

TOWN OF WYTHEVILLE, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2014

TOWN OF WYTHEVILLE, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

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FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

TOWN OF WYTHEVILLE, VIRGINIA

TOWN COUNCIL

Trenton G. Crewe, Jr., Mayor

Jacqueline K. King

Thomas F. Hundley

Jack W. Hunley

H. Judson Lambert

OTHER OFFICIALS

C. Wayne Sutherland, Jr.

Stephen A. Moore

Michael G. Stephens

Sharon G. Corvin

Robert Kaase

Town Manager

Assistant Town Manager

Town Treasurer

Town Clerk

Town Attorney

FINANCIAL SECTION

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, 2014, 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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules of pension and OPEB funding progress on pages 50 and 51 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 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. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining fund financial statements, supporting schedules, and the schedule of expenditures of federal awards 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 fund financial statements, supporting schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information (continued)

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 November 16, 2014, 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, Finner, Co. Associates

Blacksburg, Virginia
November 16, 2014

Basic Financial Statements

Town of Wytheville, Virginia
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 17,914,626	\$ 1,539,141	\$ 19,453,767
Receivables (net of allowance for uncollectibles):			
Taxes receivable	92,127	-	92,127
Accounts receivable	585,028	841,735	1,426,763
Internal balances	2,018,410	(2,018,410)	-
Due from other governmental units	209,213	291,758	500,971
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	350,807	51,018	401,825
Capital assets (net of accumulated depreciation):			
Land	1,468,977	163,236	1,632,213
Land rights	-	94,838	94,838
Buildings and utility plant	16,268,022	21,332,302	37,600,324
Machinery and equipment	1,125,055	177,661	1,302,716
Construction in progress	251,281	2,296,745	2,548,026
Total assets	\$ 40,283,546	\$ 24,770,024	\$ 65,053,570
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 11,456	\$ 52,189	\$ 63,645
LIABILITIES			
Accounts payable	\$ 271,239	\$ 330,104	\$ 601,343
Accrued payroll/fringes	449,853	79,009	528,862
Customer deposits	5,826	-	5,826
Retainage payable	29,602	68,233	97,835
Accrued interest payable	21,888	96,447	118,335
Long-term liabilities:			
Due within one year	1,184,939	943,199	2,128,138
Due in more than one year	13,448,885	15,820,996	29,269,881
Liabilities payable from restricted assets	-	51,018	51,018
Total liabilities	\$ 15,412,232	\$ 17,389,006	\$ 32,801,238
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 5,616	\$ -	\$ 5,616
NET POSITION			
Net investment in capital assets	\$ 6,349,703	\$ 7,484,156	\$ 13,833,859
Restricted for:			
OPEB	53,107	-	53,107
Unrestricted (deficit)	18,474,344	(50,949)	18,423,395
Total net position	\$ 24,877,154	\$ 7,433,207	\$ 32,310,361

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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		
			Grants and Contributions	Contributions		Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,147,851	\$ 47,519	\$ -	\$ -	-	\$ (2,100,332)	\$ -	\$ (2,100,332)
Public safety	3,252,873	221,963	264,360	-	-	(2,766,550)	-	(2,766,550)
Public works	3,792,477	90,679	2,292,020	-	-	(1,409,778)	-	(1,409,778)
Health and welfare	19,491	-	-	-	-	(19,491)	-	(19,491)
Parks, recreation, and cultural	1,852,475	1,018,927	5,000	6,314	-	(822,234)	-	(822,234)
Community development	944,160	19,820	17,725	22,231	-	(884,384)	-	(884,384)
Interest on long-term debt	569,975	-	-	-	-	(569,975)	-	(569,975)
Total governmental activities	\$ 12,579,302	\$ 1,398,908	\$ 2,579,105	\$ 28,545	-	\$ (8,572,744)	\$ -	\$ (8,572,744)
Business-type activities:								
Water and sewer	\$ 5,607,196	\$ 6,151,733	\$ -	\$ -	\$ 951,174	\$ -	\$ 1,495,711	\$ 1,495,711
Total primary government	\$ 18,186,498	\$ 7,550,641	\$ 2,579,105	\$ 979,719	-	\$ (8,572,744)	\$ 1,495,711	\$ (7,077,033)
General revenues:								
General property taxes						\$ 1,665,019	\$ -	\$ 1,665,019
Other local taxes:								
Local sales and use taxes						509,911	-	509,911
Consumers' utility taxes						238,766	-	238,766
Business license taxes						1,203,539	-	1,203,539
Bank stock taxes						283,184	-	283,184
Hotel and motel room taxes						1,101,842	-	1,101,842
Restaurant food taxes						2,407,488	-	2,407,488
Other local taxes						458,068	-	458,068
Unrestricted revenues from use of money and property						594,340	10,094	604,434
Miscellaneous						479,789	11,960	491,749
Grants and contributions not restricted to specific programs						547,331	-	547,331
Total general revenues						\$ 9,489,277	\$ 22,054	\$ 9,511,331
Change in net position						\$ 916,533	\$ 1,517,765	\$ 2,434,298
Net position - beginning						23,960,621	5,915,442	29,876,063
Net position - ending						\$ 24,877,154	\$ 7,433,207	\$ 32,310,361

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

Town of Wytheville, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 17,570,809	\$ 343,817	\$ 17,914,626
Receivables (net of allowance for uncollectibles):			
Taxes receivable	92,127	-	92,127
Accounts receivable	585,028	-	585,028
Due from other funds	2,018,410	-	2,018,410
Due from other governmental units	209,213	-	209,213
Total assets	<u>\$ 20,475,587</u>	<u>\$ 343,817</u>	<u>\$ 20,819,404</u>
LIABILITIES			
Accounts payable	\$ 271,189	\$ 50	\$ 271,239
Accrued wages	449,853	-	449,853
Customer deposits	5,826	-	5,826
Retainage payable	29,602	-	29,602
Total liabilities	<u>\$ 756,470</u>	<u>\$ 50</u>	<u>\$ 756,520</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	\$ 113,339	\$ -	\$ 113,339
FUND BALANCES			
Committed:			
Debt service	\$ 5,000,000	\$ -	\$ 5,000,000
Rainy day	6,000,000	-	6,000,000
Main Street Fund	79,048	-	79,048
Special revenue funds	-	327,583	327,583
Assigned:			
Capital projects funds	2,500,000	16,184	2,516,184
Unassigned	6,026,730	-	6,026,730
Total fund balances	<u>\$ 19,605,778</u>	<u>\$ 343,767</u>	<u>\$ 19,949,545</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,475,587</u>	<u>\$ 343,817</u>	<u>\$ 20,819,404</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 19,949,545

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Land	\$ 1,468,977	
Buildings and utility plant	16,268,022	
Machinery and equipment	1,125,055	
Construction in progress	<u>251,281</u>	19,113,335

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds. 107,723

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. 350,807

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	\$ (12,605,109)	
Less deferred charge on refunding	11,456	
Promissory note	(70,577)	
Compensated absences	(1,023,199)	
Capital leases	(99,402)	
Landfill accrued closure/post-closure costs	(537,837)	
Accrued interest	(21,888)	
OPEB obligation	<u>(297,700)</u>	(14,644,256)

