

TOWN OF WYTHEVILLE, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF WYTHEVILLE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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TOWN OF WYTHEVILLE, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

TOWN OF WYTHEVILLE, VIRGINIA

TOWN COUNCIL

Beth A. Taylor, Mayor
Cathy D. Pattison, Vice-Mayor
Holly E. Atkins
Gary L. Gillman
Candice N. Johnson

OTHER OFFICIALS

T. Brian Freeman
Elaine R. Holeton
Michael G. Stephens
Sharon G. Corvin
Paul Cassell

Town Manager
Assistant Town Manager
Town Treasurer
Town Clerk
Town Attorney

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of and for the year ended June 30, 2023, 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.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 19 to the financial statements, in 2023, the Town adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2023, on our consideration of the Town of Wytheville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Wytheville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wytheville, Virginia's internal control over financial reporting and compliance.

Robinson, Finner, Cox Associates

Blacksburg, Virginia
November 18, 2023

Basic Financial Statements

Town of Wytheville, Virginia
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and cash equivalents	\$ 23,248,734	\$ 1,542,585	\$ 24,791,319
Receivables (net of allowance for uncollectibles):			
Taxes receivable	197,635	-	197,635
Accounts receivable	657,807	794,219	1,452,026
Leases receivable	64,194	-	64,194
Internal balances	425,000	(425,000)	-
Due from other governmental units	218,898	-	218,898
Prepaid items	9,275	-	9,275
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	38,120	2,516,286	2,554,406
Capital assets, not being depreciated/amortized	2,062,256	384,120	2,446,376
Capital assets, net of accumulated depreciation/amortization	23,339,516	16,469,980	39,809,496
Total assets	<u>\$ 50,261,435</u>	<u>\$ 21,282,190</u>	<u>\$ 71,543,625</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 4,582	\$ 20,875	\$ 25,457
Pension related items	1,774,312	315,503	2,089,815
OPEB related items	1,466,029	125,128	1,591,157
Total deferred outflows of resources	<u>\$ 3,244,923</u>	<u>\$ 461,506</u>	<u>\$ 3,706,429</u>
LIABILITIES			
Accounts payable	\$ 414,369	\$ 137,701	\$ 552,070
Accrued payroll/fringes	771,145	115,364	886,509
Customer deposits	38,120	66,868	104,988
Accrued interest payable	47,519	50,838	98,357
Long-term liabilities:			
Due within one year	1,631,705	1,342,884	2,974,589
Due in more than one year	15,371,581	11,518,020	26,889,601
Total liabilities	<u>\$ 18,274,439</u>	<u>\$ 13,231,675</u>	<u>\$ 31,506,114</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 13,721	\$ -	\$ 13,721
Pension related items	884,421	144,341	1,028,762
OPEB related items	964,424	69,385	1,033,809
Lease related items	63,896	-	63,896
Total deferred inflows of resources	<u>\$ 1,926,462</u>	<u>\$ 213,726</u>	<u>\$ 2,140,188</u>
NET POSITION			
Net investment in capital assets	\$ 17,100,459	\$ 7,644,871	\$ 24,745,330
Unrestricted	16,204,998	653,424	16,858,422
Total net position	<u>\$ 33,305,457</u>	<u>\$ 8,298,295</u>	<u>\$ 41,603,752</u>

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

Town of Wytheville, Virginia
Statement of Activities
For the Year Ended June 30, 2023

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	
					Governmental Activities	Business-type Activities
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 3,526,768	\$ 23,750	\$ 24,720	\$ 16,183	\$ (3,462,115)	\$ -
Public safety	6,278,727	970,198	266,999	-	(5,041,530)	-
Public works	5,418,262	186,137	3,221,248	-	(2,010,877)	-
Health and welfare	26,435	-	-	-	(26,435)	-
Parks, recreation, and cultural	2,896,803	1,102,363	4,500	-	(1,789,940)	-
Community development	1,645,465	6,018	72,388	-	(1,567,059)	-
Interest on long-term debt	208,160	-	-	-	(208,160)	-
Total governmental activities	\$ 20,000,620	\$ 2,288,466	\$ 3,589,855	\$ 16,183	\$ (14,106,116)	\$ -
Business-type activities:						
Water and sewer	\$ 6,980,232	\$ 6,682,842	\$ -	\$ -	\$ -	(297,390)
Total primary government	\$ 26,980,852	\$ 8,971,308	\$ 3,589,855	\$ 16,183	\$ (14,106,116)	\$ (297,390)
General revenues:						
General property taxes	\$ 2,493,601	\$ -	\$ -	\$ -	\$ 2,493,601	-
Local sales and use taxes	824,491	-	-	-	824,491	-
Consumers' utility taxes	242,969	-	-	-	242,969	-
Business license taxes	1,941,633	-	-	-	1,941,633	-
Bank stock taxes	432,946	-	-	-	432,946	-
Hotel and motel room taxes	2,096,368	-	-	-	2,096,368	-
Restaurant food taxes	3,949,719	-	-	-	3,949,719	-
Tobacco tax	336,521	-	-	-	336,521	-
Other local taxes	223,968	-	-	-	223,968	-
Unrestricted revenues from use of money	751,523	-	-	-	46,237	797,760
Miscellaneous	640,912	-	-	-	3,912	644,824
Grants and contributions not restricted to specific programs	459,571	-	-	-	-	459,571
Total general revenues	\$ 14,394,222	\$ 50,149	\$ 14,444,371			
Change in net position	\$ 288,106	\$ (247,241)	\$ 40,865			
Net position - beginning	33,017,351	8,545,536	41,562,887			
Net position - ending	\$ 33,305,457	\$ 8,298,295	\$ 41,603,752			

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

Town of Wytheville, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 22,487,424	\$ 664,722	\$ 23,152,146
Receivables (net of allowance for uncollectibles):			
Taxes receivable	197,635	-	197,635
Accounts receivable	657,787	20	657,807
Leases receivable	64,194	-	64,194
Due from other funds	500,000	-	500,000
Due from other governmental units	218,898	-	218,898
Prepaid items	9,275	-	9,275
Restricted assets:			
Cash and cash equivalents	38,120	-	38,120
Total assets	<u>\$ 24,173,333</u>	<u>\$ 664,742</u>	<u>\$ 24,838,075</u>
LIABILITIES			
Accounts payable	\$ 414,369	\$ -	\$ 414,369
Accrued payroll/fringes	771,145	-	771,145
Customer deposits	38,120	-	38,120
Due to other funds	75,000	-	75,000
Total liabilities	<u>\$ 1,298,634</u>	<u>\$ -</u>	<u>\$ 1,298,634</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 210,817	\$ -	\$ 210,817
Lease related items	63,896	-	63,896
Total deferred inflows of resources	<u>\$ 274,713</u>	<u>\$ -</u>	<u>\$ 274,713</u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	\$ 9,275	\$ -	\$ 9,275
Committed:			
Debt service	4,540,872	-	4,540,872
Rainy day	2,518,938	-	2,518,938
Community Center	5,894,434	-	5,894,434
Special revenue funds	-	654,263	654,263
Assigned:			
Capital projects funds	-	10,479	10,479
Unassigned	9,636,467	-	9,636,467
Total fund balances	<u>\$ 22,599,986</u>	<u>\$ 664,742</u>	<u>\$ 23,264,728</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,173,333</u>	<u>\$ 664,742</u>	<u>\$ 24,838,075</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	23,264,728
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Capital assets, not being depreciated/amortized	\$	2,062,256	
Capital assets being depreciated/amortized		41,987,927	
Accumulated depreciation/amortization		<u>(18,648,411)</u>	25,401,772
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.			
Unavailable revenue - property taxes			197,096
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	1,774,312	
OPEB related items		<u>1,466,029</u>	3,240,341
Internal service funds are used by management to account for retiree health insurance benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			96,588
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	\$	(7,968,481)	
Less deferred charge on refunding		4,582	
Compensated absences		(1,191,656)	
Lease liabilities		(148,590)	
Subscription liability		(188,824)	
Landfill accrued post-closure costs		(698,567)	
Accrued interest payable		(47,519)	
Net OPEB liabilities		(3,723,985)	
Net pension liability		<u>(3,083,183)</u>	(17,046,223)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(884,421)	
OPEB related items		<u>(964,424)</u>	(1,848,845)
Net position of governmental activities			<u>\$ 33,305,457</u>

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

Town of Wytheville, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 2,440,527	\$ -	\$ 2,440,527
Other local taxes	10,048,615	-	10,048,615
Permits, privilege fees, and regulatory licenses	265,955	-	265,955
Fines and forfeitures	34,854	-	34,854
Revenue from the use of money and property	746,121	23,073	769,194
Charges for services	1,966,518	-	1,966,518
Miscellaneous	629,767	11,145	640,912
Recovered costs	470,265	-	470,265
Intergovernmental:			
Commonwealth	3,947,116	-	3,947,116
Federal	118,493	-	118,493
Total revenues	<u>\$ 20,668,231</u>	<u>\$ 34,218</u>	<u>\$ 20,702,449</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,632,486	\$ -	\$ 3,632,486
Public safety	5,863,565	-	5,863,565
Public works	4,403,156	12,314	4,415,470
Health and welfare	21,325	5,110	26,435
Parks, recreation, and cultural	3,039,538	1,050	3,040,588
Community development	2,034,554	-	2,034,554
Debt service:			
Principal retirement	716,816	-	716,816
Interest and other fiscal charges	211,032	-	211,032
Total expenditures	<u>\$ 19,922,472</u>	<u>\$ 18,474</u>	<u>\$ 19,940,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 745,759</u>	<u>\$ 15,744</u>	<u>\$ 761,503</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (24,000)	\$ -	\$ (24,000)
Issuance of subscription	233,286	-	233,286
Total other financing sources (uses)	<u>\$ 209,286</u>	<u>\$ -</u>	<u>\$ 209,286</u>
Net change in fund balances	\$ 955,045	\$ 15,744	\$ 970,789
Fund balances - beginning	21,644,941	648,998	22,293,939
Fund balances - ending	<u>\$ 22,599,986</u>	<u>\$ 664,742</u>	<u>\$ 23,264,728</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, 2023

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

Net change in fund balances - total governmental funds	\$	970,789
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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/amortization expense. This is the detail of items supporting this adjustment:

Capital asset additions	\$ 906,687	
Depreciation/amortization expense	(1,552,060)	(645,373)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable property taxes		53,074
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:

Issuance of subscription	\$ (233,286)	
Change in accrued landfill postclosure cost	(176,304)	

Principal repayments:

General obligation bonds	594,518	
Lease liabilities	77,836	
Subscription liability	44,462	307,226

