

TOWN OF WYTHEVILLE, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

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TOWN OF WYTHEVILLE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015

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TOWN OF WYTHEVILLE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015

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## INTRODUCTORY SECTION

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## TOWN OF WYTHEVILLE, VIRGINIA

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### TOWN COUNCIL

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Trenton G. Crewe, Jr., Mayor

Jacqueline K. King

Thomas F. Hundley

H. Judson Lambert

William B. Weisiger

### OTHER OFFICIALS

---

C. Wayne Sutherland, Jr.

Stephen A. Moore

Michael G. Stephens

Sharon G. Corvin

Robert Kaase

Town Manager

Assistant Town Manager

Town Treasurer

Town Clerk

Town Attorney

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

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

### Report on the Financial Statements

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 Town of Wytheville, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Wytheville, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 17 to the financial statements, in 2015, the Town adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 60 and 61-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted 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 appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Wytheville, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements, supporting schedules, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

*Other Information (continued)*

The combining and individual fund financial statements and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and supporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of Town of Wytheville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Wytheville, Virginia's internal control over financial reporting and compliance.

*Robinson, Turner, & Associates*

Blacksburg, Virginia  
December 1, 2015

## Basic Financial Statements

Town of Wytheville, Virginia  
Statement of Net Position  
June 30, 2015

	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,494,138	\$ 2,343,391	\$ 20,837,529
Receivables (net of allowance for uncollectibles):			
Taxes receivable	109,302	-	109,302
Accounts receivable	572,026	785,078	1,357,104
Internal balances	2,016,251	(2,016,251)	-
Due from other governmental units	212,350	24,491	236,841
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	432,591	42,261	474,852
Capital assets (net of accumulated depreciation):			
Land	1,572,278	163,236	1,735,514
Land rights	-	94,838	94,838
Buildings and utility plant	15,962,974	21,346,366	37,309,340
Machinery and equipment	1,223,143	164,109	1,387,252
Construction in progress	612,277	1,418,329	2,030,606
Total assets	<u>\$ 41,207,330</u>	<u>\$ 24,365,848</u>	<u>\$ 65,573,178</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 10,692	\$ 48,710	\$ 59,402
Items related to measurement of net pension liability	421,310	85,034	506,344
Total deferred outflows of resources	<u>\$ 432,002</u>	<u>\$ 133,744</u>	<u>\$ 565,746</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 251,710	\$ 267,372	\$ 519,082
Accrued payroll/fringes	501,637	91,558	593,195
Customer deposits	16,431	-	16,431
Retainage payable	15,170	63,467	78,637
Accrued interest payable	87,555	43,498	131,053
Due to Water Authority	-	83,562	83,562
Long-term liabilities:			
Due within one year	1,428,272	1,092,077	2,520,349
Due in more than one year	14,766,422	15,240,476	30,006,898
Liabilities payable from restricted assets	-	42,261	42,261
Total liabilities	<u>\$ 17,067,197</u>	<u>\$ 16,924,271</u>	<u>\$ 33,991,468</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 5,438	\$ -	\$ 5,438
Items related to measurement of net pension liability	1,049,518	211,827	1,261,345
Total deferred inflows of resources	<u>\$ 1,054,956</u>	<u>\$ 211,827</u>	<u>\$ 1,266,783</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 6,755,780	\$ 7,379,497	\$ 14,135,277
Unrestricted	16,761,399	(16,003)	16,745,396
Total net position	<u>\$ 23,517,179</u>	<u>\$ 7,363,494</u>	<u>\$ 30,880,673</u>

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

Town of Wytheville, Virginia  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 2,303,026	\$ 25,287	\$ -	\$ -	\$ (2,277,739)	\$ -	\$ (2,277,739)
Public safety	2,987,472	249,017	269,015	50,000	(2,419,440)	-	(2,419,440)
Public works	5,455,338	108,084	3,231,195	-	(2,116,059)	-	(2,116,059)
Health and welfare	8,908	-	-	-	(8,908)	-	(8,908)
Parks, recreation, and cultural	1,571,477	959,370	27,667	-	(584,440)	-	(584,440)
Community development	1,040,880	12,250	26,200	-	(1,002,430)	-	(1,002,430)
Interest on long-term debt	500,008	-	-	-	(500,008)	-	(500,008)
Total governmental activities	\$ 13,867,109	\$ 1,354,008	\$ 3,554,077	\$ 50,000	\$ (8,909,024)	\$ -	\$ (8,909,024)
<b>Business-type activities:</b>							
Water and sewer	\$ 5,980,816	\$ 6,262,710	\$ -	\$ 149,021	\$ -	\$ 430,915	\$ 430,915
Total primary government	\$ 19,847,925	\$ 7,616,718	\$ 3,554,077	\$ 199,021	\$ (8,909,024)	\$ 430,915	\$ (8,478,109)
General revenues:							
General property taxes					\$ 1,627,470	\$ -	\$ 1,627,470
Other local taxes:							
Local sales and use taxes					557,412	-	557,412
Consumers' utility taxes					236,891	-	236,891
Business license taxes					1,237,828	-	1,237,828
Bank stock taxes					368,576	-	368,576
Hotel and motel room taxes					1,162,658	-	1,162,658
Restaurant food taxes					2,516,774	-	2,516,774
Other local taxes					419,077	-	419,077
Unrestricted revenues from use of money and property					590,149	13,750	603,899
Miscellaneous					821,008	1,000	822,008
Grants and contributions not restricted to specific programs					564,702	-	564,702
Total general revenues					\$ 10,102,545	\$ 14,750	\$ 10,117,295
Change in net position					\$ 1,193,521	\$ 445,665	\$ 1,639,186
Net position - beginning, as restated					22,323,658	6,917,829	29,241,487
Net position - ending					\$ 23,517,179	\$ 7,363,494	\$ 30,880,673

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

Town of Wytheville, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,139,652	\$ 354,486	\$ 18,494,138
Receivables (net of allowance for uncollectibles):			
Taxes receivable	109,302	-	109,302
Accounts receivable	572,026	-	572,026
Due from other funds	2,018,410	-	2,018,410
Due from other governmental units	212,350	-	212,350
Total assets	<u>\$ 21,051,740</u>	<u>\$ 354,486</u>	<u>\$ 21,406,226</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 251,710	\$ -	\$ 251,710
Accrued wages	501,637	-	501,637
Customer deposits	16,431	-	16,431
Retainage payable	15,170	-	15,170
Due to other funds	2,159	-	2,159
Total liabilities	<u>\$ 787,107</u>	<u>\$ -</u>	<u>\$ 787,107</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 125,126	\$ -	\$ 125,126
<b>FUND BALANCES</b>			
Committed:			
Debt service	\$ 5,000,000	\$ -	\$ 5,000,000
Rainy day	6,000,000	-	6,000,000
Main Street Fund	79,047	-	79,047
Special revenue funds	-	337,467	337,467
Assigned:			
Capital projects funds	2,500,000	17,019	2,517,019
Unassigned	6,560,460	-	6,560,460
Total fund balances	<u>\$ 20,139,507</u>	<u>\$ 354,486</u>	<u>\$ 20,493,993</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,051,740</u>	<u>\$ 354,486</u>	<u>\$ 21,406,226</u>

The accompanying notes to 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 Position  
June 30, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 20,493,993
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 1,572,278	
Buildings and utility plant	15,962,974	
Machinery and equipment	1,223,143	
Construction in progress	<u>612,277</u>	19,370,672
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes	\$ 119,688	
Items related to measurement of net pension liability	<u>(1,049,518)</u>	(929,830)
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 position.		432,591
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		421,310
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (12,437,166)	
Less deferred charge on refunding	10,692	
Compensated absences	(1,097,440)	
Capital leases	(188,418)	
Landfill accrued closure/post-closure costs	(484,666)	
Accrued interest	(87,555)	
OPEB obligation	(341,900)	
Net pension liability	<u>(1,645,104)</u>	(16,271,557)
Net position of governmental activities		<u><u>\$ 23,517,179</u></u>

The accompanying notes to 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, 2015

