,843</u>	<u>\$ 49,920</u>	<u>\$ 126,763</u>
Pension expense			
VRS	<u>\$ 343,134</u>	<u>\$ 240,328</u>	<u>\$ 583,462</u>
OPEB expense			
Local plan	\$ 5,418	\$ 3,373	\$ 8,791
VRS GLI	7,625	5,375	13,000
Total OPEB expense	<u>\$ 13,043</u>	<u>\$ 8,748</u>	<u>\$ 21,791</u>

Note 18 – Service Contracts

Power Purchase Contracts

Holcomb Rock and Coleman Falls

As of September 1, 2019, the Town entered into a purchase power agreement (PPA) to purchase all of the energy generated from two hydroelectric facilities. The agreement provides for extensions with written notice at least six (6) months prior to the scheduled termination of the PPA of either Party's intent to not extend or to renew the PPA. The parameters of the purchase of power remained the same from the prior agreement with the exception of the rate. The terms of the old agreement required the Town to pay a fixed rate of \$0.05 per kilowatt-hour (kWh) for energy produced by the facilities. The new negotiated rate aligns the cost of the energy to the current kWh market rate at time of purchase with a maximum purchase price of \$0.031/kWh. The aggregate amount of this contracted energy to be delivered to the Town under average hydrologic conditions is expected to be approximately 15,000 kilowatt-hours per year.

AMP – Master Service Agreement

In 2018, the Town entered a power sales contract with AMP with an automatic annual renewal clause. The agreement requires the Town to purchase a minimum amount of power which varies based on expected usage. The Town is charged for this power at various adjustable rates based on current market conditions.

AMP – Prairie State Energy Project

During 2008, the Town entered a power sales contract with AMP whereby it and others agreed to participate in the guaranteed purchase of electric generation from a coal-fired generating facility. The participants authorized AMP to acquire ownership interest in the project, and the Town agreed to purchase 1.89% of the power generated under that ownership interest. The contract is on a "take-or-pay" basis which means the Town is required to pay its guaranteed portion whether or not it is used and payment is not conditioned on the performance by AMP under the contract. The obligations are required to be paid whether or not the project is completed, operable, or operating and as long as bonds issued by AMP remain outstanding. The ultimate amounts payable under the contract are currently undeterminable. The contract extends through 2057. Payments under the agreement began in 2012. The contract contains a step-up provision which provides that in the event of the default of a participant, non-defaulting participants may be required to purchase an increased share of power. See Note 9 for repayment terms remaining on the AMP contract related to this project.

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AMP – Fremont Energy Center

During 2011, the Town entered a power sales contract with AMP whereby it and others agreed to participate in the guaranteed purchase of a natural gas-fired combined cycle power generating plant. The participants authorized AMP to acquire ownership interest in the project, and the Town agreed to purchase 1.25% of the power generated under that ownership interest. The contract is on a “take-or-pay” basis which means the Town is required to pay its guaranteed portion whether or not it is used and payment is not conditioned on the performance by AMP under the contract. The obligations are required to be paid whether or not the project is completed, operable, or operating and as long as bonds issued by AMP remain outstanding. The amount payable under the contract is currently undeterminable. The contract extends through 2047. Payments under the agreement began in 2012. The contract contains a step-up provision which provides that in the event of the default of a participant, non-defaulting participants may be required to purchase an increased share of power.

Bedford Solar LLC

In 2017, the Town agreed to purchase the output of a solar generating facility to be constructed at 1477 Draper Road. The term of the Purchase Power Agreement (PPA) is 20 years. The capacity of the plant is 3 MW AC. The amount of energy purchased under the agreement varies in accordance with the plant’s production. The state of the art facility consists of a single axis tracking system with 10,188 solar panels, and it began generating electricity in January 2018. The PPA has a fixed rate of \$.0619 per kWh delivered to the Town’s electric system.

Note 19 – Property Taxes

During 2014, the Town adopted Bedford County’s tax billing schedule. Property taxes are levied on a calendar year basis. The County provides the Town with the assessed value as of January 1 for real and personal property. Real estate taxes are payable June 5 and December 5. The real estate tax rate was \$0.28 per \$100 of assessed value for 2024 and 2023.

Personal property taxes are payable on December 5. The personal property tax rate was \$1.06 per \$100 for both 2024 and 2023. A penalty of 10% for late payment and interest at the rate of 10% per annum, is charged on unpaid balances. The Town bills and collects its own property taxes.

Note 20 – Risk Management

The Risk Management programs of the Town are as follows:

Workers’ Compensation

The Town is a member of the Virginia Municipal League Insurance Programs for workers’ compensation insurance. Benefits are provided by the Commonwealth of Virginia. Premiums are based on covered payroll, job rates, and claims experience. Total premiums for fiscal year 2024 were \$168,342.

General Liability and Other

The Town purchases insurance coverage for exposure related to property, general, boiler and machinery, flood, accident, and automobile liability from Virginia Municipal League Insurance Programs. The Town’s property and contents are insured up to a limit of approximately \$63,000,000. The Town maintains an additional \$5,000,000 umbrella policy over all forms of liability insurance. The Town’s Public Officials and Law Enforcement Liability coverages, with a \$1,000,000 limit

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2024

for each, are provided through a policy with the Commonwealth of Virginia. Total premiums for fiscal year 2024 were \$189,836.

Healthcare

The Town provides healthcare coverage for employees through a policy with Anthem. The Town contributes towards the premium for each employee that elects to be covered. Dependents are also covered provided they pay the additional premium to the Town. Total premiums paid by the Town for fiscal year 2024 were \$897,372.

Other

There were no significant reductions in insurance coverages from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

Note 21 – Commitments and Contingencies

Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, would not be material to the financial position of the Town.

Note 22 – Major Customer/Taxpayer

During fiscal year 2024, approximately 5% of the Town's business-type revenues was generated by one industrial customer.

Note 23 – New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements which are not yet effective.

In June 2022, the GASB issued **Statement No. 101, *Compensated Absences***. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102, *Certain Risk Disclosures***. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103, *Financial Reporting Model Improvements***. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Town of Bedford, Virginia
Notes to Financial Statements
June 30, 2024

Note 24 – Reversion to Town Status

On July 1, 2013, the City of Bedford reverted to town status. Certain governmental activities capital assets in the amount of \$2,132,737 were transferred to Bedford County, including the library and elementary school. Due to the reversion, the County receives an increase in state education funding for 15 years (“Incentive Payments”). In consideration for assets transferred, the County agreed to pay the Town \$500,000 annually for a period of 15 years. In any year in which the Incentive Payment is greater than \$4,000,000, the County shall pay the Town an additional \$250,000. If the Incentive Payment is less than \$4,000,000, the payment to the Town will be reduced by a formula described in the reversion agreement. For the year ended June 30, 2024, the Town received \$750,000 from the County related to Incentive Payments.