Net position of governmental activities \$ 24,877,154

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, 2014

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 1,632,845	\$ -	\$ 1,632,845
Other local taxes	6,202,798	-	6,202,798
Permits, privilege fees, and regulatory licenses	171,230	-	171,230
Fines and forfeitures	133,465	-	133,465
Revenue from the use of money and property	588,782	3,054	591,836
Charges for services	1,094,213	-	1,094,213
Miscellaneous	474,367	5,422	479,789
Recovered costs	150,713	-	150,713
Intergovernmental revenues:			
Commonwealth	3,085,590	-	3,085,590
Federal	69,391	-	69,391
Total revenues	<u>\$ 13,603,394</u>	<u>\$ 8,476</u>	<u>\$ 13,611,870</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,134,947	\$ -	\$ 2,134,947
Public safety	3,103,246	-	3,103,246
Public works	3,614,022	-	3,614,022
Health and welfare	8,820	10,671	19,491
Parks, recreation, and cultural	1,818,809	787	1,819,596
Community development	1,031,604	-	1,031,604
Debt service:			
Principal retirement	379,544	-	379,544
Interest and other fiscal charges	571,109	-	571,109
Total expenditures	<u>\$ 12,662,101</u>	<u>\$ 11,458</u>	<u>\$ 12,673,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 941,293</u>	<u>\$ (2,982)</u>	<u>\$ 938,311</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (71,600)	\$ -	\$ (71,600)
Capital leases	32,492	-	32,492
Total other financing sources (uses)	<u>\$ (39,108)</u>	<u>\$ -</u>	<u>\$ (39,108)</u>
Net change in fund balances	\$ 902,185	\$ (2,982)	\$ 899,203
Fund balances - beginning	18,703,593	346,749	19,050,342
Fund balances - ending	<u>\$ 19,605,778</u>	<u>\$ 343,767</u>	<u>\$ 19,949,545</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, 2014

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

Net change in fund balances - total governmental funds	\$	899,203
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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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$	440,203	
Depreciation expense		(831,348)	(391,145)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable property taxes is reported as revenues in the governmental funds.

32,174

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:			
Capital leases	\$	(32,492)	
Principal repayments:			
General obligation bonds		301,597	
Capital leases		77,947	
(Increase) Decrease in accrued landfill closure/postclosure cost		87,306	434,358

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.

Decrease (increase) in compensated absences	\$	(45,696)	
Decrease (increase) in accrued interest		2,088	
Amortization of deferred charge on refunding		(954)	
(Decrease) increase in prepaid items		(35,233)	(79,795)

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.

21,738

Change in net position of governmental activities	\$	916,533
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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, 2014

	Enterprise Fund Water and Sewer Fund	Internal Service Fund OPEB Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,539,141	\$ -
Accounts receivable, net of allowance for uncollectibles	841,735	-
Due from other governmental units	291,758	-
Total current assets	<u>\$ 2,672,634</u>	<u>\$ -</u>
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 51,018	\$ 350,807
Total restricted assets	<u>\$ 51,018</u>	<u>\$ 350,807</u>
Capital assets:		
Land	\$ 163,236	\$ -
Land rights	94,838	-
Construction in progress	2,296,745	-
Machinery and equipment	1,590,376	-
Utility plant in service	53,450,777	-
Less accumulated depreciation	(33,531,190)	-
Total capital assets	<u>\$ 24,064,782</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 24,115,800</u>	<u>\$ 350,807</u>
Total assets	<u>\$ 26,788,434</u>	<u>\$ 350,807</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	\$ 52,189	\$ -
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 330,104	\$ -
Retainage payable	68,233	-
Accrued payroll/fringes	79,009	-
Accrued interest payable	96,447	-
Due to other funds	2,018,410	-
Compensated absences - current portion	98,535	-
Leases payable - current portion	74,865	-
Bonds payable - current portion	691,416	-
Amount due to Wythe County - current portion	78,383	-
Total current liabilities	<u>\$ 3,535,402</u>	<u>\$ -</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	\$ 51,018	\$ -
Noncurrent liabilities:		
Leases payable - net of current portion	\$ 356,199	\$ -
Bonds payable - net of current portion	13,400,269	-
Compensated absences - net of current portion	32,845	-
Amount due to Wythe County - net of current portion	2,031,683	-
Net OPEB liability	-	297,700
Total noncurrent liabilities	<u>\$ 15,820,996</u>	<u>\$ 297,700</u>
Total liabilities	<u>\$ 19,407,416</u>	<u>\$ 297,700</u>
NET POSITION		
Net investment in capital assets	\$ 7,484,156	\$ -
Restricted for OPEB	-	53,107
Unrestricted (deficit)	(50,949)	-
Total net position	<u>\$ 7,433,207</u>	<u>\$ 53,107</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, 2014

	Enterprise Fund Water and Sewer Fund	Internal Service Fund OPEB Fund
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 3,389,425	\$ -
Sewer revenues	2,708,773	-
Penalties	53,535	-
Miscellaneous	11,960	-
Total operating revenues	<u>\$ 6,163,693</u>	<u>\$ -</u>
OPERATING EXPENSES		
Salaries	\$ 1,115,160	\$ -
Fringe benefits	367,109	-
Professional services	237,429	-
Repair and maintenance	252,535	-
Operating materials and supplies	674,877	-
Permits, licenses and memberships	14,103	-
Utilities	473,284	-
Travel	4,276	-
Office supplies	6,494	-
Postal services	14,129	-
Insurance	12,782	5,412
Miscellaneous expenses	6,890	-
OPEB expense	-	46,954
Depreciation	1,351,387	-
Total operating expenses	<u>\$ 4,530,455</u>	<u>\$ 52,366</u>
Operating income (loss)	<u>\$ 1,633,238</u>	<u>\$ (52,366)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	10,094	2,504
Payment to NRRWA	(550,928)	-
Interest expense	(525,813)	-
Total nonoperating revenues (expenses)	<u>\$ (1,066,647)</u>	<u>\$ 2,504</u>
Income before contributions and transfers	<u>\$ 566,591</u>	<u>\$ (49,862)</u>
Capital contributions and construction grants	\$ 951,174	\$ -
Transfers in	<u>-</u>	<u>71,600</u>
Change in net position	<u>\$ 1,517,765</u>	<u>\$ 21,738</u>
Total net position - beginning	5,915,442	31,369
Total net position - ending	<u><u>\$ 7,433,207</u></u>	<u><u>\$ 53,107</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, 2014

