

TOWN OF WYTHEVILLE, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

TOWN OF WYTHEVILLE, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
List of Elected and Appointed Officials	1

FINANCIAL SECTION

Independent Auditors' Report	2-3
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	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	1	4
Statement of Activities	2	5
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	9
Statement of Net Assets – Proprietary Funds	7	10
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	8	11
Statement of Cash Flows – Proprietary Funds	9	12
Statement of Fiduciary Net Assets	10	13
Statement of Changes in Fiduciary Net Assets	11	14
Notes to Financial Statements		15-38
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual:		
General Fund	12	39
Schedules of Pension and OPEB Funding Progress	13	40

TOWN OF WYTHEVILLE, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION SECTION

	<u>Exhibit</u>	<u>Page</u>
Supplementary Financial Statements:		
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	14	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	15	42
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues – Budget and Actual - Governmental Funds	1	43-45
Schedule of Expenditures – Budget and Actual - Governmental Funds	2	46-48
Other Statistical Information:		
	<u>Table</u>	<u>Page</u>
Government-Wide information:		
Government-Wide Expenses by Function	1	49
Government-Wide Revenues	2	50
Fund information:		
General Governmental Expenditures by Function	3	51
General Governmental Revenues by Source	4	52
Property Tax Levies and Collections	5	53
Assessed Value of Taxable Property	6	54
Property Tax Rates	7	55
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	56
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	57
Computation of Legal Debt Margin	10	58

COMPLIANCE SECTION

	<u>Page</u>
Compliance:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59-60
Schedule of Findings and Responses.....	61

INTRODUCTORY SECTION

TOWN OF WYTHEVILLE, VIRGINIA

TOWN COUNCIL

Trenton G. Crewe, Jr., Mayor

Jacqueline K. King

Thomas F. Hundley

Jack W. Hunley

H. Judson Lambert

OTHER OFFICIALS

C. Wayne Sutherland, Jr.

Town Manager

Stephen A. Moore

Assistant Town Manager

Michael G. Stephens

Town Treasurer

Sharon P. Hackler

Town Clerk

Robert Kaase

Town Attorney

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the entity's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wytheville, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Town of Wytheville, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, on our consideration of the Town of Wytheville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the schedules of funding progress 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 schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Town of Wytheville, Virginia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Farmer, Co. Associates
Christiansburg, Virginia
November 10, 2011

Basic Financial Statements

Town of Wytheville, Virginia
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,438,681	\$ 217,765	\$ 14,656,446
Investments	672,076	-	672,076
Receivables (net of allowance for uncollectibles):			
Taxes receivable	87,125	-	87,125
Accounts receivable	355,753	687,547	1,043,300
Due from other funds	1,932,000	-	1,932,000
Due from other governmental units	177,273	-	177,273
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	162,675	43,743	206,418
Other assets:			
Unamortized bond issue costs	5,865	26,719	32,584
Capital assets (net of accumulated depreciation):			
Land	1,468,977	163,236	1,632,213
Land rights	-	94,838	94,838
Buildings and utility plant	16,629,836	18,585,648	35,215,484
Machinery and equipment	981,916	126,525	1,108,441
Construction in progress	154,714	50,000	204,714
Total assets	<u>\$ 37,066,891</u>	<u>\$ 19,996,021</u>	<u>\$ 57,062,912</u>
LIABILITIES			
Accounts payable	\$ 197,932	\$ 152,170	\$ 350,102
Accrued wages	145,804	29,909	175,713
Accrued interest payable	25,180	84,303	109,483
Due to other funds	-	1,932,000	1,932,000
Deferred revenue	6,116	17	6,133
Long-term liabilities:			
Due within one year	967,601	1,068,643	2,036,244
Due in more than one year	13,784,731	12,573,619	26,358,350
Liabilities payable from restricted assets	-	43,743	43,743
Total liabilities	<u>\$ 15,127,364</u>	<u>\$ 15,884,404</u>	<u>\$ 31,011,768</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,655,155	\$ 5,524,291	\$ 11,179,446
Restricted for:			
OPEB	2,587	-	2,587
Unrestricted	16,281,785	(1,412,674)	14,869,111
Total net assets	<u>\$ 21,939,527</u>	<u>\$ 4,111,617</u>	<u>\$ 26,051,144</u>

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

Town of Wytheville, Virginia
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,072,793	\$ 203,330	\$ -	\$ -	\$ (1,869,463)		\$ (1,869,463)
Public safety	3,088,094	140,406	285,591	50,000	(2,612,097)		(2,612,097)
Public works	3,187,840	61,837	2,195,027	-	(930,976)		(930,976)
Health and welfare	7,051	-	-	-	(7,051)		(7,051)
Parks, recreation, and cultural	1,967,550	881,531	2,861	-	(1,083,158)		(1,083,158)
Community development	874,542	200	5,000	-	(869,342)		(869,342)
Interest on long-term debt	617,794	-	-	-	(617,794)		(617,794)
Total governmental activities	\$ 11,815,664	\$ 1,287,304	\$ 2,488,479	\$ 50,000	\$ (7,989,881)		\$ (7,989,881)
Business-type activities:							
Water and sewer	\$ 5,667,829	\$ 4,666,803	\$ -	\$ 2,478	\$ (998,548)		\$ (998,548)
Total primary government	\$ 17,483,493	\$ 5,954,107	\$ 2,488,479	\$ 52,478	\$ (998,548)		\$ (8,988,429)
General revenues:							
General property taxes					1,630,380		1,630,380
Other local taxes:							
Local sales and use taxes					442,352		442,352
Consumers' utility taxes					234,470		234,470
Business license taxes					1,101,003		1,101,003
Bank stock taxes					322,176		322,176
Hotel and motel room taxes					920,805		920,805
Restaurant food taxes					2,211,626		2,211,626
Other local taxes					405,412		405,412
Unrestricted revenues from use of money and property					506,198		506,198
Miscellaneous					523,484	4	523,488
Grants and contributions not restricted to specific programs					550,766		550,766
Total general revenues					\$ 8,848,652	\$ 4	\$ 8,848,656
Change in net assets					\$ 858,771	\$ (998,544)	\$ (139,773)
Net assets - beginning, as restated					21,080,756	5,110,161	26,190,917
Net assets - ending					\$ 21,939,527	\$ 4,111,617	\$ 26,051,144

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

Town of Wytheville, Virginia
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 14,416,232	\$ 22,449	\$ 14,438,681
Investments	354,675	317,401	672,076
Receivables (net of allowance for uncollectibles):			
Taxes receivable	87,125	-	87,125
Accounts receivable	355,753	-	355,753
Due from other funds	1,932,000	-	1,932,000
Due from other governmental units	177,273	-	177,273
Total assets	<u>\$ 17,323,058</u>	<u>\$ 339,850</u>	<u>\$ 17,662,908</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 197,932	\$ -	\$ 197,932
Accrued wages	145,804	-	145,804
Deferred revenue	90,837	-	90,837
Total liabilities	<u>\$ 434,573</u>	<u>\$ -</u>	<u>\$ 434,573</u>
Fund balances:			
Committed:			
Debt service	\$ 5,000,000	\$ -	\$ 5,000,000
Rainy day	6,000,000	-	6,000,000
Special revenue funds	-	325,832	325,832
Assigned:			
Capital projects funds	2,500,000	14,018	2,514,018
Unassigned	3,388,485	-	3,388,485
Total fund balances	<u>\$ 16,888,485</u>	<u>\$ 339,850</u>	<u>\$ 17,228,335</u>
Total liabilities and fund balances	<u>\$ 17,323,058</u>	<u>\$ 339,850</u>	<u>\$ 17,662,908</u>

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

Town of Wytheville, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2011

Amounts reported for governmental activities in the statement of net assets are difference because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 17,228,335
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,235,443
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	84,721
Issuance costs are recorded as other assets and amortized over the life of the debt and therefore are not reported in the funds.	5,865
Internal service funds are used by management to account for other postemployment benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	162,675
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(14,777,512)
Net assets of governmental activities	<u>\$ 21,939,527</u>