Note 25 – Restatement of Prior Year Fund Balance

The following is a summary of the restatements to fund balance and net position, as applicable, resulting from the transfer between funds:

	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Fund balance/net position (deficit)				
July 1, 2023, as previously reported	\$ 6,400,160	\$ (1,390,131)	\$ 11,185,609	\$ 36,461,898
Transfer between general and solid waste fund	<u>105,492</u>	<u>(105,492)</u>	<u>105,492</u>	<u>(105,492)</u>
Fund balance/net position (deficit)				
July 1, 2023, as restated	<u><u>\$ 6,505,652</u></u>	<u><u>\$ (1,495,623)</u></u>	<u><u>\$ 11,291,101</u></u>	<u><u>\$ 36,461,898</u></u>

Note 26 – Subsequent Event

Subsequent to year end the Economic Development Authority purchased a steel foundry facility for \$425,000 and has plans to renovate the property.

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Required Supplementary Information

Town of Bedford, Virginia

Exhibit 11

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios June 30, 2024

	Plan Year			
	2023	2022	2021	2020
Total Pension Liability				
Service cost	\$ 589,069	\$ 513,082	\$ 482,837	\$ 497,869
Interest on total pension liability	2,242,752	2,176,358	2,057,290	1,982,345
Changes of assumptions	-	-	1,415,825	-
Difference between expected and actual experience	(490,991)	335,987	(675,358)	494,475
Benefit payments, including refunds of employee contributions	(2,134,979)	(2,100,636)	(1,958,779)	(1,769,994)
Net change in total pension liability	205,851	924,791	1,321,815	1,204,695
Total pension liability – beginning	33,704,370	32,779,579	31,457,764	30,253,069
Total pension liability – ending	33,910,221	33,704,370	32,779,579	31,457,764
Plan Fiduciary Net Position				
Contributions – employer	1,024,578	844,631	822,314	754,248
Contributions – employee	230,530	208,177	204,280	201,269
Net investment income	1,666,488	(13,453)	6,004,269	429,522
Benefit payments, including refunds of employee contributions	(2,134,979)	(2,100,636)	(1,958,779)	(1,769,994)
Administrative expenses	(17,063)	(17,271)	(15,448)	(15,037)
Other	669	617	(179)	239
Net change in plan fiduciary net position	770,223	(1,077,935)	5,056,457	(399,753)
Plan fiduciary net position – beginning	26,248,115	27,326,050	22,269,593	22,669,346
Plan fiduciary net position – ending	27,018,338	26,248,115	27,326,050	22,269,593
Net pension liability – ending	\$ 6,891,883	\$ 7,456,255	\$ 5,453,529	\$ 9,188,171
Plan fiduciary net position as a percentage of total pension liability	79.68%	77.88%	83.36%	70.79%
Covered payroll	\$ 4,419,109	\$ 4,472,938	\$ 4,310,461	\$ 4,169,832
Net pension liability as a percentage of covered payroll	155.96%	166.70%	126.52%	220.35%

The plan years above are reported in the Town's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the Town's fiscal year 2015 financial report.

Plan Year					
2019	2018	2017	2016	2015	2014
\$ 476,886	\$ 394,465	\$ 448,329	\$ 372,848	\$ 447,703	\$ 535,089
1,908,225	1,884,105	1,833,006	1,767,235	1,770,097	1,709,653
783,811	-	77,847	-	-	-
728,973	(183,495)	(10,116)	297,975	(768,809)	-
(1,810,366)	(1,690,641)	(1,547,508)	(1,449,454)	(1,530,307)	(1,232,204)
2,087,529	404,434	801,558	988,604	(81,316)	1,012,538
28,165,540	27,761,106	26,959,548	25,970,944	26,052,260	25,039,722
30,253,069	28,165,540	27,761,106	26,959,548	25,970,944	26,052,260
745,362	799,165	759,855	600,332	561,937	470,434
198,677	187,194	178,391	177,475	167,446	177,122
1,437,471	1,560,262	2,353,494	331,602	891,005	2,750,390
(1,810,366)	(1,690,641)	(1,547,508)	(1,449,454)	(1,530,307)	(1,232,204)
(14,917)	(13,787)	(13,924)	(12,640)	(12,793)	(15,177)
(906)	(1,373)	(2,079)	(144)	(186)	145
555,321	840,820	1,728,229	(352,829)	77,102	2,150,710
22,114,025	21,273,205	19,544,976	19,897,805	19,820,703	17,669,993
22,669,346	22,114,025	21,273,205	19,544,976	19,897,805	19,820,703
\$ 7,583,723	\$ 6,051,515	\$ 6,487,901	\$ 7,414,572	\$ 6,073,139	\$ 6,231,557
74.93%	78.51%	76.63%	72.50%	76.62%	76.08%
\$ 4,187,074	\$ 4,306,424	\$ 4,095,552	\$ 3,958,630	\$ 3,124,628	\$ 3,899,256
181.12%	140.52%	158.41%	187.30%	194.36%	159.81%

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Required Supplementary Information
Schedule of Pension Contributions
June 30, 2024

Town Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Payroll
2024	\$ 1,117,569	\$ 1,117,569	\$ -	\$ 4,922,037	22.71 %
2023	1,061,058	1,061,058	-	4,419,109	24.01
2022	844,631	844,631	-	4,472,938	18.88
2021	822,314	822,314	-	4,310,461	19.08
2020	754,248	754,248	-	4,169,832	18.09
2019	745,362	745,362	-	4,187,074	17.80
2018	799,165	799,165	-	4,306,424	18.56
2017	759,855	759,855	-	4,095,552	18.55
2016	600,332	600,332	-	3,958,630	15.17
2015	693,716	693,716	-	3,124,628	22.20

The covered payroll amounts above are for the Town's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan
June 30, 2024

	Primary Government			
	Plan Year			
	2023	2022	2021	2020
Total OPEB Liability				
Service cost	\$ 15,576	\$ 11,260	\$ 14,967	\$ 14,658
Interest on total OPEB liability	6,250	5,600	3,510	3,886
Difference between expected and actual experience	(27,416)	-	(5,953)	-
Changes in assumptions	12,198	(513)	(26,291)	6,619
Benefit payments	-	(3,865)	(16,766)	(3,699)
Other changes	-	-	-	-
Net change in total OPEB liability	6,608	12,482	(30,533)	21,464
Total OPEB liability – beginning	151,337	138,855	169,388	147,924
Total OPEB liability – ending	\$ 157,945	\$ 151,337	\$ 138,855	\$ 169,388
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%
Covered employee payroll	\$ 9,866,788	\$ 4,804,349	\$ 4,622,261	\$ 4,396,993
Net OPEB liability as a percentage of covered employee payroll	1.60%	3.15%	3.00%	3.85%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

Note: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101.