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (133,799)	
Change in accrued interest	3,636	
Amortization of deferred charge on refunding	(764)	
Change in pension related items	(25,952)	
Change in OPEB related items	(260,099)	(416,978)

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

19,368

Change in net position of governmental activities	\$	288,106
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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, 2023

	Enterprise Fund Major Funds Water & Sewer Funds	Internal Service Fund Retiree Health Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,542,585	\$ 96,588
Accounts receivable, net of allowance for uncollectibles	794,219	-
Due from other funds	140,284	-
Total current assets	<u>\$ 2,477,088</u>	<u>\$ 96,588</u>
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 2,516,286	\$ -
Capital assets, not being depreciated/amortized	\$ 384,120	-
Capital assets, net of accumulated depreciation/amortization	16,469,980	-
Total capital assets	<u>\$ 16,854,100</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 19,370,386</u>	<u>\$ -</u>
Total assets	<u>\$ 21,847,474</u>	<u>\$ 96,588</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	\$ 20,875	\$ -
Pension related items	315,503	-
OPEB related items	125,128	-
Total deferred outflows of resources	<u>\$ 461,506</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 137,701	\$ -
Accrued payroll/fringes	115,364	-
Accrued interest payable	50,838	-
Due to other funds	565,284	-
Compensated absences - current portion	148,962	-
Bonds payable - current portion	1,051,037	-
Amount due to Wythe County - current portion	127,699	-
Lease liabilities - current portion	15,186	-
Total current liabilities	<u>\$ 2,212,071</u>	<u>\$ -</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	<u>\$ 66,868</u>	<u>\$ -</u>
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 9,357,985	\$ -
Compensated absences - net of current portion	49,653	-
Amount due to Wythe County - net of current portion	1,120,341	-
Lease liabilities - net of current portion	7,274	-
Net pension liability	538,390	-
Net OPEB liabilities	444,377	-
Total noncurrent liabilities	<u>\$ 11,518,020</u>	<u>\$ -</u>
Total liabilities	<u>\$ 13,796,959</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 144,341	\$ -
OPEB related items	69,385	-
Total deferred inflows of resources	<u>\$ 213,726</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 7,644,871	\$ -
Unrestricted	653,424	96,588
Total net position	<u>\$ 8,298,295</u>	<u>\$ 96,588</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 Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Enterprise Fund</u>	<u>Internal Service</u>
	<u>Major Funds</u>	<u>Fund</u>
	<u>Water &</u>	<u>Retiree Health</u>
	<u>Sewer Funds</u>	<u>Insurance Fund</u>
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 4,103,863	\$ -
Sewer revenues	2,515,305	-
Penalties	63,674	-
Miscellaneous	3,912	-
Total operating revenues	<u>\$ 6,686,754</u>	<u>\$ -</u>
OPERATING EXPENSES		
Salaries	\$ 1,411,686	\$ -
Fringe benefits	530,430	8,100
Professional services	397,561	-
Repair and maintenance	506,363	-
Operating materials and supplies	1,374,807	-
Permits, licenses and memberships	15,890	-
Utilities	641,721	-
Travel	7,372	-
Office supplies	7,653	-
Postal services	7,166	-
Insurance	19,767	-
Miscellaneous expenses	36,233	-
Depreciation/amortization	1,357,818	-
Total operating expenses	<u>\$ 6,314,467</u>	<u>\$ 8,100</u>
Operating income (loss)	<u>\$ 372,287</u>	<u>\$ (8,100)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ 46,237	\$ 3,468
Payment to NRRWA	(440,964)	-
Interest expense	(224,801)	-
Total nonoperating revenues (expenses)	<u>\$ (619,528)</u>	<u>\$ 3,468</u>
Income before transfers	<u>\$ (247,241)</u>	<u>\$ (4,632)</u>
Transfers in	<u>\$ -</u>	<u>\$ 24,000</u>
Change in net position	<u>\$ (247,241)</u>	<u>\$ 19,368</u>
Net position - beginning	8,545,536	77,220
Net position - ending	<u><u>\$ 8,298,295</u></u>	<u><u>\$ 96,588</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, 2023

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer Funds	Retiree Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 6,685,455	\$ -
Payments to suppliers	(3,000,266)	-
Payments to and for employees	(1,913,272)	(8,100)
Net cash provided by (used for) operating activities	\$ 1,771,917	\$ (8,100)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 500,000	\$ 24,000
Payment to NRRWA	(440,964)	-
Net cash provided by (used for) noncapital financing activities	\$ 59,036	\$ 24,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to capital assets	\$ (1,223,862)	\$ -
Proceeds from bonds	2,470,000	-
Principal payments on bonds	(934,295)	-
Principal payments on lease liabilities	(13,737)	-
Contributions in aid of construction	384,276	-
Interest payments	(211,609)	-
Loan payments to other localities	(127,697)	-
Net cash provided by (used for) capital and related financing activities	\$ 343,076	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ 46,237	\$ 3,468
Net cash provided by (used for) investing activities	\$ 46,237	\$ 3,468
Net increase (decrease) in cash and cash equivalents	\$ 2,220,266	\$ 19,368
Cash and cash equivalents - beginning - including restricted	1,838,605	77,220
Cash and cash equivalents - ending - including restricted	\$ 4,058,871	\$ 96,588
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 372,287	\$ (8,100)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation/amortization expense	\$ 1,357,818	\$ -
(Increase) decrease in accounts receivable	(48)	-
(Increase) decrease in pension related items	(366,532)	-
Increase (decrease) in compensated absences	29,731	-
Increase (decrease) in operating accounts payable	14,267	-
Increase (decrease) in net pension liability	369,541	-
Increase (decrease) in accrued payroll	(10,602)	-
Increase (decrease) in OPEB liabilities	9,851	-
(Increase) decrease in OPEB related items	(3,145)	-
Increase (decrease) in customer deposits	(1,251)	-
Total adjustments	\$ 1,399,630	\$ -
Net cash provided by (used for) operating activities	\$ 1,771,917	\$ (8,100)

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

TOWN OF WYTHEVILLE, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial 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, 2023, the Town contributed \$440,964 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, 2023, the Town contributed \$84,227 to Crossroads Regional Industrial Facilities Authority.

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, 2023, the Town contributed \$25,280 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. The employees of the Joint IDA are paid by the Town. Payroll of \$168,555 and a contribution amount of \$131,115 totaled \$299,670 for fiscal year ended June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 (governmental 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 and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 when they have been earned and 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, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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 unavailable revenue.

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 fund:

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 systems are accounted for in the water and sewer funds.

The funding of the Retiree Health Insurance, internally, is accounted for in an internal service fund.

Additionally, the government reports the following fund types:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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.

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

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

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

1. Cash and cash equivalents

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. For the purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

3. 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.

4. Use of Estimates

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

5. 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.

6. 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 \$216,120 at June 30, 2023. The allowance consists of delinquent taxes in the amount of \$7,395, mowing and special assessments of \$67,861 and delinquent water and sewer bills of \$140,864.

7. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance: (Continued)****7. Capital Assets (Continued)**

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized 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
Lease machinery and equipment	4-15
Subscription asset	5

8. 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. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets 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 multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. 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, 2023

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

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

11. Pensions

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

12. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and LODA OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition to the VRS related OPEB, the Town allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

13. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

13. Fund Balance (Continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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 an ordinance 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance: (Continued)****13. Fund Balance (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	\$ 281,614
Wall of Honor	14,936
Perpetual Care	333,396
Memorial Fund	24,317
	<hr/>
Total Committed	\$ 654,263
	<hr/>

14. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

14. Net Position (Continued)

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.

15. Leases and Subscription-Based IT Arrangements

The Town has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessor

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Lessee

The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

15. Leases and Subscription-Based IT Arrangements (Continued)

Subscriptions

The Town recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The Town uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee), or subscription liability.

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The Town will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, Water/Sewer Fund, Wall of Honor Fund, Homestead Endowment Fund and the Perpetual Care 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 fund level. Only the Town Council can revise the appropriation for each fund. 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, 2023, no fund had expenditures in excess of its appropriations.

C. Deficit fund balance:

At June 30, 2023, there were no funds with deficit fund balance.

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, 2023

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 Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

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.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>
VML/VACO Virginia Investment Pool (VIP)	\$ 22,691,011	\$ 22,691,011

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, 2023 were rated by Standard & Poor’s rating scale and the ratings are presented below.

<u>Town's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
VML/VACO Virginia Investment Pool (VIP)	\$ 22,691,011

External Investment Pool

The Town is a participant in the Virginia Investment Pool (VIP). VIP is a Section 115 governmental fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP Trust is governed by a Board of Trustees. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV). VML/VACO VIP allows the Town to have the option to have access to withdraw funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources with one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)**Custodial Credit Risk**

At year end, the Town was not exposed to any custodial credit risk for deposits or investments. The Town limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The Town policy in regards to investments requires that all investments be held in the Town's name. As of June 30, 2023, the Town did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk

At June 30, 2023, the Town did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

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. Under the accrual basis, assessments for future periods are deferred.

Unavailable Revenue - Unavailable revenue representing uncollected tax billings that was not available for funding of current expenditures totaled \$197,096 at June 30, 2023.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2023 but paid in advance by the taxpayers totaled \$13,721 at June 30, 2023.

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

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

	Primary Government Governmental Activities
Commonwealth of Virginia	
Local Sales Tax	\$ 144,751
Noncategorical Aid	74,147
	<hr/>
Total Due from Other Governmental Units	\$ 218,898

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 6 - INTERFUND ACTIVITY:

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 24,000
Retiree Health Insurance Fund	24,000	-
Total	<u>\$ 24,000</u>	<u>\$ 24,000</u>

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

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 75,000	\$ 500,000
Sewer Fund	565,284	75,000
Water Fund	-	65,284
Total	<u>\$ 640,284</u>	<u>\$ 640,284</u>

During fiscal year 2018, the water fund paid \$65,284 in debt service for the sewer fund. As of June 30, 2023, the amount has not been repaid to the water fund. During fiscal year 2022, grants in the amount of \$75,000 that should have been posted to the sewer fund were posted to the general fund. Lastly, during fiscal year 2023, the general fund loaned \$500,000 to the sewer fund. The \$75,000 was netted from the \$500,000 resulting in a net loan to the sewer fund of \$425,000. Repayment terms are not available as of the date of this report.