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

Town of Wytheville, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 1,606,847	\$ -	\$ 1,606,847
Other local taxes	5,637,844	-	5,637,844
Permits, privilege fees, and regulatory licenses	135,442	-	135,442
Fines and forfeitures	51,880	-	51,880
Revenue from the use of money and property	503,605	1,018	504,623
Charges for services	1,099,982	-	1,099,982
Miscellaneous	517,573	5,891	523,464
Recovered costs	39,138	-	39,138
Intergovernmental revenues:			
Commonwealth	3,014,361	-	3,014,361
Federal	74,884	-	74,884
Total revenues	<u>\$ 12,681,556</u>	<u>\$ 6,909</u>	<u>\$ 12,688,465</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,017,959	\$ -	\$ 2,017,959
Public safety	2,785,249	-	2,785,249
Public works	2,973,737	-	2,973,737
Health and welfare	7,051	-	7,051
Parks, recreation, and cultural	1,935,499	880	1,936,379
Community development	867,113	-	867,113
Capital projects	-	4,157	4,157
Debt service:			
Principal retirement	396,490	-	396,490
Interest and other fiscal charges	618,368	-	618,368
Total expenditures	<u>\$ 11,601,466</u>	<u>\$ 5,037</u>	<u>\$ 11,606,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,080,090</u>	<u>\$ 1,872</u>	<u>\$ 1,081,962</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 1,326	\$ -	\$ 1,326
Transfers out	(67,300)	(1,326)	(68,626)
Total other financing sources (uses)	<u>\$ (65,974)</u>	<u>\$ (1,326)</u>	<u>\$ (67,300)</u>
Net change in fund balances	\$ 1,014,116	\$ 546	\$ 1,014,662
Fund balances - beginning	15,874,369	339,304	16,213,673
Fund balances - ending	<u>\$ 16,888,485</u>	<u>\$ 339,850</u>	<u>\$ 17,228,335</u>

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

Town of Wytheville, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$ 1,014,662
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(699,607)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	23,533
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	483,746
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.	23,586
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	12,851
Change in net assets of governmental activities	<u>\$ 858,771</u>

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

Town of Wytheville, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	OPEB Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 217,765	\$ -
Accounts receivable, net of allowance for uncollectibles	687,547	-
Total current assets	<u>\$ 905,312</u>	<u>\$ -</u>
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 43,743	\$ 162,675
Total restricted assets	<u>\$ 43,743</u>	<u>\$ 162,675</u>
Other assets:		
Unamortized bond issue costs	\$ 26,719	-
Capital assets:		
Land	163,236	-
Land rights	94,838	-
Machinery and equipment	1,350,081	-
Utility plant in service	47,321,583	-
Less accumulated depreciation	(29,959,491)	-
Construction in progress	50,000	-
Total capital assets	<u>\$ 19,020,247</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 19,090,709</u>	<u>\$ 162,675</u>
Total assets	<u>\$ 19,996,021</u>	<u>\$ 162,675</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 152,170	\$ -
Accrued payroll	29,909	-
Accrued interest payable	84,303	-
Due to other funds	1,932,000	-
Compensated absences - current portion	109,730	-
Deferred revenue	17	-
Bonds payable - current portion	506,407	-
Amount due to Wythe County - current portion	452,506	-
Total current liabilities	<u>\$ 3,267,042</u>	<u>\$ -</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	<u>\$ 43,743</u>	<u>\$ -</u>
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 10,157,388	\$ -
Compensated absences - net of current portion	36,576	-
Amount due to Wythe County - net of current portion	2,379,655	-
Net OPEB liability	-	160,088
Total noncurrent liabilities	<u>\$ 12,573,619</u>	<u>\$ 160,088</u>
Total liabilities	<u>\$ 15,884,404</u>	<u>\$ 160,088</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 5,524,291	\$ -
Restricted for OPEB	-	2,587
Unrestricted	(1,412,674)	-
Total net assets	<u>\$ 4,111,617</u>	<u>\$ 2,587</u>

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

Town of Wytheville, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	OPEB Fund
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 2,773,664	\$ -
Sewer revenues	1,857,049	-
Penalties	34,908	-
Interest	1,182	-
Miscellaneous	4	-
Total operating revenues	<u>\$ 4,666,807</u>	<u>\$ -</u>
OPERATING EXPENSES		
Salaries	\$ 1,106,331	\$ -
Fringe benefits	391,840	-
Professional services	399,244	-
Repair and maintenance	215,724	-
Operating materials and supplies	885,309	-
Permits, licenses & memberships	11,825	-
Utilities	394,740	-
Travel	7,290	-
Office supplies	16,693	-
Postal services	14,178	-
Insurance	28,915	-
Miscellaneous expenses	4,294	-
OPEB expense	-	56,024
Depreciation	1,152,310	-
Total operating expenses	<u>\$ 4,628,693</u>	<u>\$ 56,024</u>
Operating income (loss)	<u>\$ 38,114</u>	<u>\$ (56,024)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	\$ -	\$ 1,575
Payment to NRRWA	(545,870)	-
Interest expense	(493,266)	-
Total nonoperating revenues (expenses)	<u>\$ (1,039,136)</u>	<u>\$ 1,575</u>
Income before contributions and transfers	<u>\$ (1,001,022)</u>	<u>\$ (54,449)</u>
Capital contributions and construction grants	\$ 2,478	\$ -
Transfers in	-	67,300
Change in net assets	<u>\$ (998,544)</u>	<u>\$ 12,851</u>
Total net assets - beginning, as restated	5,110,161	(10,264)
Total net assets - ending	<u>\$ 4,111,617</u>	<u>\$ 2,587</u>

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

Town of Wytheville, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	OPEB Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,557,286	\$ -
Payments to suppliers	(1,957,795)	-
Payments to and for employees	(1,494,291)	-
Net cash provided (used) by operating activities	<u>\$ 1,105,200</u>	<u>\$ -</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 932,000	\$ 67,300
Payment to NRRWA	(545,870)	-
Net cash provided (used) by noncapital financing activities	<u>\$ 386,130</u>	<u>\$ 67,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to utility plant	\$ (250,440)	\$ -
Principal payments on bonds	(487,250)	-
Contributions in aid of construction	2,478	-
Interest payments	(426,893)	-
Loan payments to other localities	(291,750)	-
Net cash provided (used) by capital and related financing activities	<u>\$ (1,453,855)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ -	\$ 1,575
Net cash provided (used) by investing activities	<u>\$ -</u>	<u>\$ 1,575</u>
Net increase (decrease) in cash and cash equivalents	\$ 37,475	\$ 68,875
Cash and cash equivalents - beginning - including restricted	224,033	93,800
Cash and cash equivalents - ending - including restricted	<u>\$ 261,508</u>	<u>\$ 162,675</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 38,114</u>	<u>\$ (56,024)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	\$ 1,152,310	\$ -
(Increase) decrease in accounts receivable	(114,906)	-
(Increase) decrease in deferred revenue	17	-
Increase (decrease) in compensated absences	684	-
Increase (decrease) in operating accounts payable	20,417	-
Increase (decrease) in accrued payroll	3,196	-
Increase (decrease) in OPEB liability	-	56,024
Increase (decrease) customer deposits	5,368	-
Total adjustments	<u>\$ 1,067,086</u>	<u>\$ 56,024</u>
Net cash provided (used) by operating activities	<u>\$ 1,105,200</u>	<u>\$ -</u>

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

Town of Wytheville, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>		
	<u>New River Regional Water Authority</u>	<u>Memorial Fund</u>	<u>Perpetual Care Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 549,151	\$ 29,731	\$ 10,684
Investments	-	-	306,999
Total assets	<u>\$ 549,151</u>	<u>\$ 29,731</u>	<u>\$ 317,683</u>
NET ASSETS			
Held for New River Regional Water Authority expenditures	\$ 549,151	\$ -	\$ -
Held in trust for cemetery expenditures	-	29,731	317,683
Total assets	<u>\$ 549,151</u>	<u>\$ 29,731</u>	<u>\$ 317,683</u>

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

Town of Wytheville, Virginia
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	<u>Perpetual Care Trust Fund</u>
ADDITIONS	
Contributions:	
Town	\$ 22,203
Total contributions	<u>\$ 22,203</u>
Investment earnings:	
Interest	\$ 9,783
Net increase (decrease) in the fair market value of investments	<u>(4,204)</u>
Net investment earnings	<u>\$ 5,579</u>
Total additions	<u>\$ 27,782</u>
DEDUCTIONS	
Expenses	<u>\$ 10,989</u>
Change in net assets	\$ 16,793
Net assets - beginning	300,890
Net assets - ending	<u>\$ 317,683</u>

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

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity:

The Town of Wytheville, Virginia (government) is a municipal corporation governed by an elected five-member Town Council. The accompanying financial statements present the government.