Primary Government		
Plan Year		
2019	2018	2017
\$ 14,483	\$ 19,500	\$ 17,924
5,814	5,781	5,273
(38,266)	-	-
(41,752)	6,730	12,061
-	(9,369)	(6,772)
(754)	(164)	(7,878)
(60,475)	22,478	20,608
208,399	185,921	165,313
\$ 147,924	\$ 208,399	\$ 185,921
0%	0%	0%
\$ 4,396,993	\$ 3,253,522	\$ 3,253,522
3.36%	6.41%	5.71%

Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability – VRS
 June 30, 2024

Town Fiscal Year Ended June 30,	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System – Group Life Insurance – General Employees					
2024	0.0209 %	\$ 250,657	\$ 4,419,109	5.67 %	69.30 %
2023	0.0203	244,672	4,472,938	5.47	67.21
2022	0.0208	242,052	4,310,461	5.62	67.45
2021	0.0205	342,779	4,169,832	8.22	52.64
2020	0.0212	345,000	4,187,074	8.24	52.00
2019	0.0204	310,000	4,306,424	7.20	51.22
2018	0.0202	304,000	4,095,552	7.42	48.86

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only three years of data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

Town of Bedford, Virginia

Exhibit 15

Required Supplementary Information Schedule of OPEB Contributions – VRS June 30, 2024

Town Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System – Group Life Insurance – General Employees					
2024	\$ 28,700	\$ 28,700	\$ -	\$ 4,922,037	0.58 %
2023	30,048	30,048	-	4,419,109	0.68
2022	23,686	23,686	-	4,472,938	0.53
2021	23,010	23,010	-	4,310,461	0.53
2020	22,154	22,154	-	4,169,832	0.53
2019	21,772	21,772	-	4,187,074	0.52
2018	20,211	20,211	-	4,306,424	0.47

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

Town of Bedford, Virginia
Notes to Required Supplementary Information
June 30, 2024

Note 1 – Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (the “System”) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2 – Changes of Assumptions

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.

Town of Bedford, Virginia
Notes to Required Supplementary Information
June 30, 2024

- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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Other Supplementary Information

Town of Bedford, Virginia

Exhibit 16

Discretely Presented Component Units Combining Statement of Net Position – Proprietary Funds June 30, 2024

	Redevelopment and Housing Authority	Economic Development Authority	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 32,698	\$ 821,478	\$ 854,176
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	-	20,325	20,325
Total assets	32,698	841,803	874,501
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	-	12,197	12,197
Total current liabilities	-	12,197	12,197
Total liabilities	-	12,197	12,197
NET POSITION			
Net investment in capital assets	-	20,325	20,325
Unrestricted	32,698	809,281	841,979
Total net position	\$ 32,698	\$ 829,606	\$ 862,304

Town of Bedford, Virginia

Exhibit 17

Discretely Presented Component Units

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –

Proprietary Funds

Year Ended June 30, 2024

	Redevelopment and Housing Authority	Economic Development Authority	Total
OPERATING EXPENSES			
Community development	\$ -	\$ 32,757	\$ 32,757
Incentive grants	6,803	-	6,803
Professional services	400	22,449	22,849
Total operating expenses	7,203	55,206	62,409
Operating loss	(7,203)	(55,206)	(62,409)
NONOPERATING REVENUES			
Contributions from Town of Bedford	-	198,943	198,943
Interest income	254	9,381	9,635
Total nonoperating revenues	254	208,324	208,578
Change in net position	(6,949)	153,118	146,169
NET POSITION AT JULY 1	39,647	676,488	716,135
NET POSITION AT JUNE 30	<u>\$ 32,698</u>	<u>\$ 829,606</u>	<u>\$ 862,304</u>

Discretely Presented Component Units
Combining Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2024

	Redevelopment and Housing Authority	Economic Development Authority	Total
OPERATING ACTIVITIES			
Community development payments	\$ -	\$ (32,757)	\$ (32,757)
Incentive payments	(6,803)	-	(6,803)
Payments to suppliers	(400)	(10,252)	(10,652)
Net cash used in operating activities	(7,203)	(43,009)	(50,212)
NONCAPITAL FINANCING ACTIVITIES			
Contributions from Town of Bedford, net	-	198,943	198,943
Net cash provided by noncapital financing activities	-	198,943	198,943
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(10,325)	(10,325)
Net cash used in capital and related financing activities	-	(10,325)	(10,325)
INVESTING ACTIVITIES			
Interest income	254	9,381	9,635
Net cash provided by investing activities	254	9,381	9,635
Net increase (decrease) in cash and cash equivalents	(6,949)	154,990	148,041
CASH AND CASH EQUIVALENTS			
Beginning at July 1	39,647	666,488	706,135
Ending at June 30	<u>\$ 32,698</u>	<u>\$ 821,478</u>	<u>\$ 854,176</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	\$ (7,203)	\$ (55,206)	\$ (62,409)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Change in assets and liabilities:			
Increase in:			
Accounts payable and accrued liabilities	-	12,197	12,197
Net cash used in operating activities	<u>\$ (7,203)</u>	<u>\$ (43,009)</u>	<u>\$ (50,212)</u>

Statistical Section

This part of the Town of Bedford's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents

Table

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These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity..... 5-7

These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

Debt Capacity 8-10

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information 11-12

These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.

