



The Town of Bedford, Virginia

Annual Comprehensive Financial Report



Fiscal Year Ended June 30, 2025

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

November 12, 2025

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, 2025. 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, establishing policies, appointing committees, and

Organization of Government (continued)

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

Economic Condition and Outlook (continued)

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, 2025, 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 completed the first phase of a CDBG Grant 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 had great success in the first phase of the program and has been awarded a second phase grant which is now underway.
- The Town continues to move forward on engineering and design for a grant received through the Virginia Department of Transportation (VDOT) of \$5,998,525 towards the replacement of McGhee Street 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 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 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, 2024. This was the twenty-second consecutive year that the government has achieved

Other Information (continued)

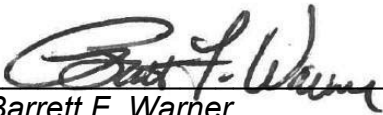
this prestigious award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable 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 appreciation to our independent auditing firm, Brown, Edwards & Company, L.L.P., for their cooperation and assistance in these efforts.

Respectfully Submitted,


Barrett F. Warner
Town Manager


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, 2024

Christopher P. Morill

Executive Director/CEO

Directory of Principal Officials

Town Council



**Councilman
David Foster**

**Councilman
Stacey
Hailey**

**Mayor
C.G. Stanley**

**Councilman
Todd
Foreman**

**Vice Mayor
Darryl
Updike**

**Councilman
Jai Ippolito**

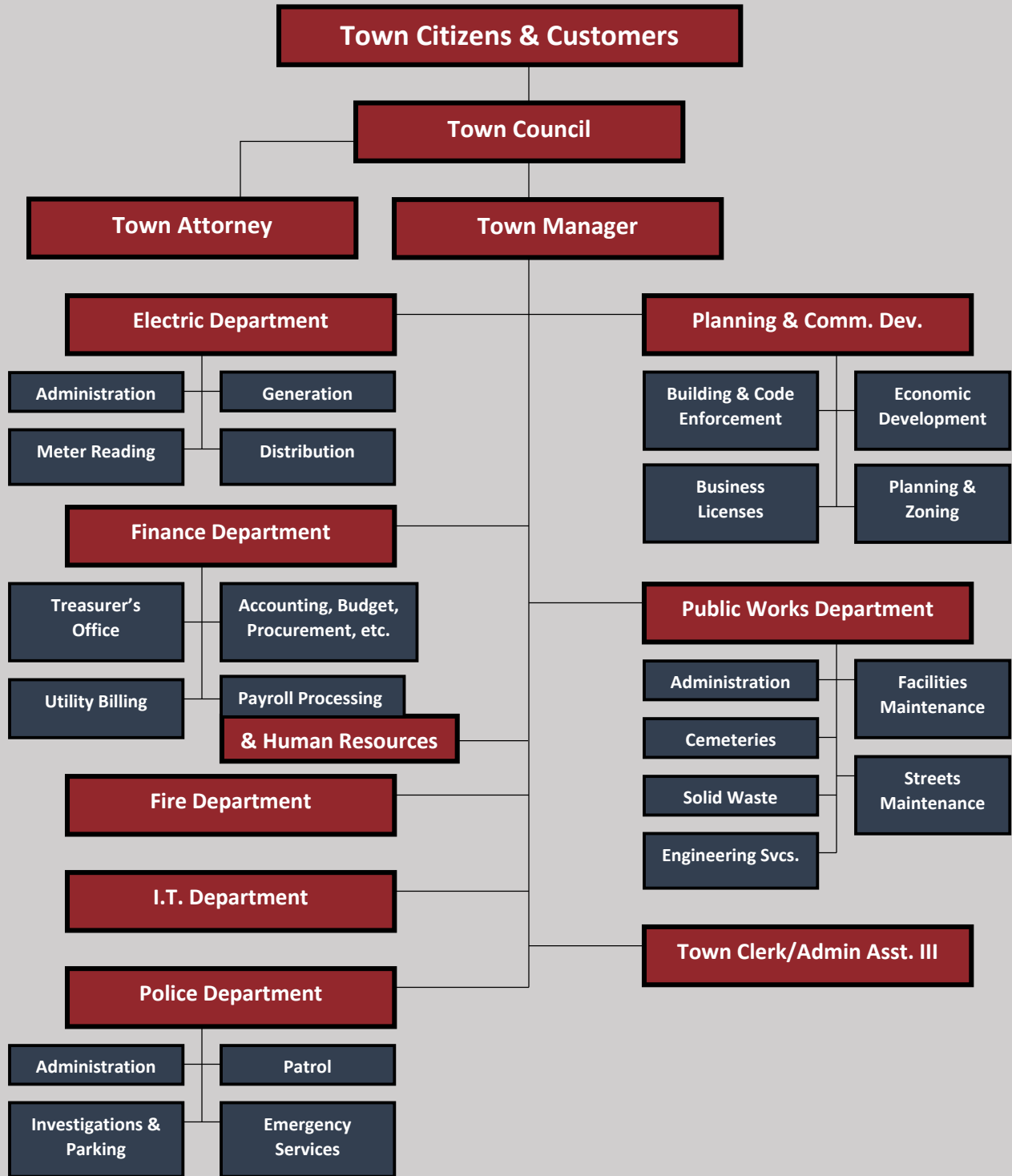
**Councilman
Dwight
Evans**

OTHER TOWN OFFICIALS

Barrett “Bart” Warner - Town Manager
Tom Woodard - Director of Public Works
John Wagner - Director of Electric
Debra Anderson - Town Clerk
Michael Lockaby - Town Attorney

Anne Cantrell – Finance Director/Treasurer
Crystal Hosey - Assistant Finance Director
Stacey Wills - Fire Chief
Jim Moore – Police Chief
Mary Zirkle - Planning/Community Dev. Director

Town of Bedford Organizational Chart



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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, 2025, 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, 2025, 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 and Specifications for Audits of Authorities, Boards and Commissions* 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.

Change in Accounting Principle

As described in Notes 9 and 25 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.



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 November 12, 2025 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
November 12, 2025

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, 2025 and 2024. Please consider the information presented here in conjunction with information that we have furnished in our letter of transmittal found on pages i through v.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of current fiscal year by \$48,375,852 (net position). Of this amount, \$6,995,973 (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 \$10,914,960 which is primarily attributable to total expenses of \$40,258,194 being less than total revenues of \$51,173,154. This was due to non-cash activity which included receipt of roads from the State which had a carrying value of \$11,150,438. Another factor of the change in net position includes a decrease of \$2,655,477 (11.04%) in total liabilities. The decrease in liabilities was primarily attributable to payments on existing debt, such as outstanding general obligation bonds.
- Total assets of the Town increased by \$7,614,952 (12.49%), primarily due to the receipt of roads from the State as mentioned above. There was also a decrease in receivables from the Bedford Regional Water Authority, which had a corresponding decrease in total liabilities mentioned above.
- At the end of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$7,606,959, an increase of \$861,086 in comparison with the prior year. Approximately 56.34% of this total amount, \$4,285,667 is available for spending at the Town's discretion (unassigned fund balance). This represents a slight increase of \$55,480 (1.31%) in comparison to the unassigned fund balance of the prior year.

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, 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.

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 \$48,375,852 at the close of the most recent fiscal year.

A significant portion of the Town’s net position, \$39,580,218 (81.82%), 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 balance of *unrestricted net assets*, \$6,995,973 (14.46%), 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	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 10,864,154	\$ 12,395,758	\$ 15,286,319	\$ 15,527,975	\$ 26,150,473	\$ 27,923,733
Capital assets (net)	23,340,591	12,660,098	19,071,779	20,364,060	42,412,370	33,024,158
Total assets	34,204,745	25,055,856	34,358,098	35,892,035	68,562,843	60,947,891
Deferred outflow of resources	1,205,342	728,059	961,959	693,973	2,167,301	1,422,032
Current and other liabilities	3,687,443	5,305,708	4,220,992	3,810,869	7,908,435	9,116,577
Long-term liabilities	7,919,720	8,302,303	5,580,475	6,645,227	13,500,195	14,947,530
Total liabilities	11,607,163	13,608,011	9,801,467	10,456,096	21,408,630	24,064,107
Deferred inflows of resources	559,056	497,521	386,606	347,403	945,662	844,924
Net position						
Net investment in capital assets	22,284,193	11,583,418	17,296,025	17,392,177	39,580,218	28,975,595
Restricted	1,216,172	1,209,960	583,489	553,053	1,799,661	1,763,013
Unrestricted	(256,497)	(1,114,995)	7,252,470	7,837,279	6,995,973	6,722,284
Total net position	\$ 23,243,868	\$ 11,678,383	\$ 25,131,984	\$ 25,782,509	\$ 48,375,852	\$ 37,460,892

In reviewing the consolidated net position of the Town, total assets of the Town increased by \$7,614,952 (12.49%) in comparison to the prior year. Deferred outflow of resources increased by \$745,269 (52.41%) based on changes to the actuarial report for the Town's participation in the Virginia Retirement System (VRS). Similarly, deferred inflow of resources increased \$100,738 (11.92%) as a part of the same actuarial valuation for VRS. Total liabilities of the Town decreased \$2,655,477 (11.04%) 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, 2025, assets exceeded liabilities by \$48,375,852 in Governmental Activities and Business-type Activities combined.

The Town's Total Government net position increased by \$10,914,960 (29.14%) 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.

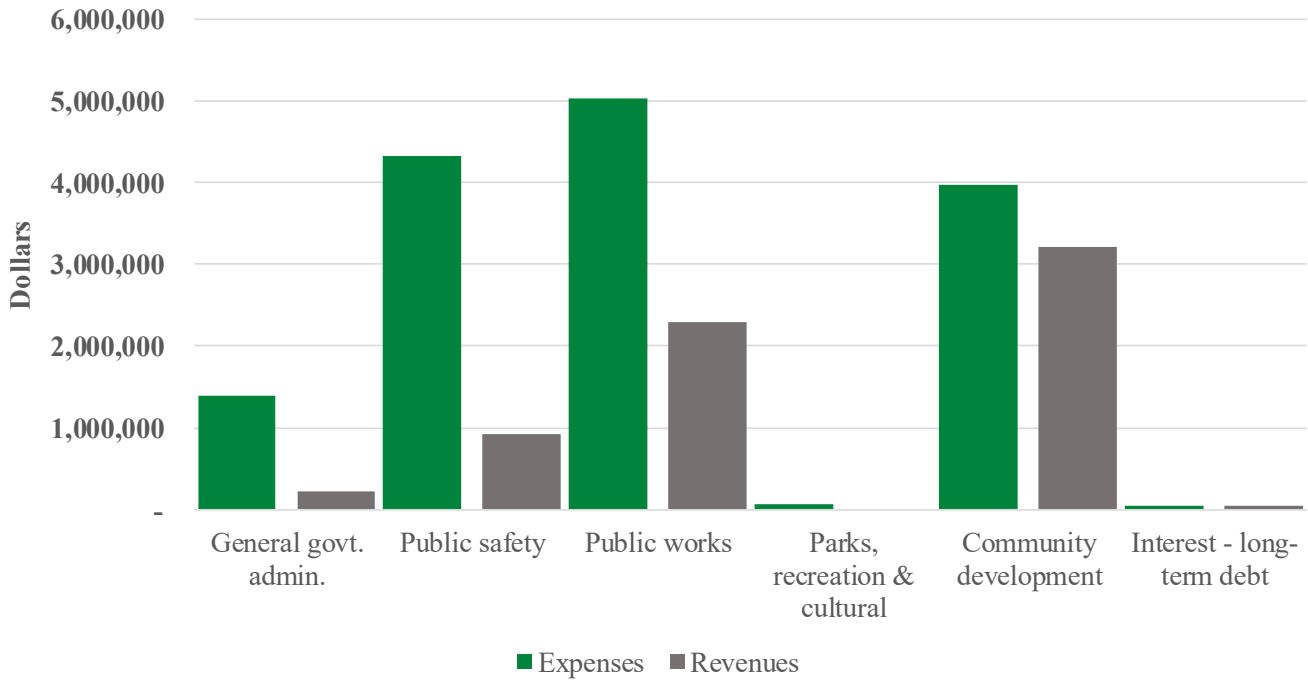
Governmental Activities – Governmental activities increased the Town's net position by \$11,565,485. The increase in net position is primarily due to the receipt of roads from the State with a carrying value of \$11,150,438. Total assets also increased from this transaction, with a total increase of \$9,148,889 (36.51%). The allocated portion of the VRS actuarial report increased both the deferred inflows and the deferred outflows of resources. The total liabilities decreased \$2,000,848 (14.70%) from the decrease of unearned revenue that was primarily attributable to American Rescue Plan Act funding spent in FY25.