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TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,572,278	\$ -	\$ -	\$ 1,572,278
Construction in progress	118,593	371,385	-	489,978
Total capital assets not being depreciated/amortized	<u>\$ 1,690,871</u>	<u>\$ 371,385</u>	<u>\$ -</u>	<u>\$ 2,062,256</u>
Capital asset being depreciated/amortized:				
Buildings and improvements	\$ 32,034,448	\$ 58,355	\$ -	\$ 32,092,803
Machinery and equipment	9,121,726	243,661	-	9,365,387
Lease machinery and equipment	296,451	-	-	296,451
Subscription asset	-	233,286	-	233,286
Total capital assets being depreciated/amortized	<u>\$ 41,452,625</u>	<u>\$ 535,302</u>	<u>\$ -</u>	<u>\$ 41,987,927</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (9,516,208)	\$ (806,578)	\$ -	\$ (10,322,786)
Machinery and equipment	(7,502,283)	(649,347)	-	(8,151,630)
Lease machinery and equipment	(77,860)	(80,676)	-	(158,536)
Subscription asset	-	(15,459)	-	(15,459)
Total accumulated depreciation/amortization	<u>\$ (17,096,351)</u>	<u>\$ (1,552,060)</u>	<u>\$ -</u>	<u>\$ (18,648,411)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 24,356,274</u>	<u>\$ (1,016,758)</u>	<u>\$ -</u>	<u>\$ 23,339,516</u>
Governmental activities capital assets, net	<u>\$ 26,047,145</u>	<u>\$ (645,373)</u>	<u>\$ -</u>	<u>\$ 25,401,772</u>

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TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 163,236	\$ -	\$ -	\$ 163,236
Land rights	94,838	-	-	94,838
Construction in progress	307,996	652,333	(834,283)	126,046
Total capital assets, not being depreciated/amortized	<u>\$ 566,070</u>	<u>\$ 652,333</u>	<u>\$ (834,283)</u>	<u>\$ 384,120</u>
Capital asset being depreciated/amortized:				
Utility plant and equipment	\$ 57,392,869	\$ 872,803	\$ (384,276)	\$ 57,881,396
Machinery and equipment	4,487,867	274,869	(6,245)	4,756,491
Lease machinery and equipment	48,625	-	-	48,625
Total capital assets being depreciated/amortized	<u>\$ 61,929,361</u>	<u>\$ 1,147,672</u>	<u>\$ (390,521)</u>	<u>\$ 62,686,512</u>
Accumulated depreciation/amortization:				
Utility plant and equipment	\$ (42,167,896)	\$ (1,150,171)	\$ -	\$ (43,318,067)
Machinery and equipment	(2,682,979)	(193,563)	6,245	(2,870,297)
Lease machinery and equipment	(14,084)	(14,084)	-	(28,168)
Total accumulated depreciation/amortization	<u>\$ (44,864,959)</u>	<u>\$ (1,357,818)</u>	<u>\$ 6,245</u>	<u>\$ (46,216,532)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 17,064,402</u>	<u>\$ (210,146)</u>	<u>\$ (384,276)</u>	<u>\$ 16,469,980</u>
Business-type activities capital assets, net	<u>\$ 17,630,472</u>	<u>\$ 442,187</u>	<u>\$ (1,218,559)</u>	<u>\$ 16,854,100</u>

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

Governmental activities:	
General government administration	\$ 114,511
Public safety	430,105
Public works	878,704
Parks, recreation, and cultural	124,365
Community development	<u>4,375</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 1,552,060</u>
Business-type activities:	
Water	\$ 690,328
Sewer	<u>667,490</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 1,357,818</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8 - LONG-TERM OBLIGATIONS:

Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2023:

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct borrowings and placements				
General obligation refunding bonds	\$ 8,562,999	\$ -	\$ (594,518)	\$ 7,968,481
Total direct borrowings and placements	\$ 8,562,999	\$ -	\$ (594,518)	\$ 7,968,481
Lease liabilities	\$ 226,426	\$ -	\$ (77,836)	\$ 148,590
Subscription liability	-	233,286	(44,462)	188,824
Net pension liability	975,929	3,091,771	(984,517)	3,083,183
Landfill postclosure monitoring liability	522,263	176,304	-	698,567
Net OPEB liabilities	3,742,565	1,683,623	(1,702,203)	3,723,985
Compensated absences	1,057,857	927,192	(793,393)	1,191,656
 Total	 \$ 15,088,039	 \$ 6,112,176	 \$ (4,196,929)	 \$ 17,003,286

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities		Subscription Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 607,899	\$ 175,765	\$ 84,531	\$ 9,634	\$ 45,533	\$ 4,551
2025	619,146	161,991	47,820	3,075	46,631	3,453
2026	631,985	147,956	12,836	992	47,754	2,330
2027	646,590	133,625	3,403	54	48,906	1,179
2028	661,265	118,962	-	-	-	-
2029-2033	3,381,359	367,743	-	-	-	-
2034-2035	1,420,237	39,989	-	-	-	-
Total	\$ 7,968,481	\$ 1,146,031	\$ 148,590	\$ 13,755	\$ 188,824	\$ 11,513

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TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

Governmental Activities 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
Direct Borrowings and Placements:						
General obligation refunding bond	2.24%	3/27/2015	4/1/2035	\$ 9,219,826	\$ 6,015,511	\$ 442,185
General obligation refunding bond	2.45%	12/1/2014	2/1/2030	727,720	322,856	45,889
General obligation refunding bond	2.24%	2/5/2016	3/27/2035	2,468,148	1,630,114	119,825
Total Direct Borrowings and Placements					<u>\$ 7,968,481</u>	<u>\$ 607,899</u>
Other Obligations:						
		9/4/2019-	9/4/2024-	\$15,606-		
Leases liabilities - machinery and equipment	1.26%-10.01%	10/1/2021	10/1/2026	\$41,966	\$ 148,590	\$ 84,531
Subscription liability	2.45%	3/1/2023	2/28/2027	233,286	188,824	45,533
Landfill postclosure liability					698,567	-
Net OPEB liabilities					3,723,985	-
Net pension liability					3,083,183	-
Compensated absences					1,191,656	893,742
Total Other Obligations					<u>\$ 9,034,805</u>	<u>\$ 1,023,806</u>
Total Long-term Obligations					<u>\$ 17,003,286</u>	<u>\$ 1,631,705</u>

Collateral for leases is the underlying assets. Default provisions for leases include repossession of the asset.

Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2023:

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct borrowings and placements				
General obligation bonds and refunding bonds	\$ 8,873,317	\$ 2,470,000	\$ (934,295)	\$ 10,409,022
Lease liabilities	36,197	-	(13,737)	22,460
Amount due to Wythe Co.	1,375,737	-	(127,697)	1,248,040
Net pension liability	168,849	539,890	(170,349)	538,390
Net OPEB liabilities	434,526	85,011	(75,160)	444,377
Compensated absences	168,884	156,394	(126,663)	198,615
Total	<u>\$ 11,057,510</u>	<u>\$ 3,251,295</u>	<u>\$ (1,447,901)</u>	<u>\$ 12,860,904</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

Business-type Activities Indebtedness: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Leases Payable	
	Principal	Interest	Principal	Interest
2024	\$ 1,051,037	\$ 259,467	\$ 15,186	\$ 1,569
2025	748,165	242,152	7,274	209
2026	615,873	225,325	-	-
2027	630,712	209,779	-	-
2028	644,379	193,824	-	-
2029-2033	2,456,943	744,220	-	-
2034-2038	1,651,896	493,382	-	-
2039-2043	1,379,146	273,090	-	-
2044-2048	705,235	100,205	-	-
2049-2052	525,636	20,790	-	-
Total	<u>\$ 10,409,022</u>	<u>\$ 2,762,234</u>	<u>\$ 22,460</u>	<u>\$ 1,778</u>

Details of long-term obligations:

	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Placements:						
General obligation bonds	2.25%	12/13/2011	2052	\$ 4,105,000	\$ 3,377,641	\$ 85,975
General obligation bonds	2.73%	12/2/2011	2032	964,540	515,286	50,388
General obligation refunding bonds	2.45%	12/1/2014	2030	4,470,280	1,893,711	269,151
General obligation refunding bonds	2.20%	12/1/2014	2025	4,127,500	577,734	439,407
General obligation bonds	0.00%	3/28/2019	2039	1,386,000	1,065,556	69,300
General obligation bonds	2.24%	3/27/2015	2035	780,174	509,094	37,416
General obligation bonds	4.45%	6/23/2023	2043	2,470,000	2,470,000	99,400
Total Direct Borrowings and Placements					<u>\$ 10,409,022</u>	<u>\$ 1,051,037</u>
Other Obligations:						
Leases payable - Machinery and Equipment	9.89%-10.42%	10/1/19-2/1/20	2024-2025	\$16,840-\$28,912	\$ 22,460	\$ 15,186
Amount due to Wythe Co. (1)					1,248,040	127,699
Net OPEB liabilities					444,377	-
Net pension liability					538,390	-
Compensated absences					198,615	148,962
Total Other Obligations					<u>\$ 2,451,882</u>	<u>\$ 291,847</u>
Total Long-term Obligations					<u>\$ 12,860,904</u>	<u>\$ 1,342,884</u>

(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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)**Business-type Activities Indebtedness: (Continued)****Events of Default:**

In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.

Collateral for leases is the underlying assets. Default provisions for leases include repossession of the asset.

NOTE 9 - LEASES RECEIVABLE:**Governmental activities:**

The following is a summary of lessor activity of the Town for the year ended June 30, 2023.

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>	<u>Interest Revenue</u>
Leases receivable	<u>\$ 85,333</u>	<u>\$ -</u>	<u>\$ (21,139)</u>	<u>\$ 64,194</u>	<u>\$ 461</u>

Lease revenue recognized during the year was \$21,139.

Details of leases receivable:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Payment Frequency</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Two-Way Radio	7/1/2021	6/30/2026	Monthly	\$ 28,531	\$ 9,452
Child Care Facility	7/1/2021	6/30/2026	Monthly	35,663	11,815
Total				<u>\$ 64,194</u>	<u>\$ 21,267</u>

The Town uses a discount rate of 0.61% for each of its leases.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 10 - LANDFILL POSTCLOSURE MONITORING LIABILITY:

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 10 years after closure. The Town closed the landfill in December 1997. As a result of a new estimate provided by the Town's landfill engineer in 2022, total postclosure monitoring costs were estimated to be \$745,676. This estimate is based on ten years of monitoring starting with fiscal year 2022 and ending in fiscal year 2032. The amount is based on what it would cost to perform all postclosure in 2022. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The 2022 estimate was increased by the DEQ inflation factor to estimate the postclosure cost at June 30, 2023. The estimate at June 30, 2023 is \$698,567.