Blended Component Units - None

Discretely Presented Component Units - None

Related Organizations - None

Jointly Governed Organizations:

The Town along with the Counties of Wythe and Carroll participate in the New River Regional Water Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The Town is also the fiscal manager for the New River Regional Water Authority. For the fiscal year ended June 30, 2011 the Town contributed \$545,870 to the New River Regional Water Authority.

The Town along with the Counties of Wythe and Bland participate in the Crossroads Regional Industrial Facilities Authority. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2011 the Town contributed \$75,088 to the Crossroads Regional Industrial Facilities Authority. In addition, the Town received a payment of \$170,000 from Crossroads Regional Industrial Facilities Authority as a return of the Town portion of profits.

The Town along with the Counties of Wythe and Smyth participate in the Smyth-Wythe Airport. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2011 the Town contributed \$21,470 to the Smyth-Wythe Airport.

The Town along with the County of Wythe and Town of Rural Retreat participate in the Joint Wythe Industrial Development Authority. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2011 the Town contributed \$91,868 to the Joint Wythe Industrial Development Authority.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Government-wide and fund financial statements:

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

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*.

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 is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

The Town operates a sewage collection and treatment system and a water distribution system. The activities of the system are accounted for in the water and sewer fund.

During fiscal year 2009, the Town adopted GASB Statement 45. As such, the funding of the OPEB liability, internally, required establishing an internal service fund to account for these transactions. The Employee Health Insurance fund was included in the Town's financial for fiscal year ending June 30, 2011.

Additionally, the government reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Perpetual Care fund is a trust fund. The Agency funds consist of the New River Regional Water Authority fund and Memorial funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity:

1. Deposits and Investments

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

Investments for the government are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

Investments for the government are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 15th. Personal property taxes are due and collectible annually on December 15th. The Town bills and collects its own property taxes.

3. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$80,084 at June 30, 2011. The allowance consists of delinquent taxes in the amount of \$5,958 and delinquent water and sewer bills of \$74,126.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, and net assets or equity: (Continued)

4. Use of Estimates

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-15

6. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, and net assets or equity: (Continued)

7. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

8. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, and net assets or equity: (Continued)

8. Fund Equity (Continued)

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

The Town Council has authorized the Town Treasurer as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

Minimum Unassigned Fund Balance Policy:

The Town will maintain an assigned fund balance in the general fund equal to an amount established by the Town Council for expenditures/operating revenues. The Town considers a balance of less than the amount established by the Town Council to be a cause for concern, barring unusual or deliberate circumstances.

Resource Flow Policy:

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

The details of committed fund balance, as presented in aggregate on Exhibit 3, are as follows:

	Other Governmental Funds
	<u> </u>
Fund Balances:	
Committed:	
Homestead Endowment	\$ 317,401
Wall of Honor	<u>8,431</u>
Total Committed	<u>\$ 325,832</u>

9. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

NOTE 2-RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$(14,777,512) difference for the primary government are as follows:

	<u>Primary Government</u>
Bonds payable	\$(13,580,288)
Interest payable	(25,180)
Landfill closure liability	(78,339)
OPEB obligation	(160,088)
Compensated absences	<u>(933,617)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$(14,777,512)</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(699,607) difference for the primary government are as follows:

	<u>Primary Government</u>
Capital outlays	\$ 284,697
Depreciation expense	<u>(984,304)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (699,607)</u>

NOTE 2-RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: (Continued)

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$483,746 difference in the primary government are as follows:

Principal Repayments:	
General obligation debt	386,709
Landfill closure	87,256
Capital leases	<u>9,781</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 483,746</u>

Another element of that reconciliation states, "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." The details of this \$23,586 difference for the primary government are as follows:

	Primary Government
(Increase) decrease in compensated absences	<u>\$ 23,012</u>
(Increase) decrease in accrued interest	934
Amortization of bond issuance costs	<u>(360)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 23,586</u>

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NOTE 3-STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General fund and Water/Sewer Fund have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Town Council can revise the appropriation for each department or category. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town units.
8. 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 applicable appropriations, is not part of the Town's accounting system.

A. Excess of expenditures over appropriations

The Wall of Honor fund expenditures exceeded appropriations for the year ended June 30, 2011.

B. Deficit fund equity

At June 30, 2011, there were no funds with deficit fund equity.

NOTE 4-DEPOSITS AND INVESTMENTS:

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

NOTE 4-DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Town has not adopted an investment policy for credit risk.

The Town's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

Town's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAA	AAAm
LGIP	\$ -	\$ 672,076
U.S. Treasuries	306,999	-

Interest Rate Risk

The Town has not adopted an investment policy for interest rate risk. Investments subject to Interest rate risk are presented below along with their corresponding maturities.

Investment Type	Investment Maturities (in years)				
	Fair Value	Less 1 yr	1-5 yrs	6-10 yrs	10 yrs +
United States Treasuries	\$ 306,999	\$ 91,392	\$ 166,335	\$ 49,272	\$ -

The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**NOTE 5-DUE FROM OTHER GOVERNMENTAL UNITS:**

The following amount represents receivables from other governments at year-end:

	Primary Government
Commonwealth of Virginia	
Other Local Taxes	\$ 80,758
Non-categorical Aid	69,039
Other Categorical Aid	<u>27,476</u>
Total Due from Other Governmental Units	<u>\$ 177,273</u>

NOTE 6-INTERFUND ACTIVITY:

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,326	\$ (67,300)
Homestead Endowment Fund	-	(1,326)
OPEB Fund	67,300	-
Total	<u>\$ 68,626</u>	<u>\$ (68,626)</u>

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

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 1,932,000	\$ -
Water and Sewer Fund	-	(1,932,000)
Total	<u>\$ 1,932,000</u>	<u>\$ (1,932,000)</u>

During fiscal year 2010 and 2011, the Town's General Fund loaned the Water and Sewer Fund \$1,000,000 and \$932,000, respectively. Repayment terms have not been determined.

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TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

NOTE 7-LONG-TERM DEBT:

Primary Government - Governmental Activity Indebtedness:

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2011:

	Balance			Balance
	July 1, 2010	Issuances	Retirements	June 30, 2011
General obligation bonds	\$ 13,966,997	\$ -	\$ (386,709)	\$ 13,580,288
Lease purchase agreements	9,781	-	(9,781)	-
Landfill postclosure monitoring liability (Note 8)	165,595	-	(87,256)	78,339
Other Post Employment Benefits Liability (Note 13)	104,064	56,024	-	160,088
Compensated absences	956,629	694,460	(717,472)	933,617
	<u>\$ 15,203,066</u>	<u>\$ 750,484</u>	<u>\$ (1,201,218)</u>	<u>\$ 14,752,332</u>

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2012	\$ 267,388	\$ 602,072
2013	279,451	590,010
2014	292,058	577,402
2015	305,236	564,225
2016	319,009	550,451
2017-2021	1,768,383	2,524,782
2022-2026	2,152,946	2,092,878
2027-2031	2,697,475	1,537,833
2032-2036	3,070,245	910,395
2037-2040	2,428,097	188,598
	<u>\$ 13,580,288</u>	<u>\$ 10,138,646</u>

NOTE 7-LONG-TERM DEBT: (CONTINUED)Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness:

General Obligation Bonds:

	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
General Obligation Bond	4.50%	2/23/2005	2/23/2042	\$ 8,000,000	\$ 7,052,947	\$ 125,832
General Obligation Bond	4.50%	2/23/2005	2/23/2042	6,388,904	5,672,972	102,297
General Obligation Bond	4.50%	10/29/2007	2/1/2027	1,004,342	854,369	39,259
Total General Obligation Bonds					<u>\$ 13,580,288</u>	<u>\$ 267,388</u>

Other Obligations:

Landfill postclosure liability					\$ 78,339	\$ -
OPEB Obligation					160,088	-
Compensated absences					933,617	700,213
Total Other Obligations					<u>\$ 1,172,044</u>	<u>\$ 700,213</u>
Total Long-Term Obligations					<u>\$ 14,752,332</u>	<u>\$ 967,601</u>

Primary Government-Enterprise Activity Indebtedness:

The following is a summary of long-term debt transactions of the Enterprise Fund for the year ended June 30, 2011:

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
General obligation bonds	\$ 9,235,624	\$ -	\$ (454,921)	\$ 8,780,703
Revenue bonds	1,915,421	-	(32,329)	1,883,092
Amount due to Wythe Co., as restated	3,055,342	68,569	(291,750)	2,832,161
Compensated absences	145,622	109,900	(109,216)	146,306
	<u>\$ 14,352,009</u>	<u>\$ 178,469</u>	<u>\$ (888,216)</u>	<u>\$ 13,642,262</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011NOTE 7-LONG-TERM DEBT: (CONTINUED)Primary Government-Enterprise Activity Indebtedness: (Continued)

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 472,850	\$ 336,151	\$ 33,557	\$ 72,211
2013	491,057	318,167	34,832	70,936
2014	509,555	299,488	36,156	69,613
2015	529,355	280,105	37,531	68,237
2016	550,469	259,967	38,960	66,808
2017-2021	2,822,567	978,443	218,258	310,582
2022-2026	2,339,060	444,154	263,339	265,501
2027-2031	1,065,790	39,724	317,980	210,860
2032-2036	-	-	384,259	144,581
2037-2041	-	-	359,749	67,636
2042-2044	-	-	158,471	10,391
	<u>\$ 8,780,703</u>	<u>\$ 2,956,199</u>	<u>\$ 1,883,092</u>	<u>\$ 1,357,356</u>

Details of long-term indebtedness:

	Interest Rates	Date Issued	Maturity Date	Amount of Original Issue	Amount Due	Due Within One Year
Revenue Bonds:						
Revenue Bonds	3.25%	9/27/1999	2039	\$ 982,519	\$ 853,725	\$ 19,194
Revenue Bonds	4.38%	6/9/2005	2044	822,000	774,441	10,830
Revenue Bonds	4.38%	8/17/2004	2044	270,000	254,926	3,533
Total Revenue Bonds					<u>\$ 1,883,092</u>	<u>\$ 33,557</u>
General Obligation Bonds:						
General Obligation Bonds	3.69%	4/6/2005	2024	\$ 4,442,000	\$ 3,337,000	\$ 204,000
General Obligation Bonds	3.61%	9/15/2005	2025	2,100,000	1,601,000	90,000
General Obligation Bonds	4.50%	10/29/2007	2027	4,525,914	3,842,703	178,850
Total General Obligation Bonds					<u>\$ 8,780,703</u>	<u>\$ 472,850</u>

NOTE 7-LONG-TERM DEBT: (CONTINUED)

Primary Government-Enterprise Activity Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

	Interest Rates	Date Issued	Maturity Date	Amount of Original Issue	Amount Due	Due Within One Year
Other Obligations:						
Amount due to Wythe Co. (1)					\$ 2,832,161	\$ 452,506
Compensated Absences					146,306	109,730
Total Other Obligations					\$ 2,978,467	\$ 562,236
Total Long-term Obligations					\$ 13,642,262	\$ 1,068,643

(1) Amount is related to construction of water/sewer lines for New River Regional Water Authority. The Town has agreed to pay 50% of two Rural Development revenue bonds and 21.28% of a VACO/VML revenue bond, both issued by the County of Wythe, Virginia. In addition, the County paid \$877,044 in cash for the exit 77/interconnect project. The repayment terms for the cash amount has not been determined.

NOTE 8-LANDFILL POSTCLOSURE MONITORING LIABILITY:

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 10 years after closure. The Town closed the landfill in December, 1997. Total postclosure monitoring costs are estimated to be \$78,339. This amount is based on what it would cost to perform all postclosure in 2011. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The Town is using the State Financial Assurance Mechanism to meet their Financial Assurance requirements for their landfill.

NOTE 9-EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
 Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

NOTE 9-EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS: (CONTINUED)

A. Plan Description (Continued)

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 9-EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS: (CONTINUED)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Town of Wytheville, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town of Wytheville, Virginia's contribution rate for the fiscal year ended 2011 was 6.01% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the Town of Wytheville, Virginia's annual pension cost of \$332,960 was equal to the Town of Wytheville, Virginia's required and actual contributions.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net pension Obligation
6/30/2011	\$ 332,960	100%	\$ -
6/30/2010	259,114	100%	-
6/30/2009	256,933	100%	-

¹ Employer portion only

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town of Wytheville, Virginia's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

The Town of Wytheville, Virginia's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

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NOTE 9-EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS: (CONTINUED)

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 83.16% funded. The actuarial accrued liability for benefits was \$19,384,809, and the actuarial value of assets was \$16,121,093, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,263,716. The covered payroll (annual payroll of active employees covered by the plan) was \$5,421,860, and ratio of the UAAL to the covered payroll was 60.20%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE 10-CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,468,977	\$ -	\$ -	\$ 1,468,977
Construction in progress	7,307	147,407	-	154,714
Total capital assets not being depreciated	<u>\$ 1,476,284</u>	<u>\$ 147,407</u>	<u>\$ -</u>	<u>\$ 1,623,691</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,458,591	\$ 60,217	\$ -	\$ 19,518,808
Machinery and equipment	4,350,411	77,073	6,300	4,433,784
Total capital assets being depreciated	<u>\$ 23,809,002</u>	<u>\$ 137,290</u>	<u>\$ 6,300</u>	<u>\$ 23,952,592</u>
Less: accumulated depreciation				
Buildings and improvements	\$ (2,416,733)	\$ (472,239)	\$ -	\$ (2,888,972)
Machinery and equipment	(2,933,503)	(512,065)	(6,300)	(3,451,868)
Total accumulated depreciation	<u>\$ (5,350,236)</u>	<u>\$ (984,304)</u>	<u>\$ (6,300)</u>	<u>\$ (6,340,840)</u>
Total capital assets being depreciated, net	<u>\$ 18,458,766</u>	<u>\$ (847,014)</u>	<u>\$ -</u>	<u>\$ 17,611,752</u>
Governmental activities capital assets, net	<u>\$ 19,935,050</u>	<u>\$ (699,607)</u>	<u>\$ -</u>	<u>\$ 19,235,443</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011NOTE 10-CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 163,236	\$ -	\$ -	\$ 163,236
Land Rights	62,738	32,100	-	94,838
Construction in progress	219,880	218,340	(388,220)	50,000
Total capital assets not being depreciated	<u>\$ 445,854</u>	<u>\$ 250,440</u>	<u>\$ (388,220)</u>	<u>\$ 308,074</u>
Capital assets, being depreciated:				
Utility plant and equipment	\$ 46,933,363	\$ 388,220	\$ -	\$ 47,321,583
Machinery and equipment	1,350,081	-	-	1,350,081
Total capital assets being depreciated	<u>\$ 48,283,444</u>	<u>\$ 388,220</u>	<u>\$ -</u>	<u>\$ 48,671,664</u>
Less: accumulated depreciation for:				
Utility plant and equipment	\$ (27,642,514)	\$ (1,093,421)	\$ -	\$ (28,735,935)
Machinery and equipment	(1,164,667)	(58,889)	-	(1,223,556)
Total accumulated depreciation	<u>\$ (28,807,181)</u>	<u>\$ (1,152,310)</u>	<u>\$ -</u>	<u>\$ (29,959,491)</u>
Total capital assets being depreciated, net	<u>\$ 19,476,263</u>	<u>\$ (764,090)</u>	<u>\$ -</u>	<u>\$ 18,712,173</u>
Business-Type activities capital assets, net	<u>\$ 19,922,117</u>	<u>\$ (513,650)</u>	<u>\$ (388,220)</u>	<u>\$ 19,020,247</u>

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

Governmental activities:	
General government administration	\$ 87,295
Public safety	300,786
Public works	558,266
Parks, recreation, and cultural	<u>37,957</u>
Total depreciation expense-governmental activities	<u>\$ 984,304</u>
Business-type activities:	
Water and Sewer	<u>\$ 1,152,310</u>

NOTE 11-RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of worker's compensation with the Virginia Municipal League. The Town pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pool provides that the pool will be self sustaining through member premiums. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

NOTE 12-SURETY BONDS:

<u>Clorendon National Insurance Company</u>	
All Town Employees - blanket bond	\$ 1,000,000

Note 13-Other Post-Employment Benefits:

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the Town of Wytheville recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

A. Plan Description

The Town of Wytheville administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to Town employees. The Plan will provide retiring employees and spouses the option to continue health insurance offered by the Town until retirees' death.

