

TOWN OF WYTHEVILLE, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

TOWN OF WYTHEVILLE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024

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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, 2024, 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, 2024, 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.

Restatement of Beginning Balances

As described in Note 19 to the financial statements, in 2024, the Town restated beginning balances to correct an error. 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 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory 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.

Other Information (Continued)

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 December 31, 2024, 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.

Polinco, Fawcett, & Associates

Blacksburg, Virginia
December 31, 2024

Basic Financial Statements

Town of Wytheville, Virginia
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 25,347,433	\$ 1,881,083	\$ 27,228,516
Receivables (net of allowance for uncollectibles):			
Taxes receivable	213,367	-	213,367
Accounts receivable	760,560	884,017	1,644,577
Leases receivable	42,928	-	42,928
Internal balances	425,000	(425,000)	-
Due from other governmental units	236,249	-	236,249
Prepaid items	39,275	-	39,275
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	8,867	2,501,455	2,510,322
Capital assets, not being depreciated/amortized	1,620,424	400,422	2,020,846
Capital assets, net of accumulated depreciation/amortization	24,287,558	15,566,197	39,853,755
Total assets	<u>\$ 52,981,661</u>	<u>\$ 20,808,174</u>	<u>\$ 73,789,835</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 3,818	\$ 17,397	\$ 21,215
Pension related items	1,363,036	241,636	1,604,672
OPEB related items	1,431,079	103,800	1,534,879
Total deferred outflows of resources	<u>\$ 2,797,933</u>	<u>\$ 362,833</u>	<u>\$ 3,160,766</u>
LIABILITIES			
Accounts payable	\$ 283,186	\$ 177,523	\$ 460,709
Accrued payroll/fringes	958,693	143,997	1,102,690
Customer deposits	8,867	68,159	77,026
Accrued interest payable	44,379	52,586	96,965
Long-term liabilities:			
Due within one year	1,735,870	1,055,868	2,791,738
Due in more than one year	14,388,666	10,410,364	24,799,030
Total liabilities	<u>\$ 17,419,661</u>	<u>\$ 11,908,497</u>	<u>\$ 29,328,158</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 20,795	\$ -	\$ 20,795
Pension related items	841,994	152,702	994,696
OPEB related items	1,557,430	164,078	1,721,508
Lease related items	42,558	-	42,558
Total deferred inflows of resources	<u>\$ 2,462,777</u>	<u>\$ 316,780</u>	<u>\$ 2,779,557</u>
NET POSITION			
Net investment in capital assets	\$ 17,554,704	\$ 7,809,509	\$ 25,364,213
Unrestricted	18,342,452	1,136,221	19,478,673
Total net position	<u>\$ 35,897,156</u>	<u>\$ 8,945,730</u>	<u>\$ 44,842,886</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, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 3,429,902	\$ 24,640	\$ 104,000	\$ -	\$ (3,301,262)	\$ -	\$ (3,301,262)
Public safety	6,545,703	930,536	440,897	-	(5,174,270)	-	(5,174,270)
Public works	5,570,073	192,864	3,508,163	226,968	(1,642,078)	-	(1,642,078)
Health and welfare	29,035	-	-	-	(29,035)	-	(29,035)
Parks, recreation, and cultural	2,906,330	1,237,880	7,465	-	(1,660,985)	-	(1,660,985)
Community development	1,577,777	2,597	-	-	(1,575,180)	-	(1,575,180)
Interest on long-term debt	194,223	-	-	-	(194,223)	-	(194,223)
Total governmental activities	\$ 20,253,043	\$ 2,388,517	\$ 4,060,525	\$ 226,968	\$ (13,577,033)	\$ -	\$ (13,577,033)
Business-type activities:							
Water and sewer	\$ 7,190,345	\$ 7,327,060	\$ -	\$ 105,000	\$ -	\$ 241,715	\$ 241,715
Total primary government	\$ 27,443,388	\$ 9,715,577	\$ 4,060,525	\$ 331,968	\$ (13,577,033)	\$ 241,715	\$ (13,335,318)
General revenues:							
General property taxes	\$ 2,699,836	\$ -	\$ -	\$ -	\$ 2,699,836	\$ -	\$ 2,699,836
Local sales and use taxes	919,355	-	-	-	919,355	-	919,355
Consumers' utility taxes	239,736	-	-	-	239,736	-	239,736
Business license taxes	1,917,431	-	-	-	1,917,431	-	1,917,431
Bank stock taxes	491,537	-	-	-	491,537	-	491,537
Hotel and motel room taxes	2,084,429	-	-	-	2,084,429	-	2,084,429
Restaurant food taxes	4,640,041	-	-	-	4,640,041	-	4,640,041
Tobacco tax	305,764	-	-	-	305,764	-	305,764
Other local taxes	227,881	-	-	-	227,881	-	227,881
Unrestricted revenues from use of money	1,312,582	-	-	-	1,312,582	211,138	1,523,720
Miscellaneous	729,110	-	-	-	729,110	194,582	923,692
Grants and contributions not restricted to specific programs	434,507	-	-	-	434,507	-	434,507
Total general revenues	\$ 16,002,209	\$ 405,720	\$ 405,720	\$ 16,407,929	\$ 16,002,209	\$ 405,720	\$ 16,407,929
Change in net position	\$ 2,425,176	\$ 647,435	\$ 647,435	\$ 3,072,611	\$ 2,425,176	\$ 647,435	\$ 3,072,611
Net position - beginning, as previously reported	33,305,457	8,298,295	8,298,295	41,603,752	33,305,457	8,298,295	41,603,752
Restatement	166,523	-	-	-	166,523	-	166,523
Net position - beginning, as restated	33,471,980	8,298,295	8,298,295	41,770,275	33,471,980	8,298,295	41,770,275
Net position - ending	\$ 35,897,156	\$ 8,945,730	\$ 8,945,730	\$ 44,842,886	\$ 35,897,156	\$ 8,945,730	\$ 44,842,886

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

Town of Wytheville, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 24,588,427	\$ 636,016	\$ 25,224,443
Receivables (net of allowance for uncollectibles):			
Taxes receivable	213,367	-	213,367
Accounts receivable	760,540	20	760,560
Leases receivable	42,928	-	42,928
Due from other funds	500,000	-	500,000
Due from other governmental units	236,249	-	236,249
Prepaid items	39,275	-	39,275
Restricted assets:			
Cash and cash equivalents	8,867	-	8,867
Total assets	<u>\$ 26,389,653</u>	<u>\$ 636,036</u>	<u>\$ 27,025,689</u>
LIABILITIES			
Accounts payable	\$ 283,186	\$ -	\$ 283,186
Accrued payroll/fringes	958,693	-	958,693
Customer deposits	8,867	-	8,867
Due to other funds	75,000	-	75,000
Total liabilities	<u>\$ 1,325,746</u>	<u>\$ -</u>	<u>\$ 1,325,746</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 268,603	\$ -	\$ 268,603
Lease related items	42,558	-	42,558
Total deferred inflows of resources	<u>\$ 311,161</u>	<u>\$ -</u>	<u>\$ 311,161</u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	\$ 39,275	\$ -	\$ 39,275
Committed:			
Debt service	627,612	-	627,612
Rainy day	6,812,342	-	6,812,342
Community Center	6,223,097	-	6,223,097
Special revenue funds	-	623,242	623,242
Assigned:			
Capital projects funds	-	12,794	12,794
Unassigned	11,050,420	-	11,050,420
Total fund balances	<u>\$ 24,752,746</u>	<u>\$ 636,036</u>	<u>\$ 25,388,782</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,389,653</u>	<u>\$ 636,036</u>	<u>\$ 27,025,689</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, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 25,388,782
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets, not being depreciated/amortized	\$ 1,620,424	
Capital assets being depreciated/amortized	44,469,007	
Accumulated depreciation/amortization	<u>(20,181,449)</u>	25,907,982
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		247,808
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 1,363,036	
OPEB related items	<u>1,431,079</u>	2,794,115
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.		
		122,990
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	\$ (8,097,971)	
Less deferred charge on refunding	3,818	
Compensated absences	(1,252,419)	
Lease liabilities	(115,834)	
Subscription liability	(143,291)	
Landfill accrued post-closure costs	(655,952)	
Accrued interest payable	(44,379)	
Net OPEB liabilities	(3,383,995)	
Net pension liability	<u>(2,475,074)</u>	(16,165,097)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (841,994)	
OPEB related items	<u>(1,557,430)</u>	(2,399,424)
Net position of governmental activities		<u><u>\$ 35,897,156</u></u>