	Enterprise Fund Water and Sewer Fund	Internal Service Fund OPEB Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 6,053,082	\$ -
Payments to suppliers	(1,687,853)	-
Payments to and for employees	(1,441,907)	(5,412)
Net cash provided by (used for) operating activities	<u>\$ 2,923,322</u>	<u>\$ (5,412)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental revenue	\$ -	\$ -
Payment to NRRWA	(550,928)	-
Net cash provided by (used for) noncapital financing activities	<u>\$ (550,928)</u>	<u>\$ 71,600</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to capital assets	\$ (1,539,377)	\$ -
Principal payments on bonds and leases	(710,991)	-
Contributions in aid of construction	1,060,028	-
Proceeds from indebtedness	225,305	-
Interest payments	(574,381)	-
Loan payments to other localities	(75,509)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,614,925)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ 10,094	\$ 2,504
Net increase (decrease) in cash and cash equivalents	\$ 767,563	\$ 68,692
Cash and cash equivalents - beginning - including restricted	822,596	282,115
Cash and cash equivalents - ending - including restricted	<u>\$ 1,590,159</u>	<u>\$ 350,807</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 1,633,238	\$ (52,366)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 1,351,387	\$ -
(Increase) decrease in accounts receivable	(113,834)	-
Increase (decrease) in compensated absences	9,590	-
Increase (decrease) in operating accounts payable	8,946	-
Increase (decrease) in accrued payroll	30,772	-
Increase (decrease) in OPEB liability	-	46,954
Increase (decrease) in customer deposits	3,223	-
Total adjustments	<u>\$ 1,290,084</u>	<u>\$ 46,954</u>
Net cash provided by (used for) operating activities	<u>\$ 2,923,322</u>	<u>\$ (5,412)</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, 2014

	Agency Funds		
	New River Regional Water Authority	Memorial Fund	Perpetual Care Trust Fund
ASSETS			
Cash and cash equivalents	\$ 634,864	\$ 25,706	\$ -
Investments	-	-	332,208
Total assets	<u>\$ 634,864</u>	<u>\$ 25,706</u>	<u>\$ 332,208</u>
NET POSITION			
Held for New River Regional Water Authority	\$ 634,864	\$ -	\$ -
Held in trust for cemetery expenditures	-	25,706	332,208
Total net position	<u>\$ 634,864</u>	<u>\$ 25,706</u>	<u>\$ 332,208</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, 2014

	<u>Perpetual Care Trust Fund</u>
ADDITIONS	
Contributions:	
Town	\$ 6,594
Total contributions	<u>\$ 6,594</u>
Investment earnings:	
Interest	\$ 5,743
Net increase (decrease) in the fair market value of investments	<u>2,409</u>
Net investment earnings	<u>\$ 8,152</u>
Total additions	<u>\$ 14,746</u>
DEDUCTIONS	
Expenses	<u>\$ 9,540</u>
Change in net position	\$ 5,206
Net position - beginning	<u>327,002</u>
Net position - ending	<u><u>\$ 332,208</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, 2014

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, 2014, the Town contributed \$550,928 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, 2014, the Town contributed \$63,089 to Crossroads Regional Industrial Facilities Authority. In addition, the Town received a payment of \$190,000 from Crossroads Regional Industrial Facilities Authority as a return of the Town portion of profits.

The Town along with the Counties of Wythe and Smyth participate in 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, 2014, the Town contributed \$33,388 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, 2014, the Town contributed \$81,772 to Joint Wythe Industrial Development Authority.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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, 2014

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:

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.

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

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

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

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

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

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 15th. Personal property taxes are due and collectible annually on December 15th. 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**D. Assets, liabilities, and net position or equity: (Continued)****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 \$117,836 at June 30, 2014. The allowance consists of delinquent taxes in the amount of \$7,139 and delinquent water and sewer bills of \$110,697.

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.

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

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

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 only has one item that qualifies for reporting in this category. It 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.

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 one type of item that qualifies 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 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

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

10. 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, 2014NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

10. 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	\$ 317,187
Wall of Honor	<u>10,396</u>
Total Committed	<u>\$ 327,583</u>

11. 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.

12. 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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.
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, 2014, no departments had expenditures in excess of its appropriations.

C. Deficit fund equity:

At June 30, 2014, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)

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

Credit Risk of Debt Securities:

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

The Town's rated debt investments as of June 30, 2014 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	-	\$ 332,208

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	\$ 332,208	\$ 59,172	\$ 273,036

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 lodging taxes were not available for funding of current expenditures totaled \$89,344, \$15,611 and \$2,768, respectively, at June 30, 2014.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$5,616 at June 30, 2014.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:**

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

	Primary Government	
	Governmental Activities	Business-type Activities
Commonwealth of Virginia		
Other Local Taxes	\$ 95,310	\$ -
Noncategorical Aid	79,198	-
Other Categorical Aid	14,469	-
Federal Government		
Categorical Aid	20,236	291,758
Total Due from Other Governmental Units	\$ 209,213	\$ 291,758

NOTE 6 - INTERFUND ACTIVITY:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (71,600)
OPEB Fund	71,600	-
Total	\$ 71,600	\$ (71,600)

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

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ -	\$ 2,018,410
Water and Sewer Fund	(2,018,410)	-
Total	\$ (2,018,410)	\$ 2,018,410

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. Repayment terms have not been determined.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 7 - 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, 2014:

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
General obligation bonds	\$ 12,906,706	\$ -	\$ (301,597)	\$ 12,605,109
Capital lease (Note 8)	144,857	32,492	(77,947)	99,402
Promissory note	70,577	-	-	70,577
Landfill postclosure monitoring liability (Note 9)	625,143	-	(87,306)	537,837
Other Post Employment Benefits Liability (Note 14)	250,746	66,654	(19,700)	297,700
Compensated absences	977,503	778,823	(733,127)	1,023,199
	<u>\$ 14,975,532</u>	<u>\$ 877,969</u>	<u>\$ (1,219,677)</u>	<u>\$ 14,633,824</u>

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2015	\$ 314,919	\$ 553,271
2016	328,806	539,385
2017	343,311	524,880
2018	358,462	509,729
2019	360,743	493,902
2020-2024	2,023,706	2,215,771
2025-2029	2,520,911	1,719,589
2030-2034	2,978,896	1,105,960
2035-2039	<u>3,375,355</u>	<u>376,936</u>
	<u>\$ 12,605,109</u>	<u>\$ 8,039,423</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014NOTE 7 - 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 Bond	4.50%	2/23/2005	1/23/2039	\$ 8,000,000	\$ 6,576,286	\$ 147,729
General Obligation Bond	4.50%	2/23/2005	1/23/2039	6,388,904	5,285,036	120,119
General Obligation Bond	4.03%	8/1/2011	3/1/2039	873,844	743,787	47,071
Total General Obligation Bonds					\$ 12,605,109	\$ 314,919
<u>Other Obligations:</u>						
Promissory Note - CDL Leasing II, Inc.	0.00%	6/19/2013	7/15/2014	\$ 70,577	\$ 70,577	\$ 70,577
Capital Leases					99,402	32,044
Landfill postclosure liability					537,837	-
OPEB Obligation					297,700	-
Compensated absences					1,023,199	767,399
Total Other Obligations					\$ 2,028,715	\$ 870,020
Total Long-Term Obligations					\$ 14,633,824	\$ 1,184,939

Enterprise Activity Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2014:

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
General obligation bonds	\$ 14,504,000	\$ 225,305	\$ (637,620)	\$ 14,091,685
Capital lease (Note 8)	504,435	-	(73,371)	431,064
Amount due to Wythe Co.	2,185,575	-	(75,509)	2,110,066
Compensated absences	121,790	100,932	(91,342)	131,380
	\$ 17,315,800	\$ 326,237	\$ (877,842)	\$ 16,764,195