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 1,615,505	\$ -	\$ 1,615,505
Other local taxes	6,499,216	-	6,499,216
Permits, privilege fees, and regulatory licenses	174,168	-	174,168
Fines and forfeitures	163,717	-	163,717
Revenue from the use of money and property	584,331	2,862	587,193
Charges for services	1,016,123	-	1,016,123
Miscellaneous	812,400	8,608	821,008
Recovered costs	92,334	-	92,334
Intergovernmental revenues:			
Commonwealth	4,001,310	-	4,001,310
Federal	167,469	-	167,469
Total revenues	<u>\$ 15,126,573</u>	<u>\$ 11,470</u>	<u>\$ 15,138,043</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 2,266,529	\$ -	\$ 2,266,529
Public safety	3,191,488	-	3,191,488
Public works	5,453,063	-	5,453,063
Health and welfare	8,908	-	8,908
Parks, recreation, and cultural	1,857,367	751	1,858,118
Community development	1,146,408	-	1,146,408
Debt service:			
Principal retirement	393,322	-	393,322
Bond issuance costs	4,820	-	4,820
Interest and other fiscal charges	428,757	-	428,757
Total expenditures	<u>\$ 14,750,662</u>	<u>\$ 751</u>	<u>\$ 14,751,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 375,911</u>	<u>\$ 10,719</u>	<u>\$ 386,630</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	\$ (86,000)	\$ -	\$ (86,000)
Issuance of general obligation bonds	12,487,735	-	12,487,735
Capital leases	186,399	-	186,399
Current refunding of bonds	(12,430,316)	-	(12,430,316)
Total other financing sources (uses)	<u>\$ 157,818</u>	<u>\$ -</u>	<u>\$ 157,818</u>
Net change in fund balances	\$ 533,729	\$ 10,719	\$ 544,448
Fund balances - beginning	19,605,778	343,767	19,949,545
Fund balances - ending	<u>\$ 20,139,507</u>	<u>\$ 354,486</u>	<u>\$ 20,493,993</u>

The accompanying notes to 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, 2015

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

Net change in fund balances - total governmental funds	\$	544,448
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 1,133,672	
Depreciation expense	(867,216)	266,456

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(9,119)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable property taxes	\$ 11,965	
Change in deferred inflows related to measurement of net pension liability	(1,049,518)	(1,037,553)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
Issuance of general obligation refunding debt	\$ (12,487,735)	
Capital leases	(186,399)	
Principal repayments:		
General obligation bonds	225,362	
Current refunding	12,430,316	
Capital leases	167,960	
Change in accrued landfill closure/postclosure cost	53,171	202,675

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.

Change in compensated absences	\$ (74,241)	
Change in accrued interest	(65,667)	
Amortization of deferred charge on refunding	(764)	
Change in net pension liability	1,316,837	
Change in deferred outflows related to pension payments subsequent to the measurement date	12,865	1,189,030

Internal service funds are used by management to charge the costs of certain activities, such as postemployment benefits, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

37,584

Change in net position of governmental activities	\$	<u>1,193,521</u>
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The accompanying notes to financial statements are an integral part of this statement.

Town of Wytheville, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Enterprise Fund Water and Sewer Fund	Internal Service Fund OPEB Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,343,391	\$ -
Accounts receivable, net of allowance for uncollectibles	785,078	-
Due from other funds	2,159	-
Due from other governmental units	24,491	-
Total current assets	<u>\$ 3,155,119</u>	<u>\$ -</u>
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 42,261	\$ 432,591
Total restricted assets	<u>\$ 42,261</u>	<u>\$ 432,591</u>
Capital assets:		
Land	\$ 163,236	-
Land rights	94,838	-
Construction in progress	1,418,329	-
Machinery and equipment	1,642,323	-
Utility plant in service	54,806,152	-
Less accumulated depreciation	(34,938,000)	-
Total capital assets	<u>\$ 23,186,878</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 23,229,139</u>	<u>\$ 432,591</u>
Total assets	<u>\$ 26,384,258</u>	<u>\$ 432,591</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	\$ 48,710	-
Items related to measurement of net pension liability	85,034	-
Total deferred outflows of resources	<u>\$ 133,744</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 267,372	-
Retainage payable	63,467	-
Accrued payroll/fringes	91,558	-
Accrued interest payable	43,498	-
Due to other funds	2,018,410	-
Due to Water Authority	83,562	-
Compensated absences - current portion	108,320	-
Leases payable - current portion	76,388	-
Bonds payable - current portion	826,078	-
Amount due to Wythe County - current portion	81,291	-
Total current liabilities	<u>\$ 3,659,944</u>	<u>\$ -</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	\$ 42,261	-
Noncurrent liabilities:		
Leases payable - net of current portion	\$ 279,811	-
Bonds payable - net of current portion	12,642,131	-
Compensated absences - net of current portion	36,106	-
Amount due to Wythe County - net of current portion	1,950,392	-
Net pension liability	332,036	-
Net OPEB liability	-	341,900
Total noncurrent liabilities	<u>\$ 15,240,476</u>	<u>\$ 341,900</u>
Total liabilities	<u>\$ 18,942,681</u>	<u>\$ 341,900</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Items related to measurement of net pension liability	\$ 211,827	-
<b>NET POSITION</b>		
Net investment in capital assets	\$ 7,379,497	-
Unrestricted	(16,003)	90,691
Total net position	<u>\$ 7,363,494</u>	<u>\$ 90,691</u>

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

Town of Wytheville, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	OPEB Fund
<b>OPERATING REVENUES</b>		
Charges for services:		
Water revenues	\$ 3,458,425	\$ -
Sewer revenues	2,750,154	-
Penalties	54,131	-
Miscellaneous	1,000	-
Total operating revenues	<u>\$ 6,263,710</u>	<u>\$ -</u>
<b>OPERATING EXPENSES</b>		
Salaries	\$ 1,108,473	\$ -
Fringe benefits	336,047	-
Professional services	298,172	-
Repair and maintenance	357,083	-
Operating materials and supplies	868,721	-
Permits, licenses and memberships	12,925	-
Utilities	515,513	-
Travel	6,316	-
Office supplies	6,687	-
Postal services	4,133	-
Insurance	-	7,172
Miscellaneous expenses	37,771	-
OPEB expense	-	44,200
Depreciation	1,406,809	-
Total operating expenses	<u>\$ 4,958,650</u>	<u>\$ 51,372</u>
Operating income (loss)	<u>\$ 1,305,060</u>	<u>\$ (51,372)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	\$ 13,750	\$ 2,956
Payment to NRRWA	(559,838)	-
Interest expense	(406,481)	-
Bond issuance costs	(55,847)	-
Total nonoperating revenues (expenses)	<u>\$ (1,008,416)</u>	<u>\$ 2,956</u>
Income before contributions and transfers	<u>\$ 296,644</u>	<u>\$ (48,416)</u>
Capital contributions and construction grants	\$ 149,021	\$ -
Transfers in	-	86,000
Change in net position	<u>\$ 445,665</u>	<u>\$ 37,584</u>
Total net position - beginning, as restated	6,917,829	53,107
Total net position - ending	<u><u>\$ 7,363,494</u></u>	<u><u>\$ 90,691</u></u>

The accompanying notes to 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, 2015

	Enterprise Fund	Internal Service Fund
	<u>Water and Sewer Fund</u>	<u>OPEB Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 6,311,610	\$ -
Payments to suppliers	(2,170,053)	-
Payments to and for employees	(1,475,474)	(7,172)
Net cash provided by (used for) operating activities	<u>\$ 2,666,083</u>	<u>\$ (7,172)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	\$ (2,159)	\$ -
Transfers from other funds	-	86,000
Payment to NRRWA	(476,276)	-
Net cash provided by (used for) noncapital financing activities	<u>\$ (478,435)</u>	<u>\$ 86,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions to capital assets	\$ (533,672)	\$ -
Principal payments on refunded debt	(9,167,439)	-
Proceeds from refunding bonds	9,377,954	-
Principal payments on bonds	(833,991)	-
Principal payments on capital lease	(74,865)	-
Contributions in aid of construction	416,288	-
Interest payments	(511,797)	-
Loan payments to other localities	(78,383)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,405,905)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends received	\$ 13,750	\$ 2,956
Net cash provided by (used for) investing activities	<u>\$ 13,750</u>	<u>\$ 2,956</u>
Net increase (decrease) in cash and cash equivalents	\$ 795,493	\$ 81,784
Cash and cash equivalents - beginning - including restricted	1,590,159	350,807
Cash and cash equivalents - ending - including restricted	<u>\$ 2,385,652</u>	<u>\$ 432,591</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ 1,305,060	\$ (51,372)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 1,406,809	\$ -
(Increase) decrease in accounts receivable	56,657	-
(Increase) decrease in items related to measurement of net pension liability - outflows	(2,597)	-
Increase (decrease) in compensated absences	13,046	-
Increase (decrease) in operating accounts payable	(62,732)	-
Increase (decrease) in items related to measurement of net pension liability - inflows	211,827	-
Increase (decrease) in net pension liability	(265,779)	-
Increase (decrease) in accrued payroll	12,549	-
Increase (decrease) in OPEB liability	-	44,200
Increase (decrease) in customer deposits	(8,757)	-
Net cash provided by (used for) operating activities	<u>\$ 2,666,083</u>	<u>\$ (7,172)</u>