Operating Information 13-15

These schedules contain information about the Town's operations and resources to help the reader understand how its financial information relates to the services it provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Town of Bedford, Virginia

Table 1

Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities										
Net investment in capital assets	\$ 11,583,418	\$ 11,444,567	\$ 11,511,208	\$ 11,580,421	\$ 11,661,631	\$ 13,176,562	\$ 13,341,012	\$ 14,271,330	\$ 14,454,095	\$ 13,173,900
Restricted	1,209,960	1,195,354	1,069,495	1,791,203	4,208,812	3,361,644	4,416,957	4,743,685	583,892	764,318
Unrestricted	(721,023)	(1,454,312)	(1,601,664)	(886,558)	(3,549,717)	(2,091,410)	(3,170,583)	(4,831,457)	(1,929,342)	(1,794,430)
Total governmental activities net position	<u><u>\$ 12,072,355</u></u>	<u><u>\$ 11,185,609</u></u>	<u><u>\$ 10,979,039</u></u>	<u><u>\$ 12,485,066</u></u>	<u><u>\$ 12,320,726</u></u>	<u><u>\$ 14,446,796</u></u>	<u><u>\$ 14,587,386</u></u>	<u><u>\$ 14,183,558</u></u>	<u><u>\$ 13,108,645</u></u>	<u><u>\$ 12,143,788</u></u>
Business-type activities										
Net investment in capital assets	\$ 17,392,177	\$ 16,216,324	\$ 14,626,561	\$ 12,486,131	\$ 11,424,561	\$ 9,648,633	\$ 7,815,407	\$ 7,958,527	\$ 4,981,528	\$ 4,390,762
Restricted	553,053	633,327	863,717	1,006,185	969,710	954,760	940,094	-	-	-
Unrestricted	8,078,224	8,426,638	7,207,763	9,982,376	10,914,236	11,078,705	9,797,196	9,178,887	7,937,326	5,437,754
Total business-type activities net position	<u><u>\$ 26,023,454</u></u>	<u><u>\$ 25,276,289</u></u>	<u><u>\$ 22,698,041</u></u>	<u><u>\$ 23,474,692</u></u>	<u><u>\$ 23,308,507</u></u>	<u><u>\$ 21,682,098</u></u>	<u><u>\$ 18,552,697</u></u>	<u><u>\$ 17,137,414</u></u>	<u><u>\$ 12,918,854</u></u>	<u><u>\$ 9,828,516</u></u>
Primary government										
Net investment in capital assets	\$ 28,975,595	\$ 27,660,891	\$ 26,137,769	\$ 24,066,552	\$ 23,086,192	\$ 22,825,195	\$ 21,156,419	\$ 22,229,857	\$ 19,435,623	\$ 17,564,662
Restricted	1,763,013	1,828,681	1,933,212	2,797,388	5,178,522	4,316,404	5,357,051	4,743,685	583,892	764,318
Unrestricted	7,357,201	6,972,326	5,606,099	9,095,818	7,364,519	8,987,295	6,626,613	4,347,430	6,007,984	3,643,324
Total primary government net position	<u><u>\$ 38,095,809</u></u>	<u><u>\$ 36,461,898</u></u>	<u><u>\$ 33,677,080</u></u>	<u><u>\$ 35,959,758</u></u>	<u><u>\$ 35,629,233</u></u>	<u><u>\$ 36,128,894</u></u>	<u><u>\$ 33,140,083</u></u>	<u><u>\$ 31,320,972</u></u>	<u><u>\$ 26,027,499</u></u>	<u><u>\$ 21,972,304</u></u>

Note: GASB Statements No. 68 and 75 were adopted in fiscal year 2015 and 2018, respectively. Prior years were not restated for the impact of these statements.

Town of Bedford, Virginia

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Table 2

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental activities:										
General government administration	\$ 1,130,267	\$ 1,425,013	\$ 860,210	\$ 1,408,806	\$ 901,513	\$ 1,135,012	\$ 945,588	\$ 1,282,152	\$ 979,299	\$ 985,262
Judicial administration	-	-	4,500	4,107	4,352	4,131	3,841	3,999	3,956	4,143
Public safety	4,399,428	3,877,051	3,393,967	3,503,755	3,177,814	3,365,556	3,162,010	2,785,159	2,538,917	2,480,298
Public works	3,932,553	3,759,709	4,280,051	3,735,198	4,371,249	3,452,637	3,494,753	2,558,911	2,989,966	2,320,701
Education	-	-	-	-	-	149,905	32,528	42,468	19,535	1,480
Parks, recreation, and cultural	23,063	26,696	29,120	35,559	160,104	31,229	32,597	27,089	25,695	38,914
Community development	1,560,289	2,267,013	2,121,645	555,722	1,514,555	608,541	395,555	260,404	98,840	271,475
Interest on long-term debt	59,954	76,872	98,847	108,597	127,554	120,190	127,830	147,930	182,910	208,103
Total governmental activities	11,105,554	11,432,354	10,788,340	9,351,744	10,257,141	8,867,201	8,194,702	7,108,112	6,839,118	6,310,376
Business-type activities:										
Solid waste	963,213	1,349,554	1,322,629	1,464,156	1,071,466	1,024,063	1,299,612	972,846	773,583	812,685
Electric	20,542,576	21,034,372	20,326,108	19,421,674	20,211,161	20,306,892	22,472,385	20,246,017	20,288,724	20,878,587
Total business-type activities expense	21,505,789	22,383,926	21,648,737	20,885,830	21,282,627	21,330,955	23,771,997	21,218,863	21,062,307	21,691,272
Total primary government expenses	32,611,343	33,816,280	32,437,077	30,237,574	31,539,768	30,198,156	31,966,699	28,326,975	27,901,425	28,001,648
Program Revenues										
Governmental activities:										
Charges for services:										
General government	87,293	134,080	181,337	141,589	110,484	131,331	131,657	115,804	115,851	170,154
Judicial administration	-	-	47,812	43,981	41,574	55,232	35,316	45,837	31,077	-
Public safety	162,638	168,722	224,440	166,929	278,846	339,169	224,053	145,857	135,200	94,300
Public works	-	-	-	-	-	-	-	-	-	23,691
Operating grants and contributions	3,229,556	5,659,786	1,938,546	1,983,267	1,872,265	1,842,653	1,818,526	2,162,848	2,008,857	1,930,366
Capital grants and contributions	-	-	-	-	-	-	-	-	234,800	-
Total governmental activities program revenues	3,479,487	5,962,588	2,392,135	2,335,766	2,303,169	2,368,385	2,209,552	2,470,346	2,525,785	2,218,511
Business-type activities:										
Charges for services:										
Solid waste	995,789	926,107	945,374	797,019	832,705	879,479	813,553	791,828	745,762	740,127
Electric	21,454,858	22,213,682	20,158,683	20,456,099	22,072,780	23,623,925	24,673,848	24,285,460	23,056,147	22,108,184
Operating grants and contributions	-	-	-	-	-	-	-	-	72,006	99,440
Total business-type activities program revenues	22,450,647	23,139,789	21,104,057	21,253,118	22,905,485	24,503,404	25,487,401	25,077,288	23,873,915	22,947,751
Total primary government program revenues	25,930,134	29,102,377	23,496,192	23,588,884	25,208,654	26,871,789	27,696,953	27,547,634	26,399,700	25,166,262