Business-type Activities – Business-type activities decreased the Town’s net position by \$650,525, with the main factor being expenditures exceeding charges for services in FY25. Total assets decreased \$1,533,937 (4.27%), mostly due to the decrease of depreciable assets of \$1,292,281 (6.60%) from current year depreciation. The VRS report reduced the deferred inflows and the deferred outflows of resources. The total liabilities decreased \$654,629 (6.26%), mostly from principal retirement.

The Town’s Changes in Net Position

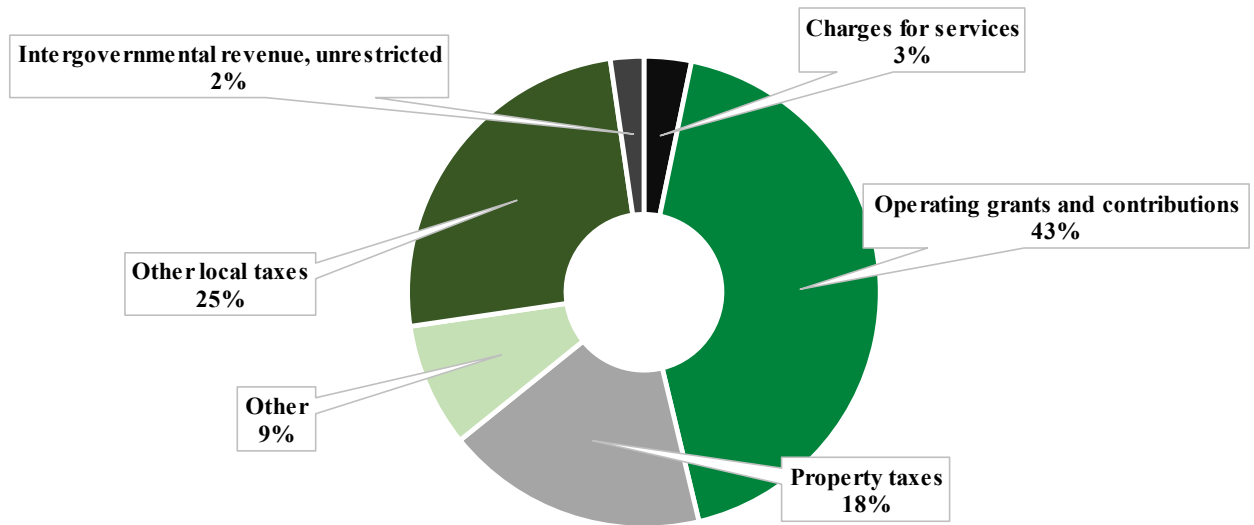
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 468,134	\$ 249,931	\$ 25,166,833	\$ 22,450,647	\$ 25,634,967	\$ 22,700,578
Operating grants and contributions	6,220,685	3,229,556	-	-	6,220,685	3,229,556
General revenues					-	-
Property Taxes	2,594,046	2,694,947	-	-	2,594,046	2,694,947
Other Taxes	3,616,195	3,345,530	-	-	3,616,195	3,345,530
Intergovernmental revenue	332,270	303,814	-	-	332,270	303,814
Investment earnings	240,494	310,331	393,571	392,460	634,065	702,791
Other	235,773	503,168	4,715	14,870	240,488	518,038
County reversion payments	750,000	750,000	-	-	750,000	750,000
Annexation of state roads	11,150,438	-	-	-	11,150,438	-
Total revenues	25,608,035	11,387,277	25,565,119	22,857,977	51,173,154	34,245,254
Expenses						
General government	1,331,876	1,186,078	-	-	1,331,876	1,186,078
Public safety	4,366,679	4,622,301	-	-	4,366,679	4,622,301
Public works	5,264,192	4,005,036	-	-	5,264,192	4,005,036
Parks, recreation, and cultural	55,965	23,063	-	-	55,965	23,063
Community development	3,770,964	1,603,094	-	-	3,770,964	1,603,094
Interest on long-term debt	36,854	59,954	-	-	36,854	59,954
Solid waste	-	-	1,135,879	989,679	1,135,879	989,679
Electric	-	-	24,295,785	20,757,055	24,295,785	20,757,055
Total expenses	14,826,530	11,499,526	25,431,664	21,746,734	40,258,194	33,246,260
Excess (deficit) of revenues over expenditures	10,781,505	(112,249)	133,455	1,111,243	10,914,960	998,994
Other financing sources (uses)						
Transfers in (out)	783,980	499,531	(783,980)	(499,531)	-	-
Total other financing sources (uses)	783,980	499,531	(783,980)	(499,531)	-	-
Change in net position	11,565,485	387,282	(650,525)	611,712	10,914,960	998,994
Net position - July 1, as restated	11,678,383	11,291,101	25,782,509	25,170,797	37,460,892	36,461,898
Net position - June 30	\$ 23,243,868	\$ 11,678,383	\$ 25,131,984	\$ 25,782,509	\$ 48,375,852	\$ 37,460,892

Expenses and Program Revenues – Governmental Activities

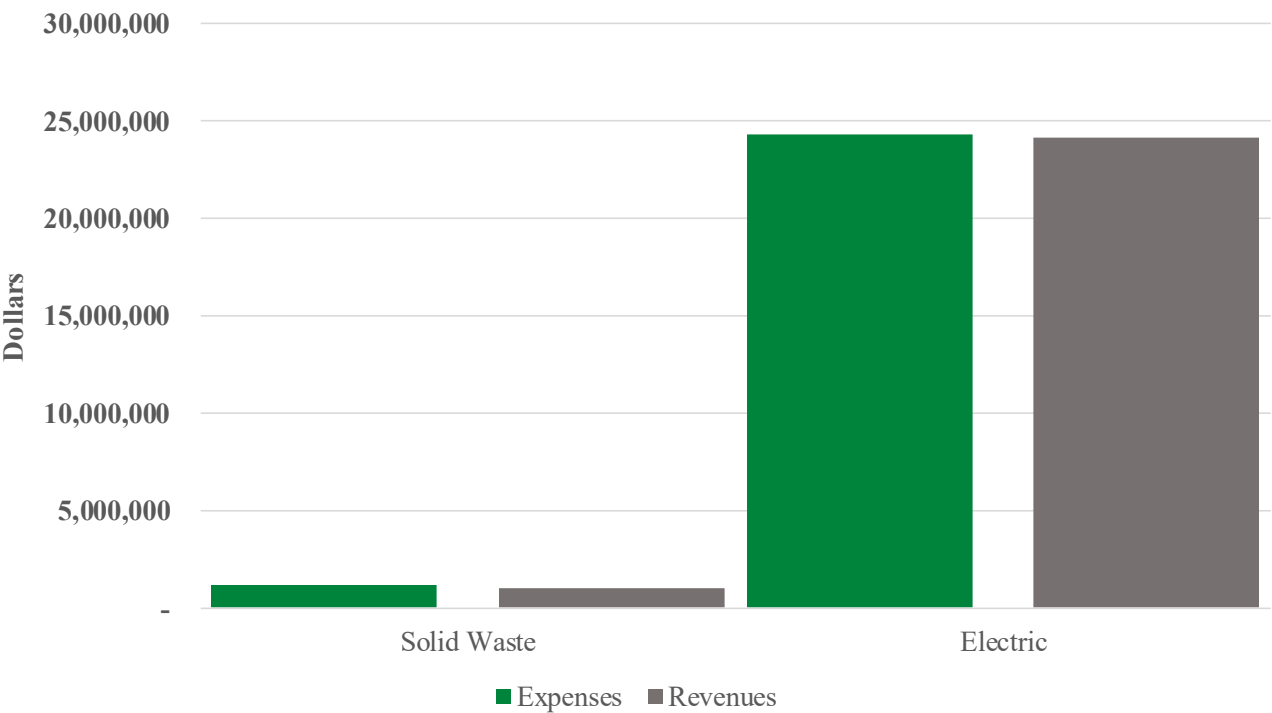


The governmental fund is primarily funded by general revenues rather than program revenues. The chart below includes all revenues by source for governmental activities.

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, *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’s Fund Balance

	Governmental	
	Fund	
	2025	2024
Nonspendable	\$ 1,030,330	998,833
Restricted	113,472	211,127
Committed	-	220,000
Assigned	2,177,490	1,085,726
Unassigned	4,285,667	4,230,187
Total	\$ 7,606,959	\$ 6,745,873

As of the end of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$7,606,959, an increase of \$861,086 in comparison with the prior year. Approximately 56.34% of this total amount – that is, \$4,285,667 constitutes *unassigned fund balance*, which is available for spending at the Town's discretion. Approximately 28.62%, \$2,177,490 constitutes *assigned fund balance*, which the government intends to use for specific purposes, such as purchase orders, approved capital projects or future commitments. There was no *committed fund balance* in FY25, which represents funding committed by specific action of the Town Council. Approximately 1.49%, \$113,472 constitutes *restricted fund balance* which has been constrained with provisions. Approximately 13.54%, \$1,030,330 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 27.74% of total general fund expenditures, while total fund balance represents 49.23% 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 (\$2,295,109); and the unrestricted net position for the electric fund amounted to \$9,547,579. The total fiscal year decrease in net position for enterprise funds was \$650,525 or 2.52%. 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 \$13,461,727. Differences between the final amended budget and actual results amounted to (\$8,727,715). Highlights include the following:

- Appropriation of \$4,840,275 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 and no revenue was recognized this fiscal year.
- Appropriation of \$3,312,345 of a VDOT State of Good Repair Grant for McGhee Street Bridge, which is currently closed. This is a multi-year grant where only \$251,800 was expended and revenue recognized this fiscal year.
- Appropriation of \$1,071,644 of a Community Development Block Grant for the second phase of a housing rehabilitation grant. This is a multi-year grant where only \$7,285 was expended and revenue recognized this fiscal year.
- Other local taxes exceeded revenue budget appropriations by \$303,255, primarily due to actual revenues returns above forecasted levels in local sales & use tax, bank franchise tax, and meals tax.

Differences between the original budget and final amended budget for expenditures amounted to \$15,957,751. Differences between the final amended budget and actual results amounted to \$11,677,030. Highlights are as follows:

- Appropriation of \$4,840,275 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 \$3,312,345 of a VDOT State of Good Repair Grant for McGhee Street Bridge, which is currently closed. This is a multi-year grant where only \$251,800 was expended this fiscal year.
- Appropriation of \$1,071,644 of a Community Development Block Grant for the second phase of a housing rehabilitation grant. This is a multi-year grant where only \$7,285 was expended this fiscal year.
- Appropriation of \$1,810,617 towards the purchase of fire apparatus, which has an estimated lead time of 2-3 years from date of order. The other portion of this appropriation is also a variance in the transfers in line on Exhibit 7.
- The actual expenditures for parks, recreation, and cultural exceeded the final budgeted amount by \$768 due to higher than anticipated electrical costs based on usage.
- The actual expenditures for debt principal retirement exceeded the final budgeted amount by \$235,978 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, 2025, amounts to \$42,412,370 (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 28.43% (an 84.36% increase for governmental activities and a 6.35% decrease for business-type activities). The main factor for the large increase in the governmental activities was the receipt of road assets at the State’s carrying value due to a boundary adjustment. The Town’s investment in capital assets is summarized as follows:

The Town’s Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 1,526,584	\$ 1,536,611	\$ 755,810	\$ 755,810	\$ 2,282,394	\$ 2,292,421
Building and improvements	2,624,918	2,536,694	14,694,829	14,609,532	17,319,747	17,146,226
Distribution and transmission systems	-	-	20,990,268	20,432,971	20,990,268	20,432,971
Landfill development costs	-	-	3,322,031	3,322,031	3,322,031	3,322,031
Machinery and equipment	8,170,677	8,278,260	11,769,499	11,798,507	19,940,176	20,076,767
Infrastructure	32,534,866	20,377,163	-	-	32,534,866	20,377,163
Construction in progress	919,920	1,045,070	16,955	16,955	936,875	1,062,025
Machinery and equipment - leased assets	836,455	457,838	-	-	836,455	457,838
Subscription right-to-use assets	238,879	202,774	277,281	233,153	516,160	435,927
Unrestricted	(23,511,708)	(21,774,312)	(32,754,894)	(30,804,899)	(56,266,602)	(52,579,211)
Total	\$ 23,340,591	\$ 12,660,098	\$ 19,071,779	\$ 20,364,060	\$ 42,412,370	\$ 33,024,158

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, 2025 the Town had total long-term debt and liabilities outstanding of \$9,707,066. Of this amount, \$1,735,599 comprises of general obligation bond debt backed by the full faith and credit of the government. A majority of the remaining liabilities are associated with landfill liability costs for two landfill sites and a transfer station owned by the Town. This section does not include short-term liabilities such as accounts payable, accrued payroll, customer deposits, etc. which are included in the total liabilities of the Town but are not considered long-term liabilities.