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

Town of Wytheville, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Agency Funds		
	New River Regional Water <u>Authority</u>	Memorial <u>Fund</u>	Perpetual Care <u>Trust Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 652,532	\$ 25,899	\$ 4,233
Investments	-	-	365,015
Total assets	<u>\$ 652,532</u>	<u>\$ 25,899</u>	<u>\$ 369,248</u>
<b>LIABILITIES</b>			
Held for New River Regional Water Authority	\$ 652,532	\$ -	\$ -
Held in trust for cemetery expenditures	-	25,899	369,248
Total liabilities	<u>\$ 652,532</u>	<u>\$ 25,899</u>	<u>\$ 369,248</u>

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

Town of Wytheville, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2015

	<u>Perpetual Care Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Town	\$ 33,030
Total contributions	<u>\$ 33,030</u>
Investment earnings:	
Interest	\$ 6,635
Net increase (decrease) in the fair market value of investments	4,635
Net investment earnings	<u>\$ 11,270</u>
Total additions	<u>\$ 44,300</u>
<b>DEDUCTIONS</b>	
Expenses	<u>\$ 7,260</u>
Change in net position	\$ 37,040
Net position - beginning	332,208
Net position - ending	<u><u>\$ 369,248</u></u>

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

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting entity:

Town of Wytheville, Virginia (the Town) 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 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 New River Regional Water Authority. For the fiscal year ended June 30, 2015, the Town contributed \$559,838 to New River Regional Water Authority.

The Town along with the Counties of Wythe and Bland participate in 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, 2015, the Town contributed \$32,357 to Crossroads Regional Industrial Facilities Authority. In addition, the Town received a payment of \$137,935 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 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, 2015, the Town contributed \$31,806 to Smyth-Wythe Airport.

The Town along with the County of Wythe and Town of Rural Retreat participate in 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, 2015, the Town contributed \$172,764 to Joint Wythe Industrial Development Authority.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

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 inflows of resources.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

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

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

The government reports the following major governmental funds:

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

The funding of the OPEB liability, internally, is accounted for in an internal service fund, the OPEB fund.

Additionally, the government reports the following fund types:

*Special revenue funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Town reports the Home Endowment and Wall of Honor funds as nonmajor funds.

The *capital projects fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Town reports the CDBG fund as a nonmajor fund.

*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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

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.

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 Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

1. Deposits and Investments

The Town'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 15<sup>th</sup>. Personal property taxes are due and collectible annually on December 15<sup>th</sup>. The Town bills and collects its own property taxes.

3. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

4. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical data and, in certain cases, specific account analysis. The allowance amounted to approximately \$115,093 at June 30, 2015. The allowance consists of delinquent taxes in the amount of \$3,814 and delinquent water and sewer bills of \$111,279.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the 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 the asset's life 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:  
(Continued)

## 6. Capital Assets (Continued)

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

## 7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with 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.

## 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

8. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

11. Fund Equity

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)****D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance: (Continued)****11. Fund Equity (Continued)**

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

		Other Governmental Funds
Fund Balances:		
Committed:		
Homestead Endowment	\$	326,734
Wall of Honor		<u>10,733</u>
Total Committed	\$	<u>337,467</u>

**12. Net Position**

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**13. Net Position Flow Assumption**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:****A. Budgetary information:**

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General fund and Water/Sewer Fund have legally adopted budgets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)**

A. Budgetary information: (Continued)

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 commit that portion of the applicable appropriations, is not part of the Town's accounting system.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2015, no departments had expenditures in excess of its appropriations.

C. Deficit fund equity:

At June 30, 2015, there were no funds with deficit fund equity.

**NOTE 3 - 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.

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).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)****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, 2015 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	
	AAAm	Unrated
U.S. Treasuries	\$ -	\$ 365,015

**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	6-10 yrs
United States Treasuries	\$ 365,015	\$ -	\$ 365,015

**NOTE 4 - DEFERRED/UNAVAILABLE REVENUE:**

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available.

Unavailable Revenue - Unavailable revenue representing uncollected tax billings, uncollected mowing and special assessments and other local taxes were not available for funding of current expenditures totaled \$102,175, \$8,444 and \$14,507, respectively, at June 30, 2015.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$5,438 at June 30, 2015.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:**

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

	Primary Governmental Activities	Business-type Activities
Commonwealth of Virginia		
Other Local Taxes	\$ 100,201	\$ -
Noncategorical Aid	89,347	-
Other Categorical Aid	7,102	-
Virginia Resource Authority	-	24,491
Federal Government		
Categorical Aid	15,700	-
Total Due from Other Governmental Units	\$ 212,350	\$ 24,491

**NOTE 6 - INTERFUND ACTIVITY:**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ (86,000)
OPEB Fund	86,000	-
Total	\$ 86,000	\$ (86,000)

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.

Fund	Due To	Due From
General Fund	\$ -	\$ 2,016,251
Water and Sewer Fund	(2,016,251)	-
Total	\$ (2,016,251)	\$ 2,016,251

During fiscal years 2010, 2011, 2012, and 2013, the Town's General Fund loaned the Water and Sewer Fund \$1,000,000, \$932,000, \$40,400, and \$46,010 respectively. During fiscal year 2015, \$2,159 of principal was paid by the water and sewer fund on behalf of the general fund. Repayment terms have not been determined.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015NOTE 7 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,468,977	\$ 103,301	\$ -	\$ 1,572,278
Construction in progress	251,281	360,996	-	612,277
Total capital assets not being depreciated	<u>\$ 1,720,258</u>	<u>\$ 464,297</u>	<u>\$ -</u>	<u>\$ 2,184,555</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,613,631	\$ 190,171	\$ -	\$ 20,803,802
Machinery and equipment	5,515,582	479,204	(149,549)	5,845,237
Total capital assets being depreciated	<u>\$ 26,129,213</u>	<u>\$ 669,375</u>	<u>\$ (149,549)</u>	<u>\$ 26,649,039</u>
Less: accumulated depreciation				
Buildings and improvements	\$ (4,345,609)	\$ (495,219)	\$ -	\$ (4,840,828)
Machinery and equipment	(4,390,527)	(371,997)	140,430	(4,622,094)
Total accumulated depreciation	<u>\$ (8,736,136)</u>	<u>\$ (867,216)</u>	<u>\$ 140,430</u>	<u>\$ (9,462,922)</u>
Total capital assets being depreciated, net	<u>\$ 17,393,077</u>	<u>\$ (197,841)</u>	<u>\$ (9,119)</u>	<u>\$ 17,186,117</u>
Governmental activities capital assets, net	<u>\$ 19,113,335</u>	<u>\$ 266,456</u>	<u>\$ (9,119)</u>	<u>\$ 19,370,672</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015NOTE 7 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 163,236	\$ -	\$ -	\$ 163,236
Land rights	94,838	-	-	94,838
Construction in progress	2,296,745	305,796	(1,184,212)	1,418,329
Total capital assets not being depreciated	<u>\$ 2,554,819</u>	<u>\$ 305,796</u>	<u>\$ (1,184,212)</u>	<u>\$ 1,676,403</u>
Capital assets, being depreciated:				
Utility plant and equipment	\$ 53,450,777	\$ 1,355,374	\$ -	\$ 54,806,151
Machinery and equipment	1,590,376	51,947	-	1,642,323
Total capital assets being depreciated	<u>\$ 55,041,153</u>	<u>\$ 1,407,321</u>	<u>\$ -</u>	<u>\$ 56,448,474</u>
Less: accumulated depreciation for:				
Utility plant and equipment (1)	\$ (32,118,475)	\$ (1,341,310)	\$ -	\$ (33,459,785)
Machinery and equipment	(1,412,715)	(65,499)	-	(1,478,214)
Total accumulated depreciation	<u>\$ (33,531,190)</u>	<u>\$ (1,406,809)</u>	<u>\$ -</u>	<u>\$ (34,937,999)</u>
Total capital assets being depreciated, net	<u>\$ 21,509,963</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 21,510,475</u>
Business-type activities capital assets, net	<u>\$ 24,064,782</u>	<u>\$ 306,308</u>	<u>\$ (1,184,212)</u>	<u>\$ 23,186,878</u>