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 7 - 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	
	Principal	Interest
2015	\$ 691,416	\$ 444,400
2016	715,863	420,930
2017	739,679	396,613
2018	763,878	371,474
2019	728,768	345,500
2020-2024	3,869,549	1,348,238
2025-2029	2,194,674	797,992
2030-2034	1,390,407	487,669
2035-2039	998,573	327,568
2040-2044	902,821	189,714
2045-2049	721,269	84,171
2050-2052	374,788	10,512
Totals	<u>\$ 14,091,685</u>	<u>\$ 5,224,781</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014NOTE 7 - 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	3.25%	9/27/1999	2039	\$ 982,519	\$ 794,225	\$ 21,157
General Obligation Bonds	4.38%	6/9/2005	2044	822,000	740,485	12,346
General Obligation Bonds	4.38%	8/17/2004	2044	270,000	243,848	4,028
General Obligation Bonds	2.25%	12/13/2011	2032	4,105,000	4,070,292	70,228
General Obligation Bonds	3.69%	4/6/2005	2024	4,442,000	2,701,000	228,000
General Obligation Bonds	3.61%	9/15/2005	2025	2,100,000	1,322,000	100,000
General Obligation Bonds	3.36%	8/1/2011	2031	3,980,845	3,388,360	214,435
General Obligation Bonds	2.73%	12/2/2011	2025	964,540	831,475	41,222
Total General Obligation Bonds					\$ 14,091,685	\$ 691,416
Other Obligations:						
Lease Purchase Obligations					\$ 431,064	\$ 74,865
Amount due to Wythe Co. (1)					2,110,066	78,383
Compensated Absences					131,380	98,535
Total Other Obligations					\$ 2,672,510	\$ 251,783
Total Long-term Obligations					\$ 16,764,195	\$ 943,199

(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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 8 - CAPITAL LEASES:Governmental activities:

The Town has entered into lease agreements to finance the acquisition of a refuse truck and a Chevrolet Caprice vehicle. 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:

	Refuse Truck	Dodge Charger	Total
Assets	\$ 112,706	\$ 32,492	\$ 145,198
Less: Accumulated Depreciation	(9,125)	(3,917)	(13,042)
Total	\$ 103,581	\$ 28,575	\$ 132,156

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30,	Refuse Truck	Dodge Charger	Total
2015	\$ 23,256	\$ 11,519	\$ 34,775
2016	23,257	11,520	34,777
2017	23,257	-	23,257
2018	11,628	-	11,628
Total	\$ 81,398	\$ 23,039	\$ 104,437
Less, amount representing interest	\$ (2,969)	\$ (2,066)	\$ (5,035)
Present Value of Lease Agreement	\$ 78,429	\$ 20,973	\$ 99,402

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.

As of June 30, 2014, the meter reading system \$541,401 was reported as construction in progress for this project.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 8 - 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, 2014, were as follows:

Year Ending June 30,	Meter Reading System
2015	\$ 83,217
2016	83,216
2017	83,217
2018	83,216
2019	83,217
2020	41,608
Total	<u>\$ 457,691</u>
Less, amount representing interest	<u>\$ (26,627)</u>
Present Value of Lease Agreement	<u>\$ 431,064</u>

NOTE 9 - 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 \$537,837. 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 2014. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 10 - PENSION PLAN:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

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

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS - PLAN 1

1. **Plan Overview** - VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - 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.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; 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.

NOTE 10 - PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - 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.
6. **Vesting** - 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.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - 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.

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.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 10 - PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement** - 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%.
- 14. Eligibility** - 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.

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.

- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - 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.
 - 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.
- 16. Disability Coverage** - 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 10 - PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service** - 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.

VRS – PLAN 2

1. **Plan Overview** - VRS 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 VRS 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.
2. **Eligible Members** - Employees are in VRS 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.
3. **Hybrid Opt-In Election** - VRS 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.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 10 - PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

7. **Calculating the Benefit** - Same as VRS Plan 1–Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - 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.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - 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%.
14. **Eligibility** - Same as VRS Plan 1–Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1–Refer to Section 15.
16. **Disability Coverage** - 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service** - Same as VRS Plan 1–Refer to Section 17.

NOTE 10 - PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - 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 VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")
 - The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
 - 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.
 - 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.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS 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
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers' Retirement System (SPORS)
 - Members of the Virginia Law Officers' Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

NOTE 10 - PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **Retirement Contributions** - 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.

5. **Creditable Service**

Defined Benefit Component - 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.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. **Vesting**

Defined Benefit Component - 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. VRS Plan 1 or VRS 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.

Defined Contribution Component - 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.

Members are always 100% vested in the contributions that they make.

NOTE 10 - PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting (Continued)

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.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1-Refer to Section 7.

Defined Contribution Component - 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.

- 8. Average Final Compensation** - Same as VRS Plan 2-Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

- 9. Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2-Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 10 - PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

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/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014NOTE 10 - PENSION PLAN: (CONTINUED)**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. 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% member contribution. This could be phased in over a period 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. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2014 was 8.75% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2014, Town's annual pension cost of \$501,678 was equal to the Town's required and actual contributions.

Three Year Trend Information - Town			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 501,678	100%	\$ -
June 30, 2013	499,393	100%	-
June 30, 2012	341,246	100%	-

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**NOTE 10 - PENSION PLAN: (CONTINUED)****D. Funding Status and Progress**

As of June 30, 2013, the most recent actuarial valuation date, the Town's plan was 79.30% funded. The actuarial accrued liability for benefits was \$21,913,952, and the actuarial value of assets was \$17,377,846, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,536,106. The covered payroll (annual payroll of active employees covered by the plan) was \$5,547,228 and ratio of the UAAL to the covered payroll was 81.77%.

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

NOTE 11 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,468,977	\$ -	\$ -	\$ 1,468,977
Construction in progress	183,335	67,946	-	251,281
Total capital assets not being depreciated	\$ 1,652,312	\$ 67,946	\$ -	\$ 1,720,258
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,613,631	\$ -	\$ -	\$ 20,613,631
Machinery and equipment	5,143,325	372,257	-	5,515,582
Total capital assets being depreciated	\$ 25,756,956	\$ 372,257	\$ -	\$ 26,129,213
Less: accumulated depreciation				
Buildings and improvements	\$ (3,850,866)	\$ (494,743)	\$ -	\$ (4,345,609)
Machinery and equipment	(4,053,922)	(336,605)	-	(4,390,527)
Total accumulated depreciation	\$ (7,904,788)	\$ (831,348)	\$ -	\$ (8,736,136)
Total capital assets being depreciated, net	\$ 17,852,168	\$ (459,091)	\$ -	\$ 17,393,077
Governmental activities capital assets, net	\$ 19,504,480	\$ (391,145)	\$ -	\$ 19,113,335