**The Town's Outstanding Debt and Liabilities
General Obligation Bonds, Leases, and Liabilities**

	Governmental		Business-type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 716,927	1,414,947	\$ 1,018,672	2,015,652	\$ 1,735,599	\$ 3,430,599
Lease liabilities	236,981	364,120	39,988	59,402	276,969	423,522
Revenue bonds	-	-	215,000	415,000	215,000	415,000
Payable to AMP:					-	-
Contract	-	-	568,815	538,195	568,815	538,195
Subscription Liability	46,318	105,245	56,611	128,632	102,929	233,877
Lease Liability	644,700	408,953	-	-	644,700	408,953
Compensated absences	723,772	293,148	481,772	202,197	1,205,544	495,345
Landfill liability:					-	-
Closed landfill	2,940,846	2,877,541	-	-	2,940,846	2,877,541
Region 2000	-	-	48,265	49,981	48,265	49,981
Transfer station	-	-	30,078	29,431	30,078	29,431
Active landfill	-	-	1,938,321	1,896,594	1,938,321	1,896,594
Total	<u>\$ 5,309,544</u>	<u>\$ 5,463,954</u>	<u>\$ 4,397,522</u>	<u>\$ 5,335,084</u>	<u>\$ 9,707,066</u>	<u>\$ 10,799,038</u>

Excluding the impacts of restating the table above for the impacts of implementing GASB 101, *Compensated Absences*, the Town's total debt and long-term liabilities decreased by \$1,091,972 or 10.11% 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 increase in purchased power cost. The Town purchases power through agreements with American Municipal Power (AMP), which is subject to price auctions by Pennsylvania-New-Jersey-Maryland Interconnections (PJM). The Town experienced a large increase in costs as a result of the latest auction. Further information on these agreements can be found in Note 18 of this report. 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 17.57% 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 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.

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Basic Financial Statements

Town of Bedford, Virginia

Exhibit 1

Statement of Net Position

June 30, 2025

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 2)	\$ 6,959,504	\$ 9,220,459	\$ 16,179,963	\$ 76,895
Investments (Note 2)	151,271	-	151,271	-
Receivables, net (Note 3)	1,188,042	2,613,297	3,801,339	-
Lease receivable (Note 4)	-	1,508,910	1,508,910	-
Due from other governmental units (Note 6)	224,938	-	224,938	386,660
Inventories	-	1,360,164	1,360,164	-
Cash and cash equivalents, restricted (Note 2)	1,723,399	583,489	2,306,888	-
BRWA debt service receivable (Note 7)	617,000	-	617,000	-
Capital assets: (Note 8)				
Nondepreciable	2,446,504	772,765	3,219,269	59,642
Depreciable, net	20,894,087	18,299,014	39,193,101	381,678
Total assets	34,204,745	34,358,098	68,562,843	904,875
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (Notes 14 and 17)	1,150,984	801,801	1,952,785	-
Deferred outflows related to other postemployment benefits (Notes 15, 16, and 17)	54,358	36,826	91,184	-
Deferred charge on refunding	-	123,332	123,332	-
Total deferred outflows of resources	1,205,342	961,959	2,167,301	-
LIABILITIES				
Accounts payable and accrued liabilities	1,417,975	1,649,844	3,067,819	60,841
Accrued payroll and related liabilities	134,142	87,453	221,595	-
Accrued interest payable	9,765	12,944	22,709	-
Unearned revenue (Note 3)	149,988	-	149,988	-
Customer security deposits	-	468,451	468,451	-
Net other postemployment benefit liability, current (Notes 15, 16, and 17)	-	16,003	16,003	-
Noncurrent liabilities:				
Due within one year (Note 9)	1,975,573	1,986,297	3,961,870	-
Due in more than one year (Note 9)	3,333,971	2,411,225	5,745,196	-
Net pension liability (Notes 14 and 17)	4,347,007	3,028,219	7,375,226	-
Net other postemployment benefit liability (Notes 15, 16, and 17)	238,742	141,031	379,773	-
Total liabilities	11,607,163	9,801,467	21,408,630	60,841
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows lease revenue (Note 4)	-	1,369	1,369	-
Deferred inflows related to pensions (Notes 14 and 17)	484,304	337,384	821,688	-
Deferred inflows related to other postemployment benefits (Notes 15, 16, and 17)	74,752	47,853	122,605	-
Total deferred inflows of resources	559,056	386,606	945,662	-
NET POSITION				
Net investment in capital assets	22,284,193	17,296,025	39,580,218	441,320
Restricted for:				
Purpose – cemetery	1,030,330	-	1,030,330	-
Other grants	113,472	-	113,472	-
Debt collateral	-	97,772	97,772	-
Unspent shared revenue	72,370	-	72,370	-
Landfill	-	17,266	17,266	-
Utility deposits	-	468,451	468,451	-
Unrestricted (deficit)	(256,497)	7,252,470	6,995,973	402,714
Total net position	\$ 23,243,868	\$ 25,131,984	\$ 48,375,852	\$ 844,034

Town of Bedford, Virginia

Exhibit 2

Statement of Activities Year Ended June 30, 2025

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	\$ 1,331,876	\$ 211,697	\$ -	\$ -	\$ (1,120,179)		\$ (1,120,179)	\$ -
Public safety	4,366,679	256,437	667,544	-	(3,442,698)		(3,442,698)	-
Public works	5,264,192	-	2,297,067	-	(2,967,125)		(2,967,125)	-
Parks, recreation, and cultural	55,965	-	-	-	(55,965)		(55,965)	-
Community development	3,770,964	-	3,220,172	-	(550,792)		(550,792)	-
Interest on long-term debt	36,854	-	35,902	-	(952)		(952)	-
Total governmental activities	14,826,530	468,134	6,220,685	-	(8,137,711)		(8,137,711)	-
Business-type activities:								
Solid waste	1,135,879	1,009,331	-	-		\$ (126,548)	(126,548)	-
Electric	24,295,785	24,157,502	-	-		(138,283)	(138,283)	-
Total business-type activities	25,431,664	25,166,833	-	-		(264,831)	(264,831)	-
Total primary government	<u>\$ 40,258,194</u>	<u>\$ 25,634,967</u>	<u>\$ 6,220,685</u>	<u>\$ -</u>	<u>(8,137,711)</u>	<u>(264,831)</u>	<u>(8,402,542)</u>	<u>-</u>
Component Units	<u>\$ 947,711</u>	<u>\$ -</u>	<u>\$ 626,104</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(321,607)</u>
General revenues:								
Property taxes					2,594,046	-	2,594,046	-
Sales tax					542,870	-	542,870	-
Communication tax					98,924	-	98,924	-
Meals tax					1,953,752	-	1,953,752	-
Other local taxes					1,020,649	-	1,020,649	-
Intergovernmental revenue, unrestricted					332,270	-	332,270	-
Unrestricted investment earnings					240,494	393,571	634,065	19,463
Other					235,773	4,715	240,488	20,000
County reversion payments (Note 24)					750,000	-	750,000	-
Town contribution					-	-	-	263,874
Transfers (Note 5)					783,980	(783,980)	-	-
Special items:								
Annexation of state roads (Note 8)					11,150,438	-	11,150,438	-
Total general revenues and special items					19,703,196	(385,694)	19,317,502	323,337
Change in net position					11,565,485	(650,525)	10,914,960	(18,270)
NET POSITION AT JULY 1, as previously presented					12,072,355	26,023,454	38,095,809	862,304
Restatement (Note 25)					(393,972)	(240,945)	(634,917)	-
NET POSITION AT JULY 1, as restated					11,678,383	25,782,509	37,460,892	862,304
NET POSITION AT JUNE 30					<u>\$ 23,243,868</u>	<u>\$ 25,131,984</u>	<u>\$ 48,375,852</u>	<u>\$ 844,034</u>

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

Town of Bedford, Virginia

Exhibit 3

Balance Sheet – Governmental Fund June 30, 2025

	<u>General</u>
ASSETS	
Cash and cash equivalents (Note 2)	\$ 6,959,504
Investments (Note 2)	151,271
Receivables, net (Note 3)	1,188,042
Due from other governmental units (Note 6)	224,938
Cash and cash equivalents, restricted (Note 2)	1,723,399
BRWA debt service receivable (Note 7)	617,000
Total assets	<u>\$ 10,864,154</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 1,417,975
Accrued payroll and related liabilities	134,142
Unearned revenue (Note 3)	149,988
Total liabilities	<u>1,702,105</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue (Note 3 and 7)	<u>1,555,090</u>
FUND BALANCE (Note 13)	
Nonspendable	1,030,330
Restricted	113,472
Assigned	2,177,490
Unassigned	4,285,667
Total fund balance	<u>7,606,959</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,864,154</u>

Town of Bedford, Virginia

Exhibit 4

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position June 30, 2025

Total Fund Balance – Governmental Fund		\$ 7,606,959
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	\$ 2,446,504	
Depreciable capital assets, net	<u>20,894,087</u>	
		23,340,591
Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,555,090
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	1,150,984	
Other postemployment benefits	<u>54,358</u>	
		1,205,342
Deferred inflows related to:		
Pensions	(484,304)	
Other postemployment benefits	<u>(74,752)</u>	
		(559,056)
Net pension liability		(4,347,007)
Net other postemployment benefits liability		(238,742)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds	(716,927)	
Financed purchases	(236,981)	
Lease liability	(644,700)	
Subscription liability	(46,318)	
Accrued interest payable	(9,765)	
Compensated absences	(723,772)	
Landfill postclosure liability	<u>(2,940,846)</u>	
		(5,319,309)
Total Net Position – Governmental Activities		<u><u>\$ 23,243,868</u></u>

Town of Bedford, Virginia

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Year Ended June 30, 2025

	<u>General</u>
REVENUES	
General property taxes	\$ 2,657,023
Other local taxes	3,616,195
Permits, privilege fees, and regulatory licenses	34,599
Fines and forfeitures	59,991
Investment earnings	240,494
Charges for services	151,707
County reversion payments (Note 24)	750,000
Other	235,773
Intergovernmental	6,524,338
BRWA debt service payments (Note 7)	635,902
Recovered costs	221,838
Total revenues	<u>15,127,860</u>
EXPENDITURES	
Current	
General government administration	1,191,395
Public safety	4,596,252
Public works	4,714,580
Parks, recreation, and cultural	56,468
Community development	3,795,937
Debt service	
Principal retirement	1,056,135
Interest and fiscal charges	47,783
Total expenditures	<u>15,458,550</u>
Deficiency of revenues over expenditures	<u>(330,690)</u>
OTHER FINANCING SOURCES	
Issuance of lease and subscription liabilities	407,796
Transfers in (Note 5)	783,980
Total other financing sources	<u>1,191,776</u>
Net change in fund balance	861,086
FUND BALANCE AT JULY 1	6,745,873
FUND BALANCE AT JUNE 30	<u><u>\$ 7,606,959</u></u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
Year Ended June 30, 2025**