(1) Increase includes asset related to Amount Due to Wythe County

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

Governmental activities:	
General government administration	\$ 54,054
Public safety	159,732
Public works	598,404
Parks, recreation, and cultural	<u>55,026</u>
Total depreciation expense-governmental activities	<u>\$ 867,216</u>
Business-type activities:	
Water and Sewer	<u>\$ 1,406,809</u>

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## TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015NOTE 8 - LONG-TERM OBLIGATIONS:Governmental Activity Indebtedness:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2015:

	Balance July 1, 2014	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 11,861,322	\$ -	\$ (11,861,322)	\$ -
General obligation refunding bonds	743,787	12,487,735	(794,356)	12,437,166
Capital lease (Note 8)	99,402	186,399	(97,383)	188,418
Promissory note	70,577	-	(70,577)	-
Net pension liability (Note 10)	2,961,941	-	(1,316,837)	1,645,104
Landfill postclosure monitoring liability (Note 9)	537,837	-	(53,171)	484,666
Other post employment benefits liability (Note 14)	297,700	68,000	(23,800)	341,900
Compensated absences	1,023,199	841,640	(767,399)	1,097,440
	<u>\$ 17,595,765</u>	<u>\$ 13,583,774</u>	<u>\$ (14,984,845)</u>	<u>\$ 16,194,694</u>

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

Year Ending June 30,	General Obligation Refunding Bonds	
	Principal	Interest
2016	\$ 513,093	\$ 304,586
2017	525,769	291,909
2018	538,728	278,912
2019	541,027	265,653
2020	548,906	252,293
2021-2025	2,953,292	1,050,396
2026-2030	3,321,554	665,402
2031-2035	3,494,797	243,816
	<u>\$ 12,437,166</u>	<u>\$ 3,352,967</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

Governmental Activity Indebtedness: (Continued)

Details of long-term obligations:

	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>General Obligation Bonds:</u>						
General Obligation Refunding Bond	2.24%	3/27/2015	4/1/2035	\$ 9,219,826	\$ 9,219,826	\$ 370,009
General Obligation Refunding Bond	3.34%	3/27/2015	4/1/2035	2,512,809	2,512,809	90,068
General Obligation Refunding Bond	2.45%	12/1/2014	2/1/2030	727,720	704,531	53,016
Total General Obligation Bonds					\$ 12,437,166	\$ 513,093
<u>Other Obligations:</u>						
Capital leases					\$ 188,418	\$ 92,099
Landfill postclosure liability					484,666	-
OPEB obligation					341,900	-
Net pension liability					1,645,104	-
Compensated absences					1,097,440	823,080
Total Other Obligations					\$ 3,757,528	\$ 915,179
Total Long-term Obligations					\$ 16,194,694	\$ 1,428,272

Enterprise Activity Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2015:

	Balance July 1, 2014	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 8,002,325	\$ -	\$ (3,212,680)	\$ 4,789,645
General obligation refunding bonds	6,089,360	9,377,954	(6,788,750)	8,678,564
Capital lease (Note 8)	431,064	-	(74,865)	356,199
Amount due to Wythe Co.	2,110,066	-	(78,383)	2,031,683
Net pension liability (Note 10)	597,815	-	(265,779)	332,036
Compensated absences	131,380	111,581	(98,535)	144,426
	\$ 17,362,010	\$ 9,489,535	\$ (10,518,992)	\$ 16,332,553

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)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		General Obligation Refunding Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 114,263	\$ 112,110	\$ 711,815	\$ 197,505
2017	117,148	109,224	727,758	180,936
2018	120,107	106,265	743,395	164,027
2019	123,143	103,230	696,832	147,146
2020	126,257	100,116	679,735	131,225
2021-2025	680,861	451,001	3,321,985	414,487
2026-2030	774,711	360,896	1,568,312	131,346
2031-2035	526,529	278,911	228,732	14,325
2036-2040	589,162	216,278	-	-
2041-2045	659,246	146,194	-	-
2046-2050	737,666	67,774	-	-
2051-2052	220,552	3,661	-	-
Totals	<u>\$ 4,789,645</u>	<u>\$ 2,055,660</u>	<u>\$ 8,678,564</u>	<u>\$ 1,380,997</u>

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## TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)Enterprise Activity Indebtedness: (Continued)

Details of long-term obligations:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Amount Due	Amount Due Within One Year
General Obligation Bonds:						
General Obligation Bonds	2.25%	12/13/2011	2032	\$ 4,105,000	\$ 4,000,066	\$ 71,824
General Obligation Bonds	2.73%	12/2/2011	2025	964,540	789,579	42,439
General Obligation Bonds	2.45%	12/1/2014	2030	4,470,280	4,132,267	310,950
General Obligation Bonds	2.20%	12/1/2014	2025	4,127,500	3,766,123	369,555
General Obligation Bonds	2.24%	3/27/2015	2035	780,174	780,174	31,310
Total General Obligation Bonds					\$ 13,468,209	\$ 826,078
Other Obligations:						
Lease Purchase Obligations					\$ 356,199	\$ 76,388
Amount due to Wythe Co. (1)					2,031,683	81,291
Net Pension Liability					332,036	-
Compensated Absences					144,426	108,320
Total Other Obligations					\$ 2,864,344	\$ 265,999
Total Long-term Obligations					\$ 16,332,553	\$1,092,077

(1) This amount is related to construction of water/sewer lines for New River Regional Water Authority. The Town has agreed to pay 50% of three Rural Development revenue bonds and 21.28% of a VACO/VML revenue bond, all of which are issued by County of Wythe, Virginia.

NOTE 9 - CAPITAL LEASES:Governmental activities:

The Town has entered into lease agreements to finance the acquisition of a refuse truck, a Dodge Charger vehicle, and several police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of the minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	Police Vehicles	Refuse Truck	Dodge Charger	Total
Assets	\$ 189,399	\$ 112,706	\$ 32,492	\$ 334,597
Less: Accumulated Depreciation	(37,280)	(14,760)	(10,415)	(62,455)
Total	\$ 152,119	\$ 97,946	\$ 22,077	\$ 272,142

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**NOTE 9 - CAPITAL LEASES: (CONTINUED)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30,	Police Vehicles	Refuse Truck	Dodge Charger	Total
2016	\$ 65,338	\$ 23,257	\$ 11,519	\$ 100,114
2017	65,338	23,257	-	88,595
2018	-	11,628	-	11,628
Total	\$ 130,676	\$ 58,142	\$ 11,519	\$ 200,337
Less, amount representing interest	(9,615)	(1,601)	(703)	(11,919)
Present Value of Lease Agreement	\$ 121,061	\$ 56,541	\$ 10,816	\$ 188,418

Business-type activities:

The Town has entered into a lease agreement to finance the acquisition of a meter reading system. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at present value of the minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	Meter Reading System
Assets	\$ 549,143
Less: Accumulated Depreciation	(18,305)
Total	\$ 530,838

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**NOTE 9 - CAPITAL LEASES: (CONTINUED)****Business-type activities: (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30,	Meter Reading System
2016	\$ 83,216
2017	83,216
2018	83,216
2019	83,216
2020	41,608
Total	<u>\$ 374,472</u>
Less, amount representing interest	<u>(18,273)</u>
Present Value of Lease Agreement	<u>\$ 356,199</u>