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

Town of Wytheville, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 2,649,124	\$ -	\$ 2,649,124
Other local taxes	10,826,174	-	10,826,174
Permits, privilege fees, and regulatory licenses	279,693	-	279,693
Fines and forfeitures	58,334	-	58,334
Revenue from the use of money and property	1,295,689	33,179	1,328,868
Charges for services	2,028,502	-	2,028,502
Miscellaneous	714,409	14,701	729,110
Recovered costs	434,911	-	434,911
Intergovernmental:			
Commonwealth	4,233,404	-	4,233,404
Federal	488,596	-	488,596
Total revenues	<u>\$ 23,008,836</u>	<u>\$ 47,880</u>	<u>\$ 23,056,716</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,397,915	\$ -	\$ 3,397,915
Public safety	6,112,289	-	6,112,289
Public works	5,490,233	52,395	5,542,628
Health and welfare	7,305	21,730	29,035
Parks, recreation, and cultural	3,572,824	2,461	3,575,285
Community development	2,106,112	-	2,106,112
Debt service:			
Principal retirement	777,531	-	777,531
Interest and other fiscal charges	196,599	-	196,599
Total expenditures	<u>\$ 21,660,808</u>	<u>\$ 76,586</u>	<u>\$ 21,737,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,348,028</u>	<u>\$ (28,706)</u>	<u>\$ 1,319,322</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (24,000)	\$ -	\$ (24,000)
Issuance of general obligation bonds	774,677	-	774,677
Issuance of lease	54,055	-	54,055
Total other financing sources (uses)	<u>\$ 804,732</u>	<u>\$ -</u>	<u>\$ 804,732</u>
Net change in fund balances	\$ 2,152,760	\$ (28,706)	\$ 2,124,054
Fund balances - beginning	22,599,986	664,742	23,264,728
Fund balances - ending	<u>\$ 24,752,746</u>	<u>\$ 636,036</u>	<u>\$ 25,388,782</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, 2024

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

Net change in fund balances - total governmental funds	\$	2,124,054
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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	\$ 1,872,725	
Depreciation/amortization expense	(1,533,038)	339,687

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		50,712
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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 general obligation refunding debt	\$ (774,677)	
Issuance of lease liabilities	(54,055)	
Change in accrued landfill postclosure cost	42,615	

Principal repayments:

General obligation bonds	645,187	
Lease liabilities	86,811	
Subscription liability	45,533	(8,586)

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	\$ (60,763)	
Change in accrued interest	3,140	
Amortization of deferred charge on refunding	(764)	
Change in pension related items	239,260	
Change in OPEB related items	(287,966)	(107,093)

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.

26,402

Change in net position of governmental activities	\$	2,425,176
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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, 2024

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer Funds	Retiree Health Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,881,083	\$ 122,990
Accounts receivable, net of allowance for uncollectibles	884,017	-
Due from other funds	140,284	-
Total current assets	\$ 2,905,384	\$ 122,990
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 2,501,455	-
Capital assets, not being depreciated/amortized	400,422	-
Capital assets, net of accumulated depreciation/amortization	15,566,197	-
Total capital assets	\$ 15,966,619	-
Total noncurrent assets	\$ 18,468,074	-
Total assets	\$ 21,373,458	\$ 122,990
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	\$ 17,397	-
Pension related items	241,636	-
OPEB related items	103,800	-
Total deferred outflows of resources	\$ 362,833	-
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 177,523	-
Accrued payroll/fringes	143,997	-
Accrued interest payable	52,586	-
Due to other funds	565,284	-
Compensated absences - current portion	138,088	-
Bonds payable - current portion	748,694	-
Amount due to Wythe County - current portion	161,812	-
Lease liabilities - current portion	7,274	-
Current liabilities payable from restricted assets:		
Customer deposits payable	68,159	-
Total current liabilities	\$ 2,063,417	-
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 8,607,834	-
Compensated absences - net of current portion	46,028	-
Amount due to Wythe County - net of current portion	990,454	-
Net pension liability	415,441	-
Net OPEB liabilities	350,607	-
Total noncurrent liabilities	\$ 10,410,364	-
Total liabilities	\$ 12,473,781	-
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 152,702	-
OPEB related items	164,078	-
Total deferred inflows of resources	\$ 316,780	-
NET POSITION		
Net investment in capital assets	\$ 7,809,509	-
Unrestricted	1,136,221	122,990
Total net position	\$ 8,945,730	\$ 122,990

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, 2024

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer Funds	Retiree Health Insurance Fund
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 4,422,242	\$ -
Sewer revenues	2,834,183	-
Penalties	70,635	-
Miscellaneous	194,582	-
Total operating revenues	<u>\$ 7,521,642</u>	<u>\$ -</u>
OPERATING EXPENSES		
Salaries	\$ 1,482,217	\$ -
Fringe benefits	538,714	3,300
Professional services	427,220	-
Repair and maintenance	387,677	-
Operating materials and supplies	1,419,856	-
Permits, licenses and memberships	17,069	-
Utilities	654,167	-
Travel	4,590	-
Office supplies	5,514	-
Postal services	5,676	-
Insurance	18,328	-
Miscellaneous expenses	94,288	-
Depreciation/amortization	1,418,522	-
Total operating expenses	<u>\$ 6,473,838</u>	<u>\$ 3,300</u>
Operating income (loss)	<u>\$ 1,047,804</u>	<u>\$ (3,300)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ 211,138	\$ 5,702
Payment to NRRWA	(441,010)	-
Interest expense	(275,497)	-
Total nonoperating revenues (expenses)	<u>\$ (505,369)</u>	<u>\$ 5,702</u>
Income before capital contributions and transfers	<u>\$ 542,435</u>	<u>\$ 2,402</u>
Capital contributions and construction grants	\$ 105,000	\$ -
Transfers in	-	24,000
Change in net position	<u>\$ 647,435</u>	<u>\$ 26,402</u>
Net position - beginning	8,298,295	96,588
Net position - ending	<u><u>\$ 8,945,730</u></u>	<u><u>\$ 122,990</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, 2024

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer Funds	Retiree Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 7,433,135	\$ -
Payments to suppliers	(3,086,298)	-
Payments to and for employees	(2,025,267)	(3,300)
Net cash provided by (used for) operating activities	\$ 2,321,570	\$ (3,300)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ -	\$ 24,000
Payment to NRRWA	(441,010)	-
Net cash provided by (used for) noncapital financing activities	\$ (441,010)	\$ 24,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to capital assets	\$ (439,306)	\$ -
Principal payments on bonds	(1,052,494)	-
Principal payments on lease liabilities	(15,186)	-
Contributions in aid of construction	105,000	-
Interest payments	(270,271)	-
Loan payments to other localities	(95,774)	-
Net cash provided by (used for) capital and related financing activities	\$ (1,768,031)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ 211,138	\$ 5,702
Net cash provided by (used for) investing activities	\$ 211,138	\$ 5,702
Net increase (decrease) in cash and cash equivalents	\$ 323,667	\$ 26,402
Cash and cash equivalents - beginning - including restricted	4,058,871	96,588
Cash and cash equivalents - ending - including restricted	\$ 4,382,538	\$ 122,990
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 1,047,804	\$ (3,300)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation/amortization expense	\$ 1,418,522	\$ -
(Increase) decrease in accounts receivable	(89,798)	-
(Increase) decrease in pension related items	82,228	-
Increase (decrease) in compensated absences	(14,499)	-
Increase (decrease) in operating accounts payable	(51,913)	-
Increase (decrease) in net pension liability	(122,949)	-
Increase (decrease) in accrued payroll	28,633	-
Increase (decrease) in OPEB liabilities	(93,770)	-
(Increase) decrease in OPEB related items	116,021	-
Increase (decrease) in customer deposits	1,291	-
Total adjustments	\$ 1,273,766	\$ -
Net cash provided by (used for) operating activities	\$ 2,321,570	\$ (3,300)
Schedule of noncash capital and related financing activities:		
Acquisition of assets on account (change in accounts payable)	\$ 91,735	\$ -

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

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, the Town contributed \$441,010 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, 2024, the Town contributed \$84,272 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, 2024, 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 \$179,379 and a contribution amount of \$135,917 totaled \$315,296 for fiscal year ended June 30, 2024.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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, 2024

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, 2024

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, 2024

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 \$155,212 at June 30, 2024. The allowance consists of delinquent taxes in the amount of \$3,569, mowing and special assessments of \$48,865 and delinquent water and sewer bills of \$102,778.

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, 2024

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, 2024

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.