Net Change in Fund Balance – Governmental Fund		\$ 861,086
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	\$ 1,619,709	
Depreciation expense	<u>(2,079,007)</u>	
		(459,298)
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.		
		(10,647)
Governmental funds do not report contributions of capital assets that will be used in operations because they are not relevant to the assessment of near-term liquidity.		
Road annexation		11,150,438
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.		
		(600,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		(62,977)
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 and subscription liabilities	(407,796)	
Principal repayments and other long-term liability reductions:		
General obligation bonds	698,020	
Financed purchases	127,139	
Lease and subscription liabilities	230,976	
Landfill postclosure (net change)	<u>(63,305)</u>	
		585,034
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	676,666	
Cost of benefits earned net of employee contributions	<u>(555,830)</u>	
		120,836
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	16,703	
Other postemployment benefit	<u>(9,967)</u>	
		6,736
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		10,929
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.		
		(36,652)
Change in Net Position – Governmental Activities		<u><u>\$ 11,565,485</u></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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 2,555,659	\$ 2,613,970	\$ 2,657,023	\$ 43,053
Other local taxes	3,288,044	3,312,940	3,616,195	303,255
Permits, privilege fees, and regulatory licenses	37,601	37,601	34,599	(3,002)
Fines and forfeitures	28,343	59,893	59,991	98
Investment earnings	179,092	195,692	240,494	44,802
Charges for services	94,251	117,506	151,707	34,201
Other	826,513	984,721	985,773	1,052
Intergovernmental	2,576,986	15,725,893	6,524,338	(9,201,555)
BRWA debt service payments	635,902	635,902	635,902	-
Recovered costs	171,457	171,457	221,838	50,381
Total revenues	<u>10,393,848</u>	<u>23,855,575</u>	<u>15,127,860</u>	<u>(8,727,715)</u>
EXPENDITURES				
Current				
General government administration	1,310,179	1,355,081	1,191,395	163,686
Public safety	4,477,067	6,826,302	4,596,252	2,230,050
Public works	4,242,642	8,108,448	4,714,580	3,393,868
Parks, recreation, and cultural	26,700	55,700	56,468	(768)
Community development	253,300	9,922,107	3,795,937	6,126,170
Debt service				
Principal retirement	820,157	820,157	1,056,135	(235,978)
Interest and fiscal charges	47,783	47,784	47,783	1
Total expenditures	<u>11,177,828</u>	<u>27,135,579</u>	<u>15,458,550</u>	<u>11,677,029</u>
Excess (deficiency) of revenue over expenditures	<u>(783,980)</u>	<u>(3,280,004)</u>	<u>(330,690)</u>	<u>2,949,314</u>
OTHER FINANCING SOURCES (USES)				
Issuance of lease and subscription liabilities	-	403,172	407,796	4,624
Proceeds from sale of capital assets	-	10,000	-	(10,000)
Transfers in	783,980	2,736,713	783,980	(1,952,733)
Transfers out	-	-	-	-
Total other financing sources	<u>783,980</u>	<u>3,149,885</u>	<u>1,191,776</u>	<u>(1,958,109)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (130,119)</u>	<u>\$ 861,086</u>	<u>\$ 991,205</u>

Town of Bedford, Virginia

Exhibit 8

Statement of Net Position – Proprietary Funds

June 30, 2025

	Business-Type Activities – Enterprise Funds		
	Solid Waste	Electric	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 2)	\$ -	\$ 9,220,459	\$ 9,220,459
Receivables, net (Note 3)	139,981	2,473,316	2,613,297
Lease receivable (Note 4)	-	1,508,910	1,508,910
Inventories	-	1,360,164	1,360,164
Total current assets	139,981	14,562,849	14,702,830
NONCURRENT ASSETS			
Cash and cash equivalents, restricted (Note 2)	17,266	566,223	583,489
Capital assets: (Note 8)			
Nondepreciable	552,124	220,641	772,765
Depreciable, net	328,450	17,970,564	18,299,014
Total noncurrent assets	897,840	18,757,428	19,655,268
Total assets	1,037,821	33,320,277	34,358,098
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 14 and 17)	92,217	709,584	801,801
Deferred outflows related to other postemployment benefits (Notes 15, 16, and 17)	4,524	32,302	36,826
Deferred charges on refunding	-	123,332	123,332
Total deferred outflows of resources	96,741	865,218	961,959
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	32,339	1,617,505	1,649,844
Accrued payroll and related liabilities	11,797	75,656	87,453
Accrued interest payable	1,397	11,547	12,944
Customer security deposits	-	468,451	468,451
Net other postemployment benefit liability (Notes 15, 16, and 17)	2,066	13,937	16,003
Noncurrent liabilities due within one year (Note 9)	292,400	1,693,897	1,986,297
Total current liabilities	339,999	3,880,993	4,220,992
NONCURRENT LIABILITIES			
Due in more than one year (Note 9)	1,902,403	508,822	2,411,225
Net pension liability (Notes 14 and 17)	348,282	2,679,937	3,028,219
Net other postemployment benefit liability (Notes 15, 16, and 17)	18,595	122,436	141,031
Total noncurrent liabilities	2,269,280	3,311,195	5,580,475
Total liabilities	2,609,279	7,192,188	9,801,467
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows lease revenue (Note 4)	-	1,369	1,369
Deferred inflows related to pensions (Notes 14 and 17)	38,803	298,581	337,384
Deferred inflows related to other postemployment benefits (Notes 15, 16, and 17)	6,691	41,162	47,853
Total deferred inflows of resources	45,494	341,112	386,606
NET POSITION (DEFICIT)			
Net investment in capital assets	757,632	16,538,393	17,296,025
Restricted for:			
Debt collateral	-	97,772	97,772
Landfill	17,266	-	17,266
Utility deposits	-	468,451	468,451
Unrestricted (deficit)	(2,295,109)	9,547,579	7,252,470
Total net position (deficit)	<u>\$ (1,520,211)</u>	<u>\$ 26,652,195</u>	<u>\$ 25,131,984</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities – Enterprise Funds		
	Solid Waste	Electric	Total
OPERATING REVENUES			
Charges for services	\$ 1,009,331	\$ 23,614,770	\$ 24,624,101
Recovered costs	-	542,732	542,732
Other income	4	4,711	4,715
Total operating revenues	<u>1,009,335</u>	<u>24,162,213</u>	<u>25,171,548</u>
OPERATING EXPENSES			
Refuse collection	213,884	-	213,884
Refuse disposal	478,387	-	478,387
Transmission and distribution	-	2,070,984	2,070,984
Power generation	-	359,756	359,756
Purchased power	-	17,002,304	17,002,304
Meter reading	-	83,612	83,612
Landfill closure and postclosure care	165,337	-	165,337
Administration	78,645	2,249,657	2,328,302
Maintenance and repair	-	499,390	499,390
Depreciation and amortization	196,291	1,886,528	2,082,819
Total operating expenses	<u>1,132,544</u>	<u>24,152,231</u>	<u>25,284,775</u>
Operating income (loss)	<u>(123,209)</u>	<u>9,982</u>	<u>(113,227)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	816	392,755	393,571
Interest expense	(3,335)	(143,554)	(146,889)
Net nonoperating revenues (expenses)	<u>(2,519)</u>	<u>249,201</u>	<u>246,682</u>
Income (loss) before transfers	<u>(125,728)</u>	<u>259,183</u>	<u>133,455</u>
TRANSFERS OUT (Note 5)	<u>-</u>	<u>(783,980)</u>	<u>(783,980)</u>
Change in net position	<u>(125,728)</u>	<u>(524,797)</u>	<u>(650,525)</u>
NET POSITION (DEFICIT) AT JULY 1, as previously presented	<u>(1,368,017)</u>	<u>27,391,471</u>	<u>26,023,454</u>
Restatement (Note 25)	<u>(26,466)</u>	<u>(214,479)</u>	<u>(240,945)</u>
NET POSITION (DEFICIT) AT JULY 1, as restated	<u>(1,394,483)</u>	<u>27,176,992</u>	<u>25,782,509</u>
NET POSITION (DEFICIT) AT JUNE 30	<u>\$ (1,520,211)</u>	<u>\$ 26,652,195</u>	<u>\$ 25,131,984</u>

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities – Enterprise Funds		
	Solid Waste	Electric	Total
OPERATING ACTIVITIES			
Receipts from customers	\$ 1,004,852	\$ 23,504,910	\$ 24,509,762
Payments to suppliers	(471,026)	(18,864,845)	(19,335,871)
Payments to employees	(401,529)	(3,110,332)	(3,511,861)
Recovered costs	-	542,732	542,732
Other income	4	4,711	4,715
Net cash provided by operating activities	132,301	2,077,176	2,209,477
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(783,980)	(783,980)
Net cash used in noncapital financing activities	-	(783,980)	(783,980)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(7,030)	(778,040)	(785,070)
Principal paid on capital debt	(104,484)	(1,189,399)	(1,293,883)
Interest paid on capital debt	(4,343)	(91,758)	(96,101)
Net cash used in capital and related financing activities	(115,857)	(2,059,197)	(2,175,054)
INVESTING ACTIVITIES			
Interest received	816	392,755	393,571
Net cash provided by investing activities	816	392,755	393,571
Net increase (decrease) in cash and cash equivalents	17,260	(373,246)	(355,986)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	6	10,159,928	10,159,934
Ending at June 30	<u>\$ 17,266</u>	<u>\$ 9,786,682</u>	<u>\$ 9,803,948</u>
RECONCILIATION TO EXHIBIT 8			
Cash and cash equivalents	\$ -	\$ 9,220,459	\$ 9,220,459
Cash and cash equivalents, restricted	17,266	566,223	583,489
	<u>\$ 17,266</u>	<u>\$ 9,786,682</u>	<u>\$ 9,803,948</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (123,209)	\$ 9,982	\$ (113,227)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	196,291	1,886,528	2,082,819
Landfill closure and postclosure care	40,658	-	40,658
Payable to AMP	-	30,620	30,620
Pension expense net of employer contributions	(19,398)	(78,928)	(98,326)
Other postemployment benefit expense net of employer contributions	(323)	(7,965)	(8,288)

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities – Enterprise Funds		
	Solid Waste	Electric	Total
Change in assets and liabilities:			
(Increase) decrease in:			
Receivables, net	(4,479)	(252,510)	(256,989)
Lease receivable	-	133,592	133,592
Inventories	-	7,573	7,573
(Decrease) increase in:			
Accounts payable and accrued liabilities	29,827	301,948	331,775
Accrued payroll and related liabilities	4,890	6,692	11,582
Customer security deposits	-	9,058	9,058
Compensated absences	8,044	30,586	38,630
Net cash provided by operating activities	<u><u>\$ 132,301</u></u>	<u><u>\$ 2,077,176</u></u>	<u><u>\$ 2,209,477</u></u>
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES			
Capital assets obtained through subscription-based information			
technology arrangements liability	<u><u>\$ 994</u></u>	<u><u>\$ 4,474</u></u>	<u><u>\$ 5,468</u></u>

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

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 24. 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 entities are 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, 2025

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, 2025

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 function level.
4. The Town Manager is authorized to transfer budget amounts between departments within any function; 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 \$4,900,000 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, 2025

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 reported 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

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, 2025

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, 2025

L – Compensated Absences

Town employees accumulate vacation time depending upon their length of service. Outstanding vacation time up to 300 hours 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 – Town Council; to be reported as committed, amounts cannot be used for any other purposes unless action is taken to remove or change the constraint by Town Ordinance, Resolution, or Council Action.
- **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, as the authorized Purchasing Agent of the Town.
- **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, 2025

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 \$139,541 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, 2025

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, 2025, 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>\$ 151,271</u>	AAA	100.00%	19.45

* 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, 2025 investments are held in a bank's trust department in the Town's name.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

Deposits and investments consist of the following:

Deposits	\$ 18,563,746
Investments	151,271
Total deposits and investments	\$ 18,715,017
Reconciliation of deposits and investments to Exhibit 1	
Cash and cash equivalents – primary government	\$ 16,179,963
Cash and cash equivalents – component units	76,895
Investments – primary government	151,271
Cash and cash equivalents, restricted – primary government	2,306,888
Total deposits and investments	\$ 18,715,017

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of the following:

	Governmental Activities	Business-Type Activities	Total
Employee flexible spending account	\$ 21,760	\$ -	\$ 21,760
Maintained as a condition of certain bond instruments	-	97,772	97,772
Cemetery	1,030,330	-	1,030,330
Utility deposits	-	468,451	468,451
Landfill closure	-	17,266	17,266
Park trust	84,578	-	84,578
Grant restrictions	586,731	-	586,731
	\$ 1,723,399	\$ 583,489	\$ 2,306,888

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, 2025:

	Level 1
Debt securities	
Government and Agency Bonds	\$ 151,271
	\$ 151,271

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	\$ 1,206,075	\$ -	\$ -	\$ 1,206,075
Accounts	194,379	171,259	2,653,600	3,019,238
Gross receivables	1,400,454	171,259	2,653,600	4,225,313
Less allowance for uncollectible	(212,412)	(31,278)	(180,284)	(423,974)
Net receivables	\$ 1,188,042	\$ 139,981	\$ 2,473,316	\$ 3,801,339

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

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, 2025, unavailable revenue related to taxes receivable was \$938,090 and the BRWA debt service receivable was \$617,000. Also at June 30, 2025, unearned revenue related to federal ARPA funding was \$149,988.