**NOTE 10 - 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. As a result of a new estimate provided by the Town's landfill engineer in 2012, total postclosure monitoring costs are estimated to be \$484,666. This estimate is based on ten years of monitoring starting with fiscal year 2012 and ending in fiscal year 2022. The amount is based on what it would cost to perform all postclosure in 2015. 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**NOTE 11 – PENSION PLAN:***Plan Description*

All full-time, salaried permanent employees of the Town are automatically covered by the Town of Wytheville Pension Plan upon employment. The Plan includes employees of entities whose financial information is not included in the primary government report, and is therefore a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	<b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	<b>*Non-Eligible Members (Cont.)</b> Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	<b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <u><b>Defined Benefit Component:</b></u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u><b>Defined Contributions Component:</b></u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u><b>Defined Benefit Component:</b></u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u><b>Defined Contributions Component:</b></u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <u>Defined Benefit Component:</u> See definition under Plan 1</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<b>Calculating the Benefit (Cont.)</b> An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	<b>Calculating the Benefit (Cont.)</b>	<b>Calculating the Benefit (Cont.)</b> <u><b>Defined Contribution Component:</b></u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.  <b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.  <b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	<b>Service Retirement Multiplier</b> <b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.  <b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.  <b>Political subdivision hazardous duty employees:</b> Same as Plan 1.	<b>Service Retirement Multiplier</b> <u><b>Defined Benefit Component:</b></u> <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.  For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.  <b>Sheriffs and regional jail superintendents:</b> Not applicable.  <b>Political subdivision hazardous duty employees:</b> Not applicable.  <b>Defined Contribution Component:</b> Not applicable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Normal Retirement Age</b> VRS: Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b> VRS: Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b> <u><b>Defined Benefit Component:</b></u> VRS: Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <u><b>Defined Benefit Component:</b></u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <u><b>Defined Benefit Component:</b></u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u><b>Eligibility:</b></u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u><b>Eligibility:</b></u> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <u><b>Defined Benefit Component:</b></u> Same as Plan 2.</p> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p> <p><u><b>Eligibility:</b></u> Same as Plan 1 and Plan 2.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)***Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u><b>Defined Benefit Component:</b></u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>•Hybrid Retirement Plan members are ineligible for ported service.</li> <li>•The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>•Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 11 - Pension Plan: (Continued)**

*Plan Description (Continued)*

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2015 was 8.71% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$508,806 and \$501,468 for the years ended June 30, 2015 and June 30, 2014, respectively.

*Net Pension Liability*

At June 30, 2015, the Town reported a liability of \$1,977,140 for its proportionate share of the net pension liability. The Town's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. The Town's proportionate share of the same was calculated using contributions to the plan as of June 30, 2015 as a basis for allocation. At June 30, 2014 and 2013, the Town's proportion was 97.89% and 97.89%, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 11 - Pension Plan: (Continued)***Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

## Largest 10 - Non-LEOS:

## Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

## Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

## Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

## All Others (Non 10 Largest) - Non-LEOS:

## Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

## Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

## Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 11 - Pension Plan: (Continued)**

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

***Actuarial Assumptions - Public Safety Employees***

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

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**Note 11 - Pension Plan:** (Continued)

***Actuarial Assumptions - Public Safety Employees (Continued)***

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

**Note 11 - Pension Plan: (Continued)*****Long-term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015Note 11 - Pension Plan: (Continued)*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Town's proportionate share of the net pension liability(asset)	Rate		
	(6.00%)	(7.00%)	(8.00%)
Governmental Activities	\$ 4,272,768	\$ 1,645,104	\$ (522,920)
Business-type Activities	862,381	332,036	(105,542)

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 11 - Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2015, the Town recognized pension expense of \$141,126 and \$28,485 in the Governmental Activities and Business-type Activities, respectively. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,049,518	\$ -	\$ 211,827
Employer contributions subsequent to the measurement date	421,310	-	85,034	-
Total	\$ 421,310	\$ 1,049,518	\$ 85,034	\$ 211,827

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

\$421,310 and \$85,034 in the governmental activities and business-type activities, respectively, reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Governmental Activities	Business-type Activities
2016	\$ (262,380)	\$ (52,957)
2017	(262,379)	(52,957)
2018	(262,380)	(52,957)
2019	(262,379)	(52,956)
Thereafter	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**NOTE 12 - RISK MANAGEMENT:**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 13 - SURETY BONDS:**

*Clorendon National Insurance Company*

All Town Employees - blanket bond	\$ 1,000,000
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**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS:**

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:

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 143 employees that are eligible for the program. In addition, for retirees' 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 2015, the Town contributed \$23,800 in total for current premiums and prefunding amounts.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015NOTE 14 - 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:

	Key Advantage Expanded	Key Advantage 250
Pre-Medicare Eligible		
Retiree	\$ 650	\$ 598
Retiree+Spouse	1,203	1,106
Family	1,755	1,615
	Advantage 65	Key Advantage 250
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	\$ 68,000
Interest on net OPEB obligation	12,000
Adjustment to annual required contribution	(12,000)
Annual OPEB cost (expense)	68,000
Contributions made	(23,800)
Increase in net OPEB obligation	44,200
Net OPEB obligation - beginning of year	297,700
Net OPEB obligation - end of year	\$ 341,900

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**NOTE 14 - 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 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 58,055	24%	\$ 250,746
6/30/2014	66,654	30%	297,700
6/30/2015	68,000	35%	341,900

**D. Funded Status and Funding Progress:**

The funded status of the Plan for the Town as of the most recent actuarial valuation dated July 1, 2013 is as follows:

Actuarial accrued liability (AAL)	\$ 826,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 826,800
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 5,377,000
UAAL as a percentage of covered payroll	15.38%

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**NOTE 14 - 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, 2013 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%, plus productivity component of 1.25%, and investment's rate of return at 4.00%, and a health care trend rate of 8.50% graded to 5.00% over 7 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2015 was 25 years.

**NOTE 15 - LITIGATION:**

As of June 30, 2015, there were no matters of litigation involving the Town which would materially affect the Town's financial position should an court decisions on pending matters not be favorable.

**NOTE 16 - COMMITMENTS AND CONTINGENCIES:**

At June 30, 2015, the following construction commitments were outstanding:

<u>Project</u>	<u>Total Due</u>	<u>Retainage</u>	<u>Net Amount Due</u>
Governmental Activities			
Paving-Milling	\$ 77,511	\$ 15,170	\$ 62,341
Business-type Activities			
WWTP Co-Generation Project	\$ 206,823	\$ 63,467	\$ 143,356

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**NOTE 17 - ADOPTION OF ACCOUNTING PRINCIPLES:**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The Town implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Position as reported at June 30, 2014	\$ 24,877,154	\$ 7,433,207
Implementation of GASB 68	<u>(2,553,496)</u>	<u>(515,378)</u>
Net Position as restated at June 30, 2014	<u>\$22,323,658</u>	<u>\$ 6,917,829</u>

**NOTE 18 - UPCOMING PRONOUNCEMENTS:**

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**NOTE 18 – UPCOMING PRONOUNCEMENTS: (Continued)**

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

## 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 1,573,700	\$ 1,573,700	\$ 1,615,505	\$ 41,805
Other local taxes	5,782,500	5,782,500	6,499,216	716,716
Permits, privilege fees, and regulatory licenses	107,100	107,100	174,168	67,068
Fines and forfeitures	60,000	60,000	163,717	103,717
Revenue from the use of money and property	367,600	367,600	584,331	216,731
Charges for services	1,014,580	1,024,580	1,016,123	(8,457)
Miscellaneous	263,800	693,800	812,400	118,600
Recovered costs	122,720	122,720	92,334	(30,386)
Intergovernmental revenues:				
Commonwealth	3,895,900	3,895,900	4,001,310	105,410
Federal	8,880	8,880	167,469	158,589
Total revenues	\$ 13,196,780	\$ 13,636,780	\$ 15,126,573	\$ 1,489,793
EXPENDITURES				
Current:				
General government administration	\$ 2,392,062	\$ 2,658,162	\$ 2,266,529	\$ 391,633
Public safety	2,829,986	3,085,986	3,191,488	(105,502)
Public works	5,303,360	5,802,360	5,453,063	349,297
Health and welfare	9,000	9,000	8,908	92
Parks, recreation, and cultural	1,984,429	2,062,849	1,857,367	205,482
Community development	990,510	1,278,510	1,146,408	132,102
Debt service:				
Principal retirement	520,063	334,746	393,322	(58,576)
Bond issuance costs	-	-	4,820	(4,820)
Interest and other fiscal charges	573,290	369,007	428,757	(59,750)
Total expenditures	\$ 14,602,700	\$ 15,600,620	\$ 14,750,662	\$ 849,958
Excess (deficiency) of revenues over (under) expenditures	\$ (1,405,920)	\$ (1,963,840)	\$ 375,911	\$ 2,339,751
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (68,000)	\$ (86,000)	\$ (18,000)
Issuance of general obligation bonds	-	-	12,487,735	12,487,735
Capital leases	-	-	186,399	186,399
Current refunding of bonds	-	-	(12,430,316)	(12,430,316)
Total other financing sources and uses	\$ -	\$ (68,000)	\$ 157,818	\$ 225,818
Net change in fund balances	\$ (1,405,920)	\$ (2,031,840)	\$ 533,729	\$ 2,565,569
Fund balances - beginning	1,405,920	2,031,840	19,605,778	17,573,938
Fund balances - ending	\$ -	\$ -	\$ 20,139,507	\$ 20,139,507