To be eligible for this benefit a retiree must meet at the following criteria: attained age 50 and 25 years of service. The benefits, employee contributions and the employer contributions are governed by the Board of Directors and can be amended through Board action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The Town currently pays for the post-retirement health care benefits on a pay-as-you-go basis. The Town currently has 165 employees that are eligible for the program. In addition, for retiree's pre 65 years of age, retiree pays active employee rate. For retirees 65 years of age and above, retiree pays full cost of Medicare Supplement. Retiree at any age must pay 100% of spousal employee premium. All coverage ceases at retiree's death. For fiscal year 2011, the Town contributed \$54,088 in total for current premiums and prefunding amounts.

Note 13-Other Post-Employment Benefits: (continued)

B. Funding Policy: (continued)

Health benefits include Medical, Dental, Prescription drug, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the Town. The rates are as follows:

	<u>Key Advantage Expanded</u>	<u>Key Advantage 250</u>
Pre-Medicare Eligible		
Retiree	\$ 560	\$ 521
Retiree+Spouse	1,036	964
Family	1,512	1,407
	<u>Advantage 65</u>	
Post-Medicare Eligible		
Retiree	\$ 190	\$ 190

C. Annual OPEB Cost and Net OPEB Obligation:

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 54,400
Interest on net OPEB obligation	4,588
Adjustment to annual required contribution	<u>(4,900)</u>
Annual OPEB cost (expense)	54,088
Contributions made	<u>(8,700)</u>
Increase in net OPEB obligation	45,388
Net OPEB obligation - beginning of year	<u>114,700</u>
Net OPEB obligation - end of year	\$ 160,088

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Note 13-Other Post-Employment Benefits: (continued)

C. Annual OPEB Cost and Net OPEB Obligation: (continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

<u>Fiscal Year Ended*</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 46,900	0%	\$ 46,900
6/30/2010	64,664	0%	104,064
6/30/2011	54,088	0%	160,088

D. Funded Status and Funding Progress

The funded status of the Plan for the Town as of June 30, 2011, is as follows:

Actuarial accrued liability (AAL)	\$ 645,600
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 645,600
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 5,466,300
UAAL as a percentage of covered payroll	11.81%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Note 13-Other Post-Employment Benefits: (continued)

E. Actuarial Methods and Assumptions: (continued)

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010, actuarial valuation, the Entry Age Normal cost method was used. Under this method, the actuarial present value of projected benefits of every active participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service: inflations at 2.50 percent, plus productivity component of 1.25 percent, and investment's rate of return at 4.00 percent, and a health care trend rate of 9.00 percent graded to 5.00 percent over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2011 was 27 years.

Note 14-Restatement of beginning balances:

	Business-type Activities
	<u>Net Assets</u>
As previously reported	\$ 5,378,343
Adjustments:	
Due to Wythe County	99,837
Capital Assets	<u>(368,019)</u>
As restated	<u>\$ 5,110,161</u>

Required Supplementary Information

Town of Wytheville, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 1,557,500	\$ 1,557,500	\$ 1,606,847	\$ 49,347
Other local taxes	5,074,500	5,144,500	5,637,844	493,344
Permits, privilege fees, and regulatory licenses	113,100	113,100	135,442	22,342
Fines and forfeitures	50,000	50,000	51,880	1,880
Revenue from the use of money and property	397,850	397,850	503,605	105,755
Charges for services	964,875	964,875	1,099,982	135,107
Miscellaneous	262,550	375,550	517,573	142,023
Recovered costs	6,250	6,250	39,138	32,888
Intergovernmental revenues:				
Commonwealth	2,870,400	2,870,400	3,014,361	143,961
Federal	8,880	8,880	74,884	66,004
Total revenues	<u>\$ 11,305,905</u>	<u>\$ 11,488,905</u>	<u>\$ 12,681,556</u>	<u>\$ 1,192,651</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,060,567	\$ 2,011,582	\$ 2,017,959	\$ (6,377)
Public safety	2,578,330	2,772,820	2,785,249	(12,429)
Public works	2,754,822	2,919,767	2,973,737	(53,970)
Health and welfare	7,500	7,500	7,051	449
Parks, recreation, and cultural	2,011,724	1,907,324	1,935,499	(28,175)
Community development	883,905	865,405	867,113	(1,708)
Debt service:				
Principal retirement	394,224	392,446	396,490	(4,044)
Interest and other fiscal charges	614,833	612,061	618,368	(6,307)
Total expenditures	<u>\$ 11,305,905</u>	<u>\$ 11,488,905</u>	<u>\$ 11,601,466</u>	<u>\$ (112,561)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,080,090</u>	<u>\$ 1,080,090</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	1,326	1,326
Transfers out	-	-	(67,300)	(67,300)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (65,974)</u>	<u>\$ (65,974)</u>
Net change in fund balances	\$ -	\$ -	\$ 1,014,116	\$ 1,014,116
Fund balances - beginning	-	-	15,874,369	15,874,369
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,888,485</u>	<u>\$ 16,888,485</u>

Town of Wytheville, Virginia
Schedules of Pension and OPEB Funding Progress
For the Year Ended June 30, 2011

Primary Government:

Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 16,121,093	\$ 19,384,809	\$ 3,263,716	83.16%	\$ 5,421,860	60.20%
6/30/2009	15,889,802	17,408,534	1,518,732	91.28%	5,508,541	27.57%
6/30/2008	15,506,328	16,149,370	643,042	96.02%	5,116,886	12.57%

Postemployment Health Insurance Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2010	\$ -	\$ 645,600	\$ 645,600	0.00%	\$ 5,466,300	11.81%

OTHER SUPPLEMENTARY INFORMATION SECTION

Supplementary Financial Statements

Town of Wytheville, Virginia
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Total	CDBG Funds		
ASSETS						
Cash and cash equivalents	\$ -	\$ 8,431	\$ 8,431	\$ 14,018	\$	\$ 22,449
Investments	317,401	-	317,401	-		317,401
Total assets	<u>\$ 317,401</u>	<u>\$ 8,431</u>	<u>\$ 325,832</u>	<u>\$ 14,018</u>	<u>\$</u>	<u>\$ 339,850</u>
LIABILITIES AND FUND BALANCES						
Fund balances:						
Committed for:						
Homestead Endowment	\$ 317,401	\$ -	\$ 317,401	\$ -		\$ 317,401
Wall of Honor	-	8,431	8,431	-		8,431
Assigned for:						
Capital Projects	-	-	-	14,018		14,018
Total fund balances	<u>\$ 317,401</u>	<u>\$ 8,431</u>	<u>\$ 325,832</u>	<u>\$ 14,018</u>	<u>\$</u>	<u>\$ 339,850</u>
Total liabilities and fund balances	<u>\$ 317,401</u>	<u>\$ 8,431</u>	<u>\$ 325,832</u>	<u>\$ 14,018</u>	<u>\$</u>	<u>\$ 339,850</u>

Town of Wytheville, Virginia
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	Special Revenue			Total	Capital Projects		Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund			CDBG Funds		
REVENUES							
Revenue from the use of money and property	\$ 629	\$ 139	\$ 768	\$ 250	\$ 1,018		
Miscellaneous	2,335	1,000	3,335	2,556	5,891		
Total revenues	\$ 2,964	\$ 1,139	\$ 4,103	\$ 2,806	\$ 6,909		
EXPENDITURES							
Current:							
Parks, recreation, and cultural	\$ -	\$ 880	\$ 880	\$ -	\$ 880		
Capital projects	-	-	-	4,157	4,157		
Total expenditures	\$ -	\$ 880	\$ 880	\$ 4,157	\$ 5,037		
Excess (deficiency) of revenues over (under) expenditures	\$ 2,964	\$ 259	\$ 3,223	\$ (1,351)	\$ 1,872		
OTHER FINANCING SOURCES (USES)							
Transfers out	\$ (1,326)	\$ -	\$ (1,326)	\$ -	\$ (1,326)		
Net change in fund balances	\$ 1,638	\$ 259	\$ 1,897	\$ (1,351)	\$ 546		
Fund balances - beginning	315,763	8,172	323,935	15,369	339,304		
Fund balances - ending	\$ 317,401	\$ 8,431	\$ 325,832	\$ 14,018	\$ 339,850		