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, 2024

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, 2024

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	\$ 286,802
Wall of Honor	14,232
Perpetual Care	296,683
Memorial Fund	25,525
	<hr/>
Total Committed	\$ 623,242

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, 2024

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, 2024

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, 2024

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, 2024, no fund had expenditures in excess of its appropriations.

C. Deficit fund balance:

At June 30, 2024, 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, 2024

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.

Investment Maturities (in years)		
Investment Type	Fair Value	Less than 1 Year
VML/VACO Virginia Investment Pool (VIP)	\$ 5,048,218	\$ 5,048,218

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, 2024 were rated by Standard & Poor’s rating scale and the ratings are presented below.

Town's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
VML/VACO Virginia Investment Pool (VIP)	\$ 5,048,218

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, 2024

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, 2024, the Town did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk

At June 30, 2024, 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 \$247,808 at June 30, 2024.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2024 but paid in advance by the taxpayers totaled \$20,795 at June 30, 2024.

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	\$ 169,513
Noncategorical Aid	66,736
Total Due from Other Governmental Units	<u>\$ 236,249</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 6 - INTERFUND ACTIVITY:

Interfund transfers for the year ended June 30, 2024, 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	\$ -	\$ 425,000
Sewer Fund	425,000	-
Total	<u>\$ 425,000</u>	<u>\$ 425,000</u>

During fiscal year 2018, the water fund paid \$65,284 in debt service for the sewer fund. During fiscal year 2024, the amount was 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, 2024

NOTE 7 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,572,278	\$ -	\$ -	\$ 1,572,278
Construction in progress	578,814	558,891	(1,089,559)	48,146
Total capital assets not being depreciated/amortized	<u>\$ 2,151,092</u>	<u>\$ 558,891</u>	<u>\$ (1,089,559)</u>	<u>\$ 1,620,424</u>
Capital asset being depreciated/amortized:				
Buildings and improvements	\$ 32,170,490	\$ 1,114,784	\$ -	\$ 33,285,274
Machinery and equipment	9,365,387	1,234,554	-	10,599,941
Lease machinery and equipment	296,451	54,055	-	350,506
Subscription asset	233,286	-	-	233,286
Total capital assets being depreciated/amortized	<u>\$ 42,065,614</u>	<u>\$ 2,403,393</u>	<u>\$ -</u>	<u>\$ 44,469,007</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (10,322,786)	\$ (818,265)	\$ -	\$ (11,141,051)
Machinery and equipment	(8,151,630)	(585,074)	-	(8,736,704)
Lease machinery and equipment	(158,536)	(82,940)	-	(241,476)
Subscription asset	(15,459)	(46,759)	-	(62,218)
Total accumulated depreciation/amortization	<u>\$ (18,648,411)</u>	<u>\$ (1,533,038)</u>	<u>\$ -</u>	<u>\$ (20,181,449)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 23,417,203</u>	<u>\$ 870,355</u>	<u>\$ -</u>	<u>\$ 24,287,558</u>
Governmental activities capital assets, net	<u>\$ 25,568,295</u>	<u>\$ 1,429,246</u>	<u>\$ (1,089,559)</u>	<u>\$ 25,907,982</u>

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TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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	126,046	16,302	-	142,348
Total capital assets, not being depreciated/amortized	<u>\$ 384,120</u>	<u>\$ 16,302</u>	<u>\$ -</u>	<u>\$ 400,422</u>
Capital asset being depreciated/amortized:				
Utility plant and equipment	\$ 57,881,396	\$ 109,425	\$ -	\$ 57,990,821
Machinery and equipment	4,756,491	405,314	-	5,161,805
Lease machinery and equipment	48,625	-	-	48,625
Total capital assets being depreciated/amortized	<u>\$ 62,686,512</u>	<u>\$ 514,739</u>	<u>\$ -</u>	<u>\$ 63,201,251</u>
Accumulated depreciation/amortization:				
Utility plant and equipment	\$ (43,318,067)	\$ (1,178,671)	\$ -	\$ (44,496,738)
Machinery and equipment	(2,870,297)	(225,729)	-	(3,096,026)
Lease machinery and equipment	(28,168)	(14,122)	-	(42,290)
Total accumulated depreciation/amortization	<u>\$ (46,216,532)</u>	<u>\$ (1,418,522)</u>	<u>\$ -</u>	<u>\$ (47,635,054)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 16,469,980</u>	<u>\$ (903,783)</u>	<u>\$ -</u>	<u>\$ 15,566,197</u>
Business-type activities capital assets, net	<u>\$ 16,854,100</u>	<u>\$ (887,481)</u>	<u>\$ -</u>	<u>\$ 15,966,619</u>

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

Governmental activities:	
General government administration	\$ 142,416
Public safety	384,578
Public works	849,648
Parks, recreation, and cultural	142,007
Community development	14,389
Total depreciation/amortization expense - governmental activities	<u>\$ 1,533,038</u>
Business-type activities:	
Water	\$ 734,627
Sewer	683,895
Total depreciation/amortization expense - business-type activities	<u>\$ 1,418,522</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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, 2024:

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Direct borrowings and placements				
General obligation refunding bonds	\$ 7,968,481	\$ 774,677	\$ (645,187)	\$ 8,097,971
Total direct borrowings and placements	\$ 7,968,481	\$ 774,677	\$ (645,187)	\$ 8,097,971
Lease liabilities	\$ 148,590	\$ 54,055	\$ (86,811)	\$ 115,834
Subscription liability	188,824	-	(45,533)	143,291
Net pension liability	3,083,183	2,830,477	(3,438,586)	2,475,074
Landfill postclosure monitoring liability	698,567	-	(42,615)	655,952
Net OPEB liabilities	3,723,985	1,948,596	(2,288,586)	3,383,995
Compensated absences	1,191,656	954,505	(893,742)	1,252,419
Total	\$ 17,003,286	\$ 6,562,310	\$ (7,441,060)	\$ 16,124,536

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
2025	\$ 694,196	\$ 188,208	\$ 55,729	\$ 10,605	\$ 46,631	\$ 3,453
2026	709,742	171,467	22,063	7,204	47,755	2,329
2027	727,314	154,169	14,171	4,724	48,905	1,179
2028	745,068	136,427	12,571	2,867	-	-
2029	763,276	118,235	11,300	791	-	-
2030-2034	3,740,390	314,633	-	-	-	-
2035	717,985	12,085	-	-	-	-
Total	\$ 8,097,971	\$ 1,095,224	\$ 115,834	\$ 26,191	\$ 143,291	\$ 6,961

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TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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	\$ 5,573,312	\$ 452,146
General obligation refunding bond	2.45%	12/1/2014	2/1/2030	727,720	276,969	44,476
General obligation refunding bond	2.24%	2/5/2016	3/27/2035	2,468,148	1,510,290	122,524
General obligation bond	3.75%	1/17/2024	12/17/2032	774,677	737,400	75,050
Total Direct Borrowings and Placements					\$ 8,097,971	\$ 694,196
Other Obligations:						
		9/4/2019-	8/4/2024-	\$15,606-		
Lease liabilities - machinery and equipment	1.26%-10.01%	10/1/2021	4/2/2029	\$41,966	\$ 115,834	\$ 55,729
Subscription liability	2.45%	3/1/2023	2/28/2027	233,286	143,291	46,631
Landfill postclosure liability					655,952	-
Net OPEB liabilities					3,383,995	-
Net pension liability					2,475,074	-
Compensated absences					1,252,419	939,314
Total Other Obligations					\$ 8,026,565	\$ 1,041,674
Total Long-term Obligations					\$ 16,124,536	\$ 1,735,870

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, 2024:

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Direct borrowings and placements				
General obligation bonds and refunding bonds	\$ 10,409,022	\$ -	\$ (1,052,494)	\$ 9,356,528
Lease liabilities	22,460	-	(15,186)	7,274
Amount due to Wythe Co.	1,248,040	-	(95,774)	1,152,266
Net pension liability	538,390	475,098	(598,047)	415,441
Net OPEB liabilities	444,377	75,218	(168,988)	350,607
Compensated absences	198,615	134,462	(148,961)	184,116
Total	\$ 12,860,904	\$ 684,778	\$ (2,079,450)	\$ 11,466,232