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014NOTE 11 - 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	7,251,904	1,135,161	(6,090,320)	2,296,745
Total capital assets not being depreciated	<u>\$ 7,509,978</u>	<u>\$ 1,135,161</u>	<u>\$ (6,090,320)</u>	<u>\$ 2,554,819</u>
Capital assets, being depreciated:				
Utility plant and equipment	\$ 47,360,457	\$ 6,090,320	\$ -	\$ 53,450,777
Machinery and equipment	1,540,752	49,624	-	1,590,376
Total capital assets being depreciated	<u>\$ 48,901,209</u>	<u>\$ 6,139,944</u>	<u>\$ -</u>	<u>\$ 55,041,153</u>
Less: accumulated depreciation for:				
Utility plant and equipment (1)	\$ (30,837,663)	\$ (1,280,812)	\$ -	\$ (32,118,475)
Machinery and equipment	(1,342,140)	(70,575)	-	(1,412,715)
Total accumulated depreciation	<u>\$ (32,179,803)</u>	<u>\$ (1,351,387)</u>	<u>\$ -</u>	<u>\$ (33,531,190)</u>
Total capital assets being depreciated, net	<u>\$ 16,721,406</u>	<u>\$ 4,788,557</u>	<u>\$ -</u>	<u>\$ 21,509,963</u>
Business-type activities capital assets, net	<u>\$ 24,231,384</u>	<u>\$ 5,923,718</u>	<u>\$ (6,090,320)</u>	<u>\$ 24,064,782</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	\$ 54,095
Public safety	171,369
Public works	555,702
Parks, recreation, and cultural	<u>50,182</u>
Total depreciation expense-governmental activities	<u>\$ 831,348</u>
Business-type activities:	
Water and Sewer	<u>\$ 1,351,387</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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 2014, the Town contributed \$19,700 in total for current premiums and prefunding amounts.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014NOTE 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
	Key Advantage 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	\$ 65,600
Interest on net OPEB obligation	12,958
Adjustment to annual required contribution	(11,904)
Annual OPEB cost (expense)	66,654
Contributions made	(19,700)
Increase in net OPEB obligation	46,954
Net OPEB obligation - beginning of year	250,746
Net OPEB obligation - end of year	\$ 297,700

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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 2014 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 55,703	17%	\$ 206,591
6/30/2013	58,055	24%	250,746
6/30/2014	66,654	30%	297,700

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, 2014

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, 2014 was 25 years.

NOTE 15 - LITIGATION:

As of June 30, 2014, 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, 2014, 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	\$ 29,602	\$ 29,602	\$ -
Business-type Activities			
WWTP Co-Generation Project	\$ 62,827	\$ 53,993	\$ 8,834
20" Waterline Connection	33,558	5,000	28,558
Sewer Line Replacement	143,327	9,240	134,087
Total Business-type Activities	\$ 239,712	\$ 68,233	\$ 171,479

NOTE 17 - SUBSEQUENT EVENTS:

During September 2014, the Town entered into a capital lease for 7 vehicles totaling \$186,399 with a maturity date of 2017.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

NOTE 18 - UPCOMING PRONOUNCEMENTS:

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Town believes the implementation of Statement No. 68 will significantly impact the Town's net position; however, 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, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 1,541,200	\$ 1,541,200	\$ 1,632,845	\$ 91,645
Other local taxes	5,757,500	5,757,500	6,202,798	445,298
Permits, privilege fees, and regulatory licenses	107,100	107,100	171,230	64,130
Fines and forfeitures	45,000	45,000	133,465	88,465
Revenue from the use of money and property	461,100	461,100	588,782	127,682
Charges for services	969,735	978,235	1,094,213	115,978
Miscellaneous	347,445	347,445	474,367	126,922
Recovered costs	117,720	117,720	150,713	32,993
Intergovernmental revenues:				
Commonwealth	2,780,900	2,780,900	3,085,590	304,690
Federal	158,880	158,880	69,391	(89,489)
Total revenues	<u>\$ 12,286,580</u>	<u>\$ 12,295,080</u>	<u>\$ 13,603,394</u>	<u>\$ 1,308,314</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,308,020	\$ 2,235,709	\$ 2,134,947	\$ 100,762
Public safety	2,933,416	3,066,691	3,103,246	(36,555)
Public works	4,128,915	3,862,351	3,614,022	248,329
Health and welfare	8,500	9,000	8,820	180
Parks, recreation, and cultural	2,074,904	2,121,504	1,818,809	302,695
Community development	990,745	1,091,745	1,031,604	60,141
Debt service:				
Principal retirement	393,084	393,084	379,544	13,540
Interest and other fiscal charges	606,416	606,416	571,109	35,307
Total expenditures	<u>\$ 13,444,000</u>	<u>\$ 13,386,500</u>	<u>\$ 12,662,101</u>	<u>\$ 724,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,157,420)</u>	<u>\$ (1,091,420)</u>	<u>\$ 941,293</u>	<u>\$ 2,032,713</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (6,000)	\$ (72,000)	\$ (71,600)	\$ 400
Issuance of capital leases	-	-	32,492	32,492
Total other financing sources and uses	<u>\$ (6,000)</u>	<u>\$ (72,000)</u>	<u>\$ (39,108)</u>	<u>\$ 32,892</u>
Net change in fund balances	<u>\$ (1,163,420)</u>	<u>\$ (1,163,420)</u>	<u>\$ 902,185</u>	<u>\$ 2,065,605</u>
Fund balances - beginning	1,163,420	1,163,420	18,703,593	17,540,173
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,605,778</u>	<u>\$ 19,605,778</u>

Town of Wytheville, Virginia
Schedules of Pension and OPEB Funding Progress
For the Year Ended June 30, 2014

Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 17,377,846	\$ 21,913,952	\$ 4,536,106	79.30%	\$ 5,547,228	81.77%
6/30/2012	16,761,809	22,189,965	5,428,156	75.54%	5,616,845	96.64%
6/30/2011	16,611,953	20,575,023	3,963,070	80.74%	5,475,909	72.37%

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%

Other Supplementary Information

Town of Wytheville, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Total	CDBG Funds	
ASSETS					
Cash and cash equivalents	\$ 317,187	\$ 10,446	\$ 327,633	\$ 16,184	\$ 343,817
Total assets	\$ 317,187	\$ 10,446	\$ 327,633	\$ 16,184	\$ 343,817
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 50	\$ 50	\$ -	\$ 50
Total liabilities	\$ -	\$ 50	\$ 50	\$ -	\$ 50
Fund balances:					
Committed:					
Homestead Endowment	\$ 317,187	\$ -	\$ 317,187	\$ -	\$ 317,187
Wall of Honor	-	10,396	10,396	-	10,396
Assigned:					
Capital Projects	-	-	-	16,184	16,184
Total fund balances	\$ 317,187	\$ 10,396	\$ 327,583	\$ 16,184	\$ 343,767
Total liabilities and fund balances	\$ 317,187	\$ 10,446	\$ 327,633	\$ 16,184	\$ 343,817

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue			Capital Projects		Total
	Homestead Endowment Fund	Wall of Honor Fund	Total	CDBG Funds	Nonmajor Governmental Funds	
REVENUES						
Revenue from the use of money and property	\$ 2,825	\$ 92	\$ 2,917	\$ 137	\$ 3,054	
Miscellaneous	3,648	1,000	4,648	774	5,422	
Total revenues	\$ 6,473	\$ 1,092	\$ 7,565	\$ 911	\$ 8,476	
EXPENDITURES						
Current:						
Health and welfare	\$ 10,671	\$ -	\$ 10,671	\$ -	\$ 10,671	
Parks, recreation, and cultural	-	787	787	-	787	
Total expenditures	\$ 10,671	\$ 787	\$ 11,458	\$ -	\$ 11,458	
Excess (deficiency) of revenues over (under) expenditures	\$ (4,198)	\$ 305	\$ (3,893)	\$ 911	\$ (2,982)	
Net change in fund balances	\$ (4,198)	\$ 305	\$ (3,893)	\$ 911	\$ (2,982)	
Fund balances - beginning	321,385	10,091	331,476	15,273	346,749	
Fund balances - ending	\$ 317,187	\$ 10,396	\$ 327,583	\$ 16,184	\$ 343,767	