Supporting Schedules

Town of Wytheville, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,185,000	\$ 1,185,000	\$ 1,230,201	\$ 45,201
Real and personal public service corporation taxes	45,000	45,000	43,670	(1,330)
Personal property taxes	136,500	136,500	152,718	16,218
Mobile home taxes	3,000	3,000	3,379	379
Machinery and tools taxes	180,000	180,000	156,722	(23,278)
Penalties	5,000	5,000	12,248	7,248
Interest	3,000	3,000	7,909	4,909
Total general property taxes	<u>\$ 1,557,500</u>	<u>\$ 1,557,500</u>	<u>\$ 1,606,847</u>	<u>\$ 49,347</u>
Other local taxes:				
Local sales and use taxes	\$ 440,000	\$ 440,000	\$ 442,352	\$ 2,352
Consumers' utility taxes	235,000	235,000	234,470	(530)
Consumption taxes	-	-	55,921	55,921
Business license taxes	1,000,000	1,000,000	1,101,003	101,003
Franchise license tax	70,000	70,000	14,012	(55,988)
Motor vehicle licenses	125,000	125,000	125,784	784
Tobacco tax	175,000	175,000	181,632	6,632
Bank stock taxes	175,000	245,000	322,176	77,176
Hotel and motel room taxes	850,000	850,000	920,805	70,805
Restaurant food taxes	1,987,000	1,987,000	2,211,626	224,626
Interest on local taxes	17,500	17,500	28,063	10,563
Total other local taxes	<u>\$ 5,074,500</u>	<u>\$ 5,144,500</u>	<u>\$ 5,637,844</u>	<u>\$ 493,344</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 500	\$ 500	\$ 590	\$ 90
Land use permits	-	-	200	200
Building permits	20,000	20,000	19,807	(193)
Electrical permits	5,000	5,000	6,124	1,124
Plumbing permits	4,000	4,000	4,332	332
Mechanical permits	5,000	5,000	6,518	1,518
Burial permits	30,000	30,000	40,890	10,890
Monument permits	1,200	1,200	1,660	460
Subdivision permits	200	200	1,250	1,050
Zoning permits	500	500	2,391	1,891
Refuse tags and disposal permits	46,000	46,000	48,542	2,542
Permits and other licenses	700	700	3,138	2,438
Total permits, privilege fees, and regulatory licenses	<u>\$ 113,100</u>	<u>\$ 113,100</u>	<u>\$ 135,442</u>	<u>\$ 22,342</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 30,725	\$ 5,725
Parking fines	25,000	25,000	21,155	(3,845)
Total fines and forfeitures	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 51,880</u>	<u>\$ 1,880</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 311,100	\$ 311,100	\$ 382,361	\$ 71,261
Revenue from use of property	86,750	86,750	121,244	34,494
Total revenue from use of money and property	<u>\$ 397,850</u>	<u>\$ 397,850</u>	<u>\$ 503,605</u>	<u>\$ 105,755</u>
Charges for services:				
Charges for clerical services	\$ 104,000	\$ 104,000	\$ 99,310	\$ (4,690)
Charges for false alarms	500	500	248	(252)
Charges for fire services	18,000	18,000	25,431	7,431
Charges for law enforcement	25,000	25,000	18,622	(6,378)

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for cemetery plots	\$ 20,000	\$ 20,000	\$ 33,622	\$ 13,622
Charges for restaurant signs	1,000	1,000	3,175	2,175
Charges for copies	1,000	1,000	2,564	1,564
Charges for animal control	100	100	38	(62)
Charges for gift shop	19,500	19,500	16,739	(2,761)
Charges for admissions	58,000	58,000	68,037	10,037
Charges for parks and recreation	704,550	704,550	805,359	100,809
Charges for weed cutting	7,500	7,500	13,295	5,795
Charges for other services	5,725	5,725	13,542	7,817
Total charges for services	<u>\$ 964,875</u>	<u>\$ 964,875</u>	<u>\$ 1,099,982</u>	<u>\$ 135,107</u>
Miscellaneous revenue:				
Donations	\$ 21,350	\$ 21,350	\$ 73,423	\$ 52,073
Miscellaneous	241,200	354,200	444,150	89,950
Total miscellaneous revenue	<u>\$ 262,550</u>	<u>\$ 375,550</u>	<u>\$ 517,573</u>	<u>\$ 142,023</u>
Recovered costs:				
Recovered costs	\$ 6,250	\$ 6,250	\$ 39,138	\$ 32,888
Total revenue from local sources	<u>\$ 8,426,625</u>	<u>\$ 8,609,625</u>	<u>\$ 9,592,311</u>	<u>\$ 982,686</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 7,000	\$ 7,000	\$ 9,531	\$ 2,531
Mobile home titling tax	5,000	5,000	2,920	(2,080)
Motor vehicle rental tax	25,000	25,000	23,584	(1,416)
Telecommunication Tax	450,000	450,000	444,773	(5,227)
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	<u>\$ 548,000</u>	<u>\$ 548,000</u>	<u>\$ 541,864</u>	<u>\$ (6,136)</u>
Categorical aid:				
Department of technology (E-911)	\$ 35,000	\$ 35,000	\$ 38,715	\$ 3,715
Fire programs	21,000	21,000	22,533	1,533
Highway maintenance	1,930,000	1,930,000	2,103,374	173,374
Law enforcement block grant	195,000	195,000	208,341	13,341
Litter control	3,400	3,400	3,275	(125)
Virginia commission for the arts	5,000	5,000	5,000	-
Department of transportation	133,000	133,000	88,378	(44,622)
Recreational grants	-	-	2,861	2,861
Total categorical aid	<u>\$ 2,322,400</u>	<u>\$ 2,322,400</u>	<u>\$ 2,472,477</u>	<u>\$ 150,077</u>
Total revenue from the Commonwealth	<u>\$ 2,870,400</u>	<u>\$ 2,870,400</u>	<u>\$ 3,014,361</u>	<u>\$ 143,961</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,880	\$ 8,880	\$ 8,882	\$ 2
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 16,002	\$ 16,002
Other grants	-	-	50,000	50,000
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,002</u>	<u>\$ 66,002</u>
Total revenue from the federal government	<u>\$ 8,880</u>	<u>\$ 8,880</u>	<u>\$ 74,884</u>	<u>\$ 66,004</u>
Total General Fund	<u>\$ 11,305,905</u>	<u>\$ 11,488,905</u>	<u>\$ 12,681,556</u>	<u>\$ 1,192,651</u>

Town of Wytheville, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Homestead Endowment Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 629	\$ 629
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 2,335	\$ 2,335
Total Homestead Endowment Fund	\$ -	\$ -	\$ 2,964	\$ 2,964
Wall of Honor Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 139	\$ 139
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 1,000	\$ 1,000
Total Wall of Honor Fund	\$ -	\$ -	\$ 1,139	\$ -
Capital Projects Fund:				
CDBG Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 250	\$ 250
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 2,556	\$ 2,556
Total CDBG Fund	\$ -	\$ -	\$ 2,806	\$ 2,806
Total Primary Government	\$ 11,305,905	\$ 11,488,905	\$ 12,688,465	\$ 1,199,560