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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
2025	\$ 748,694	\$ 233,472	\$ 7,274	\$ 209
2026	615,422	217,625	-	-
2027	629,243	203,097	-	-
2028	641,850	188,202	-	-
2029	654,763	172,963	-	-
2030-2034	2,152,193	676,651	-	-
2035-2039	1,589,124	449,906	-	-
2040-2044	1,229,144	226,596	-	-
2045-2049	721,267	84,173	-	-
2050-2052	374,828	10,513	-	-
Total	<u>\$ 9,356,528</u>	<u>\$ 2,463,198</u>	<u>\$ 7,274</u>	<u>\$ 209</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	\$ 3,291,668	\$ 87,929
General obligation bonds	2.73%	12/2/2011	2032	964,540	463,428	52,404
General obligation refunding bonds	2.45%	12/1/2014	2030	4,470,280	1,624,558	260,863
General obligation refunding bonds	2.20%	12/1/2014	2025	4,127,500	138,327	138,327
General obligation bonds	0.00%	3/28/2019	2039	1,386,000	996,256	69,300
General obligation bonds	2.24%	3/27/2015	2035	780,174	471,690	38,260
General obligation bonds	4.45%	6/23/2023	2043	2,470,000	2,370,601	101,611
Total Direct Borrowings and Placements					<u>\$ 9,356,528</u>	<u>\$ 748,694</u>
Other Obligations:						
Leases payable - Machinery and Equipment	9.89%-10.42%	10/1/19-2/1/20	2024-2025	\$16,840-\$28,912	\$ 7,274	\$ 7,274
Amount due to Wythe Co. (1)					1,152,266	161,812
Net OPEB liabilities					350,607	-
Net pension liability					415,441	-
Compensated absences					184,116	138,088
Total Other Obligations					<u>\$ 2,109,704</u>	<u>\$ 307,174</u>
Total Long-term Obligations					<u>\$ 11,466,232</u>	<u>\$ 1,055,868</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, 2024

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, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 64,194	\$ -	\$ (21,266)	\$ 42,928	\$ 333

Lease revenue recognized during the year was \$21,266.

Details of leases receivable:

Lease Description	Start Date	End Date	Payment Frequency	Ending Balance	Amount Due Within One Year
Two-Way Radio	7/1/2021	6/30/2026	Monthly	\$ 19,079	\$ 9,510
Child Care Facility	7/1/2021	6/30/2026	Monthly	23,849	11,888
Total				\$ 42,928	\$ 21,398

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, 2024

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, 2024. The estimate at June 30, 2024 is \$655,952.

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, 2024

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, 2024 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 \$1,108,210 and \$1,026,854 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

At June 30, 2024, the Town reported a liability of \$2,890,515 for its proportionate share of the net pension liability. The Town's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Town's proportionate share of the same was calculated using creditable compensation as of June 30, 2023 and 2022 as a basis for allocation. At June 30, 2023 and 2022, the Town's proportion was 93.3407% and 94.1655%, 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, 2022, 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, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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, 2022, 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, 2023.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Mortality rates: (Continued)

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study 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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>8.25%</u>

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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, 2022 actuarial valuations, whichever was greater. From July 1, 2023 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the Town Retirement Plan			
Net Pension Liability (Asset)	\$ 7,629,818	\$ 2,890,515	\$ (910,302)

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

For the year ended June 30, 2024, the Town recognized pension expense of \$827,087. 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, 2024

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

At June 30, 2024, 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	\$ 242,417	\$ 406,950
Change in assumptions	248,836	-
Net difference between projected and actual earnings on pension plan investments	-	520,019
Change in proportionate share	5,209	67,727
Employer contributions subsequent to the measurement date	1,108,210	-
Total	<u>\$ 1,604,672</u>	<u>\$ 994,696</u>

\$1,108,210 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, 2025. 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
2025	\$ (191,802)
2026	(674,971)
2027	354,021
2028	14,518

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 11 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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, 2024 was \$29,402.

Net OPEB Liability

At June 30, 2024, the Town reported a liability of \$2,008,392 for its proportionate share of the total OPEB liability. The Town's net OPEB liability was measured as of June 30, 2024. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024. At June 30, 2024 and 2023, the Town's proportion was 93.3785% and 93.3352%, respectively.

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NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL: (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 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 2023 and gradually decreases to 3.50% salary increase for 20 or more years of service
Discount Rate	3.65% for accounting and funding disclosures as of June 30, 2023; 3.93% for accounting and funding disclosures as of June 30, 2024

Mortality rates - General Employees:

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality rates - 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Mortality rates - Public Safety Employees: (Continued)

Beneficiaries and Survivors:

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

Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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 (2.93%) or one percentage point higher (4.93%) than the current discount rate:

Rate		
1% Decrease	Current Discount	1% Increase
(2.93%)	(3.93%)	(4.93%)
\$ 2,209,551	\$ 2,008,392	\$ 1,826,756

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 (5.30% decreasing to 2.90%) or one percentage point higher (7.30% decreasing to 4.90%) than the current healthcare cost trend rates:

Rate		
1% Decrease	Healthcare Cost Trend	1% Increase
5.30% decreasing to 2.90%	6.30% decreasing to 3.90%	7.30% decreasing to 4.90%
\$ 1,743,222	\$ 2,008,392	\$ 2,326,588

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

For the year ended June 30, 2024, the Town recognized OPEB expense in the amount of \$209,668. At June 30, 2024, 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	\$ 445,472	\$ 761,877
Change in assumptions	142,799	303,758
Total	<u>\$ 588,271</u>	<u>\$ 1,065,635</u>

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

Year Ended June 30,	
2025	\$ (72,053)
2026	(72,469)
2027	(67,681)
2028	(66,487)
2029	(79,637)
Thereafter	(119,037)

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 and New River Regional Water Authority, 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.

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

Plan Description (Continued)

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.

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 \$9,254 as of June 30, 2024.

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, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Contributions (Continued)

Contributions to the GLI Plan from the Town were \$49,316 and \$45,446 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session and is classified as a special employer contribution.

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, 2024, the Town reported a liability of \$428,499 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Town's proportion was 0.03573% compared to 0.03552% at June 30, 2022.

For the year ended June 30, 2024, the Town recognized GLI OPEB expense of \$26,290. 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, 2024, 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	\$ 42,796	\$ 13,007
Net difference between projected and actual earnings on GLI OPEB plan investments	-	17,220
Change in assumptions	9,159	29,687
Changes in proportionate share	31,454	13,488
Employer contributions subsequent to the measurement date	49,316	-
Total	<u>\$ 132,725</u>	<u>\$ 73,402</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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)

\$49,316 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, 2025. 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>	
2025	\$ 5,145
2026	(10,609)
2027	11,180
2028	(1,045)
2029	5,336

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. 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, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study 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, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study 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, 2024

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, 2023, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
	<hr/>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	2,707,739
GLI Net OPEB Liability (Asset)	<hr/> <u>\$ 1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

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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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>8.25%</u>

*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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, 2023, 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 113% of the actuarially determined contribution rates. From July 1, 2023 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 635,169	\$ 428,499	\$ 261,404

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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, 2024 was \$830 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 \$53,950 and \$42,956 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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, 2024, the entity reported a liability \$1,297,711 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity's proportion was 0.32370% as compared to 0.28330% at June 30, 2022.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$213,613. 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, 2024, 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	\$ 69,222	\$ 244,358
Net difference between projected and actual earnings on LODA OPEB program investments	-	3,796
Change in assumptions	288,237	267,595
Changes in proportionate share	402,474	66,722
Employer contributions subsequent to the measurement date	53,950	-
Total	<u>\$ 813,883</u>	<u>\$ 582,471</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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)

\$53,950 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, 2025. 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>	
2025	\$ 33,260
2026	33,379
2027	32,948
2028	27,559
2029	28,971
Thereafter	21,345

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. 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	3.86%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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, 2022 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, 2024

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, 2023, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	5,311
LODA Net OPEB Liability (Asset)	<u>\$ 400,900</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%

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 3.86% 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 3.86% 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 Fidelity Fixed Income 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, 2023.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.86%. 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, 2023, 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, 2024

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 3.86%, 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 (2.86%) or one percentage point higher (4.86%) than the current rate:

	Discount Rate		
	1% Decrease	Current Discount	1% Increase
	(2.86%)	(3.86%)	(4.86%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 1,455,042	\$ 1,297,711	\$ 1,164,611

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	\$ 1,100,503	\$ 1,297,711	\$ 1,542,083

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 15 - SUMMARY OF OPEB PLANS:

		Primary Government		
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
Town Stand-Alone Plan (Note 12)	\$ 588,271	\$ 1,065,635	\$ 2,008,392	\$ 209,668
VRS OPEB Plans:				
Group Life Insurance Plan (Note 13)	132,725	73,402	428,499	26,290
Line of Duty Act Program (Note 14)	813,883	582,471	1,297,711	213,613
Totals	<u>\$ 1,534,879</u>	<u>\$ 1,721,508</u>	<u>\$ 3,734,602</u>	<u>\$ 449,571</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 (VRSA). 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:

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

NOTE 18 - LITIGATION:

As of June 30, 2024, 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 - RESTATEMENT OF BEGINNING BALANCES:

The Town implemented provisions of Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* during the fiscal year ended June 30, 2024. Statement No. 100 provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The following accounts were restated to correct an error:

	Net Position Governmental Activities
Balance, July 1, 2023, as previously reported	\$ 33,305,457
Restatement:	
Capital Assets, construction in progress	<u>166,523</u>
Balance, July 1, 2023, as restated	<u>\$ 33,471,980</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 19 - RESTATEMENT OF BEGINNING BALANCES: (Continued)

The restatement was the result of error corrections from fiscal year 2023. CIP amounts for the Rock House and Wellness Center Projects that amounted to \$20,553 and \$145,970, respectively were not capitalized.