Town of Bedford, Virginia

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Table 2

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net (expense) revenue										
Governmental activities	(7,626,067)	(5,469,766)	(8,396,205)	(7,015,978)	(7,953,972)	(6,498,816)	(5,985,150)	(4,637,766)	(4,313,333)	(4,091,865)
Business-type activities	944,858	755,863	(544,680)	367,288	1,622,858	3,172,449	1,715,404	3,858,425	2,811,608	1,256,479
Total primary government net expense	(6,681,209)	(4,713,903)	(8,940,885)	(6,648,690)	(6,331,114)	(3,326,367)	(4,269,746)	(779,341)	(1,501,725)	(2,835,386)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	2,694,947	2,146,854	1,926,601	1,911,733	1,618,997	1,764,813	1,748,579	1,690,389	1,701,705	1,641,132
Sales taxes	403,629	351,164	328,026	301,703	216,415	220,203	219,355	233,412	184,345	181,294
Meals tax	1,844,883	1,748,374	1,582,364	1,485,144	1,384,880	1,428,102	1,395,644	1,345,430	1,176,022	1,143,412
Communication tax	77,334	97,583	100,305	95,033	116,669	119,639	128,802	132,652	136,256	-
Other local taxes	1,019,684	903,719	558,630	551,876	651,933	638,951	636,534	620,138	596,475	730,442
Intergovernmental revenue, unrestricted	303,814	301,471	306,156	1,423,468	312,340	318,065	319,104	332,998	394,822	394,764
Unrestricted investment earnings	310,331	125,973	-	49,295	217,963	229,714	141,944	57,179	68,596	27,419
Gain on disposition of assets	-	-	3,692	-	-	4,814	11,587	38,067	28,405	11,952
County reversion payments	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Other	503,168	619,242	834,404	112,066	158,705	154,721	850,057	512,414	241,564	245,244
Transfers	499,531	(1,368,044)	500,000	500,000	400,000	500,000	500,000	-	-	-
Total governmental activities	8,407,321	5,676,336	6,890,178	7,180,318	5,827,902	6,358,226	6,701,606	5,712,679	5,278,190	6,162,000
Business-type activities:										
Investment earnings	392,460	321,374	268,029	298,897	403,551	456,952	407,564	357,135	256,805	219,365
Other	14,870	132,967	-	-	-	-	-	-	21,925	3,300
Transfers	(499,531)	1,368,044	(500,000)	(500,000)	(400,000)	(500,000)	(500,000)	-	-	-
Total business-type activities	(92,201)	1,822,385	(231,971)	(201,103)	3,551	(43,048)	(92,436)	357,135	278,730	222,665
Total primary government	8,315,120	7,498,721	6,658,207	6,979,215	5,831,453	6,315,178	6,609,170	6,069,814	5,556,920	6,384,665
Changes in Net Position										
Governmental activities	781,254	206,570	(1,506,027)	164,340	(2,126,070)	(140,590)	716,456	1,074,913	964,857	2,070,135
Business-type activities	852,657	2,578,248	(776,651)	166,185	1,626,409	3,129,401	1,622,968	4,215,560	3,090,338	1,479,144
Total primary government	<u>\$ 1,633,911</u>	<u>\$ 2,784,818</u>	<u>\$ (2,282,678)</u>	<u>\$ 330,525</u>	<u>\$ (499,661)</u>	<u>\$ 2,988,811</u>	<u>\$ 2,339,424</u>	<u>\$ 5,290,473</u>	<u>\$ 4,055,195</u>	<u>\$ 3,549,279</u>

Town of Bedford, Virginia
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nondisposable	\$ 998,833	\$ 981,984	\$ -	\$ 933,487	\$ 916,292	\$ 898,214	\$ 988,954	\$ 971,460	\$ -	\$ 930,648
Restricted	211,127	213,370	1,069,495	1,791,203	4,208,812	3,361,644	4,416,957	4,292,609	4,054,534	1,680,974
Committed	220,000	220,000	-	-	-	-	-	-	-	-
Assigned	1,085,726	1,072,251	1,186,078	345,403	147,513	184,398	367,768	569,468	271,663	14,235
Unassigned	4,230,187	3,912,555	3,921,280	4,739,543	2,114,481	2,601,165	1,625,837	578,288	1,516,604	3,748,577
Total general fund	<u><u>\$ 6,745,873</u></u>	<u><u>\$ 6,400,160</u></u>	<u><u>\$ 6,176,853</u></u>	<u><u>\$ 7,809,636</u></u>	<u><u>\$ 7,387,098</u></u>	<u><u>\$ 7,045,421</u></u>	<u><u>\$ 7,399,516</u></u>	<u><u>\$ 6,411,825</u></u>	<u><u>\$ 5,842,801</u></u>	<u><u>\$ 6,374,434</u></u>

Town of Bedford, Virginia

Changes in Fund Balances – Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Table 4