The Town demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test for the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 11 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment, through the Town of Wytheville, Virginia. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, the IDA and the NRRWA whose financial information is not included in the primary government report, participate in the VRS plan through the Town of Wytheville, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

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

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 - PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

NOTE 11 - PENSION PLAN: (CONTINUED)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required employer contribution rate for the year ended June 30, 2023 was 12.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$1,026,854 and \$780,197 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

At June 30, 2023, the Town reported a liability of \$3,621,573 for its proportionate share of the net pension liability. The Town's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The Town's proportionate share of the same was calculated using contributions to the plan as of June 30, 2022 as a basis for allocation. At June 30, 2022 and 2021, the Town's proportion was 94.1655% and 95.4771%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 - PENSION PLAN: (CONTINUED)***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 - PENSION PLAN: (CONTINUED)***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

Mortality rates: (Continued)

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 - PENSION PLAN: (CONTINUED)***Long-term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 - PENSION PLAN: (CONTINUED)***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability (asset) using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the Town Retirement Plan			
Net Pension Liability (Asset)	\$ 8,349,678	\$ 3,621,573	\$ (226,748)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$1,052,169. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 - PENSION PLAN: (CONTINUED)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 546,068	\$ -
Change in assumptions	502,751	-
Net difference between projected and actual earnings on pension plan investments	-	941,098
Change in proportionate share	14,142	87,664
Employer contributions subsequent to the measurement date	1,026,854	-
Total	<u>\$2,089,815</u>	<u>\$ 1,028,762</u>

\$1,026,854 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government
2024	\$ 159,756
2025	(41,867)
2026	(525,037)
2027	441,347

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL:

Plan Description

The Town administers a cost-sharing defined benefit healthcare plan, The Plan. Several entities participate in the defined benefit healthcare plan through the Town and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Post-employment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Town who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits.

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2023 was \$91,684.

Net OPEB Liability

At June 30, 2023, the Town reported a liability of \$2,668,430 for its proportionate share of the total OPEB liability. The Town's net OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2021 and rolled forward to the measurement date of June 30, 2023. The Town's proportionate share of the same was calculated using the same allocation basis as Group Life Insurance Plan OPEB as of June 30, 2023. At June 30, 2023 and 2022, the Town's proportion was 93.3352% and 94.2086%, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL: (CONTINUED)***Actuarial Assumptions***

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increases	General and public safety rates start at 5.35% and 4.75%, respectively, in 2021 and gradually decreases to 3.50% salary increase for 20 or more years of service
Discount Rate	3.54% for accounting and funding disclosures as of June 30, 2022; 3.65% for accounting and funding disclosures as of June 30, 2023

Mortality rates for Active employees and healthy retirees, disabled retirees were based on a RP-2014 Total Dataset Mortality Table.

The date of the most recent actuarial experience study for which significant assumptions were based is June 30, 2016.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-year Bond GO Municipal Index.

Sensitivity of the Town's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount (3.65%)	1% Increase (4.65%)
\$ 2,913,684	\$ 2,668,430	\$ 2,444,693

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL: (CONTINUED)**Actuarial Assumptions (Continued)****Sensitivity of the Town's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (non-disabled retirees - 6.70% decreasing to 2.90% and disabled retirees - 3.50% decreasing to 2.90%) or one percentage point higher (non-disabled retirees - 8.70% decreasing to 4.90% and disabled retirees - 5.50% decreasing to 4.90%) than the current healthcare cost trend rates:

Rate		
1% Decrease (Non-disabled retirees - 6.70% decreasing to 2.90% and disabled retirees - 3.50% decreasing to 2.90%)	Healthcare Cost Trend (Non-disabled retirees - 7.70% decreasing to 3.90% and disabled retirees - 4.50% decreasing to 3.90%)	1% Increase (Non-disabled retirees - 8.70% decreasing to 4.90% and disabled retirees - 5.50% decreasing to 4.90%)
\$ 2,331,940	\$ 2,668,430	\$ 3,071,173

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

For the year ended June 30, 2023, the Town recognized OPEB expense in the amount of \$296,632. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 538,030	\$ 151,499
Change in assumptions	203,372	225,892
Total	<u>\$ 741,402</u>	<u>\$ 377,391</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL: (CONTINUED)***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)***

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2024	\$ 61,167
2025	60,182
2026	59,765
2027	64,550
2028	65,746
Thereafter	52,601

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):***Plan Description***

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. However, the IDA whose financial information is not included in the primary government report, participates in the GLI Plan through the Town of Wytheville, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

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

The specific information for Group Life Insurance Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the Town were \$45,446 and \$41,725 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB***

At June 30, 2023, the Town reported a liability of \$427,768 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Town's proportion of the statewide total was 0.03552% as compared to 0.03733% at June 30, 2021. The Town's allocated portion of the liability was 94.2086% in 2022 and 95.4771% in 2021.

For the year ended June 30, 2023, the Town recognized GLI OPEB expense of \$19,720. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,874	\$ 17,162
Net difference between projected and actual earnings on GLI OPEB plan investments	-	26,729
Change in assumptions	15,955	41,666
Changes in proportionate share	36,782	18,690
Employer contributions subsequent to the measurement date	45,446	-
Total	<u>\$ 132,057</u>	<u>\$ 104,247</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

\$45,446 reported as deferred outflows of resources related to the GLI OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2024	\$ (1,439)
2025	(38)
2026	(15,719)
2027	5,901
2028	(6,341)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50% - 5.35%
Locality - Hazardous Duty employees	3.50% - 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions (Continued)*****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Actuarial Assumptions (Continued)*****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)**

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

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NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rates. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 622,452	\$ 427,768	\$ 270,437

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Act Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$42,956 and \$39,018 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)*****LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2023, the entity reported a liability \$1,072,164 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 0.28330% as compared to 0.28660% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$167,437. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,371	\$ 200,385
Net difference between projected and actual earnings on LODA OPEB program investments	-	4,585
Change in assumptions	298,997	264,446
Changes in proportionate share	293,374	82,755
Employer contributions subsequent to the measurement date	42,956	-
Total	<u>\$ 717,698</u>	<u>\$ 552,171</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)

\$42,956 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2024	\$ 23,247
2025	23,345
2026	23,449
2027	22,547
2028	17,853
Thereafter	12,130

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00% - 4.75%
Ages 65 and older	5.25% - 4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	<u>7,214</u>
LODA Net OPEB Liability (Asset)	<u><u>\$ 378,455</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)***Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate***

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease	Current Discount	1% Increase
	(2.69%)	(3.69%)	(4.69%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 1,223,865	\$ 1,072,164	\$ 948,055

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease	Current	1% Increase
	(6.00% decreasing to 3.75%)	(7.00% decreasing to 4.75%)	(8.00% decreasing to 5.75%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 903,532	\$ 1,072,164	\$ 1,283,824

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023**NOTE 15 - SUMMARY OF OPEB PLANS:**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
Town Stand-Alone Plan (Note 12)	\$ 741,402	\$ 377,391	\$ 2,668,430	\$ 296,632
VRS OPEB Plans:				
Group Life Insurance Plan (Note 13)	132,057	104,247	427,768	19,720
Line of Duty Act Program (Note 14)	717,698	552,171	1,072,164	167,437
Totals	<u>\$1,591,157</u>	<u>\$1,033,809</u>	<u>\$ 4,168,362</u>	<u>\$ 483,789</u>

NOTE 16 - 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 Risk Sharing Association (VRSAs). 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 17 - SURETY BONDS:

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

NOTE 18 - LITIGATION:

As of June 30, 2023, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable.

NOTE 19 - ADOPTION OF ACCOUNTING PRINCIPLE:

The Town implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 20 - UPCOMING PRONOUNCEMENTS:

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023*.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023, effective for fiscal years beginning after June 15, 2023*.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 2,354,607	\$ 2,354,607	\$ 2,440,527	\$ 85,920
Other local taxes	8,655,415	8,655,415	10,048,615	1,393,200
Permits, privilege fees, and regulatory licenses	262,150	262,150	265,955	3,805
Fines and forfeitures	18,000	18,000	34,854	16,854
Revenue from the use of money and property	196,800	196,800	746,121	549,321
Charges for services	1,386,825	1,386,825	1,966,518	579,693
Miscellaneous	422,401	432,501	629,767	197,266
Recovered costs	432,303	432,303	470,265	37,962
Intergovernmental:				
Commonwealth	3,436,000	3,436,000	3,947,116	511,116
Federal	537,026	537,026	118,493	(418,533)
Total revenues	\$ 17,701,527	\$ 17,711,627	\$ 20,668,231	\$ 2,956,604
EXPENDITURES				
Current:				
General government administration	\$ 3,475,879	\$ 3,619,479	\$ 3,632,486	\$ (13,007)
Public safety	5,937,687	5,962,687	5,863,565	99,122
Public works	5,188,909	4,753,409	4,403,156	350,253
Health and welfare	20,000	22,000	21,325	675
Parks, recreation, and cultural	3,072,377	3,269,377	3,039,538	229,839
Community development	2,062,746	2,140,746	2,034,554	106,192
Debt service:				
Principal retirement	847,239	847,239	716,816	130,423
Interest and other fiscal charges	252,614	252,614	211,032	41,582
Total expenditures	\$ 20,857,451	\$ 20,867,551	\$ 19,922,472	\$ 945,079
Excess (deficiency) of revenues over (under) expenditures	\$ (3,155,924)	\$ (3,155,924)	\$ 745,759	\$ 3,901,683
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (24,000)	\$ (24,000)	\$ (24,000)	\$ -
Issuance of subscription	-	-	233,286	233,286
Total other financing sources (uses)	\$ (24,000)	\$ (24,000)	\$ 209,286	\$ 233,286
Net change in fund balances	\$ (3,179,924)	\$ (3,179,924)	\$ 955,045	\$ 4,134,969
Fund balances - beginning	3,179,924	3,179,924	21,644,941	18,465,017
Fund balances - ending	\$ -	\$ -	\$ 22,599,986	\$ 22,599,986

Town of Wytheville, Virginia
Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)
For the Measurement Dates of June 30, 2014 through June 30, 2022

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

Date	Proportion of the Net Pension Liability (Asset) (NPLA)	Proportionate Share of the NPLA	Covered Payroll	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)
(1)	(2)	(3)	(4)	(5)	(6)
2022	94.1655%	\$ 3,621,573	\$ 7,692,544	47.08%	89.69%
2021	95.4771%	1,144,778	7,666,658	14.93%	96.61%
2020	97.6468%	5,555,985	7,212,823	77.03%	82.95%
2019	97.6468%	3,482,397	6,985,218	49.85%	88.55%
2018	97.6000%	2,286,644	6,556,692	34.87%	91.80%
2017	97.6300%	24,147	6,503,135	0.37%	99.90%
2016	97.6300%	2,337,873	6,314,595	37.02%	90.34%
2015	97.8893%	2,089,948	5,967,595	35.02%	91.14%
2014	97.8893%	1,977,140	5,733,462	34.48%	91.23%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Town of Wytheville, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2014 through June 30, 2023