Supporting Schedules

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,205,000	\$ 1,205,000	\$ 1,246,511	\$ 41,511
Real and personal public service corporation taxes	45,000	45,000	55,099	10,099
Personal property taxes	141,500	141,500	165,298	23,798
Mobile home taxes	1,700	1,700	2,836	1,136
Machinery and tools taxes	140,000	140,000	144,278	4,278
Penalties	5,000	5,000	9,991	4,991
Interest	3,000	3,000	8,832	5,832
Total general property taxes	\$ 1,541,200	\$ 1,541,200	\$ 1,632,845	\$ 91,645
Other local taxes:				
Local sales and use taxes	\$ 440,000	\$ 440,000	\$ 509,911	\$ 69,911
Consumers' utility taxes	235,000	235,000	238,766	3,766
Consumption taxes	52,000	52,000	54,563	2,563
Business license taxes	1,100,000	1,100,000	1,203,539	103,539
Franchise license tax	13,000	13,000	14,996	1,996
Motor vehicle licenses	125,000	125,000	114,968	(10,032)
Tobacco tax	300,000	300,000	254,518	(45,482)
Bank stock taxes	225,000	225,000	283,184	58,184
Hotel and motel room taxes	975,000	975,000	1,101,842	126,842
Restaurant food taxes	2,275,000	2,275,000	2,407,488	132,488
Interest on local taxes	17,500	17,500	19,023	1,523
Total other local taxes	\$ 5,757,500	\$ 5,757,500	\$ 6,202,798	\$ 445,298
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 500	\$ 500	\$ 486	\$ (14)
Land use permits	-	-	350	350
Building permits	20,000	20,000	26,857	6,857
Electrical permits	5,000	5,000	5,189	189
Plumbing permits	4,000	4,000	3,223	(777)
Mechanical permits	5,000	5,000	5,486	486
Burial permits	30,000	30,000	40,100	10,100
Monument permits	1,200	1,200	895	(305)
Subdivision permits	200	200	3,050	2,850
Zoning permits	500	500	3,541	3,041
Refuse tags and disposal permits	40,000	40,000	78,937	38,937
Permits and other licenses	700	700	3,116	2,416
Total permits, privilege fees, and regulatory licenses	\$ 107,100	\$ 107,100	\$ 171,230	\$ 64,130
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 48,754	\$ 23,754
Parking fines	20,000	20,000	84,711	64,711
Total fines and forfeitures	\$ 45,000	\$ 45,000	\$ 133,465	\$ 88,465

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 359,600	\$ 359,600	\$ 450,789	\$ 91,189
Revenue from use of property	101,500	101,500	137,993	36,493
Total revenue from use of money and property	<u>\$ 461,100</u>	<u>\$ 461,100</u>	<u>\$ 588,782</u>	<u>\$ 127,682</u>
Charges for services:				
Charges for false alarms	\$ 500	\$ 500	\$ 275	\$ (225)
Charges for fire services	18,000	18,000	33,843	15,843
Charges for law enforcement	25,000	25,000	9,886	(15,114)
Charges for cemetery plots	25,000	25,000	24,493	(507)
Charges for restaurant signs	1,000	1,000	7,550	6,550
Charges for copies	1,000	1,000	2,225	1,225
Charges for animal control	100	100	137	37
Charges for gift shop	17,000	17,000	18,589	1,589
Charges for admissions	51,350	51,350	59,840	8,490
Charges for parks and recreation	808,560	808,560	875,010	66,450
Charges for weed cutting	6,500	6,500	11,742	5,242
Charges for special events	-	8,500	5,329	(3,171)
Charges for other services	15,725	15,725	45,294	29,569
Total charges for services	<u>\$ 969,735</u>	<u>\$ 978,235</u>	<u>\$ 1,094,213</u>	<u>\$ 115,978</u>
Miscellaneous revenue:				
Donations	\$ 32,600	\$ 32,600	\$ 23,601	\$ (8,999)
Miscellaneous	314,845	314,845	391,745	76,900
Virginia tourism grant	-	-	59,021	59,021
Total miscellaneous revenue	<u>\$ 347,445</u>	<u>\$ 347,445</u>	<u>\$ 474,367</u>	<u>\$ 126,922</u>
Recovered costs:				
Recovered costs	<u>\$ 117,720</u>	<u>\$ 117,720</u>	<u>\$ 150,713</u>	<u>\$ 32,993</u>
Total revenue from local sources	<u>\$ 9,346,800</u>	<u>\$ 9,355,300</u>	<u>\$ 10,448,413</u>	<u>\$ 1,093,113</u>
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 9,000	\$ 9,000	\$ 299	\$ (8,701)
Mobile home titling tax	3,000	3,000	1,075	(1,925)
Motor vehicle rental tax	25,000	25,000	39,534	14,534
Telecommunication tax	425,000	425,000	436,465	11,465
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	<u>\$ 523,000</u>	<u>\$ 523,000</u>	<u>\$ 538,449</u>	<u>\$ 15,449</u>

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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>
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Department of technology (E-911)	\$ 10,000	\$ 10,000	\$ 34,232	\$ 24,232
Fire programs	21,000	21,000	24,660	3,660
Highway maintenance	2,030,000	2,030,000	2,288,502	258,502
Law enforcement block grant	188,500	188,500	191,229	2,729
Litter control	3,400	3,400	3,518	118
Virginia commission for the arts	5,000	5,000	5,000	-
Total categorical aid	\$ 2,257,900	\$ 2,257,900	\$ 2,547,141	\$ 289,241
Total revenue from the Commonwealth	\$ 2,780,900	\$ 2,780,900	\$ 3,085,590	\$ 304,690
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	\$ -	\$ -	\$ 14,239	\$ 14,239
DOT TEA 21 grant	150,000	150,000	6,314	(143,686)
Community development block grant	-	-	22,231	22,231
VMGSIA Grant	-	-	17,725	17,725
Total categorical aid	\$ 150,000	\$ 150,000	\$ 60,509	\$ (89,491)
Total revenue from the federal government	\$ 158,880	\$ 158,880	\$ 69,391	\$ (89,489)
Total General Fund	\$ 12,286,580	\$ 12,295,080	\$ 13,603,394	\$ 1,308,314
Special Revenue Funds:				
Homestead Endowment Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 2,000	\$ 2,825	\$ 825
Miscellaneous revenue:				
Contributions	\$ -	2,000	\$ 3,648	\$ 1,648
Total Homestead Endowment Fund	\$ -	\$ 4,000	\$ 6,473	\$ 2,473
Wall of Honor Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ 92	\$ (908)

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 4 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>
Special Revenue Funds: (Continued)				
Wall of Honor Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Contributions	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total Wall of Honor Fund	\$ 2,000	\$ 2,000	\$ 1,092	\$ (908)
Capital Projects Fund:				
CDBG Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 137	\$ 137
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 774	\$ 774
Total CDBG Fund	\$ -	\$ -	\$ 911	\$ 911
Total Primary Government	\$ 12,288,580	\$ 12,301,080	\$ 13,611,870	\$ 1,310,790