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:

<u>Year-ending</u>	<u>Principal</u>	<u>Interest</u>
2026	<u>\$ 1,508,910</u>	<u>\$ 179,776</u>

Lease and interest revenue was \$135,086 and \$213,208, respectively, for 2025. Deferred inflow of lease revenue as of June 30, 2025 was \$1,369.

Note 5 – Interfund Receivables, Payables, and Transfers

Interfund transfers totaling \$783,980 from the electric fund to the general fund were to finance general fund programs in accordance with budgetary authorizations.

Note 6 – Due From Other Governmental Units

Amounts due from other governmental units are as follows:

	<u>Governmental Activities</u>	<u>Component Units</u>
Commonwealth of Virginia		
Bus grant	\$ 36,691	\$ -
Housing Grant	37,500	-
VDOT Grant	48,400	-
Community Grant	-	386,660
Sales tax	88,873	-
Other	13,474	-
	<u>\$ 224,938</u>	<u>\$ 386,660</u>

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,

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

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
2026	\$ 617,000	\$ 18,202

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	\$ 1,536,611	\$ -	\$ (10,027)	\$ 1,526,584
Construction in progress	1,045,070	251,800	(376,950)	919,920
Total capital assets, not depreciated	2,581,681	251,800	(386,977)	2,446,504
Capital assets, depreciated and amortized				
Buildings and improvements	2,536,694	88,224	-	2,624,918
Machinery and equipment	8,278,260	234,648	(342,231)	8,170,677
Infrastructure	20,377,163	12,157,703	-	32,534,866
Machinery and equipment – lease assets	457,838	378,617	-	836,455
Subscription right-to-use assets	202,774	36,105	-	238,879
Total capital assets, depreciated and amortized	31,852,729	12,895,297	(342,231)	44,405,795
Less accumulated depreciation and amortization for:				
Buildings and improvements	(2,959,012)	(36,336)	-	(2,995,348)
Machinery and equipment	(6,817,944)	(467,992)	341,611	(6,944,325)
Infrastructure	(11,874,012)	(1,334,722)	-	(13,208,734)
Machinery and equipment – lease assets	(48,885)	(142,869)	-	(191,754)
Subscription right-to-use assets	(74,459)	(97,088)	-	(171,547)
Total accumulated depreciation and amortization	(21,774,312)	(2,079,007)	341,611	(23,511,708)
Total capital assets, depreciated and amortized, net	10,078,417	10,816,290	(620)	20,894,087
Governmental activities capital assets, net	\$ 12,660,098	\$ 11,068,090	\$ (387,597)	\$ 23,340,591

On July 1, 2024, certain roads were annexed from the Virginia Department of Transportation. Since the nature of the transaction was a transfer of operations, the roads were recorded at the State's carrying value.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	\$ 755,810	\$ -	\$ -	\$ 755,810
Construction in progress	16,955	-	-	16,955
Total capital assets, not depreciated	772,765	-	-	772,765
Capital assets, depreciated and amortized				
Buildings and improvements	14,609,532	85,297	-	14,694,829
Machinery and equipment	11,798,507	103,816	(132,824)	11,769,499
Landfill development costs	3,322,031	-	-	3,322,031
Distribution and transmission systems	20,432,971	557,297	-	20,990,268
Subscription right-to-use assets	233,153	44,128	-	277,281
Total capital assets, depreciated and amortized	50,396,194	790,538	(132,824)	51,053,908
Less accumulated depreciation and amortization				
Buildings and improvements	(9,858,749)	(549,029)	-	(10,407,778)
Machinery and equipment	(8,359,373)	(737,902)	132,824	(8,964,451)
Landfill development costs	(3,315,945)	-	-	(3,315,945)
Distribution and transmission systems	(9,183,402)	(681,980)	-	(9,865,382)
Subscription right-to-use assets	(87,430)	(113,908)	-	(201,338)
Total accumulated depreciation and amortization	(30,804,899)	(2,082,819)	132,824	(32,754,894)
Total capital assets, depreciated and amortized, net	19,591,295	(1,292,281)	-	18,299,014
Business-type activities capital assets, net	<u>\$ 20,364,060</u>	<u>\$ (1,292,281)</u>	<u>\$ -</u>	<u>\$ 19,071,779</u>

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

Governmental activities	
General government administration	\$ 194,389
Public safety	398,071
Public works	1,472,351
Community development	14,196
	<u>\$ 2,079,007</u>
Business-type activities	
Solid waste	\$ 196,291
Electric	1,886,528
	<u>\$ 2,082,819</u>

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

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 and improvements	\$ 20,325	\$ 39,317	\$ -	\$ 59,642
Capital assets, depreciated				
Machinery and equipment	-	5,765	-	5,765
Buildings	-	394,942	-	394,942
Total capital assets, depreciated	-	400,707	-	400,707
Less accumulated depreciation	-	400,707	-	400,707
Machinery and equipment	-	(927)	-	(927)
Buildings	-	(18,102)	-	(18,102)
Total accumulated depreciation	-	(19,029)	-	(19,029)
Total capital assets, depreciated	-	381,678	-	381,678
Component unit capital assets, net	\$ 20,325	\$ 420,995	\$ -	\$ 441,320

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	\$ 1,414,947	\$ -	\$ (698,020)	\$ 716,927	\$ 716,927
Financed purchases	364,120	-	(127,139)	236,981	125,209
Subscription liability	105,245	4,474	(63,401)	46,318	46,318
Lease liability	408,953	403,322	(167,575)	644,700	167,291
Compensated absences*	687,120	36,652	-	723,772	723,772
Landfill liability					
Closed landfill	2,877,541	255,141	(191,836)	2,940,846	196,056
Governmental activities long-term liabilities	\$ 5,857,926	\$ 699,589	\$ (1,247,971)	\$ 5,309,544	\$ 1,975,573

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,015,652	\$ -	\$ (996,980)	\$ 1,018,672	\$ 1,018,672
Revenue bonds	415,000	-	(200,000)	215,000	215,000
Financed purchases	59,402	-	(19,414)	39,988	19,798
Subscription liability	128,632	5,468	(77,489)	56,611	56,611
Payable to AMP					
Contract (Note 18)	538,195	30,620	-	568,815	60,000
Compensated absences*	443,142	38,630	-	481,772	481,772
Landfill liability					
Region 2000	49,981	1,604	(3,320)	48,265	3,218
Transfer station	29,431	2,609	(1,962)	30,078	2,005
Active landfill	1,896,594	168,168	(126,441)	1,938,321	129,221
Business-type activities long-term liabilities	<u>\$ 5,576,029</u>	<u>\$ 247,099</u>	<u>\$ (1,425,606)</u>	<u>\$ 4,397,522</u>	<u>\$ 1,986,297</u>

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

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

*As further discussed in Note 25, beginning compensated absences balances have been adjusted for the implementation of GASB 101. The change in compensated absences above is a net change for the year.

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
2026	\$ 716,927	\$ 22,042	\$ 125,209	\$ 4,828	\$ 167,291	\$ 34,197
2027	-	-	111,772	2,118	167,291	34,197
2028	-	-	-	-	167,291	34,197
2029	-	-	-	-	118,407	24,402
2030	-	-	-	-	24,420	4,681
	<u>\$ 716,927</u>	<u>\$ 22,042</u>	<u>\$ 236,981</u>	<u>\$ 6,946</u>	<u>\$ 644,700</u>	<u>\$ 131,674</u>

Year-Ending June 30,	Business-Type Activities						
	General Obligation				AMP Obligations	Financed Purchases	
	Bonds		Revenue Bonds		Contract	Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
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	-	-	-	-	60,000	-	-
2031-2033	-	-	-	-	268,815	-	-
	<u>\$ 1,018,672</u>	<u>\$ 22,614</u>	<u>\$ 215,000</u>	<u>\$ 12,691</u>	<u>\$ 568,815</u>	<u>\$ 39,988</u>	<u>\$ 1,189</u>

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

	Subscription Liabilities			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 46,318	\$ 522	\$ 56,611	\$ 637

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	\$ 617,000	\$ -
Public improvement	1.9-2.2	12/2017	2026	5,485,000	99,927	1,018,672
					<u>\$ 716,927</u>	<u>\$ 1,018,672</u>
Revenue Bonds						
Virginia Resources Authority						
Taxable lease	7.8%	06/1996	2026	2,630,000	\$ -	\$ 215,000
Obligations Payable – AMP						
Generating station contract	0.8%	N/A	2033	1,081,697	\$ -	\$ 568,815
Financed Purchases						
Equipment loan	1.976%	12/2019	2026	844,974	\$ 212,305	\$ 39,988
Equipment loan	3.170	03/2021	2026	101,530	19,674	-
Equipment loan	0.000	10/2022	2026	25,011	5,002	-
					<u>\$ 236,981</u>	<u>\$ 39,988</u>

Equipment

The assets acquired through the financed purchases are as follows:

Machinery and equipment	\$ 978,715
Less accumulated depreciation	(358,569)
	<u>\$ 620,146</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

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

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%.

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 post-closure care costs for this site, less costs paid to date, totals \$2,940,846. 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 post-closure care costs for this site, less costs paid to date, totals \$1,938,321. 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 post-closure 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. During 2025, the Town entered into additional vehicle leases for a term of 60 months and minimum lease payments ranging from \$504 to \$1,062 a month. For the purpose of discounting future payments, the Town imputed an interest rate ranging from 6.61% 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, 2025

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)	\$ 28,894
Community development	84,578
	<u>113,472</u>
Assigned to:	
Public works (encumbrances)	3,812
Public safety (encumbrances)	124,429
General government (encumbrances)	11,300
Other capital projects	2,037,949
	<u>2,177,490</u>
Nonspendable:	
Corpus of permanent fund	1,030,330
Unassigned	4,285,667
	<u>\$ 7,606,959</u>
Total fund balance	

Deficit Net Position

At June 30, 2025, the solid waste fund had a deficit net position of \$1,520,211, 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
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Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	144
Inactive members	
Vested inactive members	19
Non-vested inactive members	36
Long-term disability	1
Inactive members active elsewhere in VRS	54
Total inactive members	110
Active members	89
Total covered employees	343

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, 2025, was 21.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$1,148,036 and \$1,091,150 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$21,625 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$19,499 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$2,162,528 for the year ended June 30, 2025.

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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

Town of Bedford, Virginia
Notes to Financial Statements
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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, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
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 and a Modified MP-2020 Improvement Scale with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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

Town of Bedford, Virginia

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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	32.00%	6.70%	2.14%
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	100.00%		7.07%
*Expected arithmetic nominal return			7.07%

- * The above allocation provides for a one-year return of 7.07%(includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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. For the year ended June 30, 2024, the employer contribution was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rate. 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

Town of Bedford, Virginia

Notes to Financial Statements

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the total pension liability.

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, 2023	\$ 33,910,221	\$ 27,018,338	\$ 6,891,883
Changes for the year			
Service cost	627,071	-	627,071
Interest	2,256,530	-	2,256,530
Differences between expected and actual experience	1,510,667	-	1,510,667
Contributions – employer	-	1,091,150	(1,091,150)
Contributions – employee	-	243,746	(243,746)
Net investment income	-	2,593,764	(2,593,764)
Benefit payments, including refunds of employee contributions	(2,214,424)	(2,214,424)	-
Administrative expenses	-	(17,800)	17,800
Other changes	-	65	(65)
Net changes	2,179,844	1,696,501	483,343
Balances at June 30, 2024	<u>\$ 36,090,065</u>	<u>\$ 28,714,839</u>	<u>\$ 7,375,226</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>\$ 11,333,093</u>	<u>\$ 7,375,226</u>	<u>\$ 4,077,637</u>

Town of Bedford, Virginia

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

For the year-ended June 30, 2025, the political subdivision recognized pension expense of \$902,467. At June 30, 2025, 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	\$ 804,749	\$ 48,645
Net difference between projected and actual earnings on pension plan investments	-	773,043
Employer contributions subsequent to the measurement date	1,148,036	-
	<u>\$ 1,952,785</u>	<u>\$ 821,688</u>

The \$1,148,036 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ending June 30,	Effect on Pension Expense
2026	\$ (30,008)
2027	318,176
2028	(145,059)
2029	(160,048)
2030	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 Annual Report) A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 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.