Town of Wytheville, Virginia  
Schedule of OPEB Funding Progress  
For the Year Ended June 30, 2015

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)
7/1/2013	\$ -	\$ 826,800	\$ 826,800	0.00%	\$ 5,377,000	15.38%
7/1/2010	-	645,600	645,600	0.00%	5,466,300	11.81%
7/1/2008	-	518,100	518,100	0.00%	5,116,686	10.13%

Town of Wytheville, Virginia  
Schedule of the Town's Proportionate Share of the Net Pension Liability  
June 30, 2015

Town of Wytheville, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS):

Date	Proportion of the Net Pension Liability (NPL)	Proportionate Share of the NPL	Covered Employee Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
2014	97.8893%	\$ 1,977,140	\$ 5,612,446	35.23%	91.23%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Town of Wytheville, Virginia  
Schedule of Employer Contributions  
For the Year Ended June 30, 2015

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Town of Wytheville, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS):

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2015	\$ 506,344	\$ 506,344	\$ -	\$ 5,841,637	8.67%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Town of Wytheville, Virginia  
Notes to Required Supplementary Information  
June 30, 2015

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**Changes of benefit terms** - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

**Changes of assumptions** - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

**Largest 10 - Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**Largest 10 - LEOS:**

- Update mortality table
- Decrease in male rates of disability

**All Others (Non 10 Largest) - Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**All Others (Non 10 Largest) - LEOS:**

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

## Other Supplementary Information

Town of Wytheville, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Total	CDBG Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 326,734	\$ 10,733	\$ 337,467	\$ 17,019	\$ 354,486
Total assets	<u>\$ 326,734</u>	<u>\$ 10,733</u>	<u>\$ 337,467</u>	<u>\$ 17,019</u>	<u>\$ 354,486</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Fund balances:					
Committed:					
Homestead Endowment	\$ 326,734	\$ -	\$ 326,734	\$ -	\$ 326,734
Wall of Honor	-	10,733	10,733	-	10,733
Assigned:					
Capital Projects	-	-	-	17,019	17,019
Total fund balances	<u>\$ 326,734</u>	<u>\$ 10,733</u>	<u>\$ 337,467</u>	<u>\$ 17,019</u>	<u>\$ 354,486</u>
Total liabilities and fund balances	<u>\$ 326,734</u>	<u>\$ 10,733</u>	<u>\$ 337,467</u>	<u>\$ 17,019</u>	<u>\$ 354,486</u>

Town of Wytheville, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Total	CDBG Funds	
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 2,639	\$ 88	\$ 2,727	\$ 135	\$ 2,862
Miscellaneous	6,908	1,000	7,908	700	8,608
Total revenues	\$ 9,547	\$ 1,088	\$ 10,635	\$ 835	\$ 11,470
<b>EXPENDITURES</b>					
Current:					
Parks, recreation, and cultural	\$ -	\$ 751	\$ 751	\$ -	\$ 751
Total expenditures	\$ -	\$ 751	\$ 751	\$ -	\$ 751
Excess (deficiency) of revenues over (under) expenditures	\$ 9,547	\$ 337	\$ 9,884	\$ 835	\$ 10,719
Net change in fund balances	\$ 9,547	\$ 337	\$ 9,884	\$ 835	\$ 10,719
Fund balances - beginning	317,187	10,396	327,583	16,184	343,767
Fund balances - ending	\$ 326,734	\$ 10,733	\$ 337,467	\$ 17,019	\$ 354,486

## Supporting Schedules

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,215,000	\$ 1,215,000	\$ 1,257,248	\$ 42,248
Real and personal public service corporation taxes	50,000	50,000	56,233	6,233
Personal property taxes	154,000	154,000	173,447	19,447
Mobile home taxes	1,700	1,700	2,834	1,134
Machinery and tools taxes	145,000	145,000	104,604	(40,396)
Penalties	5,000	5,000	11,687	6,687
Interest	3,000	3,000	9,452	6,452
Total general property taxes	\$ 1,573,700	\$ 1,573,700	\$ 1,615,505	\$ 41,805
Other local taxes:				
Local sales and use taxes	\$ 440,000	\$ 440,000	\$ 557,412	\$ 117,412
Consumers' utility taxes	235,000	235,000	236,891	1,891
Consumption taxes	52,000	52,000	53,596	1,596
Business license taxes	1,100,000	1,100,000	1,237,828	137,828
Franchise license tax	13,000	13,000	-	(13,000)
Motor vehicle licenses	125,000	125,000	106,745	(18,255)
Tobacco tax	300,000	300,000	235,675	(64,325)
Bank stock taxes	225,000	225,000	368,576	143,576
Hotel and motel room taxes	1,000,000	1,000,000	1,162,658	162,658
Restaurant food taxes	2,275,000	2,275,000	2,516,774	241,774
Interest on local taxes	17,500	17,500	23,061	5,561
Total other local taxes	\$ 5,782,500	\$ 5,782,500	\$ 6,499,216	\$ 716,716
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 500	\$ 500	\$ 284	\$ (216)
Land use permits	-	-	600	600
Building permits	20,000	20,000	25,065	5,065
Electrical permits	5,000	5,000	3,785	(1,215)
Plumbing permits	4,000	4,000	2,602	(1,398)
Mechanical permits	5,000	5,000	6,682	1,682
Burial permits	30,000	30,000	35,750	5,750
Monument permits	1,200	1,200	1,235	35
Subdivision permits	200	200	2,450	2,250
Zoning permits	500	500	1,829	1,329
Refuse tags and disposal permits	40,000	40,000	89,125	49,125
Permits and other licenses	700	700	4,761	4,061
Total permits, privilege fees, and regulatory licenses	\$ 107,100	\$ 107,100	\$ 174,168	\$ 67,068
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 53,753	\$ 23,753
Parking fines	30,000	30,000	109,964	79,964
Total fines and forfeitures	\$ 60,000	\$ 60,000	\$ 163,717	\$ 103,717

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 259,600	\$ 259,600	\$ 393,722	\$ 134,122
Revenue from use of property	108,000	108,000	190,609	82,609
Total revenue from use of money and property	<u>\$ 367,600</u>	<u>\$ 367,600</u>	<u>\$ 584,331</u>	<u>\$ 216,731</u>
Charges for services:				
Charges for false alarms	\$ 500	\$ 500	\$ -	\$ (500)
Charges for fire services	25,000	25,000	33,202	8,202
Charges for law enforcement	25,000	25,000	8,733	(16,267)
Charges for cemetery plots	25,000	25,000	18,972	(6,028)
Charges for restaurant signs	1,000	1,000	150	(850)
Charges for copies	1,000	1,000	2,667	1,667
Charges for animal control	100	100	186	86
Charges for gift shop	21,000	21,000	19,333	(1,667)
Charges for admissions	50,800	50,800	59,175	8,375
Charges for parks and recreation	842,955	842,955	824,905	(18,050)
Charges for weed cutting	10,500	10,500	18,959	8,459
Charges for special events	-	10,000	7,221	(2,779)
Charges for other services	11,725	11,725	22,620	10,895
Total charges for services	<u>\$ 1,014,580</u>	<u>\$ 1,024,580</u>	<u>\$ 1,016,123</u>	<u>\$ (8,457)</u>
Miscellaneous revenue:				
Donations	\$ 22,300	\$ 22,300	\$ 55,646	\$ 33,346
Miscellaneous	241,500	671,500	722,013	50,513
Virginia tourism grant	-	-	34,741	34,741
Total miscellaneous revenue	<u>\$ 263,800</u>	<u>\$ 693,800</u>	<u>\$ 812,400</u>	<u>\$ 118,600</u>
Recovered costs:				
Recovered costs	\$ 122,720	\$ 122,720	\$ 92,334	\$ (30,386)
Total revenue from local sources	<u>\$ 9,292,000</u>	<u>\$ 9,732,000</u>	<u>\$ 10,957,794</u>	<u>\$ 1,225,794</u>
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 9,000	\$ 9,000	\$ 21,685	\$ 12,685
Mobile home titling tax	3,000	3,000	2,803	(197)
Motor vehicle rental tax	40,000	40,000	44,551	4,551
Telecommunication tax	425,000	425,000	425,705	705
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	<u>\$ 538,000</u>	<u>\$ 538,000</u>	<u>\$ 555,820</u>	<u>\$ 17,820</u>