Town of Wytheville, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town council	\$ 751,405	\$ 616,090	\$ 613,654	\$ 2,436
General and financial administration:				
Town clerk	\$ 384,468	\$ 379,738	\$ 380,997	\$ (1,259)
Commission member	12,000	11,900	11,854	46
Town manager	135,360	132,160	132,422	(262)
Assistant town manager	111,950	109,845	110,124	(279)
Legal services	11,000	113,600	113,632	(32)
Independent services	35,000	39,675	39,656	19
Town treasurer	166,420	177,210	177,859	(649)
Automotive/motor pool	199,435	197,155	202,379	(5,224)
Engineering department	253,529	234,209	235,382	(1,173)
Total general and financial administration	\$ 1,309,162	\$ 1,395,492	\$ 1,404,305	\$ (8,813)
Total general government administration	\$ 2,080,567	\$ 2,011,582	\$ 2,017,959	\$ (6,377)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,761,830	\$ 1,828,605	\$ 1,827,854	\$ 751
Communication center	299,755	279,645	281,588	(1,943)
Total law enforcement and traffic control	\$ 2,061,585	\$ 2,108,250	\$ 2,109,442	\$ (1,192)
Fire and rescue services:				
Fire department	\$ 376,240	\$ 522,820	\$ 533,617	\$ (10,797)
Inspections:				
Building	\$ 74,820	\$ 74,040	\$ 74,253	\$ (213)
Other protection:				
Animal control	\$ 43,185	\$ 44,085	\$ 44,324	\$ (239)
Transportation study grant	22,500	23,625	23,613	12
Total other protection	\$ 65,685	\$ 67,710	\$ 67,937	\$ (227)
Total public safety	\$ 2,578,330	\$ 2,772,820	\$ 2,785,249	\$ (12,429)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 777,889	\$ 747,889	\$ 776,119	\$ (28,230)
Snow and ice removal	120,000	154,050	154,870	(820)
Streets, signs, and lights	387,535	393,685	395,281	(1,596)
Administration	119,775	111,520	110,937	583
Total maintenance of highways, streets, bridges & sidewalks	\$ 1,405,199	\$ 1,407,144	\$ 1,437,207	\$ (30,063)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 167,155	\$ 219,905	\$ 250,150	\$ (30,245)
Maintenance of general buildings and grounds:				
General properties	\$ 51,500	\$ 70,600	\$ 60,853	\$ 9,747
Town hall	373,735	385,785	384,886	899
Community center and park	553,869	556,819	553,378	3,441
Parks	51,955	79,255	84,640	(5,385)
Emergency services buildings	50,579	73,079	75,001	(1,922)
Animal shelter	2,050	1,400	1,246	154
Weed control - mowing	98,780	125,780	126,376	(596)
Total maintenance of general buildings and grounds	\$ 1,182,468	\$ 1,292,718	\$ 1,286,380	\$ 6,338

Town of Wytheville, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Public works: (continued)				
Maintenance of general buildings and grounds: (continued)				
Total public works	\$ 2,754,822	\$ 2,919,767	\$ 2,973,737	\$ (53,970)
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 7,500	\$ 7,500	\$ 7,051	\$ 449
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 43,060	\$ 18,560	\$ 18,544	\$ 16
Recreational programs	454,970	456,870	517,234	(60,364)
Swimming pools	11,050	1,050	923	127
Athletic programs	311,980	287,930	292,092	(4,162)
New community programs	124,707	121,057	121,450	(393)
Youth/Teen center	108,280	107,830	108,832	(1,002)
Fitness center	164,463	152,563	154,088	(1,525)
Nutrition	-	54,650	13,157	41,493
Cemeteries	231,225	223,225	222,651	574
Total parks and recreation	\$ 1,449,735	\$ 1,423,735	\$ 1,448,971	\$ (25,236)
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 73,520	\$ 72,020	\$ 71,554	\$ 466
Museums and heritage education	147,514	95,214	95,260	(46)
Homestead museum	147,175	129,325	131,410	(2,085)
Museums and Heritage Center	193,780	187,030	188,304	(1,274)
Total cultural enrichment	\$ 561,989	\$ 483,589	\$ 486,528	\$ (2,939)
Total parks, recreation, and cultural	\$ 2,011,724	\$ 1,907,324	\$ 1,935,499	\$ (28,175)
Community development:				
Planning and community development:				
Director of public information	\$ 281,275	\$ 274,325	\$ 277,504	\$ (3,179)
Chamber of commerce	104,000	106,900	107,122	(222)
Horticulture	124,960	110,510	110,716	(206)
Meeting Center	373,670	373,670	371,771	1,899
Total planning and community development	\$ 883,905	\$ 865,405	\$ 867,113	\$ (1,708)
Total community development	\$ 883,905	\$ 865,405	\$ 867,113	\$ (1,708)
Debt service:				
Principal retirement	\$ 394,224	\$ 392,446	\$ 396,490	\$ (4,044)
Interest and other fiscal charges	614,833	612,061	618,368	(6,307)
Total debt service	\$ 1,009,057	\$ 1,004,507	\$ 1,014,858	\$ (10,351)
Total General Fund	\$ 11,305,905	\$ 11,488,905	\$ 11,601,466	\$ (112,561)
Special Revenue Funds:				
Wall of Honor Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ -	\$ -	\$ 880	\$ (880)
Total Wall of Honor Fund	\$ -	\$ -	\$ 880	\$ (880)

Town of Wytheville, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
CDBG Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ -	\$ -	\$ 4,157	\$ (4,157)
Total CDBG Fund	\$ -	\$ -	\$ 4,157	\$ (4,157)
Total Primary Government	\$ 11,305,905	\$ 11,488,905	\$ 11,606,503	\$ (117,598)

Other Statistical Information

Table 1

Town of Wytheville, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water and Sewer	Total
2003-04	\$ 1,409,830	\$ 1,995,714	\$ 2,444,026	\$ 5,052	\$ 783,660	\$ 258,585	\$ 58,671	\$ 4,804,957	\$ 11,760,495
2004-05	1,419,300	2,195,909	2,228,249	5,407	1,024,005	299,297	53,892	4,763,773	11,989,832
2005-06	1,694,003	2,141,543	2,757,226	5,725	1,224,791	376,296	241,768	5,228,416	13,669,768
2006-07	1,513,692	2,252,477	3,387,271	5,096	1,200,948	584,942	603,356	5,338,898	14,886,680
2007-08	1,679,294	2,655,638	3,307,485	13,237	1,914,984	849,741	684,441	5,473,375	16,578,195
2008-09	1,749,917	2,812,237	3,593,497	6,768	1,755,356	865,663	666,665	5,533,058	16,983,161
2009-10	1,753,803	2,741,033	3,607,367	7,426	1,905,998	842,390	637,665	5,849,682	17,345,364
2010-11	2,072,793	3,088,094	3,187,840	7,051	1,967,550	874,542	617,794	5,667,829	17,483,493

(1) Information has only been available for 8 years.

Table 2

Town of Wytheville, Virginia
Government-Wide Revenues
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES					GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Fines and Forfeitures	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Grants and Contributions			
2003-04	\$ 3,346,602	\$ 2,129,823	\$ -	\$ 882,337	\$ 4,644,189	\$ 34,904	\$ 108,774	\$ 91,726	\$ 128,044	\$ 11,366,399			
2004-05	4,308,516	2,332,356	-	872,367	5,219,712	-	178,279	1,176,083	112,897	14,200,220			
2005-06	4,735,609	2,782,272	560,000	1,242,163	5,654,811	84,858	457,156	980,980	140,925	16,638,774			
2006-07	5,180,124	2,383,769	547,433	1,180,184	5,935,622	-	775,903	679,101	130,492	16,812,628			
2007-08	6,020,604	2,382,195	-	1,566,495	6,152,682	-	733,359	86,111	120,657	17,062,103			
2008-09	5,970,690	2,384,354	-	1,642,174	5,969,361	-	549,591	315,318	127,595	16,959,183			
2009-10	5,912,685	2,345,899	-	1,638,257	5,479,318	-	521,621	384,756	557,392	16,839,928			
2010-11	5,954,107	2,488,479	52,478	1,630,380	5,637,844	-	506,198	523,488	550,766	17,343,720			

(1) Information has only been available for 8 years.

Table 3

Town of Wytheville, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Development	Capital Projects	Debt Service	Total
2001-02	\$ 1,414,087	\$ 1,673	\$ 1,792,668	\$ 2,619,200	\$ 5,151	\$ 662,803	\$ 261,459	\$ 7,815	\$ 114,552	\$ 6,879,408
2002-03	1,328,468	-	1,833,934	2,446,568	5,611	731,755	255,568	168,992	130,219	6,901,115
2003-04	1,413,612	-	2,087,329	2,389,392	5,052	809,704	268,143	930,032	150,230	8,053,494
2004-05	1,601,017	-	2,237,173	2,314,794	5,407	1,012,337	295,766	1,844,667	175,720	9,486,881
2005-06	1,778,478	-	2,175,501	2,813,861	5,725	1,303,760	375,737	8,114,964	240,167	16,808,193
2006-07	1,625,204	-	2,511,889	2,862,275	5,096	1,305,235	575,764	6,260,369	903,745	16,049,577
2007-08	1,769,720	-	2,667,804	3,293,887	13,237	1,868,329	850,405	122,071	2,195,211	12,780,664
2008-09	1,697,051	-	2,956,207	3,343,931	6,768	1,861,491	860,305	1,467	1,211,488	11,938,708
2009-10	1,670,058	-	2,754,738	3,103,138	7,426	1,868,294	836,689	-	1,152,918	11,393,261
2010-11	2,017,959	-	2,785,249	2,973,737	7,051	1,936,379	867,113	4,157	1,014,858	11,606,503

(1) Includes General, Special Revenue, and Capital Projects funds of the Primary Government.