Town of Bedford, Virginia

Notes to Financial Statements

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- 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	91
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Total OPEB Liability

The Town's total OPEB liability of \$167,682 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 from 4.21% to 4.81%.

Changes in the Total OPEB Liability

Balance at June 30, 2024	\$ 157,945
Changes for the year	
Service cost	14,616
Interest	6,649
Assumption or other input changes	(11,528)
Net changes	9,737
Balance at June 30, 2025	\$ 167,682

Town of Bedford, Virginia

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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 (3.81%) or one percentage point higher (5.81%) than the current discount rate:

	1.00% Decrease (3.81%)	Current Discount Rate (4.81%)	1.00% Increase (5.81%)
Total OPEB liability	<u>\$ 187,290</u>	<u>\$ 167,682</u>	<u>\$ 150,266</u>

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	<u>\$ 145,045</u>	<u>\$ 167,682</u>	<u>\$ 194,790</u>

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

For the year-ended June 30, 2025, the Town recognized OPEB expense of \$6,957. At June 30, 2025, 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	\$ -	\$ 35,815
Change in assumptions	18,702	40,586
	<u>\$ 18,702</u>	<u>\$ 76,401</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-Ending June 30,	Effect on OPEB Expense
2026	\$ (14,309)
2027	(14,309)
2028	(9,366)
2029	(6,701)
2030	(5,211)
Thereafter	(7,803)

Town of Bedford, Virginia
Notes to Financial Statements
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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.

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/benefits-and-programs/benefits/life-insurance/>.

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, 2023. 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, with the exception of GLI, which was also combined with employee contributions. 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:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	\$28,335
June 30, 2024 Contribution	\$28,700

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

The net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the net OPEB liability, was based on the covered employer's

Town of Bedford, Virginia
Notes to Financial Statements
June 30, 2025

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, 2025 proportionate share of liability	\$ 228,094
June 30, 2024 proportion	0.02040%
June 30, 2023 proportion	0.02090%
June 30, 2025 expense	\$ 5,991

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, 2025, 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	\$ 35,976	\$ 5,572
Change in assumptions	1,300	11,304
Net difference between projected and actual earnings on OPEB plan investments	-	19,226
Changes in proportion	6,871	10,102
Employer contributions subsequent to the measurement date	28,335	-
	\$ 72,482	\$ 46,204

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, 2026. 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,	Effect on OPEB Expense
2026	\$ (11,087)
2027	3,697
2028	(149)
2029	2,776
2030	2,706
Thereafter	-

Town of Bedford, Virginia

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Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.25%
• Ages 65 and older	6.50 – 4.25%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

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 represents 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, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 4,196,055
Plan fiduciary net position	3,080,133
Employers' net OPEB liability	1,115,922
Plan fiduciary net position as a percentage of total OPEB liability	73.41%

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

Town of Bedford, Virginia

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June 30, 2025

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	32.00%	6.70%	2.14%
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	100.00%		7.07%
*Expected arithmetic nominal return			7.07%

- * The above allocation provides for a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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, 2024, 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, 2024 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.

Town of Bedford, Virginia

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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	\$ 354,717	\$ 228,094	\$ 125,800

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/media/shared/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 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	\$ 474,318	\$ 330,431	\$ 804,749
Employer contributions subsequent to the measurement date			
VRS	676,666	471,370	1,148,036
Total deferred outflows of resources – pensions	<u>\$ 1,150,984</u>	<u>\$ 801,801</u>	<u>\$ 1,952,785</u>
Deferred outflows of resources – OPEB			
Change in assumptions			
Local plan	\$ 11,631	\$ 7,071	\$ 18,702
VRS GLI	766	534	1,300
Difference between expected and actual experience			
VRS GLI	21,208	14,768	35,976
Changes in proportion			
VRS GLI	4,050	2,821	6,871
Employer contributions subsequent to the measurement date			
VRS GLI	16,703	11,632	28,335
Total deferred outflows of resources – OPEB	<u>\$ 54,358</u>	<u>\$ 36,826</u>	<u>\$ 91,184</u>
Net pension liability			
VRS	<u>\$ 4,347,007</u>	<u>\$ 3,028,219</u>	<u>\$ 7,375,226</u>

Town of Bedford, Virginia

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	Governmental Activities	Business-Type Activities	Total Primary Government
Net OPEB liability			
Local plan	\$ 104,286	\$ 63,396	\$ 167,682
VRS GLI	134,456	93,638	228,094
Total net OPEB liability	<u>\$ 238,742</u>	<u>\$ 157,034</u>	<u>\$ 395,776</u>
Deferred inflows of resources – pensions			
Net difference between projected and actual investment earnings on pension plan investments			
VRS	\$ 455,626	\$ 317,417	\$ 773,043
Difference between expected and actual experience			
VRS	28,678	19,967	48,645
Total deferred inflow of resources – pensions	<u>\$ 484,304</u>	<u>\$ 337,384</u>	<u>\$ 821,688</u>
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 22,276	\$ 13,539	\$ 35,815
VRS GLI	3,285	2,287	5,572
Changes in proportion			
VRS GLI	5,955	4,147	10,102
Net difference between projected and actual investment earnings on pension plan investments			
VRS GLI	11,332	7,894	19,226
Changes in assumptions			
Local plan	25,240	15,346	40,586
VRS GLI	6,664	4,640	11,304
Total deferred inflow of resources – OPEB	<u>\$ 74,752</u>	<u>\$ 47,853</u>	<u>\$ 122,605</u>
Pension expense			
VRS	<u>\$ 531,921</u>	<u>\$ 370,546</u>	<u>\$ 902,467</u>
OPEB expense			
Local plan	\$ 4,327	\$ 2,630	\$ 6,957
VRS GLI	3,382	2,609	5,991
Total OPEB expense	<u>\$ 7,709</u>	<u>\$ 5,239</u>	<u>\$ 12,948</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

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

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.

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 2025 and 2024.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

Personal property taxes are payable on December 5. The personal property tax rate was \$1.06 per \$100 for both 2025 and 2024. 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 2025 were \$184,630.

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 for each, are provided through a policy with the Commonwealth of Virginia. Total premiums for fiscal year 2025 were \$216,036.

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 2025 were \$870,546.

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 2025, approximately 5% of the Town's business-type revenues was generated by one industrial customer.

Town of Bedford, Virginia

Notes to Financial Statements

June 30, 2025

Note 23 – New Accounting Standards

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

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.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. 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.

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, 2025, the Town received \$750,000 from the County related to Incentive Payments.

Note 25 – Restatement of Prior Year Fund Balance

During 2025, the Town adopted GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 established new guidance by updating the recognition and measurement for compensated absences. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As stated in GASB Statement No. 100, *Accounting Changes and Error Corrections*, a change in accounting principle should be reported retroactively by restating beginning net position for the cumulative effect of the change of the newly adopted accounting principle on prior periods.

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

	<u>Electric Fund</u>	<u>Solid Waste Fund</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Fund balance/net position (deficit)				
July 1, 2024, as previously reported	\$ 27,391,471	\$ (1,368,017)	\$ 12,072,355	\$ 26,023,454
Implementation of GASB 101	(214,479)	(26,466)	(393,972)	(240,945)
Fund balance/net position (deficit)				
July 1, 2024, as restated	<u>\$ 27,176,992</u>	<u>\$ (1,394,483)</u>	<u>\$ 11,678,383</u>	<u>\$ 25,782,509</u>

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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, 2025

	Plan Year			
	2024	2023	2022	2021
Total Pension Liability				
Service cost	\$ 627,071	\$ 589,069	\$ 513,082	\$ 482,837
Interest on total pension liability	2,256,530	2,242,752	2,176,358	2,057,290
Changes of assumptions	-	-	-	1,415,825
Difference between expected and actual experience	1,510,667	(490,991)	335,987	(675,358)
Benefit payments, including refunds of employee contributions	(2,214,424)	(2,134,979)	(2,100,636)	(1,958,779)
Net change in total pension liability	2,179,844	205,851	924,791	1,321,815
Total pension liability – beginning	33,910,221	33,704,370	32,779,579	31,457,764
Total pension liability – ending	36,090,065	33,910,221	33,704,370	32,779,579
Plan Fiduciary Net Position				
Contributions – employer	1,091,150	1,024,578	844,631	822,314
Contributions – employee	243,746	230,530	208,177	204,280
Net investment income (loss)	2,593,764	1,666,488	(13,453)	6,004,269
Benefit payments, including refunds of employee contributions	(2,214,424)	(2,134,979)	(2,100,636)	(1,958,779)
Administrative expenses	(17,800)	(17,063)	(17,271)	(15,448)
Other	65	669	617	(179)
Net change in plan fiduciary net position	1,696,501	770,223	(1,077,935)	5,056,457
Plan fiduciary net position – beginning	27,018,338	26,248,115	27,326,050	22,269,593
Plan fiduciary net position – ending	28,714,839	27,018,338	26,248,115	27,326,050
Net pension liability – ending	<u><u>\$ 7,375,226</u></u>	<u><u>\$ 6,891,883</u></u>	<u><u>\$ 7,456,255</u></u>	<u><u>\$ 5,453,529</u></u>
Plan fiduciary net position as a percentage of total pension liability	<u><u>79.56%</u></u>	<u><u>79.68%</u></u>	<u><u>77.88%</u></u>	<u><u>83.36%</u></u>
Covered payroll	<u><u>\$ 4,922,037</u></u>	<u><u>\$ 4,419,109</u></u>	<u><u>\$ 4,472,938</u></u>	<u><u>\$ 4,310,461</u></u>
Net pension liability as a percentage of covered payroll	<u><u>149.84%</u></u>	<u><u>155.96%</u></u>	<u><u>166.70%</u></u>	<u><u>126.52%</u></u>

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.

The Notes to Required Supplementary Information are an integral part of this statement.

Plan Year					
2020	2019	2018	2017	2016	2015
\$ 497,869	\$ 476,886	\$ 394,465	\$ 448,329	\$ 372,848	\$ 447,703
1,982,345	1,908,225	1,884,105	1,833,006	1,767,235	1,770,097
-	783,811	-	77,847	-	-
494,475	728,973	(183,495)	(10,116)	297,975	(768,809)
(1,769,994)	(1,810,366)	(1,690,641)	(1,547,508)	(1,449,454)	(1,530,307)
1,204,695	2,087,529	404,434	801,558	988,604	(81,316)
30,253,069	28,165,540	27,761,106	26,959,548	25,970,944	26,052,260
31,457,764	30,253,069	28,165,540	27,761,106	26,959,548	25,970,944
754,248	745,362	799,165	759,855	600,332	561,937
201,269	198,677	187,194	178,391	177,475	167,446
429,522	1,437,471	1,560,262	2,353,494	331,602	891,005
(1,769,994)	(1,810,366)	(1,690,641)	(1,547,508)	(1,449,454)	(1,530,307)
(15,037)	(14,917)	(13,787)	(13,924)	(12,640)	(12,793)
239	(906)	(1,373)	(2,079)	(144)	(186)
(399,753)	555,321	840,820	1,728,229	(352,829)	77,102
22,669,346	22,114,025	21,273,205	19,544,976	19,897,805	19,820,703
22,269,593	22,669,346	22,114,025	21,273,205	19,544,976	19,897,805
\$ 9,188,171	\$ 7,583,723	\$ 6,051,515	\$ 6,487,901	\$ 7,414,572	\$ 6,073,139
70.79%	74.93%	78.51%	76.63%	72.50%	76.62%
\$ 4,169,832	\$ 4,187,074	\$ 4,306,424	\$ 4,095,552	\$ 3,958,630	\$ 3,124,628
220.35%	181.12%	140.52%	158.41%	187.30%	194.36%

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Town of Bedford, Virginia

Exhibit 12

Required Supplementary Information Schedule of Pension Contributions June 30, 2025