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Department of technology (E-911)	\$ 10,000	\$ 10,000	\$ 42,424	\$ 32,424
Fire programs	21,000	21,000	26,014	5,014
Highway maintenance	3,130,000	3,130,000	3,147,865	17,865
Law enforcement block grant	188,500	188,500	191,007	2,507
Litter control	3,400	3,400	3,513	113
Mount Rogers DHCD project	-	-	7,000	7,000
Department of conservation and rec	-	-	22,667	22,667
Virginia commission for the arts	5,000	5,000	5,000	-
Total categorical aid	\$ 3,357,900	\$ 3,357,900	\$ 3,445,490	\$ 87,590
Total revenue from the Commonwealth	\$ 3,895,900	\$ 3,895,900	\$ 4,001,310	\$ 105,410
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	\$ -	\$ -	\$ 9,570	\$ 9,570
DOT TEA 21 grant	-	-	79,817	79,817
Community development block grant	-	-	19,200	19,200
Other grants	-	-	50,000	50,000
Total categorical aid	\$ -	\$ -	\$ 158,587	\$ 158,587
Total revenue from the federal government	\$ 8,880	\$ 8,880	\$ 167,469	\$ 158,589
Total General Fund	\$ 13,196,780	\$ 13,636,780	\$ 15,126,573	\$ 1,489,793
<b>Special Revenue Funds:</b>				
<b>Homestead Endowment Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,639	\$ 2,639
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 6,908	\$ 6,908
Total Homestead Endowment Fund	\$ -	\$ -	\$ 9,547	\$ 9,547
<b>Wall of Honor Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 88	\$ (12)

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
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<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: (Continued)				
Wall of Honor Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Contributions	\$ 1,900	\$ 1,900	\$ 1,000	\$ (900)
Total Wall of Honor Fund	\$ 2,000	\$ 2,000	\$ 1,088	\$ (912)
Capital Projects Fund:				
CDBG Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 135	\$ 135
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 700	\$ 700
Total CDBG Fund	\$ -	\$ -	\$ 835	\$ 835
Total Primary Government	\$ 13,198,780	\$ 13,638,780	\$ 15,138,043	\$ 1,499,263

Town of Wytheville, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 2  
Page 1 of 3

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town council	\$ 539,805	\$ 779,805	\$ 668,425	\$ 111,380
General and financial administration:				
Town clerk	\$ 462,930	\$ 462,930	\$ 232,029	\$ 230,901
Commission member	14,310	14,310	9,393	4,917
Town manager	147,052	149,552	151,650	(2,098)
Assistant town manager	121,870	121,870	122,467	(597)
Legal services	11,030	11,030	3,455	7,575
Independent services	45,000	45,000	42,137	2,863
Town treasurer	196,146	212,146	211,975	171
Automotive/motor pool	228,930	228,930	197,498	31,432
Engineering department	262,095	268,095	261,185	6,910
Human resources	126,614	128,214	129,494	(1,280)
Computer operations	236,280	236,280	236,821	(541)
Total general and financial administration	<u>\$ 1,852,257</u>	<u>\$ 1,878,357</u>	<u>\$ 1,598,104</u>	<u>\$ 280,253</u>
Total general government administration	<u>\$ 2,392,062</u>	<u>\$ 2,658,162</u>	<u>\$ 2,266,529</u>	<u>\$ 391,633</u>
<b>Public safety:</b>				
Law enforcement and traffic control:				
Police department	\$ 2,218,105	\$ 2,418,105	\$ 2,538,318	\$ (120,213)
Fire and rescue services:				
Fire department	\$ 451,730	\$ 481,730	\$ 467,670	\$ 14,060
Inspections:				
Building	\$ 81,860	\$ 95,860	\$ 95,495	\$ 365
Other protection:				
Animal control	\$ 50,875	\$ 62,875	\$ 62,589	\$ 286
Transportation study grant	27,416	27,416	27,416	-
Total other protection	<u>\$ 78,291</u>	<u>\$ 90,291</u>	<u>\$ 90,005</u>	<u>\$ 286</u>
Total public safety	<u>\$ 2,829,986</u>	<u>\$ 3,085,986</u>	<u>\$ 3,191,488</u>	<u>\$ (105,502)</u>
<b>Public works:</b>				
Maintenance of highways, streets, bridges & sidewalks:				
Highways, streets, bridges and sidewalks	\$ 3,030,760	\$ 3,058,760	\$ 2,922,828	\$ 135,932
Snow and ice removal	140,230	140,230	133,045	7,185
Streets, signs, and lights	552,205	552,205	542,027	10,178
Administration	119,785	119,785	74,628	45,157
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 3,842,980</u>	<u>\$ 3,870,980</u>	<u>\$ 3,672,528</u>	<u>\$ 198,452</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 273,310	\$ 273,310	\$ 206,145	\$ 67,165

Town of Wytheville, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 2  
Page 2 of 3

<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>
<b>General Fund: (Continued)</b>				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 92,475	\$ 92,475	\$ 91,009	\$ 1,466
Town hall	309,715	309,715	168,827	140,888
Community center and park	512,185	837,185	895,519	(58,334)
Parks	76,265	76,265	76,555	(290)
Emergency services buildings	56,650	78,650	80,018	(1,368)
Animal shelter	5,050	5,050	3,735	1,315
Weed control - mowing	134,730	185,730	186,033	(303)
Downtown main	-	73,000	72,694	306
Total maintenance of general buildings and grounds	<u>\$ 1,187,070</u>	<u>\$ 1,658,070</u>	<u>\$ 1,574,390</u>	<u>\$ 83,680</u>
Total public works	<u>\$ 5,303,360</u>	<u>\$ 5,802,360</u>	<u>\$ 5,453,063</u>	<u>\$ 349,297</u>
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 9,000	\$ 9,000	\$ 8,908	\$ 92
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 5,385	\$ 12,885	\$ 12,856	\$ 29
Recreational programs	492,834	494,834	544,052	(49,218)
Swimming pools	14,655	14,655	9,737	4,918
Athletic programs	270,975	285,975	284,000	1,975
New community programs	109,762	124,762	124,994	(232)
Youth/Teen center	115,083	137,003	115,217	21,786
Fitness center	203,445	216,445	178,594	37,851
Nutrition	46,863	46,863	16,243	30,620
Cemeteries	230,500	230,500	171,887	58,613
Total parks and recreation	<u>\$ 1,489,502</u>	<u>\$ 1,563,922</u>	<u>\$ 1,457,580</u>	<u>\$ 106,342</u>
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 87,685	\$ 87,685	\$ 69,387	\$ 18,298
Museums and heritage education	130,952	130,952	88,504	42,448
Homestead museum	50,780	54,780	36,622	18,158
Museums and Heritage Center	225,510	225,510	205,274	20,236
Total cultural enrichment	<u>\$ 494,927</u>	<u>\$ 498,927</u>	<u>\$ 399,787</u>	<u>\$ 99,140</u>
Total parks, recreation, and cultural	<u>\$ 1,984,429</u>	<u>\$ 2,062,849</u>	<u>\$ 1,857,367</u>	<u>\$ 205,482</u>
Community development:				
Planning and community development:				
Director of public information	\$ 298,755	\$ 316,755	\$ 297,660	\$ 19,095
Chamber of commerce	108,380	108,380	81,826	26,554
Horticulture	112,155	127,155	129,355	(2,200)
Meeting Center	471,220	471,220	396,569	74,651
Main Street Project	-	80,000	68,234	11,766
Joint IDA	-	175,000	172,764	2,236
Total community development	<u>\$ 990,510</u>	<u>\$ 1,278,510</u>	<u>\$ 1,146,408</u>	<u>\$ 132,102</u>