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 1,026,854	\$ 1,026,854	\$ -	\$ 8,416,206	12.20%
2022	780,197	780,197	-	7,692,544	10.14%
2021	783,213	783,213	-	7,666,658	10.22%
2020	654,818	654,818	-	7,212,823	9.08%
2019	598,688	598,688	-	6,985,218	8.57%
2018	615,041	615,041	-	6,556,692	9.38%
2017	376,531	376,531	-	6,503,135	5.79%
2016	535,937	535,937	-	6,314,454	8.49%
2015	517,261	517,261	-	5,967,595	8.67%
2014	501,678	501,678	-	5,733,462	8.75%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2023

Changes of benefit terms - There have been actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Local Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Wytheville, Virginia
Schedule of Town's Proportionate Share of the Total OPEB Liability
Town OPEB Plan
For the Measurement Dates of June 30, 2018 through June 30, 2023

Date (1)	Employer's Proportion of the Total OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Total OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Total OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)
2023	93.3352%	\$ 2,668,430	N/A	N/A
2022	94.2086%	2,478,188	N/A	N/A
2021	95.4771%	1,909,200	N/A	N/A
2020	97.7216%	1,847,580	N/A	N/A
2019	97.6400%	1,821,182	N/A	N/A
2018	97.6000%	1,685,005	N/A	N/A

Schedule is intended to show information for 10 years. Information prior to the 2018 measurement date is not available. However, additional years will be included as they become available.

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Town OPEB Plan
For the Year Ended June 30, 2023

Valuation Date: 7/1/2021
 Measurement Date: 6/30/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of pay
Discount Rate	3.54% as of June 30, 2022; 3.65% as of June 30, 2023
Inflation	2.50% per year
Healthcare Trend Rate	The expected healthcare trend rates are based on long-term healthcare trend rates generated by the Getzen Trend Model. The healthcare trend rate for non-disabled retirees rates start at 7.70% in 2021 and gradually decrease to 3.90% by the year 2073. The healthcare trend rate for disabled retirees rates start at 4.50% in 2021 and gradually decrease to 3.90% by the year 2073.
Salary Increase Rates	The salary increase rate includes an inflation rate of 2.50%, a productivity component of 1.00% and a variable merit component that is dependent upon years of service. The general and public safety rates start at 5.35% and 4.75%, respectively, salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service.
Mortality Rates	Mortality is based in the RP-2014 mortality tables, sex distinct and fully generational.

Town of Wytheville, Virginia
Schedule of Town's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2022	0.03552% \$	427,768 \$	7,726,779	5.54%	67.21%
2021	0.03733%	435,197	7,717,477	5.64%	67.45%
2020	0.03680%	600,303	7,402,862	8.11%	52.64%
2019	0.03681%	566,112	6,817,573	8.30%	52.00%
2018	0.03448%	511,423	6,399,383	7.99%	51.22%
2017	0.03526%	517,439	6,349,095	8.15%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Town of Wytheville, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2017 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 45,446	\$ 45,446	\$ -	8,415,710	0.54%
2022	41,725	41,725	-	7,726,779	0.54%
2021	41,675	41,675	-	7,717,477	0.54%
2020	38,494	38,494	-	7,402,862	0.52%
2019	35,466	35,466	-	6,817,573	0.52%
2018	33,277	33,277	-	6,399,383	0.52%
2017	33,015	33,015	-	6,349,095	0.52%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Wytheville, Virginia
Schedule of Town's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2022	0.28330%	\$ 1,072,164	\$ N/A	N/A	1.87%
2021	0.28660%	1,263,706	N/A	N/A	1.68%
2020	0.21290%	891,741	N/A	N/A	1.02%
2019	0.18140%	650,910	N/A	N/A	0.79%
2018	0.22106%	693,000	N/A	N/A	0.60%
2017	0.22489%	591,000	N/A	N/A	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Town of Wytheville, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2017 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2023	\$ 42,956	\$ 42,956	\$ -	N/A	N/A
2022	39,018	39,018	-	N/A	N/A
2021	39,452	39,452	-	N/A	N/A
2020	28,936	28,936	-	N/A	N/A
2019	24,349	24,349	-	N/A	N/A
2018	23,546	23,546	-	N/A	N/A
2017	24,255	24,255	-	N/A	N/A

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only seven years of data is available. However, additional years will be included as they become available.

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Other Supplementary Information

Town of Wytheville, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue					Capital Projects	Total
	Homestead Endowment Fund	Wall of Honor Fund	Perpetual Care Fund	Memorial Fund	Total	CDBG Funds	Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 281,614	\$ 14,936	\$ 333,396	\$ 24,317	\$ 654,263	\$ 10,459	\$ 664,722
Receivables							
Accounts receivable	-	-	-	-	-	20	20
Total assets	<u>\$ 281,614</u>	<u>\$ 14,936</u>	<u>\$ 333,396</u>	<u>\$ 24,317</u>	<u>\$ 654,263</u>	<u>\$ 10,479</u>	<u>\$ 664,742</u>
FUND BALANCES							
Committed:							
Homestead Endowment	\$ 281,614	\$ -	\$ -	\$ -	\$ 281,614	\$ -	\$ 281,614
Wall of Honor	-	14,936	-	-	14,936	-	14,936
Perpetual care	-	-	333,396	-	333,396	-	333,396
Memorial	-	-	-	24,317	24,317	-	24,317
Assigned:							
Capital Projects	-	-	-	-	-	10,479	10,479
Total fund balances	<u>\$ 281,614</u>	<u>\$ 14,936</u>	<u>\$ 333,396</u>	<u>\$ 24,317</u>	<u>\$ 654,263</u>	<u>\$ 10,479</u>	<u>\$ 664,742</u>
Total liabilities and fund balances	<u>\$ 281,614</u>	<u>\$ 14,936</u>	<u>\$ 333,396</u>	<u>\$ 24,317</u>	<u>\$ 654,263</u>	<u>\$ 10,479</u>	<u>\$ 664,742</u>

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue					Capital Projects	Total Nonmajor Governmental
	Homestead Endowment Fund	Wall of Honor Fund	Perpetual Care Fund	Memorial Fund	Total	CDBG Funds	Funds
REVENUES							
Revenue from the use of money and property	\$ 9,891	\$ 537	\$ 11,987	\$ 314	\$ 22,729	\$ 344	\$ 23,073
Miscellaneous	8,322	1,000	-	-	9,322	1,823	11,145
Total revenues	\$ 18,213	\$ 1,537	\$ 11,987	\$ 314	\$ 32,051	\$ 2,167	\$ 34,218
EXPENDITURES							
Current:							
Public works	\$ -	\$ -	\$ 12,314	\$ -	\$ 12,314	\$ -	\$ 12,314
Health and welfare	5,110	-	-	-	5,110	-	5,110
Parks, recreation, and cultural	-	1,050	-	-	1,050	-	1,050
Total expenditures	\$ 5,110	\$ 1,050	\$ 12,314	\$ -	\$ 18,474	\$ -	\$ 18,474
Excess (deficiency) of revenues over (under) expenditures	\$ 13,103	\$ 487	\$ (327)	\$ 314	\$ 13,577	\$ 2,167	\$ 15,744
Net change in fund balances	\$ 13,103	\$ 487	\$ (327)	\$ 314	\$ 13,577	\$ 2,167	\$ 15,744
Fund balances - beginning	268,511	14,449	333,723	24,003	640,686	8,312	648,998
Fund balances - ending	\$ 281,614	\$ 14,936	\$ 333,396	\$ 24,317	\$ 654,263	\$ 10,479	\$ 664,742

Town of Wytheville, Virginia
Combining Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,230,941	\$ 311,644	\$ 1,542,585
Accounts receivable, net of allowance for uncollectibles	456,118	338,101	794,219
Due from other funds	65,284	75,000	140,284
Total current assets	<u>\$ 1,752,343</u>	<u>\$ 724,745</u>	<u>\$ 2,477,088</u>
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	\$ 1,879,437	\$ 636,849	\$ 2,516,286
Capital assets, not being depreciated/amortized	214,463	169,657	384,120
Capital assets, net of accumulated depreciation/amortization	9,987,766	6,482,214	16,469,980
Total capital assets	<u>\$ 10,202,229</u>	<u>\$ 6,651,871</u>	<u>\$ 16,854,100</u>
Total noncurrent assets	<u>\$ 12,081,666</u>	<u>\$ 7,288,720</u>	<u>\$ 19,370,386</u>
Total assets	<u>\$ 13,834,009</u>	<u>\$ 8,013,465</u>	<u>\$ 21,847,474</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 10,306	\$ 10,569	\$ 20,875
Pension related items	163,509	151,994	315,503
OPEB related items	67,390	57,738	125,128
Total deferred outflows of resources	<u>\$ 241,205</u>	<u>\$ 220,301</u>	<u>\$ 461,506</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 70,259	\$ 67,442	\$ 137,701
Accrued payroll/fringes	64,460	50,904	115,364
Accrued interest payable	35,214	15,624	50,838
Due to other funds	-	565,284	565,284
Compensated absences - current portion	71,954	77,008	148,962
Bonds payable - current portion	474,216	576,821	1,051,037
Amount due to Wythe County - current portion	127,699	-	127,699
Lease liabilities - current portion	-	15,186	15,186
Total current liabilities	<u>\$ 843,802</u>	<u>\$ 1,368,269</u>	<u>\$ 2,212,071</u>
Current liabilities payable from restricted assets:			
Customer deposits payable	<u>\$ 66,868</u>	<u>\$ -</u>	<u>\$ 66,868</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 6,365,080	\$ 2,992,905	\$ 9,357,985
Compensated absences - net of current portion	23,984	25,669	49,653
Amount due to Wythe County - net of current portion	1,120,341	-	1,120,341
Lease liabilities - net of current portion	-	7,274	7,274
Net pension liability	295,160	243,230	538,390
Net OPEB liabilities	239,379	204,998	444,377
Total noncurrent liabilities	<u>\$ 8,043,944</u>	<u>\$ 3,474,076</u>	<u>\$ 11,518,020</u>
Total liabilities	<u>\$ 8,954,614</u>	<u>\$ 4,842,345</u>	<u>\$ 13,796,959</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 78,532	\$ 65,809	\$ 144,341
OPEB related items	37,392	31,993	69,385
Total deferred inflows of resources	<u>\$ 115,924</u>	<u>\$ 97,802</u>	<u>\$ 213,726</u>
NET POSITION			
Net investment in capital assets	\$ 3,937,768	\$ 3,707,103	\$ 7,644,871
Unrestricted	1,066,908	(413,484)	653,424
Total net position	<u>\$ 5,004,676</u>	<u>\$ 3,293,619</u>	<u>\$ 8,298,295</u>