NOTE 20 - UPCOMING PRONOUNCEMENTS:

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.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 2,555,800	\$ 2,555,800	\$ 2,649,124	\$ 93,324
Other local taxes	9,695,187	9,695,187	10,826,174	1,130,987
Permits, privilege fees, and regulatory licenses	262,150	262,150	279,693	17,543
Fines and forfeitures	18,000	18,000	58,334	40,334
Revenue from the use of money and property	611,800	611,800	1,295,689	683,889
Charges for services	1,696,625	1,696,625	2,028,502	331,877
Miscellaneous	974,838	999,838	714,409	(285,429)
Recovered costs	451,815	451,815	434,911	(16,904)
Intergovernmental:				
Commonwealth	3,550,000	4,280,000	4,233,404	(46,596)
Federal	780,050	780,050	488,596	(291,454)
Total revenues	\$ 20,596,265	\$ 21,351,265	\$ 23,008,836	\$ 1,657,571
EXPENDITURES				
Current:				
General government administration	\$ 3,648,475	\$ 3,620,475	\$ 3,397,915	\$ 222,560
Public safety	6,264,575	6,362,075	6,112,289	249,786
Public works	5,500,131	6,202,131	5,490,233	711,898
Health and welfare	20,000	20,000	7,305	12,695
Parks, recreation, and cultural	3,950,015	4,001,515	3,572,824	428,691
Community development	2,315,113	2,332,113	2,106,112	226,001
Debt service:				
Principal retirement	798,048	738,048	777,531	(39,483)
Interest and other fiscal charges	196,597	196,597	196,599	(2)
Total expenditures	\$ 22,692,954	\$ 23,472,954	\$ 21,660,808	\$ 1,812,146
Excess (deficiency) of revenues over (under) expenditures	\$ (2,096,689)	\$ (2,121,689)	\$ 1,348,028	\$ 3,469,717
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (24,000)	\$ (24,000)	\$ (24,000)	\$ -
Issuance of general obligation bonds	904,000	904,000	774,677	(129,323)
Issuance of lease	-	-	54,055	54,055
Total other financing sources (uses)	\$ 880,000	\$ 880,000	\$ 804,732	\$ (75,268)
Net change in fund balances	\$ (1,216,689)	\$ (1,241,689)	\$ 2,152,760	\$ 3,394,449
Fund balances - beginning	1,216,689	1,241,689	22,599,986	21,358,297
Fund balances - ending	\$ -	\$ -	\$ 24,752,746	\$ 24,752,746

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, 2023

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

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
2023	93.3407% \$	2,890,515	\$ 8,416,206	34.34%	91.92%
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%

Town of Wytheville, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2015 through June 30, 2024

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)
2024	\$ 1,108,210	\$ 1,108,210	\$ -	\$ 9,122,915	12.15%
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%

*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, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study 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, 2024

Date (1)	Employer's Proportion of the Total OPEB Liability (2)	Employer's Proportionate Share of the Total OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)
2024	93.3785% \$	2,008,392	N/A	N/A
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, 2024

Valuation Date: 7/1/2023
Measurement Date: 6/30/2024

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	3.65% as of June 30, 2023; 3.93% as of June 30, 2024
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 starts at 6.30% in 2024 and gradually decreases to 3.90% by the year 2072.
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 based rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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, 2023

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)
2023	0.03573% \$	428,499 \$	8,415,710	5.09%	69.30%
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, 2024

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)
2024	\$ 49,316	\$ 49,316	- \$	9,132,553	0.54%
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, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study 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, 2023

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)
2023	0.32370%	\$ 1,297,711	\$ 2,968,888	43.71%	1.31%
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, 2024

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)
2024	\$ 53,950	\$ 53,950	\$ -	\$ 3,172,632	1.70%
2023	42,956	42,956	-	2,968,888	1.45%
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 eight 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, 2024

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, 2022 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, 2024

	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	\$ 286,802	\$ 14,232	\$ 296,683	\$ 25,525	\$ 623,242	\$ 12,774	\$ 636,016
Receivables							
Accounts receivable	-	-	-	-	-	20	20
Total assets	<u>\$ 286,802</u>	<u>\$ 14,232</u>	<u>\$ 296,683</u>	<u>\$ 25,525</u>	<u>\$ 623,242</u>	<u>\$ 12,794</u>	<u>\$ 636,036</u>
FUND BALANCES							
Committed:							
Homestead Endowment	\$ 286,802	\$ -	\$ -	\$ -	\$ 286,802	\$ -	\$ 286,802
Wall of Honor	-	14,232	-	-	14,232	-	14,232
Perpetual care	-	-	296,683	-	296,683	-	296,683
Memorial	-	-	-	25,525	25,525	-	25,525
Assigned:							
Capital Projects	-	-	-	-	-	12,794	12,794
Total fund balances	<u>\$ 286,802</u>	<u>\$ 14,232</u>	<u>\$ 296,683</u>	<u>\$ 25,525</u>	<u>\$ 623,242</u>	<u>\$ 12,794</u>	<u>\$ 636,036</u>
Total liabilities and fund balances	<u>\$ 286,802</u>	<u>\$ 14,232</u>	<u>\$ 296,683</u>	<u>\$ 25,525</u>	<u>\$ 623,242</u>	<u>\$ 12,794</u>	<u>\$ 636,036</u>

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue					Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Perpetual Care Fund	Memorial Fund	Total	CDBG Funds	
REVENUES							
Revenue from the use of money and property	\$ 14,937	\$ 757	\$ 15,682	\$ 1,208	\$ 32,584	\$ 595	\$ 33,179
Miscellaneous	11,981	1,000	-	-	12,981	1,720	14,701
Total revenues	\$ 26,918	\$ 1,757	\$ 15,682	\$ 1,208	\$ 45,565	\$ 2,315	\$ 47,880
EXPENDITURES							
Current:							
Public works	\$ -	\$ -	\$ 52,395	\$ -	\$ 52,395	\$ -	\$ 52,395
Health and welfare	21,730	-	-	-	21,730	-	21,730
Parks, recreation, and cultural	-	2,461	-	-	2,461	-	2,461
Total expenditures	\$ 21,730	\$ 2,461	\$ 52,395	\$ -	\$ 76,586	\$ -	\$ 76,586
Excess (deficiency) of revenues over (under) expenditures	\$ 5,188	\$ (704)	\$ (36,713)	\$ 1,208	\$ (31,021)	\$ 2,315	\$ (28,706)
Net change in fund balances	\$ 5,188	\$ (704)	\$ (36,713)	\$ 1,208	\$ (31,021)	\$ 2,315	\$ (28,706)
Fund balances - beginning	281,614	14,936	333,396	24,317	654,263	10,479	664,742
Fund balances - ending	\$ 286,802	\$ 14,232	\$ 296,683	\$ 25,525	\$ 623,242	\$ 12,794	\$ 636,036