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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>
General Fund:				
General government administration:				
Legislative:				
Town council	\$ 823,255	\$ 631,809	\$ 526,226	\$ 105,583
General and financial administration:				
Town clerk	\$ 462,530	\$ 390,492	\$ 393,052	\$ (2,560)
Commission member	14,310	14,310	8,552	5,758
Town manager	146,752	146,022	148,989	(2,967)
Assistant town manager	121,620	121,620	123,056	(1,436)
Legal services	11,030	11,030	4,175	6,855
Independent services	40,000	40,000	39,016	984
Town treasurer	198,078	198,078	197,385	693
Automotive/motor pool	230,250	229,050	220,432	8,618
Engineering department	258,195	257,595	264,407	(6,812)
Human resources	-	69,654	70,375	(721)
Computer operations	-	124,049	137,389	(13,340)
Other general and financial administration	2,000	2,000	1,893	107
Total general and financial administration	\$ 1,484,765	\$ 1,603,900	\$ 1,608,721	\$ (4,821)
Total general government administration	\$ 2,308,020	\$ 2,235,709	\$ 2,134,947	\$ 100,762
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,010,720	\$ 2,230,220	\$ 2,241,929	\$ (11,709)
Communication center	313,375	113,375	100,099	13,276
Total law enforcement and traffic control	\$ 2,324,095	\$ 2,343,595	\$ 2,342,028	\$ 1,567
Fire and rescue services:				
Fire department	\$ 452,545	\$ 513,220	\$ 542,047	\$ (28,827)
Inspections:				
Building	\$ 80,960	\$ 93,360	\$ 102,350	\$ (8,990)
Other protection:				
Animal control	\$ 48,400	\$ 89,100	\$ 89,405	\$ (305)
Transportation study grant	27,416	27,416	27,416	-
Total other protection	\$ 75,816	\$ 116,516	\$ 116,821	\$ (305)
Total public safety	\$ 2,933,416	\$ 3,066,691	\$ 3,103,246	\$ (36,555)
Public works:				
Maintenance of highways, streets, bridges & sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,664,860	\$ 1,453,860	\$ 1,426,552	\$ 27,308
Snow and ice removal	170,250	169,650	152,201	17,449
Streets, signs, and lights	617,605	546,405	545,642	763
Administration	122,805	86,505	75,794	10,711
Total maintenance of highways, streets, bridges & sidewalks	\$ 2,575,520	\$ 2,256,420	\$ 2,200,189	\$ 56,231
Sanitation and waste removal:				
Refuse collection and disposal	\$ 313,075	\$ 311,575	\$ 244,161	\$ 67,414

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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>
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 86,175	\$ 85,675	\$ 70,508	\$ 15,167
Town hall	377,705	344,210	260,177	84,033
Community center and park	541,085	538,585	532,522	6,063
Parks	62,765	67,115	55,066	12,049
Emergency services buildings	54,775	83,056	79,356	3,700
Animal shelter	2,050	9,950	8,843	1,107
Weed control - mowing	115,765	165,765	163,200	2,565
Total maintenance of general buildings and grounds	\$ 1,240,320	\$ 1,294,356	\$ 1,169,672	\$ 124,684
Total public works	\$ 4,128,915	\$ 3,862,351	\$ 3,614,022	\$ 248,329
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 8,500	\$ 9,000	\$ 8,820	\$ 180
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 24,865	\$ 24,865	\$ 6,501	\$ 18,364
Recreational programs	473,719	472,519	486,784	(14,265)
Swimming pools	14,655	14,655	13,889	766
Athletic programs	268,595	268,195	274,672	(6,477)
New community programs	124,362	124,362	120,187	4,175
Youth/Teen center	113,303	120,303	122,641	(2,338)
Fitness center	270,190	310,190	177,377	132,813
Nutrition	51,918	51,918	21,928	29,990
Cemeteries	245,725	244,625	172,120	72,505
Total parks and recreation	\$ 1,587,332	\$ 1,631,632	\$ 1,396,099	\$ 235,533
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 87,685	\$ 86,985	\$ 68,518	\$ 18,467
Museums and heritage education	121,702	126,002	98,822	27,180
Homestead museum	53,005	53,005	58,963	(5,958)
Museums and Heritage Center	225,180	223,880	196,407	27,473
Total cultural enrichment	\$ 487,572	\$ 489,872	\$ 422,710	\$ 67,162
Total parks, recreation, and cultural	\$ 2,074,904	\$ 2,121,504	\$ 1,818,809	\$ 302,695
Community development:				
Planning and community development:				
Director of public information	\$ 297,855	\$ 342,855	\$ 361,248	\$ (18,393)
Chamber of commerce	114,515	114,515	91,984	22,531
Horticulture	111,255	132,255	135,129	(2,874)
Meeting Center	467,120	467,120	395,274	71,846
Main Street Project	-	8,500	11,281	(2,781)
Joint IDA	-	26,500	36,688	(10,188)
Total community development	\$ 990,745	\$ 1,091,745	\$ 1,031,604	\$ 60,141

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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>
General Fund: (continued)				
Debt service:				
Principal retirement	\$ 393,084	\$ 393,084	\$ 379,544	\$ 13,540
Interest and other fiscal charges	606,416	606,416	571,109	35,307
Total debt service	<u>\$ 999,500</u>	<u>\$ 999,500</u>	<u>\$ 950,653</u>	<u>\$ 48,847</u>
 Total General Fund	 <u>\$ 13,444,000</u>	 <u>\$ 13,386,500</u>	 <u>\$ 12,662,101</u>	 <u>\$ 724,399</u>
 Homestead Endowment Fund:				
Health and welfare:				
Welfare and social services:				
Other welfare	\$ -	\$ 13,000	\$ 10,671	\$ 2,329
 Total Homestead Endowment Fund	 <u>\$ -</u>	 <u>\$ 13,000</u>	 <u>\$ 10,671</u>	 <u>\$ 2,329</u>
 Wall of Honor Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ 2,000	\$ 2,000	\$ 787	\$ 1,213
 Total Wall of Honor Fund	 <u>\$ 2,000</u>	 <u>\$ 2,000</u>	 <u>\$ 787</u>	 <u>\$ 1,213</u>
 Total Primary Government	 <u>\$ 13,446,000</u>	 <u>\$ 13,401,500</u>	 <u>\$ 12,673,559</u>	 <u>\$ 772,941</u>

Other Statistical Information

Table 1

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

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

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Fines and Forfeitures	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2004-05	\$ 4,308,516	\$ 2,332,356	\$ -		\$ 872,367	\$ 5,219,712	\$ -	\$ 178,279	\$ 1,176,093	\$ 112,897	\$ 14,200,220
2005-06	4,735,609	2,782,272	560,000		1,242,163	5,654,811	84,858	457,156	980,980	140,925	16,638,774
2006-07	5,180,124	2,383,769	547,433		1,180,184	5,935,622	-	775,903	679,101	130,492	16,812,628
2007-08	6,020,604	2,382,195	-		1,566,495	6,152,682	-	733,359	86,111	120,657	17,062,103
2008-09	5,970,690	2,384,354	-		1,642,174	5,969,361	-	549,591	315,318	127,695	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