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 4,103,863	\$ -	\$ 4,103,863
Sewer revenues	-	2,515,305	2,515,305
Penalties	63,674	-	63,674
Miscellaneous	273	3,639	3,912
Total operating revenues	<u>\$ 4,167,810</u>	<u>\$ 2,518,944</u>	<u>\$ 6,686,754</u>
OPERATING EXPENSES			
Salaries	\$ 791,976	\$ 619,710	\$ 1,411,686
Fringe benefits	297,228	233,202	530,430
Professional services	264,765	132,796	397,561
Repair and maintenance	201,329	305,034	506,363
Operating materials and supplies	999,644	375,163	1,374,807
Permits, licenses and memberships	2,932	12,958	15,890
Utilities	279,422	362,299	641,721
Travel	853	6,519	7,372
Office supplies	910	6,743	7,653
Postal services	3,583	3,583	7,166
Insurance	-	19,767	19,767
Miscellaneous expenses	22,140	14,093	36,233
Depreciation/amortization	690,328	667,490	1,357,818
Total operating expenses	<u>\$ 3,555,110</u>	<u>\$ 2,759,357</u>	<u>\$ 6,314,467</u>
Operating income (loss)	<u>\$ 612,700</u>	<u>\$ (240,413)</u>	<u>\$ 372,287</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 43,761	\$ 2,476	\$ 46,237
Payment to NRRWA	(440,964)	-	(440,964)
Interest expense	(176,067)	(48,734)	(224,801)
Total nonoperating revenues (expenses)	<u>\$ (573,270)</u>	<u>\$ (46,258)</u>	<u>\$ (619,528)</u>
Change in net position	<u>\$ 39,430</u>	<u>\$ (286,671)</u>	<u>\$ (247,241)</u>
Net position - beginning	4,965,246	3,580,290	8,545,536
Net position - ending	<u><u>\$ 5,004,676</u></u>	<u><u>\$ 3,293,619</u></u>	<u><u>\$ 8,298,295</u></u>

Town of Wytheville, Virginia
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,188,415	\$ 2,497,040	\$ 6,685,455
Payments to suppliers	(1,765,420)	(1,234,846)	(3,000,266)
Payments to and for employees	(1,081,590)	(831,682)	(1,913,272)
Net cash provided by (used for) operating activities	<u>\$ 1,341,405</u>	<u>\$ 430,512</u>	<u>\$ 1,771,917</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment to NRRWA	\$ (440,964)	\$ -	\$ (440,964)
Transfers from other funds	-	500,000	500,000
Net cash provided by (used for) noncapital financing activities	<u>\$ (440,964)</u>	<u>\$ 500,000</u>	<u>\$ 59,036</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (194,965)	\$ (1,028,897)	\$ (1,223,862)
Proceeds from bonds	1,827,800	642,200	2,470,000
Principal payments on bonds	(391,827)	(542,468)	(934,295)
Principal payments on lease liabilities	-	(13,737)	(13,737)
Contributions in aid of construction	384,276	-	384,276
Interest payments	(161,033)	(50,576)	(211,609)
Loan payments to other localities	(127,697)	-	(127,697)
Net cash provided by (used for) capital and related financing activities	<u>\$ 1,336,554</u>	<u>\$ (993,478)</u>	<u>\$ 343,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 43,761	\$ 2,476	\$ 46,237
Net increase (decrease) in cash and cash equivalents	\$ 2,280,756	\$ (60,490)	\$ 2,220,266
Cash and cash equivalents - beginning - including restricted	829,622	1,008,983	1,838,605
Cash and cash equivalents - ending - including restricted	<u>\$ 3,110,378</u>	<u>\$ 948,493</u>	<u>\$ 4,058,871</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 612,700	\$ (240,413)	\$ 372,287
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	\$ 690,328	\$ 667,490	\$ 1,357,818
(Increase) decrease in accounts receivable	21,856	(21,904)	(48)
(Increase) decrease in pension related items	(202,183)	(164,349)	(366,532)
Increase (decrease) in compensated absences	17,926	11,805	29,731
Increase (decrease) in operating accounts payable	10,158	4,109	14,267
Increase (decrease) in net pension liability	202,777	166,764	369,541
Increase (decrease) in accrued payroll	(13,187)	2,585	(10,602)
Increase (decrease) in OPEB liabilities	3,862	5,989	9,851
(Increase) decrease in OPEB related items	(1,581)	(1,564)	(3,145)
Increase (decrease) in customer deposits	(1,251)	-	(1,251)
Total adjustments	<u>\$ 728,705</u>	<u>\$ 670,925</u>	<u>\$ 1,399,630</u>
Net cash provided by (used for) operating activities	<u>\$ 1,341,405</u>	<u>\$ 430,512</u>	<u>\$ 1,771,917</u>

Supporting Schedules

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,878,807	\$ 1,878,807	\$ 1,777,124	\$ (101,683)
Real and personal public service corporation taxes	60,000	60,000	89,237	29,237
Personal property taxes	250,000	250,000	363,305	113,305
Mobile home taxes	1,300	1,300	1,940	640
Machinery and tools taxes	148,500	148,500	179,460	30,960
Penalties	10,000	10,000	17,632	7,632
Interest	6,000	6,000	11,829	5,829
Total general property taxes	<u>\$ 2,354,607</u>	<u>\$ 2,354,607</u>	<u>\$ 2,440,527</u>	<u>\$ 85,920</u>
Other local taxes:				
Local sales and use taxes	\$ 707,613	\$ 707,613	\$ 824,491	\$ 116,878
Consumers' utility taxes	235,000	235,000	242,969	7,969
Consumption taxes	52,000	52,000	49,777	(2,223)
Business license taxes	1,550,000	1,550,000	1,941,633	391,633
Motor vehicle licenses	125,000	125,000	134,836	9,836
Tobacco tax	400,000	400,000	336,521	(63,479)
Bank stock taxes	400,000	400,000	432,946	32,946
Hotel and motel room taxes	1,761,818	1,761,818	2,096,368	334,550
Restaurant food taxes	3,401,984	3,401,984	3,949,719	547,735
Interest on local taxes	22,000	22,000	39,355	17,355
Total other local taxes	<u>\$ 8,655,415</u>	<u>\$ 8,655,415</u>	<u>\$ 10,048,615</u>	<u>\$ 1,393,200</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ -	\$ -	\$ 600	\$ 600
Land use permits	500	500	-	(500)
Building permits	29,000	29,000	58,883	29,883
Electrical permits	10,000	10,000	35	(9,965)
Plumbing permits	4,000	4,000	-	(4,000)
Mechanical permits	7,000	7,000	-	(7,000)
Burial permits	35,000	35,000	35,460	460
Monument permits	1,200	1,200	1,915	715
Subdivision permits	200	200	-	(200)
Zoning permits	500	500	6,018	5,518
Refuse tags and disposal permits	170,000	170,000	152,456	(17,544)
Permits and other licenses	4,750	4,750	10,588	5,838
Total permits, privilege fees, and regulatory licenses	<u>\$ 262,150</u>	<u>\$ 262,150</u>	<u>\$ 265,955</u>	<u>\$ 3,805</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 13,000	\$ 13,000	\$ 32,695	\$ 19,695
Parking fines	5,000	5,000	2,159	(2,841)
Total fines and forfeitures	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 34,854</u>	<u>\$ 16,854</u>

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 155,000	\$ 155,000	\$ 676,474	\$ 521,474
Revenue from use of property	41,800	41,800	69,647	27,847
Total revenue from use of money and property	<u>\$ 196,800</u>	<u>\$ 196,800</u>	<u>\$ 746,121</u>	<u>\$ 549,321</u>
Charges for services:				
Charges for law enforcement	\$ 12,000	\$ 12,000	\$ 6,525	\$ (5,475)
Charges for EMS	730,000	730,000	857,673	127,673
Charges for cemetery plots	23,000	23,000	30,281	7,281
Charges for copies	2,000	2,000	2,611	611
Charges for animal control	50	50	1,040	990
Charges for gift shop	4,200	4,200	4,078	(122)
Charges for admissions	31,600	31,600	93,716	62,116
Charges for parks and recreation	559,950	559,950	914,795	354,845
Charges for weed cutting	20,750	20,750	33,681	12,931
Charges for other services	3,275	3,275	22,118	18,843
Total charges for services	<u>\$ 1,386,825</u>	<u>\$ 1,386,825</u>	<u>\$ 1,966,518</u>	<u>\$ 579,693</u>
Miscellaneous:				
Donations	\$ 35,750	\$ 37,850	\$ 74,269	\$ 36,419
Miscellaneous	336,651	344,651	525,498	180,847
Virginia tourism grant	50,000	50,000	30,000	(20,000)
Total miscellaneous	<u>\$ 422,401</u>	<u>\$ 432,501</u>	<u>\$ 629,767</u>	<u>\$ 197,266</u>
Recovered costs:				
Recovered costs	<u>\$ 432,303</u>	<u>\$ 432,303</u>	<u>\$ 470,265</u>	<u>\$ 37,962</u>
Total revenue from local sources	<u>\$ 13,728,501</u>	<u>\$ 13,738,601</u>	<u>\$ 16,602,622</u>	<u>\$ 2,864,021</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 10,000	\$ 10,000	\$ 19,105	\$ 9,105
Mobile home titling tax	2,500	2,500	10,372	7,872
ATV sales tax	-	-	142	142
Motor vehicle rental tax	50,000	50,000	63,283	13,283
P2P vehicle share	-	-	367	367
Telecommunication tax	300,000	300,000	296,178	(3,822)
Game of skill tax	-	-	166	166
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	<u>\$ 423,500</u>	<u>\$ 423,500</u>	<u>\$ 450,689</u>	<u>\$ 27,189</u>