Town of Wytheville, Virginia
Combining Statement of Net Position
Proprietary Funds
June 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,461,357	\$ 419,726	\$ 1,881,083
Accounts receivable, net of allowance for uncollectibles	520,014	364,003	884,017
Due from other funds	65,284	75,000	140,284
Total current assets	<u>\$ 2,046,655</u>	<u>\$ 858,729</u>	<u>\$ 2,905,384</u>
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	\$ 1,950,795	\$ 550,660	\$ 2,501,455
Capital assets, not being depreciated/amortized	214,463	185,959	400,422
Capital assets, net of accumulated depreciation/amortization	9,380,956	6,185,241	15,566,197
Total capital assets	<u>\$ 9,595,419</u>	<u>\$ 6,371,200</u>	<u>\$ 15,966,619</u>
Total noncurrent assets	<u>\$ 11,546,214</u>	<u>\$ 6,921,860</u>	<u>\$ 18,468,074</u>
Total assets	<u>\$ 13,592,869</u>	<u>\$ 7,780,589</u>	<u>\$ 21,373,458</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 8,589	\$ 8,808	\$ 17,397
Pension related items	125,042	116,594	241,636
OPEB related items	55,918	47,882	103,800
Total deferred outflows of resources	<u>\$ 189,549</u>	<u>\$ 173,284</u>	<u>\$ 362,833</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 41,737	\$ 135,786	\$ 177,523
Accrued payroll/fringes	77,805	66,192	143,997
Accrued interest payable	40,027	12,559	52,586
Due to other funds	-	565,284	565,284
Compensated absences - current portion	81,847	56,241	138,088
Bonds payable - current portion	375,624	373,070	748,694
Amount due to Wythe County - current portion	161,812	-	161,812
Lease liabilities - current portion	-	7,274	7,274
Current liabilities payable from restricted assets:			
Customer deposits payable	68,159	-	68,159
Total current liabilities	<u>\$ 847,011</u>	<u>\$ 1,216,406</u>	<u>\$ 2,063,417</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 5,989,471	\$ 2,618,363	\$ 8,607,834
Compensated absences - net of current portion	27,282	18,746	46,028
Amount due to Wythe County - net of current portion	990,454	-	990,454
Net pension liability	221,509	193,932	415,441
Net OPEB liabilities	188,866	161,741	350,607
Total noncurrent liabilities	<u>\$ 7,417,582</u>	<u>\$ 2,992,782</u>	<u>\$ 10,410,364</u>
Total liabilities	<u>\$ 8,264,593</u>	<u>\$ 4,209,188</u>	<u>\$ 12,473,781</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 89,416	\$ 63,286	\$ 152,702
OPEB related items	88,395	75,683	164,078
Total deferred inflows of resources	<u>\$ 177,811</u>	<u>\$ 138,969</u>	<u>\$ 316,780</u>
NET POSITION			
Net investment in capital assets	\$ 3,969,283	\$ 3,840,226	\$ 7,809,509
Unrestricted	1,370,731	(234,510)	1,136,221
Total net position	<u>\$ 5,340,014</u>	<u>\$ 3,605,716</u>	<u>\$ 8,945,730</u>

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 4,422,242	\$ -	\$ 4,422,242
Sewer revenues	-	2,834,183	2,834,183
Penalties	70,635	-	70,635
Miscellaneous	34,253	160,329	194,582
Total operating revenues	<u>\$ 4,527,130</u>	<u>\$ 2,994,512</u>	<u>\$ 7,521,642</u>
OPERATING EXPENSES			
Salaries	\$ 845,570	\$ 636,647	\$ 1,482,217
Fringe benefits	296,752	241,962	538,714
Professional services	295,532	131,688	427,220
Repair and maintenance	147,669	240,008	387,677
Operating materials and supplies	1,029,536	390,320	1,419,856
Permits, licenses and memberships	1,824	15,245	17,069
Utilities	296,404	357,763	654,167
Travel	-	4,590	4,590
Office supplies	759	4,755	5,514
Postal services	4,000	1,676	5,676
Insurance	-	18,328	18,328
Miscellaneous expenses	60,299	33,989	94,288
Depreciation/amortization	734,627	683,895	1,418,522
Total operating expenses	<u>\$ 3,712,972</u>	<u>\$ 2,760,866</u>	<u>\$ 6,473,838</u>
Operating income (loss)	<u>\$ 814,158</u>	<u>\$ 233,646</u>	<u>\$ 1,047,804</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 175,281	\$ 35,857	\$ 211,138
Payment to NRRWA	(441,010)	-	(441,010)
Interest expense	(215,591)	(59,906)	(275,497)
Total nonoperating revenues (expenses)	<u>\$ (481,320)</u>	<u>\$ (24,049)</u>	<u>\$ (505,369)</u>
Income before capital contributions and transfers	<u>\$ 332,838</u>	<u>\$ 209,597</u>	<u>\$ 542,435</u>
Capital contributions and construction grants	<u>\$ 2,500</u>	<u>\$ 102,500</u>	<u>\$ 105,000</u>
Change in net position	<u>\$ 335,338</u>	<u>\$ 312,097</u>	<u>\$ 647,435</u>
Net position - beginning	5,004,676	3,293,619	8,298,295
Net position - ending	<u><u>\$ 5,340,014</u></u>	<u><u>\$ 3,605,716</u></u>	<u><u>\$ 8,945,730</u></u>

Town of Wytheville, Virginia
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,464,525	\$ 2,968,610	\$ 7,433,135
Payments to suppliers	(1,864,545)	(1,221,753)	(3,086,298)
Payments to and for employees	(1,128,124)	(897,143)	(2,025,267)
Net cash provided by (used for) operating activities	<u>\$ 1,471,856</u>	<u>\$ 849,714</u>	<u>\$ 2,321,570</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment to NRRWA	\$ (441,010)	\$ -	\$ (441,010)
Net cash provided by (used for) noncapital financing activities	<u>\$ (441,010)</u>	<u>\$ -</u>	<u>\$ (441,010)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (127,817)	\$ (311,489)	\$ (439,306)
Principal payments on bonds	(474,201)	(578,293)	(1,052,494)
Principal payments on lease liabilities	-	(15,186)	(15,186)
Contributions in aid of construction	2,500	102,500	105,000
Interest payments	(209,061)	(61,210)	(270,271)
Loan payments to other localities	(95,774)	-	(95,774)
Net cash provided by (used for) capital and related financing activities	<u>\$ (904,353)</u>	<u>\$ (863,678)</u>	<u>\$ (1,768,031)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 175,281	\$ 35,857	\$ 211,138
Net cash provided by (used for) investing activities	<u>\$ 175,281</u>	<u>\$ 35,857</u>	<u>\$ 211,138</u>
Net increase (decrease) in cash and cash equivalents	\$ 301,774	\$ 21,893	\$ 323,667
Cash and cash equivalents - beginning - including restricted	3,110,378	948,493	4,058,871
Cash and cash equivalents - ending - including restricted	<u>\$ 3,412,152</u>	<u>\$ 970,386</u>	<u>\$ 4,382,538</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 814,158	\$ 233,646	\$ 1,047,804
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	\$ 734,627	\$ 683,895	\$ 1,418,522
(Increase) decrease in accounts receivable	(63,896)	(25,902)	(89,798)
(Increase) decrease in pension related items	49,351	32,877	82,228
Increase (decrease) in compensated absences	13,191	(27,690)	(14,499)
Increase (decrease) in operating accounts payable	(28,522)	(23,391)	(51,913)
Increase (decrease) in net pension liability	(73,651)	(49,298)	(122,949)
Increase (decrease) in accrued payroll	13,345	15,288	28,633
Increase (decrease) in OPEB liabilities	(50,513)	(43,257)	(93,770)
(Increase) decrease in OPEB related items	62,475	53,546	116,021
Increase (decrease) in customer deposits	1,291	-	1,291
Total adjustments	<u>\$ 657,698</u>	<u>\$ 616,068</u>	<u>\$ 1,273,766</u>
Net cash provided by (used for) operating activities	<u>\$ 1,471,856</u>	<u>\$ 849,714</u>	<u>\$ 2,321,570</u>
Schedule of noncash capital and related financing activities:			
Acquisition of assets on account (change in accounts payable)	\$ -	\$ 91,735	\$ 91,735