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Taxes	\$ 5,852,432	\$ 5,147,063	\$ 4,426,999	\$ 4,270,265	\$ 4,187,866	\$ 4,154,031	\$ 4,068,474	\$ 4,019,919	\$ 3,777,727	\$ 3,686,479
Permits, privilege fees, and licenses	45,047	30,737	43,044	30,703	29,793	31,062	8,160	8,357	7,677	6,880
Fines and forfeitures	12,736	36,332	47,812	43,981	41,574	55,232	35,316	45,837	35,152	64,535
Revenue from use of money and property	310,331	125,973	-	49,295	217,963	229,714	141,944	57,179	113,523	27,420
Charges for services	74,557	97,748	181,337	141,589	110,484	131,331	131,657	115,804	104,099	98,739
County revision payments	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
BRWA debt service payments	635,071	555,486	555,224	555,097	554,884	746,231	748,592	750,951	753,311	755,671
Other	620,759	757,227	1,015,800	248,292	407,757	462,828	1,072,978	649,914	376,764	363,235
Intergovernmental	3,480,299	5,895,783	2,171,821	3,326,665	2,100,332	2,065,501	2,031,681	2,379,375	2,231,962	2,188,217
Total revenues	11,781,232	13,396,349	9,192,037	9,415,887	8,400,653	8,625,930	8,988,802	8,777,336	8,150,215	7,941,176
Expenditures										
General government	1,089,493	1,425,710	1,096,697	1,166,910	1,061,690	1,060,469	1,010,568	1,213,200	866,920	855,383
Judicial administration	-	4,200	4,550	3,850	4,200	4,200	3,850	4,200	4,200	4,200
Public safety	4,696,427	3,872,882	3,161,540	3,190,633	3,407,794	3,071,027	2,815,660	2,624,603	2,396,478	2,465,921
Public works	4,278,488	3,697,529	4,121,553	3,875,141	3,556,444	3,767,930	3,450,379	2,935,528	3,288,539	2,862,241
Parks, recreation, and cultural	23,793	26,791	29,447	61,339	154,511	31,752	32,601	44,599	27,279	39,452
Education	-	-	-	-	-	152,415	32,670	28,448	20,740	1,500
Community development	1,428,116	2,090,530	2,038,814	348,507	353,708	468,083	227,753	278,424	612,355	131,622
Debt service:										
Bond issuance costs	-	-	-	-	-	-	7,028	-	-	-
Principal	912,383	789,663	772,763	735,147	628,213	802,707	1,543,067	956,183	1,313,711	1,129,041
Interest	69,680	88,619	103,148	111,822	120,173	126,256	133,262	161,194	199,940	223,593
Total expenditures	12,498,380	11,995,924	11,328,512	9,493,349	9,286,733	9,484,839	9,256,838	8,246,379	8,730,162	7,712,953
Excess (deficiency) of revenues under expenditures	(717,148)	1,400,425	(2,136,475)	(77,462)	(886,080)	(858,909)	(268,036)	530,957	(579,947)	228,223
Other Financing Sources										
Proceeds from borrowing	457,838	190,926	-	-	711,881	-	744,140	-	-	-
Proceeds from sale of assets	-	-	3,692	-	115,876	4,814	11,587	38,067	48,314	11,952
Transfers in	584,000	1,118,292	500,000	500,000	400,000	500,000	500,000	-	-	-
Transfers out	(84,469)	(2,486,336)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	957,369	(1,177,118)	503,692	500,000	1,227,757	504,814	1,255,727	38,067	48,314	11,952
Net change in fund balances	\$ 240,221	\$ 223,307	\$ (1,632,783)	\$ 422,538	\$ 341,677	\$ (354,095)	\$ 987,691	\$ 569,024	\$ (531,633)	\$ 240,175
Debt service as a percentage of noncapital expenditures	8.93%	8.07%	8.42%	9.82%	9.54%	9.79%	19.77%	14.96%	19.76%	20.06%

Town of Bedford, Virginia

Table 5

Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service Corporation	Mobile Homes	Total Assessed Value	Total Direct Real Estate Tax Rate ⁽¹⁾	Overlapping Government County ⁽²⁾	Total Direct and Overlapping	Total Personal Property Rate ⁽¹⁾
2024	\$ 825,463,300	\$ 61,085,085	\$ 47,809,131	\$ 8,670,400	\$ 1,049,800	\$ 944,077,716	\$ 0.28	\$ 0.41	\$ 0.69	\$ 1.06
2023	694,242,400	66,088,696	30,964,140	7,716,175	1,074,200	800,085,611	0.28	0.41	0.69	1.06
2022	550,677,400	13,752,781	-	8,214,600	1,121,100	573,765,881	0.31	0.50	0.81	1.06
2021	537,863,500	10,581,956	-	8,903,170	1,130,600	558,479,226	0.31	0.50	0.81	1.06
2020	533,018,800	10,244,349	-	9,164,810	1,137,200	553,565,159	0.31	0.50	0.81	1.06
2019	526,216,200	9,380,249	-	8,959,192	966,688	545,522,329	0.31	0.52	0.83	1.06
2018	495,443,800	8,753,136	-	8,649,100	996,088	513,842,124	0.32	0.52	0.84	1.06
2017	492,589,599	8,645,280	-	8,731,400	1,098,888	511,065,167	0.32	0.52	0.84	1.06
2016	490,197,300	8,262,777	-	8,646,890	1,125,788	508,232,755	0.32	0.52	0.84	1.06
2015	485,471,900	8,646,890	-	8,028,090	1,338,172	503,485,052	0.32	0.52	0.84	1.06

Notes: Property is assessed at full market value. Properties are reassessed once every four years.

⁽¹⁾ Per \$100 of assessed value.

⁽²⁾ On July 1, 2014 the reversion to Town status occurred, creating an overlapping of taxes with the County.

Town of Bedford, Virginia

Table 6

Principal Electrical Customers Current Year and Ten Years Ago

Customer	Fiscal Year 2024			Fiscal Year 2015		
	Revenue	Rank	Percentage of Total Town Electrical Revenue	Revenue	Rank	Percentage of Total Town Electrical Revenue
Bedford Weaving	\$ 1,026,458	1	4.78%	\$ 865,815	2	3.92%
The Matrix Group	488,664	2	2.28%	449,557	4	2.03%
Smyth Companies	438,843	3	2.05%	406,443	5	1.84%
Bedford Storage	428,240	4	2.00%	271,119	10	1.23%
Centra (Formally Bedford Memorial Hospital)	381,156	5	1.78%	288,875	9	1.31%
Town of Bedford	348,685	6	1.63%	377,136	6	1.71%
Wal-Mart	318,106	7	1.48%	310,347	8	1.40%
Bedford County	263,249	8	1.23%	-	-	0.00%
Liberty High School	253,028	9	1.18%	241,299	11	1.09%
Bedford Regional Water Authority	223,087	10	1.04%	358,430	7	1.62%
Wheelabrator Abrasives	-	-	-	1,627,608	1	7.36%
Trident (Formerly Golden West)	-	-	-	587,849	3	2.66%
	\$ 4,169,516		19.45%	\$ 5,784,478		26.17%

Source: Town's Utility Billing System (Northstar).

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

Table 7

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$ 2,675,357	\$ 1,648,736	61.63 %	\$ 77,403	\$ 1,726,139	64.52 %
2023	2,199,770	1,317,823	59.91	793,806	2,111,629	95.99
2022	1,889,624	1,108,257	58.65	735,438	1,843,695	97.57
2021	1,810,683	1,086,466	60.00	695,358	1,781,824	98.41
2020	1,792,970	1,054,780	58.83	711,742	1,766,522	98.52
2019	1,752,634	1,028,309	58.67	707,565	1,735,874	99.04
2018	1,631,221	934,373	57.28	691,461	1,625,834	99.67
2017	1,670,455	1,279,351	76.59	331,369	1,610,720	96.42
2016	1,657,705	1,243,844	75.03	396,953	1,640,797	98.98
2015	1,625,391	1,201,076	73.89	419,604	1,620,680	99.71

Source: Tax Records of the Town.