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Other categorical aid:				
Fire programs	\$ 30,000	\$ 30,000	\$ 33,160	\$ 3,160
Highway maintenance	2,770,000	2,770,000	3,215,879	445,879
Law enforcement block grant	205,000	205,000	231,131	26,131
Litter control	3,000	3,000	5,211	2,211
Virginia foundations for humanities	-	-	6,388	6,388
Virginia commission for the arts	4,500	4,500	4,500	-
Department of transportation	-	-	158	158
Total other categorical aid	<u>\$ 3,012,500</u>	<u>\$ 3,012,500</u>	<u>\$ 3,496,427</u>	<u>\$ 483,927</u>
Total revenue from the Commonwealth	<u>\$ 3,436,000</u>	<u>\$ 3,436,000</u>	<u>\$ 3,947,116</u>	<u>\$ 511,116</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,880	\$ 8,880	\$ 8,882	\$ 2
Categorical aid:				
DOT TEA 21 grant-Heritage Walk	\$ 528,146	\$ 528,146	\$ 16,183	\$ (511,963)
Community development block grant-SBRA	-	-	24,720	24,720
ARPA funds from Wythe County	-	-	66,000	66,000
Coronavirus emergency supplemental funding	-	-	2,708	2,708
Total categorical aid	<u>\$ 528,146</u>	<u>\$ 528,146</u>	<u>\$ 109,611</u>	<u>\$ (418,535)</u>
Total revenue from the federal government	<u>\$ 537,026</u>	<u>\$ 537,026</u>	<u>\$ 118,493</u>	<u>\$ (418,533)</u>
Total General Fund	<u>\$ 17,701,527</u>	<u>\$ 17,711,627</u>	<u>\$ 20,668,231</u>	<u>\$ 2,956,604</u>
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	\$ 2,000	\$ 9,891	\$ 7,891
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 715	\$ 715
Other miscellaneous	16,000	16,000	7,607	(8,393)
Total miscellaneous revenue	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 8,322</u>	<u>\$ (7,678)</u>
Total Homestead Endowment Fund	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 18,213</u>	<u>\$ 213</u>

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Wall of Honor Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 537	\$ 437
Miscellaneous:				
Contributions	\$ 1,900	\$ 1,900	\$ 1,000	\$ (900)
Total Wall of Honor Fund	\$ 2,000	\$ 2,000	\$ 1,537	\$ (463)
Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 11,987	\$ 11,987
Total revenue from use of money and property	\$ -	\$ -	\$ 11,987	\$ 11,987
Total Perpetual Care Fund	\$ -	\$ -	\$ 11,987	\$ 11,987
Memorial Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 314	\$ 314
Total revenue from use of money and property	\$ -	\$ -	\$ 314	\$ 314
Total Memorial Fund	\$ -	\$ -	\$ 314	\$ 314
Capital Projects Fund:				
CDBG Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 344	\$ 344
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 1,823	\$ 1,823
Total CDBG Fund	\$ -	\$ -	\$ 2,167	\$ 2,167
Total Primary Government	\$ 17,721,527	\$ 17,731,627	\$ 20,702,449	\$ 2,970,822

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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	\$ 1,246,293	\$ 1,351,293	\$ 1,529,980	\$ (178,687)
General and financial administration:				
Town clerk	\$ 245,757	\$ 245,757	\$ 245,583	\$ 174
Commission member	12,621	12,621	4,546	8,075
Town manager	164,459	164,459	163,249	1,210
Assistant town manager	139,702	139,702	140,246	(544)
Legal services	131,928	131,928	114,769	17,159
Independent services	60,000	66,600	58,330	8,270
Town treasurer	316,294	316,294	284,228	32,066
Automotive/motor pool	292,532	324,532	333,500	(8,968)
Engineering department	227,579	227,579	223,271	4,308
Human resources	301,061	301,061	269,849	31,212
Computer operations	333,153	333,153	262,825	70,328
Other general and financial administration	4,500	4,500	2,110	2,390
Total general and financial administration	\$ 2,229,586	\$ 2,268,186	\$ 2,102,506	\$ 165,680
Total general government administration	\$ 3,475,879	\$ 3,619,479	\$ 3,632,486	\$ (13,007)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,956,327	\$ 2,956,327	\$ 2,992,566	\$ (36,239)
Fire and rescue services:				
Fire department	\$ 1,313,795	\$ 1,313,795	\$ 1,233,303	\$ 80,492
EMS	1,330,070	1,355,070	1,360,655	(5,585)
Total fire and rescue services	\$ 2,643,865	\$ 2,668,865	\$ 2,593,958	\$ 74,907
Inspections:				
Building	\$ 191,130	\$ 191,130	\$ 155,325	\$ 35,805
Other protection:				
Animal control	\$ 106,625	\$ 106,625	\$ 81,978	\$ 24,647
Transportation study grant	39,740	39,740	39,738	2
Total other protection	\$ 146,365	\$ 146,365	\$ 121,716	\$ 24,649
Total public safety	\$ 5,937,687	\$ 5,962,687	\$ 5,863,565	\$ 99,122
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,415,689	\$ 1,415,689	\$ 1,333,092	\$ 82,597
Street construction	901,536	340,036	252,492	87,544
Snow and ice removal	67,956	119,956	118,698	1,258
Streets, signs, and lights	560,144	560,144	544,469	15,675
Administration	114,083	116,483	116,968	(485)
Total maintenance of highways, streets, bridges and sidewalks	\$ 3,059,408	\$ 2,552,308	\$ 2,365,719	\$ 186,589

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 2
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<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)				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 183,573	\$ 204,573	\$ 203,115	\$ 1,458
Landfill	84,650	93,650	99,424	(5,774)
Total sanitation and waste removal	<u>\$ 268,223</u>	<u>\$ 298,223</u>	<u>\$ 302,539</u>	<u>\$ (4,316)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 145,927	\$ 177,927	\$ 177,968	\$ (41)
Town hall	241,274	241,274	175,157	66,117
Community center and park	961,729	961,729	974,270	(12,541)
Parks	110,707	112,807	60,537	52,270
Emergency services buildings	84,750	88,750	79,381	9,369
Animal shelter	2,800	6,300	6,254	46
Weed control - mowing	314,091	314,091	261,331	52,760
Total maintenance of general buildings and grounds	<u>\$ 1,861,278</u>	<u>\$ 1,902,878</u>	<u>\$ 1,734,898</u>	<u>\$ 167,980</u>
Total public works	<u>\$ 5,188,909</u>	<u>\$ 4,753,409</u>	<u>\$ 4,403,156</u>	<u>\$ 350,253</u>
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 20,000	\$ 22,000	\$ 21,325	\$ 675
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 12,094	\$ 12,094	\$ 11,684	\$ 410
Recreational programs	499,397	499,397	379,557	119,840
Swimming pools	154,823	154,823	142,795	12,028
Athletic programs	447,706	581,706	607,146	(25,440)
New community programs	173,970	173,970	103,001	70,969
Youth/Teen center	160,035	160,035	113,817	46,218
Fitness center	281,249	298,249	308,195	(9,946)
Nutrition	50,000	50,000	28,849	21,151
Cemeteries	277,919	295,919	297,401	(1,482)
Total parks and recreation	<u>\$ 2,057,193</u>	<u>\$ 2,226,193</u>	<u>\$ 1,992,445</u>	<u>\$ 233,748</u>
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 130,923	\$ 130,923	\$ 131,334	\$ (411)
Museums and heritage education	130,440	146,440	162,729	(16,289)
Homestead museum	348,663	360,663	440,181	(79,518)
Museums and Heritage Center	405,158	405,158	312,849	92,309
Total cultural enrichment	<u>\$ 1,015,184</u>	<u>\$ 1,043,184</u>	<u>\$ 1,047,093</u>	<u>\$ (3,909)</u>
Total parks, recreation, and cultural	<u>\$ 3,072,377</u>	<u>\$ 3,269,377</u>	<u>\$ 3,039,538</u>	<u>\$ 229,839</u>

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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)				
Community development:				
Planning and community development:				
Director of public information	\$ 569,110	\$ 597,110	\$ 638,544	\$ (41,434)
Chamber of commerce	138,448	138,448	77,148	61,300
Horticulture	479,048	479,048	429,403	49,645
Meeting Center	509,234	509,234	472,237	36,997
Main Street Project	84,851	116,851	117,552	(701)
Joint IDA	282,055	300,055	299,670	385
Total planning and community development	<u>\$ 2,062,746</u>	<u>\$ 2,140,746</u>	<u>\$ 2,034,554</u>	<u>\$ 106,192</u>
Total community development	<u>\$ 2,062,746</u>	<u>\$ 2,140,746</u>	<u>\$ 2,034,554</u>	<u>\$ 106,192</u>
Debt service:				
Principal retirement	\$ 847,239	\$ 847,239	\$ 716,816	\$ 130,423
Interest and other fiscal charges	252,614	252,614	211,032	41,582
Total debt service	<u>\$ 1,099,853</u>	<u>\$ 1,099,853</u>	<u>\$ 927,848</u>	<u>\$ 172,005</u>
Total General Fund	<u>\$ 20,857,451</u>	<u>\$ 20,867,551</u>	<u>\$ 19,922,472</u>	<u>\$ 945,079</u>
Special Revenue Funds:				
Homestead Endowment Fund:				
Health and welfare:				
Welfare and social services:				
Other welfare	\$ 36,000	\$ 36,000	\$ 5,110	\$ 30,890
Total Homestead Endowment Fund	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 5,110</u>	<u>\$ 30,890</u>
Wall of Honor Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ 1,000	\$ 1,000	\$ 1,050	\$ (50)
Total Wall of Honor Fund	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,050</u>	<u>\$ (50)</u>
Perpetual Care Fund:				
Public works:				
Public works:				
Other public works	\$ -	\$ 15,000	\$ 12,314	\$ 2,686
Total Perpetual Care Fund	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 12,314</u>	<u>\$ 2,686</u>
Total Primary Government	<u>\$ 20,894,451</u>	<u>\$ 20,919,551</u>	<u>\$ 19,940,946</u>	<u>\$ 978,605</u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water and Sewer	Total
2013-14	\$ 2,147,851	\$ 3,252,873	\$ 3,792,477	\$ 19,491	\$ 1,852,475	\$ 944,160	\$ 569,975	\$ 5,607,196	\$ 18,186,498
2014-15	2,303,026	2,987,472	5,455,338	8,908	1,571,477	1,040,880	500,008	5,980,816	19,847,925
2015-16	2,354,593	3,327,511	4,131,591	12,030	1,910,471	1,500,540	302,612	5,730,156	19,269,504
2016-17	2,743,252	3,302,604	4,062,403	22,725	2,194,598	1,877,460	275,829	5,957,077	20,435,948
2017-18	4,231,146	3,086,007	3,484,224	29,813	2,109,544	1,569,297	260,971	5,719,798	20,490,800
2018-19	4,595,077	3,835,305	3,728,163	12,091	2,524,509	2,177,391	262,310	6,422,249	23,557,095
2019-20	3,084,790	3,834,958	4,084,536	10,647	2,030,259	1,544,425	246,068	5,930,258	20,765,941
2020-21	4,021,927	6,700,405	4,533,570	45,301	1,941,420	454,330	222,385	6,438,972	24,358,310
2021-22	4,043,335	5,256,902	4,759,036	58,800	2,062,017	1,436,804	221,010	6,405,243	24,243,147
2022-23	3,526,768	6,278,727	5,418,262	26,435	2,896,803	1,645,465	208,160	6,980,232	26,980,852