Supporting Schedules

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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	\$ 2,000,000	\$ 2,000,000	\$ 1,997,302	\$ (2,698)
Real and personal public service corporation taxes	60,000	60,000	79,901	19,901
Personal property taxes	330,000	330,000	331,786	1,786
Mobile home taxes	1,300	1,300	2,178	878
Machinery and tools taxes	148,500	148,500	189,941	41,441
Penalties	10,000	10,000	29,847	19,847
Interest	6,000	6,000	18,169	12,169
Total general property taxes	<u>\$ 2,555,800</u>	<u>\$ 2,555,800</u>	<u>\$ 2,649,124</u>	<u>\$ 93,324</u>
Other local taxes:				
Local sales and use taxes	\$ 790,000	\$ 790,000	\$ 919,355	\$ 129,355
Consumers' utility taxes	235,000	235,000	239,736	4,736
Consumption taxes	52,000	52,000	48,196	(3,804)
Business license taxes	1,750,000	1,750,000	1,917,431	167,431
Motor vehicle licenses	125,000	125,000	129,691	4,691
Tobacco tax	350,000	350,000	305,764	(44,236)
Bank stock taxes	400,000	400,000	491,537	91,537
Hotel and motel room taxes	1,953,101	1,953,101	2,084,429	131,328
Restaurant food taxes	4,018,086	4,018,086	4,640,041	621,955
Interest on local taxes	22,000	22,000	49,994	27,994
Total other local taxes	<u>\$ 9,695,187</u>	<u>\$ 9,695,187</u>	<u>\$ 10,826,174</u>	<u>\$ 1,130,987</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ -	\$ -	\$ 197	\$ 197
Land use permits	500	500	13	(487)
Building permits	29,000	29,000	65,463	36,463
Electrical permits	10,000	10,000	795	(9,205)
Plumbing permits	4,000	4,000	-	(4,000)
Mechanical permits	7,000	7,000	-	(7,000)
Burial permits	35,000	35,000	43,835	8,835
Monument permits	1,200	1,200	2,070	870
Subdivision permits	200	200	-	(200)
Zoning permits	500	500	2,584	2,084
Refuse tags and disposal permits	170,000	170,000	148,542	(21,458)
Permits and other licenses	4,750	4,750	16,194	11,444
Total permits, privilege fees, and regulatory licenses	<u>\$ 262,150</u>	<u>\$ 262,150</u>	<u>\$ 279,693</u>	<u>\$ 17,543</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 13,000	\$ 13,000	\$ 57,557	\$ 44,557
Parking fines	5,000	5,000	777	(4,223)
Total fines and forfeitures	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 58,334</u>	<u>\$ 40,334</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 565,000	\$ 565,000	\$ 1,234,216	\$ 669,216
Revenue from use of property	46,800	46,800	61,473	14,673
Total revenue from use of money and property	<u>\$ 611,800</u>	<u>\$ 611,800</u>	<u>\$ 1,295,689</u>	<u>\$ 683,889</u>

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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)				
Charges for services:				
Charges for law enforcement	\$ 12,000	\$ 12,000	\$ 22,800	\$ 10,800
Charges for EMS	885,000	885,000	765,314	(119,686)
Charges for cemetery plots	23,000	23,000	28,150	5,150
Charges for copies	2,000	2,000	2,652	652
Charges for animal control	50	50	1,439	1,389
Charges for gift shop	4,200	4,200	2,841	(1,359)
Charges for admissions	30,400	30,400	105,428	75,028
Charges for parks and recreation	715,950	715,950	1,041,297	325,347
Charges for weed cutting	20,750	20,750	44,322	23,572
Charges for other services	3,275	3,275	14,259	10,984
Total charges for services	\$ 1,696,625	\$ 1,696,625	\$ 2,028,502	\$ 331,877
Miscellaneous:				
Donations	\$ 31,150	\$ 31,150	\$ 119,649	\$ 88,499
Miscellaneous	893,688	918,688	551,760	(366,928)
Virginia tourism grant	50,000	50,000	43,000	(7,000)
Total miscellaneous	\$ 974,838	\$ 999,838	\$ 714,409	\$ (285,429)
Recovered costs:				
Recovered costs	\$ 451,815	\$ 451,815	\$ 434,911	\$ (16,904)
Total revenue from local sources	\$ 16,266,215	\$ 16,291,215	\$ 18,286,836	\$ 1,995,621
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 10,000	\$ 10,000	\$ 10,989	\$ 989
Mobile home titling tax	2,500	2,500	3,405	905
ATV sales tax	-	-	163	163
Motor vehicle rental tax	50,000	50,000	71,663	21,663
Telecommunication tax	350,000	350,000	278,329	(71,671)
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	\$ 473,500	\$ 473,500	\$ 425,625	\$ (47,875)
Categorical aid:				
Other categorical aid:				
Fire programs	\$ 30,000	\$ 30,000	\$ 37,213	\$ 7,213
Highway maintenance	2,770,000	3,500,000	3,501,349	1,349
Law enforcement block grant	205,000	205,000	242,438	37,438
Litter control	3,000	3,000	6,814	3,814
Virginia commission for the arts	4,500	4,500	4,500	-
Visitor center	-	-	2,965	2,965
Help Eliminate Auto Theft (HEAT)	-	-	12,500	12,500
Other categorical aid	64,000	64,000	-	(64,000)
Total other categorical aid	\$ 3,076,500	\$ 3,806,500	\$ 3,807,779	\$ 1,279
Total revenue from the Commonwealth	\$ 3,550,000	\$ 4,280,000	\$ 4,233,404	\$ (46,596)

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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 federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,880	\$ 8,880	\$ 8,882	\$ 2
Categorical aid:				
DOT TEA 21 grant-Heritage Walk	\$ 613,170	\$ 613,170	\$ 226,968	\$ (386,202)
ARPA funds from Wythe County	-	-	104,000	104,000
Coronavirus relief funds	-	-	146,037	146,037
Edward Byrne Memorial Jag Program	158,000	158,000	2,709	(155,291)
Total categorical aid	\$ 771,170	\$ 771,170	\$ 479,714	\$ (291,456)
Total revenue from the federal government	\$ 780,050	\$ 780,050	\$ 488,596	\$ (291,454)
Total General Fund	\$ 20,596,265	\$ 21,351,265	\$ 23,008,836	\$ 1,657,571
Special Revenue Funds:				
Homestead Endowment Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 14,937	\$ 14,937
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 11,981	\$ 11,981
Total Homestead Endowment Fund	\$ -	\$ -	\$ 26,918	\$ 26,918
Wall of Honor Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 757	\$ 657
Miscellaneous:				
Contributions	\$ 1,900	\$ 2,900	\$ 1,000	\$ (1,900)
Total Wall of Honor Fund	\$ 2,000	\$ 3,000	\$ 1,757	\$ (1,243)
Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15,682	\$ 15,682
Total revenue from use of money and property	\$ -	\$ -	\$ 15,682	\$ 15,682
Total Perpetual Care Fund	\$ -	\$ -	\$ 15,682	\$ 15,682

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2024

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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)				
Memorial Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,208	\$ 1,208
Total revenue from use of money and property	\$ -	\$ -	\$ 1,208	\$ 1,208
Total Memorial Fund	\$ -	\$ -	\$ 1,208	\$ 1,208
Capital Projects Fund:				
CDBG Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 595	\$ 595
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 1,720	\$ 1,720
Total CDBG Fund	\$ -	\$ -	\$ 2,315	\$ 2,315
Total Primary Government	\$ 20,598,265	\$ 21,354,265	\$ 23,056,716	\$ 1,702,451

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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:				
General government administration:				
Legislative:				
Town council	\$ 1,283,563	\$ 1,313,563	\$ 1,216,540	\$ 97,023
General and financial administration:				
Town clerk	\$ 256,356	\$ 256,356	\$ 255,346	\$ 1,010
Commission member	12,621	12,621	4,328	8,293
Town manager	174,587	174,587	172,598	1,989
Assistant town manager	149,400	149,400	148,076	1,324
Legal services	130,649	48,649	36,414	12,235
Independent services	70,000	70,000	55,630	14,370
Town treasurer	338,328	327,328	302,957	24,371
Automotive/motor pool	328,982	348,982	350,507	(1,525)
Engineering department	236,640	236,640	215,248	21,392
Human resources	281,491	281,491	237,764	43,727
Computer operations	385,858	400,858	402,507	(1,649)
Total general and financial administration	\$ 2,364,912	\$ 2,306,912	\$ 2,181,375	\$ 125,537
Total general government administration	\$ 3,648,475	\$ 3,620,475	\$ 3,397,915	\$ 222,560
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,375,087	\$ 3,375,087	\$ 3,235,947	\$ 139,140
Fire and rescue services:				
Fire department	\$ 1,141,812	\$ 1,141,812	\$ 991,800	\$ 150,012
EMS	1,416,445	1,501,945	1,540,218	(38,273)
Total fire and rescue services	\$ 2,558,257	\$ 2,643,757	\$ 2,532,018	\$ 111,739
Inspections:				
Building	\$ 179,959	\$ 191,959	\$ 204,837	\$ (12,878)
Other protection:				
Animal control	\$ 111,534	\$ 111,534	\$ 99,749	\$ 11,785
Transportation study grant	39,738	39,738	39,738	-
Total other protection	\$ 151,272	\$ 151,272	\$ 139,487	\$ 11,785
Total public safety	\$ 6,264,575	\$ 6,362,075	\$ 6,112,289	\$ 249,786
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,424,871	\$ 1,938,957	\$ 1,946,787	\$ (7,830)
Street construction	1,115,500	1,115,500	655,880	459,620
Snow and ice removal	94,267	238,534	237,991	543
Streets, signs, and lights	671,199	745,581	677,707	67,874
Administration	122,089	122,089	121,351	738
Total maintenance of highways, streets, bridges and sidewalks	\$ 3,427,926	\$ 4,160,661	\$ 3,639,716	\$ 520,945
Sanitation and waste removal:				
Refuse collection and disposal	\$ 468,602	\$ 408,602	\$ 396,802	\$ 11,800
Landfill	91,300	91,300	76,678	14,622
Total sanitation and waste removal	\$ 559,902	\$ 499,902	\$ 473,480	\$ 26,422