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
2025	\$ 1,148,036	\$ 1,148,036	\$ -	\$ 5,437,267	21.11 %
2024	1,091,150	1,091,150	-	4,922,037	22.17
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

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, 2025

	Primary Government			
	Plan Year			
	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 14,616	\$ 15,576	\$ 11,260	\$ 14,967
Interest on total OPEB liability	6,649	6,250	5,600	3,510
Difference between expected and actual experience	-	(27,416)	-	(5,953)
Changes in assumptions	(11,528)	12,198	(513)	(26,291)
Benefit payments	-	-	(3,865)	(16,766)
Other changes	-	-	-	-
Net change in total OPEB liability	9,737	6,608	12,482	(30,533)
Total OPEB liability – beginning	157,945	151,337	138,855	169,388
Total OPEB liability – ending	\$ 167,682	\$ 157,945	\$ 151,337	\$ 138,855
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%
Covered employee payroll	\$ 10,287,239	\$ 9,866,788	\$ 4,804,349	\$ 4,622,261
Net OPEB liability as a percentage of covered employee payroll	1.63%	1.60%	3.15%	3.00%

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			
2020	2019	2018	2017
\$ 14,658	\$ 14,483	\$ 19,500	\$ 17,924
3,886	5,814	5,781	5,273
-	(38,266)	-	-
6,619	(41,752)	6,730	12,061
(3,699)	-	(9,369)	(6,772)
-	(754)	(164)	(7,878)
21,464	(60,475)	22,478	20,608
147,924	208,399	185,921	165,313
\$ 169,388	\$ 147,924	\$ 208,399	\$ 185,921
0%	0%	0%	0%
\$ 4,396,993	\$ 4,396,993	\$ 3,253,522	\$ 3,253,522
3.85%	3.36%	6.41%	5.71%

Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability – VRS
June 30, 2025

Town Plan 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	0.0204 %	\$ 228,094	\$ 4,922,037	4.63 %	73.41 %
2023	0.0209	250,657	4,419,109	5.67	69.30
2022	0.0203	244,672	4,472,938	5.47	67.21
2021	0.0208	242,052	4,310,461	5.62	67.45
2020	0.0205	342,779	4,169,832	8.22	52.64
2019	0.0212	345,000	4,187,074	8.24	52.00
2018	0.0204	310,000	4,306,424	7.20	51.22
2017	0.0202	304,000	4,095,552	7.42	48.86

Schedule is intended to show information for 10 years. Since 2017 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.

**Required Supplementary Information
Schedule of OPEB Contributions – VRS
June 30, 2025**

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					
2025	\$ 28,335	\$ 28,335	\$ -	\$ 5,437,267	0.52 %
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, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement 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 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.

Town of Bedford, Virginia
Notes to Required Supplementary Information
June 30, 2025

- 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. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement 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, 2025

	Redevelopment and Housing Authority	Economic Development Authority	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 46,538	\$ 30,357	\$ 76,895
Due from other governmental units	-	386,660	386,660
Total current assets	46,538	417,017	463,555
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	-	59,642	59,642
Depreciable, net	-	381,678	381,678
Total noncurrent assets	-	441,320	441,320
Total assets	46,538	858,337	904,875
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	8,842	51,999	60,841
Total current liabilities	8,842	51,999	60,841
Total liabilities	8,842	51,999	60,841
NET POSITION			
Net investment in capital assets	-	441,320	441,320
Unrestricted	37,696	365,018	402,714
Total net position	\$ 37,696	\$ 806,338	\$ 844,034

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, 2025

	Redevelopment and Housing Authority	Economic Development Authority	Total
OPERATING EXPENSES			
Community development	\$ -	\$ 550,818	\$ 550,818
Incentive grants	44,665	300,000	344,665
Professional services	27	33,172	33,199
Depreciation	-	19,029	19,029
Total operating expenses	44,692	903,019	947,711
Operating loss	(44,692)	(903,019)	(947,711)
NONOPERATING REVENUES			
Contributions from Town of Bedford	29,157	234,717	263,874
Interest income	533	18,930	19,463
Intergovernmental revenue	-	626,104	626,104
Other income	20,000	-	20,000
Total nonoperating revenues	49,690	879,751	929,441
Change in net position	4,998	(23,268)	(18,270)
NET POSITION AT JULY 1	32,698	829,606	862,304
NET POSITION AT JUNE 30	<u>\$ 37,696</u>	<u>\$ 806,338</u>	<u>\$ 844,034</u>

Town of Bedford, Virginia

Exhibit 18

Discretely Presented Component Units Combining Statement of Cash Flows – Proprietary Funds Year Ended June 30, 2025

	Redevelopment and Housing Authority	Economic Development Authority	Total
OPERATING ACTIVITIES			
Community development payments	\$ -	\$ (531,789)	\$ (531,789)
Incentive payments	(35,823)	(300,000)	(335,823)
Payments to suppliers	(27)	(12,399)	(12,426)
Net cash used in operating activities	<u>(35,850)</u>	<u>(844,188)</u>	<u>(880,038)</u>
NONCAPITAL FINANCING ACTIVITIES			
Contributions from Town of Bedford, net	29,157	234,717	263,874
Net cash provided by noncapital financing activities	<u>29,157</u>	<u>234,717</u>	<u>263,874</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Grants received	-	239,444	239,444
Other income	20,000	-	20,000
Purchase of capital assets	-	(440,024)	(440,024)
Net cash provided by (used in) capital and related financing activities	<u>20,000</u>	<u>(200,580)</u>	<u>(180,580)</u>
INVESTING ACTIVITIES			
Interest income	533	18,930	19,463
Net cash provided by investing activities	<u>533</u>	<u>18,930</u>	<u>19,463</u>
Net increase (decrease) in cash and cash equivalents	13,840	(791,121)	(777,281)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	32,698	821,478	854,176
Ending at June 30	<u><u>\$ 46,538</u></u>	<u><u>\$ 30,357</u></u>	<u><u>\$ 76,895</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	\$ (44,692)	\$ (903,019)	\$ (947,711)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	-	19,029	19,029
Change in assets and liabilities:			
Increase in:			
Accounts payable and accrued liabilities	8,842	39,802	48,644
Net cash used in operating activities	<u><u>\$ (35,850)</u></u>	<u><u>\$ (844,188)</u></u>	<u><u>\$ (880,038)</u></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. As new GASB standards are adopted, previous years are not restated.

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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.

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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.

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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.

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Town of Bedford, Virginia

Table 1

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 22,312,665	\$ 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
Restricted	1,216,172	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
Unrestricted (deficit)	(284,969)	(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)
Total governmental activities net position	<u><u>\$ 23,243,868</u></u>	<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>
Business-type activities										
Net investment in capital assets	\$ 17,296,025	\$ 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
Restricted	583,489	553,053	633,327	863,717	1,006,185	969,710	954,760	940,094	-	-
Unrestricted	7,252,470	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
Total business-type activities net position	<u><u>\$ 25,131,984</u></u>	<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>
Primary government										
Net investment in capital assets	\$ 39,608,690	\$ 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
Restricted	1,799,661	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
Unrestricted	6,967,501	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
Total primary government net position	<u><u>\$ 48,375,852</u></u>	<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>

Town of Bedford, Virginia
Changes in Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities:										
General government administration	\$ 1,331,876	\$ 1,130,267	\$ 1,425,013	\$ 860,210	\$ 1,408,806	\$ 901,513	\$ 1,135,012	\$ 945,588	\$ 1,282,152	\$ 979,299
Judicial administration	-	-	-	4,500	4,107	4,352	4,131	3,841	3,999	3,956
Public safety	4,366,679	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
Public works	5,264,192	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
Education	-	-	-	-	-	-	149,905	32,528	42,468	19,535
Parks, recreation, and cultural	55,965	23,063	26,696	29,120	35,559	160,104	31,229	32,597	27,089	25,695
Community development	3,770,964	1,560,289	2,267,013	2,121,645	555,722	1,514,555	608,541	395,555	260,404	98,840
Interest on long-term debt	36,854	59,954	76,872	98,847	108,597	127,554	120,190	127,830	147,930	182,910
Total governmental activities	14,826,530	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
Business-type activities:										
Solid waste	1,135,879	963,213	1,349,554	1,322,629	1,464,156	1,071,466	1,024,063	1,299,612	972,846	773,583
Electric	24,295,785	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
Total business-type activities expense	25,431,664	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
Total primary government expenses	40,258,194	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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	211,697	87,293	134,080	181,337	141,589	110,484	131,331	131,657	115,804	115,851
Judicial administration	-	-	-	47,812	43,981	41,574	55,232	35,316	45,837	31,077
Public safety	256,437	162,638	168,722	224,440	166,929	278,846	339,169	224,053	145,857	135,200
Public works	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	6,220,685	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
Capital grants and contributions	-	-	-	-	-	-	-	-	-	234,800
Total governmental activities program revenues	6,688,819	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
Business-type activities:										
Charges for services:										
Solid waste	1,009,331	995,789	926,107	945,374	797,019	832,705	879,479	813,553	791,828	745,762
Electric	24,157,502	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
Operating grants and contributions	-	-	-	-	-	-	-	-	-	72,006
Total business-type activities program revenues	25,166,833	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
Total primary government program revenues	31,855,652	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

Town of Bedford, Virginia

Table 2

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (expense) revenue										
Governmental activities	(8,137,711)	(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)
Business-type activities	(264,831)	944,858	755,863	(544,680)	367,288	1,622,858	3,172,449	1,715,404	3,858,425	2,811,608
Total primary government net expense	(8,402,542)	(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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	2,594,046	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
Sales taxes	542,870	403,629	351,164	328,026	301,703	216,415	220,203	219,355	233,412	184,345
Meals tax	1,953,752	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
Communication tax	98,924	77,334	97,583	100,305	95,033	116,669	119,639	128,802	132,652	136,256
Other local taxes	1,020,649	1,019,684	903,719	558,630	551,876	651,933	638,951	636,534	620,138	596,475
Intergovernmental revenue, unrestricted	332,270	303,814	301,471	306,156	1,423,468	312,340	318,065	319,104	332,998	394,822
Unrestricted investment earnings	240,494	310,331	125,973	-	49,295	217,963	229,714	141,944	57,179	68,596
Restricted investment earnings	-	-	-	-	-	-	-	-	-	-
Gain on disposition of assets	-	-	-	3,692	-	-	4,814	11,587	38,067	28,405
County reversion payments	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Other	235,773	503,168	619,242	834,404	112,066	158,705	154,721	850,057	512,414	241,564
Transfers	783,980	499,531	(1,368,044)	500,000	500,000	400,000	500,000	500,000	-	-
Special Items:										
Annexation of state roads	11,150,438	-	-	-	-	-	229,204	-	-	-
Total governmental activities	19,703,196	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
Business-type activities:										
Investment earnings	393,571	392,460	321,374	268,029	298,897	403,551	456,952	407,564	357,135	256,805
Other	4,715	14,870	132,967	-	-	-	-	-	-	21,925
Transfers	(783,980)	(499,531)	1,368,044	(500,000)	(500,000)	(400,000)	(500,000)	(500,000)	-	-
Total business-type activities	(385,694)	(92,201)	1,822,385	(231,971)	(201,103)	3,551	(43,048)	(92,436)	357,135	278,730
Total primary government	19,317,502	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
Changes in Net Position										
Governmental activities	11,565,485	781,254	206,570	(1,506,027)	164,340	(2,126,070)	(140,590)	716,456	1,074,913	964,857
Business-type activities	(650,525)	852,657	2,578,248	(776,651)	166,185	1,626,409	3,129,401	1,622,968	4,215,560	3,090,338
Total primary government	<u>\$ 10,914,960</u>	<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>

Town of Bedford, Virginia

Table 3

Fund Balances – Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 1,030,330	\$ 998,833	\$ 981,984	\$ -	\$ 933,487	\$ 916,292	\$ 898,214	\$ 988,954	\$ 971,460	\$ -
Restricted	113,472	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
Committed	-	220,000	220,000	-	-	-	-	-	-	-
Assigned	2,177,490	1,085,726	1,072,251	1,186,078	345,403	147,513	184,398	367,768	569,468	271,663
Unassigned	4,285,667	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
Total general fund	<u>\$ 7,606,959</u>	<u>\$ 6,745,873</u>	<u>\$ 6,400,160</u>	<u>\$ 6,176,853</u>	<u>\$ 7,809,636</u>	<u>\$ 7,387,098</u>	<u>\$ 7,045,421</u>	<u>\$ 7,399,516</u>	<u>\$ 6,411,825</u>	<u>\$ 5,842,801</u>