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2013-14	\$ 7,550,641	\$ 2,579,105	\$ 979,719	\$	\$ 1,665,019	\$ 6,202,798	\$ 604,434	\$ 491,749	\$ 547,331	\$ 20,620,796
2014-15	7,616,718	3,554,077	199,021		1,627,470	6,499,216	603,899	822,008	564,702	21,487,111
2015-16	7,501,711	2,817,979	-		1,616,235	7,199,660	482,476	582,349	545,917	20,746,327
2016-17	7,556,643	2,855,571	1,145,672		1,638,042	7,240,639	439,097	564,510	534,059	21,974,233
2017-18	7,580,115	3,716,945	1,355,173		1,658,265	7,563,853	348,902	824,648	520,506	21,974,233
2018-19	7,029,521	3,536,179	-		1,646,203	7,655,285	442,257	719,858	503,581	21,532,884
2019-20	6,978,221	3,563,870	161,463		1,695,572	7,495,307	329,290	399,477	484,879	21,108,079
2020-21	7,883,076	5,222,123	9,500		1,701,563	7,610,832	268,273	527,692	465,957	23,689,016
2021-22	8,585,979	11,768,127	63,980		2,229,226	9,213,032	248,106	574,336	450,664	33,133,450
2022-23	8,971,308	3,589,855	16,183		2,493,601	10,048,615	797,760	644,824	459,571	27,021,717

Table 3

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

Fiscal Year	General Government		Public		Public Works		Health and Welfare		Parks, Recreation, and Cultural		Community Development		Capital Projects		Debt Service (2)		Total
	Administration	Safety															
2013-14	\$ 2,134,947	\$ 3,103,246	\$ 3,614,022	\$ 19,491	\$ 1,819,596	\$ 1,031,604	\$ -	\$ -	\$ 950,653	\$ 12,673,559							
2014-15	2,266,529	3,191,488	5,453,063	8,908	1,858,118	1,146,408	-	-	822,079	14,746,593							
2015-16	2,432,241	3,570,609	3,874,426	12,030	2,030,196	1,587,504	11,170	11,170	957,917	14,476,093							
2016-17	3,160,117	3,361,978	6,894,190	22,725	2,350,098	1,896,383	-	-	973,105	18,658,596							
2017-18	4,798,584	3,351,790	5,998,085	29,813	2,149,288	1,768,125	-	-	970,332	19,066,017							
2018-19	6,149,053	3,898,734	4,147,263	12,091	2,482,746	2,136,938	-	-	1,054,266	19,881,091							
2019-20	3,109,243	4,128,406	3,585,822	10,647	1,972,704	1,681,854	-	-	1,193,002	15,681,678							
2020-21	4,012,435	6,056,908	3,628,412	45,301	1,746,598	1,569,942	12,926	12,926	1,128,444	18,200,966							
2021-22	3,931,597	4,853,407	3,916,027	58,800	2,043,375	1,750,065	-	-	1,274,541	17,827,812							
2022-23	3,632,486	5,863,565	4,415,470	26,435	3,040,588	2,034,554	-	-	927,848	19,940,946							

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

(2) 2015-16 excludes refunding of \$2,468,148.

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			Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
					Use of Money and Property							
2013-14	\$ 1,632,845	\$ 6,202,798	\$ 171,230	\$ 133,465	\$ 591,836	\$ 1,094,213	\$ 479,789	\$ 150,713	\$ 3,154,981	\$ 13,611,870		
2014-15	1,615,505	6,499,216	174,168	163,717	587,193	1,016,123	821,008	92,334	4,168,779	15,138,043		
2015-16	1,653,110	7,199,660	185,211	135,324	467,000	987,041	545,488	120,747	3,363,896	14,657,477		
2016-17	1,598,818	7,240,639	168,601	107,393	427,944	999,650	564,510	121,527	4,515,302	15,744,384		
2017-18	1,674,316	7,563,853	208,285	76,207	343,545	1,030,103	789,085	140,274	5,572,624	17,398,292		
2018-19	1,661,041	7,655,285	204,651	83,695	437,551	964,840	704,989	130,445	4,039,760	15,882,257		
2019-20	1,667,678	7,495,307	200,919	38,285	315,347	835,705	399,363	393,173	4,084,051	15,429,828		
2020-21	1,704,885	7,610,832	244,042	17,811	251,372	1,310,967	527,487	385,120	5,688,080	17,740,596		
2021-22	2,200,924	9,213,032	264,844	16,704	272,447	1,591,403	570,602	397,827	12,218,791	26,746,574		
2022-23	2,440,527	10,048,615	265,955	34,854	769,194	1,966,518	640,912	470,265	4,065,609	20,702,449		

(1) Includes General, CARES-ARPA, 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 (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2013-14	\$ 1,677,066	\$ 1,644,830	98.08%	\$ 30,268	\$ 1,675,098	99.88%	\$ 99,267	5.92%
2014-15	1,659,935	1,621,452	97.68%	33,077	1,654,529	99.67%	96,796	5.83%
2015-16	1,667,267	1,630,343	97.79%	55,772	1,686,115	101.13%	101,512	6.09%
2016-17	1,659,382	1,610,321	97.04%	28,308	1,638,629	98.75%	112,898	6.80%
2017-18	1,677,878	1,646,162	98.11%	52,725	1,698,887	101.25%	95,914	5.72%
2018-19	1,697,479	1,660,951	97.85%	39,027	1,699,978	100.15%	91,441	5.39%
2019-20	1,732,231	1,678,129	96.88%	29,388	1,707,517	98.57%	104,409	6.03%
2020-21	1,716,182	1,694,985	98.76%	47,193	1,742,178	101.51%	94,528	5.51%
2021-22	2,208,215	2,168,842	98.22%	52,492	2,221,334	100.59%	87,677	3.97%
2022-23	2,561,142	2,434,931	95.07%	37,211	2,472,142	96.52%	169,021	6.60%

(1) Exclusive of penalties and interest.

(2) 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	
2013-14	\$ 784,643,550	\$ 111,612,912	\$ 34,148,370	\$ 150,824	\$ 930,555,656
2014-15	784,334,286	125,978,204	34,852,734	110,210	945,275,434
2015-16	787,945,100	125,323,183	36,368,230	117,642	949,754,155
2016-17	788,739,181	120,809,089	37,766,390	113,017	947,427,677
2017-18	819,838,675	119,522,050	39,192,998	236,787	978,790,510
2018-19	827,294,409	126,212,102	40,090,579	299,690	993,896,780
2019-20	833,233,784	134,689,684	37,772,799	263,633	1,005,959,900
2020-21	838,122,615	131,656,912	39,409,565	290,626	1,009,479,718
2021-22	839,420,320	141,332,422	39,190,329	167,779	1,020,110,850
2022-23	1,010,206,854	172,319,637	48,093,224	135,878	1,230,755,593

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

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

Table 7

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

Fiscal Year	Real Estate		Personal Property	Public Utility				
				Real Estate	Personal Property			
2013-14	\$	0.160	\$	0.280	\$	0.160	\$	0.280
2014-15		0.160		0.280		0.160		0.280
2015-16		0.160		0.280		0.160		0.280
2016-17		0.160		0.280		0.160		0.280
2017-18		0.155		0.280		0.155		0.280
2018-19		0.155		0.280		0.155		0.280
2019-20		0.155		0.280		0.155		0.280
2020-21		0.155		0.280		0.155		0.280
2021-22		0.195		0.380		0.195		0.380
2022-23		0.185		0.380		0.185		0.380

(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
2013-14	8,211	\$ 930,556	\$ 20,847,944	2.24%	\$ 2,539
2014-15	8,211	945,275	25,905,375	2.74%	3,155
2015-16	8,211	949,754	24,629,729	2.59%	3,000
2016-17	8,211	947,428	23,252,373	2.45%	2,832
2017-18	8,211	978,791	21,844,211	2.23%	2,660
2018-19	8,211	993,897	20,824,559	2.10%	2,536
2019-20	8,211	1,005,960	20,285,268	2.02%	2,470
2020-21	8,265	1,009,480	18,931,581	1.88%	2,291
2021-22	8,265	1,020,111	17,436,317	1.71%	2,110
2022-23	8,265	1,230,756	18,377,503	1.49%	2,224

(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 and bonded anticipation notes.

Excludes revenue bonds, landfill closure/post-closure care liability, lease liabilities, subscription liability, compensated absences, net pension liability, and net OPEB liabilities.

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 (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2013-14	\$ 379,544	\$ 571,109	\$ 950,653	\$ 12,673,559	7.50%
2014-15	393,322	428,757	822,079	14,751,413	5.57%
2015-16	648,406	309,511	957,917	16,944,241	5.65%
2016-17	693,032	280,073	973,105	18,658,596	5.22%
2017-18	705,803	264,529	970,332	19,066,017	5.09%
2018-19	790,267	263,999	1,054,266	19,881,091	5.30%
2019-20	939,963	253,039	1,193,002	15,681,678	7.61%
2020-21	901,504	226,940	1,128,444	18,200,966	6.20%
2021-22	1,050,393	224,148	1,274,541	18,200,966	7.00%
2022-23	716,816	211,032	927,848	19,940,946	4.65%

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

(2) 2015-16 excludes refunding amount of \$2,468,148.

Table 10

Town of Wytheville, Virginia
Computation of Legal Debt Margin
June 30, 2023

Assessed valuations:		
Assessed value (real estate)		\$ 1,010,206,854
Legal debt margin		
Debt limitation - 10 percent of total assessed value		\$ 101,020,685
Debt applicable to limitation:		
Net bonded debt	(18,377,503)	
Total debt applicable to limitation		(18,377,503)
Legal debt margin		\$ 82,643,182

Compliance



**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 the Town of Wytheville, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Wytheville, Virginia's basic financial statements, and have issued our report thereon dated November 18, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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, Fawcett, & Associates

Blacksburg, Virginia

November 18, 2023

Town of Wytheville, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022-001 - Noncompliance finding

Condition:	The Town does not maintain detailed records that would allow us to properly perform tests of amounts included in the Weldon Cooper Center Local Finance Survey.
Recommendation:	The Town should begin tracking all work on a daily basis in accordance with the Urban Manual.
Current Status	The Town corrected the finding during fiscal year 2023.