Table 4

Town of Wytheville, Virginia
 General Governmental Revenues by Source (1)
 Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2001-02	\$ 774,365	\$ 3,495,074	\$ 118,094	\$ 23,953	\$ 260,288	\$ 236,682	\$ 180,655	\$ 105,350	\$ 1,927,930	\$ 7,122,371
2002-03	824,156	3,574,465	152,310	20,175	165,864	295,885	62,778	-	2,020,532	7,116,165
2003-04	879,731	4,644,159	125,015	34,904	108,774	302,736	86,138	2,928	2,257,867	8,442,252
2004-05	888,473	5,219,712	63,417	43,518	178,279	380,111	1,176,093	214,027	2,445,253	10,608,883
2005-06	1,186,989	5,654,811	120,940	84,858	457,156	377,222	980,980	73,363	3,133,197	12,069,516
2006-07	1,223,926	5,935,622	143,265	85,537	775,903	711,083	679,101	172,325	2,999,261	12,726,023
2007-08	1,566,604	6,152,682	166,997	60,828	733,359	1,099,399	79,684	94,267	2,502,852	12,458,672
2008-09	1,623,756	5,969,361	140,707	59,139	549,591	1,194,743	312,503	143,694	2,512,049	12,505,543
2009-10	1,618,701	5,479,318	131,545	48,018	521,621	1,088,555	384,756	16,581	2,903,291	12,192,386
2010-11	1,606,847	5,637,844	135,442	51,880	504,623	1,099,982	523,464	39,138	3,089,245	12,688,465

(1) Includes General, Special Revenue, and Capital Projects funds of the Primary Government.

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections	to Tax Levy		
2001-02	\$ 826,536	\$ 805,981	97.51%	\$ 10,992	\$ 816,973	98.84%	\$ 44,374	5.37%	
2002-03	856,067	843,044	98.48%	15,788	858,832	100.32%	42,563	4.97%	
2003-04	899,781	873,253	97.05%	23,673	896,926	99.68%	41,788	4.64%	
2004-05	859,499	837,614	97.45%	40,824	878,438	102.20%	31,397	3.65%	
2005-06	1,233,610	1,216,897	98.65%	17,303	1,234,200	100.05%	27,777	2.25%	
2006-07	1,295,414	1,252,435	96.68%	24,056	1,276,491	98.54%	40,725	3.14%	
2007-08	1,597,819	1,573,653	98.49%	26,031	1,599,684	100.12%	48,380	3.03%	
2008-09	1,666,957	1,639,349	98.34%	16,315	1,655,664	99.32%	55,007	3.30%	
2009-10	1,677,626	1,645,525	98.09%	17,735	1,663,260	99.14%	79,785	4.76%	
2010-11	1,670,817	1,621,867	97.07%	25,899	1,647,766	98.62%	93,082	5.57%	

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year.

(3) Includes amounts paid by the Commonwealth of VA under the PPTRA.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Public Utility (2)		Total
			Real Estate	Personal Property	
2001-02	\$ 363,039,821	\$ 101,365,005	\$ 22,313,655	\$ 242,240	\$ 486,960,721
2002-03	484,990,208	101,679,956	30,201,787	145,189	617,017,140
2003-04	493,371,435	103,823,031	32,758,710	614,024	630,567,200
2004-05	511,817,426	113,753,167	29,306,604	119,049	654,996,246
2005-06	522,286,760	123,907,776	28,554,442	40,219	674,789,197
2006-07	556,901,460	133,984,761	22,839,288	14,624	713,740,133
2007-08	741,692,480	131,898,828	31,138,767	29,124	904,759,199
2008-09	766,175,970	146,226,226	25,648,614	25,663	938,076,473
2009-10	774,457,660	144,166,990	29,122,192	45,781	947,792,623
2010-11	780,360,645	138,668,979	27,223,533	93,702	946,346,859

(1) Real estate, personal property and mobile homes are assessed at 100% of fair market value.

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Public Utility	
			Real Estate	Personal Property
2001-02	\$ 0.143	\$ 0.280	\$ 0.165	\$ 0.280
2002-03	0.113	0.280	0.165	0.280
2003-04	0.113	0.280	0.113	0.280
2004-05	0.113	0.280	0.113	0.280
2005-06	0.160	0.280	0.160	0.280
2006-07	0.160	0.280	0.160	0.280
2007-08	0.160	0.280	0.160	0.280
2008-09	0.160	0.280	0.160	0.280
2009-10	0.160	0.280	0.160	0.280
2010-11	0.160	0.280	0.160	0.280

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2001-02	7,804	\$ 486,961	\$ 11,679,116	2.40%	\$ 1,497
2002-03	7,804	617,017	11,568,963	1.87%	1,482
2003-04	7,804	630,567	11,358,141	1.80%	1,455
2004-05	7,804	654,996	11,973,028	1.83%	1,534
2005-06	7,804	674,789	22,982,200	3.41%	2,945
2006-07	7,804	713,740	21,362,105	2.99%	2,737
2007-08	7,804	904,759	25,036,888	2.77%	3,208
2008-09	7,804	938,076	24,139,045	2.57%	3,093
2009-10	7,804	947,793	23,202,621	2.45%	2,973
2010-11	8,211	946,347	22,390,991	2.37%	2,727

(1) Center for Public Service at the University of Virginia.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

Town of Wytheville, Virginia
 Ratio of Annual Debt Service Expenditures for General Bonded
 Debt to Total General Governmental Expenditures (1)
 Last Ten Fiscal Years (2)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2002-03	\$ 71,793	\$ 58,426	\$ 130,219	\$ 6,901,115	1.89%
2003-04	92,818	57,412	150,230	8,053,494	1.87%
2004-05	119,979	55,741	175,720	9,486,881	1.85%
2005-06	116,807	123,360	240,167	16,812,434	1.43%
2006-07	193,262	710,483	903,745	16,049,577	5.63%
2007-08	1,525,223	669,988	2,195,211	12,780,664	17.18%
2008-09	545,887	665,601	1,211,488	11,938,708	10.15%
2009-10	512,937	639,981	1,152,918	11,393,261	10.12%
2010-11	396,490	618,368	1,014,858	11,606,503	8.74%

(1) Includes General and Special Revenue funds of the Primary Government.

(2) Information has only been available for 9 years.

Town of Wytheville, Virginia
Computation of Legal Debt Margin
June 30, 2011

Assessed valuations:	
Assessed value (real estate)	<u>\$ 774,457,660</u>
Legal debt margin	
Debt limitation - 10 percent of total assessed value	77,445,766
Debt applicable to limitation:	
Total debt applicable to limitation	<u>23,202,621</u>
Legal debt margin	<u>\$ 54,243,145</u>

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Members of the Town Council
Town of Wytheville, Virginia
Wytheville, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications of Audits for Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not necessarily designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (Reference 2011-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wytheville, Virginia'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Wytheville, Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Wytheville, Virginia's responses and, accordingly, we express no opinion on them.

We noted certain matters that we reported to management of the Town of Wytheville, Virginia in a separate letter dated November 10, 2011.

This report is intended solely for the information and use of management, Town Council, others within the Town of Wytheville, Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Co. Associates
Christiansburg, Virginia
November 10, 2011

TOWN OF WYTHEVILLE, VIRGINIA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified	No
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

<u>2011-1</u>	
Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The Town lacks proper segregation of duties over the billings, collections and reconciliation functions in the Treasurer's office.
Criteria:	A key component in internal controls is the segregation of duties. No one employee should have access to both the accounting records and related assets.
Cause:	Budget constraints on most local governments limit heir ability to comply with proper segregation of duties.
Effect:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal controls over financial reporting.
Recommendation:	The Town should try to reduce some of the segregation issues by implementing controls that will mitigate the risk of one person having too much control.
Management's Response:	Management acknowledges that internal control over the billings, collections and reconciliation functions lack proper segregation of duties; however, to alleviate same would require additional staff. Due to cost constraints, the Town has decided not address the aforementioned internal control deficiencies.