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

Fiscal Year	General Government			Parks, Recreation, and Cultural					Community Development			Capital Projects		Debt Service		Total
	Administration	Public Safety	Public Works	Health and Welfare												
2004-05	\$ 1,601,017	\$ 2,237,173	\$ 2,314,794	\$ 5,407	\$ 1,012,337	\$ 295,766	\$ 1,844,667	\$ 175,720	\$ 9,486,881							
2005-06	1,778,478	2,175,501	2,813,861	5,725	1,303,760	375,737	8,114,964	240,167	16,808,193							
2006-07	1,625,204	2,511,889	2,862,275	5,096	1,305,235	575,764	6,260,369	903,745	16,049,577							
2007-08	1,769,720	2,667,804	3,293,887	13,237	1,868,329	850,405	122,071	2,195,211	12,780,664							
2008-09	1,697,051	2,956,207	3,343,931	6,768	1,861,491	860,305	1,467	1,211,488	11,938,708							
2009-10	1,670,058	2,754,738	3,103,138	7,426	1,868,294	836,689	-	1,152,918	11,393,261							
2010-11	2,017,959	2,785,249	2,973,737	7,051	1,936,379	867,113	4,157	1,014,858	11,606,503							
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							

(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
2004-05	\$ 888,473	\$ 5,219,712	\$ 63,417	\$ 43,518	\$ 178,279	\$ 380,111	\$ 1,176,093	\$ 214,027	\$ 2,445,253	\$ 10,608,883
2005-06	1,186,989	5,654,811	120,940	84,858	457,156	377,222	980,980	73,363	3,133,197	12,069,516
2006-07	1,223,926	5,935,622	143,265	85,537	775,903	711,083	679,101	172,325	2,999,261	12,726,023
2007-08	1,566,604	6,152,682	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

(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		Outstanding Delinquent Taxes (1,2)	Percent of	
						Total Tax Collections to Tax Levy	Total Tax Collections to Tax Levy		Delinquent Taxes to Tax Levy	Delinquent Taxes to Tax Levy
2004-05	\$ 859,499	\$ 837,614	97.45%	\$ 40,824	\$ 878,438	102.20%	\$ 31,397	3.65%		
2005-06	1,233,610	1,216,897	98.65%	17,303	1,234,200	100.05%	27,777	2.25%		
2006-07	1,295,414	1,252,435	96.68%	24,056	1,276,491	98.54%	40,725	3.14%		
2007-08	1,597,819	1,573,653	98.49%	26,031	1,599,684	100.12%	48,380	3.03%		
2008-09	1,666,957	1,639,349	98.34%	16,315	1,655,664	99.32%	55,007	3.30%		
2009-10	1,677,626	1,645,525	98.09%	17,735	1,663,260	99.14%	79,785	4.76%		
2010-11	1,670,817	1,621,867	97.07%	25,899	1,647,766	98.62%	93,082	5.57%		
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%		

(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					
2004-05	\$	511,817,426	\$	113,753,167	\$	29,306,604	\$	119,049	\$	654,996,246
2005-06		522,286,760		123,907,776		28,554,442		40,219		674,789,197
2006-07		556,901,460		133,984,761		22,839,288		14,624		713,740,133
2007-08		741,692,480		131,898,828		31,138,767		29,124		904,759,199
2008-09		766,175,970		146,226,226		25,648,614		25,663		938,076,473
2009-10		774,457,660		144,166,990		29,122,192		45,781		947,792,623
2010-11		780,360,645		138,668,979		27,223,533		93,702		946,346,859
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

(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
2004-05	\$	0.113	\$ 0.280	\$ 0.113	\$ 0.280
2005-06		0.160	0.280	0.160	0.280
2006-07		0.160	0.280	0.160	0.280
2007-08		0.160	0.280	0.160	0.280
2008-09		0.160	0.280	0.160	0.280
2009-10		0.160	0.280	0.160	0.280
2010-11		0.160	0.280	0.160	0.280
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

(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
2004-05	7,804	\$ 654,996	\$ 11,973,028	1.83%	\$ 1,534
2005-06	7,804	674,789	22,982,200	3.41%	2,945
2006-07	7,804	713,740	21,362,105	2.99%	2,737
2007-08	7,804	904,759	25,036,888	2.77%	3,208
2008-09	7,804	938,076	24,139,045	2.57%	3,093
2009-10	7,804	947,793	23,202,621	2.45%	2,973
2010-11	8,211	946,347	22,390,991	2.37%	2,727
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

(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, and compensated absences.

Table 9

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

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

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

Town of Wytheville, Virginia
 Computation of Legal Debt Margin
 June 30, 2014

Assessed valuations:

Assessed value (real estate)	\$ 784,643,550
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Legal debt margin

Debt limitation - 10 percent of total assessed value	\$ 78,464,355
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Debt applicable to limitation:

Net bonded debt	(20,847,944)
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Total debt applicable to limitation	(20,847,944)
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Legal debt margin

	\$ 57,616,411
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COMPLIANCE SECTION

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, 2014, 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 November 16, 2014.

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 questioned costs, 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 questioned costs to be material weaknesses. (2014-001, 2014-002)

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 questioned costs. 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, Farmer, Cox Associates

Blacksburg, Virginia
November 16, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Town of Wytheville, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Wytheville, Virginia's major federal programs for the year ended June 30, 2014. Town of Wytheville, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Wytheville, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Wytheville, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Wytheville, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Wytheville, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Town of Wytheville, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Wytheville, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Wytheville, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
November 16, 2014

Town of Wytheville, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
United States Department of Agriculture:			
Direct payment:			
ARRA - Water and Waste Disposal Systems for Rural Communities	10.781	Not applicable	\$ <u>846,634</u>
Environmental Protection Agency:			
Pass-through payments:			
Department of Conservation and Recreation:			
Nonpoint Source Implementation Grants	66.460	SWM-2012-P59	\$ <u>17,725</u>
Department of Housing and Urban Development:			
Pass-through payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not applicable	\$ <u>22,231</u>
Department of Transportation:			
Pass-through payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2014-54411-5659	\$ 10,440
State and Community Highway Safety	20.600	SC-2013-53519-5234	3,799
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	EN04139105	<u>6,314</u>
Total Department of Transportation			\$ <u>20,553</u>
Total Expenditures of Federal Awards			\$ <u><u>907,143</u></u>

NOTE 1--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Town of Wytheville, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Town of Wytheville, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Wytheville, Virginia.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

NOTE 3--RELATIONSHIP TO THE FINANCIAL STATEMENTS:

Federal expenditures, revenues, and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues/loan proceeds per the basic financial statements:

General Fund	\$ 60,509
Water & Sewer Fund	<u>846,634</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>907,143</u></u>

Town of Wytheville, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.781	ARRA - Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

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Town of Wytheville, Virginia

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section II - Financial Statement Findings**2014-001**

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.

2014-002

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.

Town of Wytheville, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section II - Financial Statement Findings (continued)

2014-002 (continued)

Recommendation: The Town should review the auditors' proposed audit adjustments for 2014 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

2013-001 and 2013-002 are recurring in the current year as 2014-001 and 2014-002, respectively.