Town of Bedford, Virginia

Legal Debt Margin Information

Last Ten Fiscal Years

Table 8

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt limit	\$ 94,407,772	\$ 80,008,561	\$ 57,376,588	\$ 55,847,923	\$ 55,356,516	\$ 54,552,233	\$ 51,384,212	\$ 50,409,290	\$ 49,884,419	\$ 49,349,999
Total net debt applicable to limit	3,430,599	5,083,599	6,955,868	8,789,771	10,585,754	12,347,807	14,243,827	8,309,469	9,536,517	11,111,943
Legal debt margin	<u>\$ 90,977,173</u>	<u>\$ 74,924,962</u>	<u>\$ 50,420,720</u>	<u>\$ 47,058,152</u>	<u>\$ 44,770,762</u>	<u>\$ 42,204,426</u>	<u>\$ 37,140,385</u>	<u>\$ 42,099,821</u>	<u>\$ 40,347,902</u>	<u>\$ 38,238,056</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>3.63%</u>	<u>6.35%</u>	<u>12.12%</u>	<u>15.74%</u>	<u>19.12%</u>	<u>22.63%</u>	<u>27.72%</u>	<u>16.48%</u>	<u>19.12%</u>	<u>22.52%</u>

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	<u>\$ 944,077,716</u>
Debt limit (10% of assessed value)	\$ 94,407,772
Less debt applicable to limit:	
General obligation bonds	<u>(3,430,599)</u>
Legal debt margin	<u>\$ 90,977,173</u>

Town of Bedford, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	General Bonded Debt			Percentage of Actual Value of Taxable Property	Per Capita	Other Governmental Activities Debt	
	General	Business-Type	Total			Subscription and Lease	Other
	Obligation Bonds	General Obligation Bonds	General Bonded Debt			Liabilities	Debt
2024	\$ 1,414,947	\$ 2,015,652	\$ 3,430,599	0.43 %	\$ 506	\$ 514,198	\$ 364,120
2023	2,093,227	2,990,372	5,083,599	0.89	755	165,915	488,668
2022	2,755,040	4,200,828	6,955,868	1.25	*	591,507	-
2021	3,404,163	5,385,608	8,789,771	1.59	*	613,617	-
2020	4,041,046	6,544,708	10,585,754	1.94	*	711,881	-
2019	4,669,259	7,678,548	12,347,807	2.26	*	-	-
2018	5,471,966	8,771,861	14,243,827	2.77	*	-	-
2017	6,270,893	2,038,576	8,309,469	1.63	*	-	-
2016	7,234,391	2,309,441	9,543,832	1.88	*	-	-
2015	8,165,787	2,571,156	10,736,943	2.13	1,661	-	375,000

Fiscal Year	Business-Type Activities			Total Primary Government	Per Capita ⁽¹⁾	Percentage of Personal Income ⁽¹⁾
	Revenue Bonds	Subscription and Financed Purchase Liabilities	Other Debt			
2024	\$ 415,000	\$ 188,034	\$ 538,195	\$ 5,450,146	\$ 804	1.47 %
2023	600,000	281,225	413,202	7,032,609	1,044	1.94
2022	770,000	97,109	601,875	9,016,359	*	*
2021	930,000	115,417	656,697	11,105,502	*	*
2020	1,075,000	135,925	714,697	13,223,257	*	*
2019	1,210,000	-	776,697	14,334,504	*	*
2018	1,335,000	-	836,697	16,415,524	*	*
2017	1,450,000	-	8,585,639	18,345,108	*	*
2016	1,560,000	-	9,518,440	20,622,272	*	*
2015	10,387,719	-	1,677,094	23,176,756	3,584	*

* Unavailable

⁽¹⁾ See Table 11 for population and per capita personal income information.

Town of Bedford, Virginia

Table 10

Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Less:	Net	Debt Service		Coverage
		Operating Expenses	Available Revenue	Principal	Interest	
2024	\$ 21,454,858	\$ 19,037,703	\$ 2,417,155	\$ 185,000	\$ 43,346	10.59
2023	22,213,682	19,677,889	2,535,793	170,000	56,818	11.18
2022	20,158,683	18,909,063	1,249,620	160,000	69,509	5.44
2021	20,456,099	18,156,539	2,299,560	145,000	81,224	10.16
2020	22,072,780	18,975,396	3,097,384	135,000	91,963	13.65
2019	23,623,925	19,970,869	3,653,056	125,000	101,921	16.10
2018	24,673,848	22,090,859	2,582,989	115,000	105,676	11.70
2017	24,285,460	19,844,214	4,441,246	110,000	119,688	19.34
2016	23,056,147	19,548,380	3,507,767	814,133	481,401	2.71
2015	22,108,184	20,204,054	1,904,130	775,564	519,193	1.47

Notes: Details regarding the Town's outstanding debt can be found in the Notes to Financial Statements.

Operating expenses do not include depreciation or interest expenses.

Town of Bedford, Virginia
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 11

Fiscal Year Ended	Population ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Public School Enrollment ⁽³⁾	Unemployment Rate ⁽²⁾
2024	6,777	*	*	736	3.10 %
2023	6,735	\$ 4,433,461	\$ 54,837	724	2.90
2022	6,700	4,315,912	53,861	698	3.00
2021	6,655	4,059,610	51,062	468	4.20
2020	6,650	3,814,776	48,174	741	7.70
2019	6,625	3,639,204	46,123	756	2.90
2018	6,609	3,490,687	44,605	1,320	3.20
2017	6,569	3,337,654	42,865	1,291	3.90
2016	6,544	3,292,550	42,474	1,269	4.10
2015	6,526	3,135,917	40,754	1,269	4.60

Footnote:

(1) Source: Weldon Cooper Center for Public Service, Town Population Estimates
As of July 1, 2023

(2) Source: Bureau of Economic Analysis, U.S. Department of Commerce –
Bedford Town & County combined (in thousands)
www.bea.gov/tools

(3) Source: Virginia Department of Education – Membership Reporting
2019-2024: Bedford Primary, Bedford Elementary
2015-2018: Bedford Primary, Bedford Elementary, Bedford Middle

* Information not yet available

Note:

Independent City of Bedford, Virginia (51515) changed to Town status and was added to Bedford County (51019) effective July 1, 2013. Town of Bedford demographics and economic statistics are now reported via Bedford County, Virginia.