Town of Wytheville, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 2  
Page 3 of 3

<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>
<b>General Fund: (continued)</b>				
Debt service:				
Principal retirement	\$ 520,063	\$ 334,746	\$ 393,322	\$ (58,576)
Bond issuance costs	-	-	4,820	(4,820)
Interest and other fiscal charges	573,290	369,007	428,757	(59,750)
Total debt service	<u>\$ 1,093,353</u>	<u>\$ 703,753</u>	<u>\$ 826,899</u>	<u>\$ (123,146)</u>
Total General Fund	<u>\$ 14,602,700</u>	<u>\$ 15,600,620</u>	<u>\$ 14,750,662</u>	<u>\$ 849,958</u>
<b>Homestead Endowment Fund:</b>				
Total Homestead Endowment Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Wall of Honor Fund:</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 751</u>	<u>\$ 1,249</u>
Total Wall of Honor Fund	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 751</u>	<u>\$ 1,249</u>
Total Primary Government	<u>\$ 14,604,700</u>	<u>\$ 15,602,620</u>	<u>\$ 14,751,413</u>	<u>\$ 851,207</u>

## Other Statistical Information

Table 1

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

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
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
2011-12	1,810,037	3,040,482	4,376,870	16,195	1,838,014	1,331,548	592,141	5,394,734	18,400,021
2012-13	1,702,254	2,961,351	3,918,545	8,807	1,692,012	999,776	587,355	5,111,728	16,981,828
2013-14	2,147,851	3,252,873	3,792,477	19,491	1,852,475	944,160	569,975	5,607,196	18,186,498
2014-15	2,303,026	2,987,472	5,455,338	8,908	1,571,477	1,040,880	500,008	5,980,816	19,847,925

Table 2

Town of Wytheville, Virginia  
Government-wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Fines and Forfeitures	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
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	127,695	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	523,468	550,766	17,343,720
2011-12	6,218,235	2,932,482	40,438		1,622,277	5,986,032	-	527,647	365,800	559,751	18,252,662
2012-13	6,789,034	2,732,334	1,833,565		1,627,185	6,208,331	-	542,179	522,726	581,813	20,837,167
2013-14	7,550,641	2,579,105	979,719		1,665,019	6,202,798	-	604,434	491,749	547,331	20,620,796
2014-15	7,616,718	3,554,077	199,021		1,627,470	6,499,216	-	603,899	822,008	564,702	21,487,111

Table 3

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

Fiscal Year	General Government		Public		Public Works		Health and Welfare		Parks, Recreation, and Cultural		Community Development		Capital Projects		Debt Service		Total
	Administration	Safety															
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								
2011-12	2,223,202	3,124,985	3,575,532	16,195	1,835,729	1,327,752	-	1,899,341	14,002,736								
2012-13	2,082,596	2,863,559	3,695,603	8,807	1,797,413	998,600	-	927,507	12,374,085								
2013-14	2,134,947	3,103,246	3,614,022	19,491	1,819,596	1,031,604	-	950,653	12,673,559								
2014-15	2,266,529	3,191,488	5,453,063	8,908	1,858,118	1,146,408	-	822,079	14,746,593								

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

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
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	168,997	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
2011-12	1,584,011	5,986,032	130,591	56,260	525,249	1,088,954	363,895	32,358	3,492,233	13,259,583
2012-13	1,674,623	6,208,331	170,403	73,162	535,959	1,027,034	447,629	198,802	3,538,347	13,874,290
2013-14	1,632,845	6,202,798	171,230	133,465	591,836	1,094,213	479,789	150,713	3,154,981	13,611,870
2014-15	1,615,505	6,499,216	174,168	163,717	587,193	1,016,123	821,008	92,334	4,168,779	15,138,043

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

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 Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
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%
2011-12	1,668,570	1,613,883	96.72%	19,586	1,633,469	97.90%	128,486	7.70%
2012-13	1,668,534	1,627,494	97.54%	76,026	1,703,520	102.10%	85,090	5.10%
2013-14	1,677,066	1,644,830	98.08%	30,268	1,675,098	99.88%	99,267	5.92%
2014-15	1,659,935	1,621,452	97.68%	33,077	1,654,529	99.67%	96,796	5.83%

(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					
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
2011-12		784,201,479		135,028,147		29,030,462		91,414		948,351,502
2012-13		778,870,700		136,520,057		31,842,008		106,972		947,339,737
2013-14		784,643,550		111,612,912		34,148,370		150,824		930,555,656
2014-15		784,334,286		125,978,204		34,852,734		110,210		945,275,434

(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			Personal Property	Public Utility	
				Real Estate	Personal Property
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
2011-12		0.160	0.280	0.160	0.280
2012-13		0.160	0.280	0.160	0.280
2013-14		0.160	0.280	0.160	0.280
2014-15		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
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
2011-12	8,211	948,352	21,636,125	2.28%	2,635
2012-13	8,211	947,340	21,493,275	2.27%	2,618
2013-14	8,211	930,556	20,847,944	2.24%	2,539
2014-15	8,211	945,275	25,905,375	2.74%	3,155

(1) Weldon Cooper 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, compensated absences, net pension liability, and OPEB.

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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%
2011-12	1,306,243	593,098	1,899,341	14,002,736	13.56%
2012-13	341,815	585,692	927,507	12,374,085	7.50%
2013-14	379,544	571,109	950,653	12,673,559	7.50%
2014-15	393,322	428,757	822,079	14,751,413	5.57%

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

Table 10

Town of Wytheville, Virginia  
Computation of Legal Debt Margin  
June 30, 2015

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Assessed valuations:		
Assessed value (real estate)		\$ 784,334,286
Legal debt margin		
Debt limitation - 10 percent of total assessed value		\$ 78,433,429
Debt applicable to limitation:		
Net bonded debt	(25,905,375)	
Total debt applicable to limitation		(25,905,375)
Legal debt margin		\$ 52,528,054

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**COMPLIANCE SECTION**

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Wytheville, Virginia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Wytheville, Virginia's basic financial statements and have issued our report thereon dated December 1, 2015.

### Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control 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. (2015-001, 2015-002)

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Wytheville, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Town of Wytheville, Virginia's Response to Findings

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

### Purpose of this Report

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

*Robinson, Turner, Cox Associates*

Blacksburg, Virginia  
December 1, 2015

## Town of Wytheville, Virginia

Schedule of Findings and Responses  
For the Year Ended June 30, 2015

## Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

## Section II - Financial Statement Findings

2015-001

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 and collections functions in the Treasurer's office.
Cause of Condition:	Budget constraints on most local governments limit their ability to comply with proper segregation of duties.
Effect of Condition:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity'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 functions listed above lack proper segregation of duties; however, to alleviate same would require additional staff. Due to cost constraints, the Town has decided not to address the aforementioned internal control deficiencies.

## Town of Wytheville, Virginia

Schedule of Findings and Responses  
For the Year Ended June 30, 2015

## Section II - Financial Statement Findings (continued)

2015-002

Criteria:	Per Statement on Auditing Standards 115 (SAS 115), identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness exists.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Cause of Condition:	The Town contracted with a new consultant to prepare the Town's books for audit. The consultant will need a year or two to get familiarized with the Town's processes.
Effect of Condition:	There is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal controls over financial reporting.
Recommendation:	The Town should review the auditors' proposed audit adjustments for 2015 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Management's Response:	As the Town's consultant becomes more familiar with the Town's processes, the books will require less adjustments by the auditors.

## Section III - Federal Award Findings and Questioned Costs

None

## Section IV - Status of Prior Audit Findings and Questioned Costs

2014-001 and 2014-002 are recurring in the current year as 2015-001 and 2015-002, respectively.