Town of Bedford, Virginia

Table 4

Changes in Fund Balances – Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	\$ 6,273,218	\$ 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
Permits, privilege fees, and licenses	34,599	45,047	30,737	43,044	30,703	29,793	31,062	8,160	8,357	7,677
Fines and forfeitures	59,991	12,736	36,332	47,812	43,981	41,574	55,232	35,316	45,837	35,152
Revenue from use of money and property	240,494	310,331	125,973	-	49,295	217,963	229,714	141,944	57,179	113,523
Charges for services	151,707	74,557	97,748	181,337	141,589	110,484	131,331	131,657	115,804	104,099
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	635,902	635,071	555,486	555,224	555,097	554,884	746,231	748,592	750,951	753,311
Other	235,773	620,759	757,227	1,015,800	248,292	407,757	462,828	1,072,978	649,914	376,764
Intergovernmental	6,517,053	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
Recovered costs	221,838	-	-	-	-	-	-	-	-	-
Total revenues	15,120,575	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
Expenditures										
General government	1,244,003	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
Judicial administration	-	-	4,200	4,550	3,850	4,200	4,200	3,850	4,200	4,200
Public safety	4,565,742	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
Public works	4,485,433	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
Parks, recreation, and cultural	56,468	23,793	26,791	29,447	61,339	154,511	31,752	32,601	44,599	27,279
Education	-	-	-	-	-	-	152,415	32,670	28,448	20,740
Community development	3,995,701	1,428,116	2,090,530	2,038,814	348,507	353,708	468,083	227,753	278,424	612,355
Debt service:										
Bond issuance costs	-	-	-	-	-	-	-	7,028	-	-
Principal	1,056,135	912,383	789,663	772,763	735,147	628,213	802,707	1,543,067	956,183	1,313,711
Interest	47,783	69,680	88,619	103,148	111,822	120,173	126,256	133,262	161,194	199,940
Total expenditures	15,451,265	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
Excess (deficiency) of revenues under (over) expenditures	(330,690)	(717,148)	1,400,425	(2,136,475)	(77,462)	(886,080)	(858,909)	(268,036)	530,957	(579,947)
Other Financing Sources (Uses)										
Proceeds from borrowing	407,796	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
Transfers in	783,980	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)	1,191,776	957,369	(1,177,118)	503,692	500,000	1,227,757	504,814	1,255,727	38,067	48,314
Net change in fund balances	\$ 861,086	\$ 240,221	\$ 223,307	\$ (1,632,783)	\$ 422,538	\$ 341,677	\$ (354,095)	\$ 987,691	\$ 569,024	\$ (531,633)
Debt service as a percentage of noncapital expenditures	7.98%	8.93%	8.07%	8.42%	9.82%	9.54%	9.79%	19.77%	14.96%	19.76%

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⁾
2025	\$ 836,809,300	\$ 67,303,210	\$ 51,732,713	\$ 9,582,500	\$ 1,043,900	\$ 966,471,623	\$ 0.28	\$ 0.41	\$ 0.69	\$ 1.06
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

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 2025			Fiscal Year 2016		
	Revenue	Rank	Percentage of Total Town Electrical Revenue	Revenue	Rank	Percentage of Total Town Electrical Revenue
Bedford Weaving	\$ 1,130,002	1	5.07%	\$ 940,462	2	5.06%
The Matrix Group	509,858	2	2.29%	512,711	3	2.76%
Smyth Companies	489,600	3	2.19%	472,421	4	2.54%
Centra (Formally Bedford Memorial Hospital)	408,281	4	1.83%	429,694	5	2.31%
Bedford Storage	385,668	5	1.73%	299,707	10	1.61%
Wal-Mart	357,208	6	1.60%	372,046	8	2.00%
Sam Moore Furniture LLC	340,125	7	1.52%	-	-	-
Town of Bedford	339,995	8	1.52%	392,649	7	2.11%
Bedford County	282,609	9	1.27%	-	-	0.00%
Liberty High School	281,837	10	1.26%	250,100	11	1.35%
Bedford Regional Water Authority	259,457	11	1.16%	410,383	6	2.21%
Wheelabrator Abrasives	-	-	-	1,512,873	1	8.14%
Valley Processing	-	-	-	362,801	9	1.95%
	\$ 4,784,640		21.44%	\$ 5,955,847		32.04%

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
2025	\$ 2,580,024	\$ 1,374,551	53.28 %	\$ 54,955	\$ 1,429,506	55.41 %
2024	2,675,357	1,648,736	61.63	959,892	2,608,628	97.51
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

Source: Tax Records of the Town.

Town of Bedford, Virginia

Legal Debt Margin Information

Last Ten Fiscal Years

Table 8

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	\$ 96,647,162	\$ 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
Total net debt applicable to limit	1,735,599	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
Legal debt margin	<u><u>\$ 94,911,563</u></u>	<u><u>\$ 90,977,173</u></u>	<u><u>\$ 74,924,962</u></u>	<u><u>\$ 50,420,720</u></u>	<u><u>\$ 47,058,152</u></u>	<u><u>\$ 44,770,762</u></u>	<u><u>\$ 42,204,426</u></u>	<u><u>\$ 37,140,385</u></u>	<u><u>\$ 42,099,821</u></u>	<u><u>\$ 40,347,902</u></u>
Total net debt applicable to the limit										
as a percentage of debt limit	<u><u>1.80%</u></u>	<u><u>3.63%</u></u>	<u><u>6.35%</u></u>	<u><u>12.12%</u></u>	<u><u>15.74%</u></u>	<u><u>19.12%</u></u>	<u><u>22.63%</u></u>	<u><u>27.72%</u></u>	<u><u>16.48%</u></u>	<u><u>19.12%</u></u>

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	<u><u>\$ 966,471,623</u></u>
Debt limit (10% of assessed value)	\$ 96,647,162
Less debt applicable to limit:	
General obligation bonds	<u>(1,735,599)</u>
Legal debt margin	<u><u>\$ 94,911,563</u></u>

Town of Bedford, Virginia

Table 9

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	General Bonded Debt					Other Governmental Activities Debt	
	Business-Type			Percentage of			
Fiscal	General	General	Total	Actual Value		Subscription	
Year	Obligation	Obligation	General	of Taxable	Per	and Lease	Other
	Bonds	Bonds	Bonded Debt	Property	Capita	Liabilities	Debt
2025	\$ 716,927	\$ 1,018,672	\$ 1,735,599	0.18 %	222	\$ 691,018	\$ 236,981
2024	1,414,947	2,015,652	3,430,599	0.36	506	514,198	364,120
2023	2,093,227	2,990,372	5,083,599	0.64	755	165,915	488,668
2022	2,755,040	4,200,828	6,955,868	1.21	*	591,507	-
2021	3,404,163	5,385,608	8,789,771	1.57	*	613,617	-
2020	4,041,046	6,544,708	10,585,754	1.91	*	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	*	-	-
	Business-Type Activities						
Fiscal	Revenue	Subscription	Other	Total	Per	Percentage of	
Year	Bonds	and Financed	Debt	Primary	Capita ⁽¹⁾	Personal	
		Purchase Liabilities		Government		Income ⁽¹⁾	
2025	\$ 215,000	\$ 96,599	\$ 568,815	\$ 3,544,012	453	0.78 %	
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	*	*	

* 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	
2025	\$ 24,157,502	\$ 22,265,703	\$ 1,891,799	\$ 200,000	\$ 28,507	8.28
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

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

Table 11

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year Ended	Population ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Public School Enrollment ⁽³⁾	Unemployment Rate ⁽²⁾
2025	7,823	*	*	448	3.30 %
2024	7,782	\$ 4,718,435	\$ 57,877	736	3.10
2023	7,716	4,433,461	54,837	724	2.90
2022	7,680	4,315,912	53,861	698	3.00
2021	7,627	4,059,610	51,062	468	4.20
2020	6,649	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

Footnote:

(1) Source: Weldon Cooper Center for Public Service, Town Population Estimates
As of July 1, 2024

(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 2025			Fiscal Year 2016		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Bedford County	810	1	14.87 %	-	-	- %
Centra Bedford Memorial Hospital	393	2	7.22	440	1	6.27%
Bedford Public Schools	476	3	8.74	352	2	5.02%
Wal-Mart	280	4	5.14	348	3	4.96%
Cintas	123	5	2.26	140	5	2.00%
Sam Moore Furniture LLC	135	6	2.48	240	4	3.42%
Bedford Weaving Mills	130	7	2.39	122	6	1.74%
Lowes	102	8	1.87	92	7	1.31%
Smyth Companies Bedford	124	9	2.28	76	9	1.08%
Town of Bedford	98	10	1.80	-	-	-
Bison Printing	70	-	1.29	-	-	-
Spring Oak (English Meadows)	62	-	1.14	90	8	1.28%
Winoa (Wheelevator)	-	-	-	39	10	0.56%
	2,803		51.48 %	1,939		27.64% %

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government										
Executive	2	2	2	3	3	3	3	3	3	2
Treasurer	4	4	4	4	3	4	4	5	5	5
Finance	5	5	5	4	4	4	4	4	5	5
Information Technology	2	2	2	2	1	1	1	1	1	1
Planning	3	3	3	3	3	4	4	3	2	3
Police										
Officers	25	25	25	24	22	22	24	27	20	23
Civilians	3	3	3	3	3	3	2	2	2	3
Fire	1	1	1	1	1	1	1	1	1	1
Public works	23	23	23	23	20	22	22	21	20	18
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	3	1	2	3
Electric	25	25	25	19	21	22	22	21	22	19
Total	98	98	98	91	86	91	92	91	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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government:										
Fleet:										
Pieces of equipment maintained	35	135	135	135	143	149	149	148	140	131
Public safety:										
Police:										
Physical arrests	431	499	578	362	588	605	748	924	829	801
Parking violations	58	313	661	784	921	456	715	503	225	298
Traffic violations	823	927	1,071	1,119	1,078	1,069	1,208	1,476	1,338	992
Fire:										
Emergency responses – per calendar year	1,326	1,173	1,220	1,132	955	1,021	1,043	1,077	1,098	1,041
Public works:										
Refuse collection:										
Refuse collected (tons per day)	12 (1)	12 (1)	12 (1)	12 (1)	12 (1)	12 (1)	12 (1)	25 (1)	25 (1)	25 (1)
Recyclables collected (tons per day)	- (2)	- (2)	- (2)	- (2)	- (2)	0.4 (2)	0.4 (2)	0.4 (2)	0.4 (2)	0.4 (2)
Other public works:										
Street resurfacing (miles)	4.82	3.59	1.48	3.14	2.48	2.35	1.56	1.71	1.13	2.74
Electric:										
Number of customer accounts	6,954	6,954	6,880	6,797	6,760	6,713	6,695	6,658	6,623	6,643
Miles of distribution lines	317	359	359	359	359	355	355	354	353	353
Miles of transmission lines	31	32	32	32	30	30	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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public safety:										
Law enforcement vehicles	34	27	24	24	24	20	20	21	20	20
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Primary streets (lane miles)	21.59	21.59	21.56	21.59	21.59	21.59	21.59	21.59	21.59	24.11
Secondary streets (lane miles)	77.05	77.05	77.05	77.05	77.05	77.05	77.05	76.65	76.65	71.51
Streetlights	985	985	985	985	985	985	984	982	982	982
Electric:										
Substations	12	11	11	11	11	11	11	11	10	10
Transformers	3,520	3,667	3,667	3,667	3,636	3,614	3,614	3,601	3,582	3,582

Source: Information was obtained from prior year audit reports.



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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 12, 2025.

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 2025-001.**

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.



CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 12, 2025

Town of Bedford, Virginia

Summary of Compliance Matters

June 30, 2025

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia:

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

Local Compliance Matters

Town Charter

Town Code

Town of Bedford, Virginia
Schedule of Findings and Responses
June 30, 2025

A – Summary of Auditor’s Results

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the financial statements were reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.

B – Findings – Financial Statement Audit

None

C – Findings – Commonwealth of Virginia

2025-001: General Government Budget Appropriation

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

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

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

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

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

Management’s Response The calculation for the lease entry was completed as part of audit procedures after the end
(Unaudited) 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.