Town of Bedford, Virginia

Table 12

Principal Employers Current Year and Ten Years Ago

Employer	Fiscal Year 2024			Fiscal Year 2015		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Bedford County	1,103	1	16.28 %	-	-	- %
Centra Bedford Memorial Hospital	382	2	5.64	395	1	6.55
Bedford Public Schools	321	3	4.74	225	4	3.73
Wal-Mart	274	4	4.04	240	3	3.98
Cintas	123	5	1.81	125	5	2.07
Sam Moore Furniture LLC	126	6	1.86	275	2	4.56
Bedford Weaving Mills	110	7	1.62	121	6	2.01
Lowes	102	8	1.51	105	7	1.74
Smyth Companies Bedford	117	9	1.73	102	8	1.69
Town of Bedford	98	10	1.45	-	-	-
Bison Printing	70	-	1.03	-	-	-
Winoa (Wheelevator)	-	-	-	54	10	0.90
	2,826		41.70 %	1,642		27.23 %

Source: HR Departments of Employers.

Town of Bedford, Virginia

Table 13

Full-Time Equivalent Town Government Employees by Function/Program Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government										
Executive	2	2	3	3	3	3	3	3	2	2
Treasurer	4	4	4	3	4	4	5	5	5	5
Finance	5	5	4	4	4	4	4	5	5	5
Information Technology	2	2	2	1	1	1	1	1	1	2
Planning	3	3	3	3	4	4	3	2	3	3
Police										
Officers	25	25	24	22	22	24	27	20	23	24
Civilians	3	3	3	3	3	2	2	2	3	3
Fire	1	1	1	1	1	1	1	1	1	1
Public works	23	23	23	20	22	22	21	20	18	17
Engineering	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1
Solid waste	3	3	3	3	3	3	1	2	3	3
Electric	25	25	19	21	22	22	21	22	19	18
Total	98	98	91	86	91	92	91	85	85	85

Source: Town of Bedford's Finance Department.

Town of Bedford, Virginia
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table 14

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government:										
Fleet:										
Pieces of equipment maintained	135	135	135	143	149	149	148	140	131	127
Public safety:										
Police:										
Physical arrests	499	578	362	588	605	748	924	829	801	777
Parking violations	313	661	784	921	456	715	503	225	298	1,040
Traffic violations	927	1,071	1,119	1,078	1,069	1,208	1,476	1,338	992	1,045
Fire:										
Emergency responses – per calendar year	1,173	1,220	1,132	955	1,021	1,043	1,077	1,098	1,041	808
Public works:										
Refuse collection:										
Refuse collected (tons per day)	12 (1)	12 (1)	12 (1)	12 (1)	12 (1)	12 (1)	25 (1)	25 (1)	25 (1)	25 (1)
Recyclables collected (tons per day)	- (2)	- (2)	- (2)	- (2)	0.4 (2)	0.4 (2)	0.4 (2)	0.4 (2)	0.4 (2)	0.4 (2)
Other public works:										
Street resurfacing (miles)	3.59	1.48	3.14	2.48	2.35	1.56	1.71	1.13	2.74	2
Electric:										
Number of customer accounts	6,954	6,880	6,797	6,760	6,713	6,695	6,658	6,623	6,643	6,614
Miles of distribution lines	359	359	359	359	355	355	354	353	353	353
Miles of transmission lines	32	32	32	30	30	29	29	29	29	29

Source:

(1) Decrease due to Town removing the dumpsters for public use and decrease in commercial customer waste.

(2) Town discontinued curbside recycling.

NA – Information not available at this time

Town of Bedford, Virginia

Table 15

Capital Asset and Infrastructure Statistics by Function/Program Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public safety:										
Law enforcement vehicles	27	24	24	24	20	20	21	20	20	20
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Primary streets (lane miles)	21.59	21.56	21.59	21.59	21.59	21.59	21.59	21.59	24.11	24.61
Secondary streets (lane miles)	77.05	77.05	77.05	77.05	77.05	77.05	76.65	76.65	71.51	73.63
Streetlights	985	985	985	985	985	984	982	982	982	979
Electric:										
Substations	11	11	11	11	11	11	11	10	10	10
Transformers	3,667	3,667	3,667	3,636	3,614	3,614	3,601	3,582	3,582	3,582

Source: Information was obtained from prior year audit reports.

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Compliance Section

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 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 aggregate discretely presented component units, and each major fund of the Town of Bedford, Virginia (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 29, 2024.

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 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'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 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 of 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 2024-001.**

Town of Bedford's Response 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 response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Town'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, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 29, 2024

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance 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, 2024. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Bedford, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

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 the 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 Town of Bedford, Virginia 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 documentation of Town of Bedford, Virginia'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 grant agreements applicable to the Town of Bedford, Virginia'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 of Bedford, Virginia'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 of Bedford, Virginia'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 of Bedford, Virginia'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 severe 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 have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control 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 purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 29, 2024

Town of Bedford, Virginia

Summary of Compliance Matters

June 30, 2024

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, 2024

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 Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating 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 B programs was \$750,000.
9. The Town was **not** determined to be a low-risk auditee.

B – Findings – Financial Statement Audit

None

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

None

D – Findings – Commonwealth of Virginia

2024-001: General Government Budget Appropriation

Condition

Public safety expenditures and principal retirement debt service 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.

Town of Bedford, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Effect

Actual expenditures for public safety 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 (Unaudited)

The calculation for the lease entry was completed as part of audit procedures after the end of the 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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

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		\$ -	\$ 377,728	
Total CDBG – Entitlement Grant Cluster					<u>\$ 377,728</u>
Department of Justice:					
Pass Through Payments:					
Virginia Department of Criminal Justice Services					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	1,999	
Department of Transportation:					
Pass Through Payments:					
Virginia Department of Motor Vehicles					
Alcohol Open Container Requirements	20.607		-	3,665	
Highway Safety Cluster					
State and Community Highway Safety	20.600		-	4,274	
Total Highway Safety Cluster					<u>\$ 4,274</u>
Department of the Treasury:					
Pass Through Payments:					
Virginia Department of Accounts					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	461592994	312,717	397,389	
Department of Criminal Justice Services					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	152,942	
Department of Housing and Community Development					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	31,145	
Department of Homeland Security					
Direct Awards					
Staffing for Adequate Fire and Emergency Response	97.083		-	43,000	
Department of Transportation					
Pass Through Payments:					
Virginia Department of Transportation					
Highway Planning and Construction	20.205			176,180	
			<u>\$ 312,717</u>	<u>\$ 1,188,322</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, 2024, the Town had no outstanding loan balances requiring continuing disclosure.