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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)				
Maintenance of general buildings and grounds:				
General properties	\$ 131,268	\$ 156,268	\$ 118,586	\$ 37,682
Town hall	267,948	267,948	189,413	78,535
Community center and park	666,081	718,081	720,712	(2,631)
Parks	80,007	80,507	79,532	975
Emergency services buildings	86,750	86,750	77,632	9,118
Animal shelter	3,800	5,300	4,991	309
Weed control - mowing	276,449	226,714	186,171	40,543
Total maintenance of general buildings and grounds	\$ 1,512,303	\$ 1,541,568	\$ 1,377,037	\$ 164,531
Total public works	\$ 5,500,131	\$ 6,202,131	\$ 5,490,233	\$ 711,898
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 20,000	\$ 20,000	\$ 7,305	\$ 12,695
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 12,094	\$ 27,094	\$ 26,543	\$ 551
Recreational programs	535,370	535,370	450,999	84,371
Swimming pools	249,172	249,172	216,699	32,473
Athletic programs	1,091,230	1,091,230	1,018,737	72,493
New community programs	168,813	193,813	193,572	241
Youth/Teen center	175,645	175,645	167,404	8,241
Fitness center	281,789	292,789	283,063	9,726
Nutrition	50,000	54,000	23,030	30,970
Cemeteries	258,170	309,170	310,856	(1,686)
Total parks and recreation	\$ 2,822,283	\$ 2,928,283	\$ 2,690,903	\$ 237,380
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 182,455	\$ 182,455	\$ 155,748	\$ 26,707
Museums and heritage education	153,990	153,990	122,543	31,447
Homestead museum	193,582	163,582	128,449	35,133
Museums and Heritage Center	597,705	573,205	475,181	98,024
Total cultural enrichment	\$ 1,127,732	\$ 1,073,232	\$ 881,921	\$ 191,311
Total parks, recreation, and cultural	\$ 3,950,015	\$ 4,001,515	\$ 3,572,824	\$ 428,691
Community development:				
Planning and community development:				
Director of public information	\$ 602,891	\$ 653,891	\$ 584,664	\$ 69,227
Chamber of commerce	139,753	139,753	94,013	45,740
Horticulture	517,184	517,184	423,705	93,479
Meeting Center	617,591	567,591	547,714	19,877
Main Street Project	137,432	140,432	140,720	(288)
Joint IDA	300,262	313,262	315,296	(2,034)
Total planning and community development	\$ 2,315,113	\$ 2,332,113	\$ 2,106,112	\$ 226,001
Total community development	\$ 2,315,113	\$ 2,332,113	\$ 2,106,112	\$ 226,001
Debt service:				
Principal retirement	\$ 798,048	\$ 738,048	\$ 777,531	\$ (39,483)
Interest and other fiscal charges	196,597	196,597	196,599	(2)
Total debt service	\$ 994,645	\$ 934,645	\$ 974,130	\$ (39,485)
Total General Fund	\$ 22,692,954	\$ 23,472,954	\$ 21,660,808	\$ 1,812,146

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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>
Special Revenue Funds:				
Homestead Endowment Fund:				
Health and welfare:				
Welfare and social services:				
Other welfare	\$ -	\$ 25,000	\$ 21,730	\$ 3,270
Total Homestead Endowment Fund	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 21,730</u>	<u>\$ 3,270</u>
Wall of Honor Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ 2,000	\$ 3,000	\$ 2,461	\$ 539
Total Wall of Honor Fund	<u>\$ 2,000</u>	<u>\$ 3,000</u>	<u>\$ 2,461</u>	<u>\$ 539</u>
Perpetual Care Fund:				
Public works:				
Public works:				
Other public works	\$ 37,200	\$ 57,200	\$ 52,395	\$ 4,805
Total Perpetual Care Fund	<u>\$ 37,200</u>	<u>\$ 57,200</u>	<u>\$ 52,395</u>	<u>\$ 4,805</u>
 Total Primary Government	 <u>\$ 22,732,154</u>	 <u>\$ 23,558,154</u>	 <u>\$ 21,737,394</u>	 <u>\$ 1,820,760</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
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
2023-24	3,429,902	6,545,703	5,570,073	29,035	2,906,330	1,577,777	194,223	7,190,345	27,443,388

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
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	23,568,407
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
2023-24	9,715,577	4,060,525	331,968		2,699,836	10,826,174	1,523,720	923,692	434,507	30,515,999

Table 3

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

Fiscal Year	General Government		Parks, Recreation, and Cultural						Debt		Total
	Administration	Public Safety	Public Works	Health and Welfare	Recreation, and Cultural	Community Development	Capital Projects	Service (2)			
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	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	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		
2023-24	3,397,915	6,112,289	5,542,628	29,035	3,575,285	2,106,112	-	974,130	21,737,394		

(1) Includes General, 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 Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
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	4,065,509	20,702,349
2023-24	2,649,124	10,826,174	279,693	58,334	1,328,868	2,028,502	729,110	434,911	4,722,000	23,056,716

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

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	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
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%
2023-24	2,647,389	2,560,986	96.74%	101,198	2,662,184	100.56%	172,172	6.50%

(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					
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
2023-24		1,003,113,104		159,758,546		43,725,674		181,494		1,206,778,818

(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
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
2023-24		0.200		0.380	0.200	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
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
2023-24	8,172	1,206,779	17,454,499	1.45%	2,136

(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
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%
2023-24	777,531	196,599	974,130	21,737,394	4.48%

(1) Includes General, 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, 2024

Assessed valuations:		
Assessed value (real estate)		<u>\$ 1,003,113,104</u>
Legal debt margin		
Debt limitation - 10 percent of total assessed value		\$ 100,311,310
Debt applicable to limitation:		
Net bonded debt	<u>(17,454,499)</u>	
Total debt applicable to limitation		<u>(17,454,499)</u>
Legal debt margin		<u>\$ 82,856,811</u>

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, 2024, 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 December 31, 2024.

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
December 31, 2024



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Wytheville, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Wytheville, Virginia's major federal programs for the year ended June 30, 2024. Town of Wytheville, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Wytheville, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Wytheville, Virginia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Wytheville, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Wytheville, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Wytheville, Virginia's compliance based on our audit. 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Wytheville, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Wytheville, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Wytheville, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Wytheville, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Fawcett, & Associates

Blacksburg, Virginia
December 31, 2024

Town of Wytheville, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture: Direct Payments:			
Community Facilities Loans and Grants	10.766	Not applicable	\$ 774,677
Total Department of Agriculture			<u>\$ 774,677</u>
Department of the Treasury Pass Through Payments:			
County of Wythe, Virginia			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	\$ 104,000
Virginia Department of Criminal Justice Services:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	146,037 \$ 250,037
Total Department of the Treasury			<u>\$ 250,037</u>
Department of Justice: Pass Through Payments:			
Virginia Department of Criminal Justice Services		15PBJA22GG00616MUMU &	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA23GG03038MUMU	\$ 2,709
Total Department of Justice			<u>\$ 2,709</u>
Department of Transportation: Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Planning and Construction	20.205	EN17-139-248, P101, R201, C501	\$ 226,968
Total Department of Transportation			<u>\$ 226,968</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,254,391</u></u>

NOTE A--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Wytheville, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Wytheville, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Wytheville, Virginia.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(3) The Town did not elect the 10% de minimis indirect cost rate because they only request direct costs for reimbursement.

NOTE C--SUBRECIPIENTS:

The Town did not have any subrecipients for the year ended June 30, 2024.

NOTE D--RELATIONSHIP TO THE FINANCIAL STATEMENTS:

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

Primary government:	
General fund	\$ 488,596
Debt Proceeds	774,677
Less: Payments in Lieu of Taxes	<u>(8,882)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,254,391</u></u>

Town of Wytheville, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any findings disclosed that are required to be reported in accordance with 2 CFR section, 220.516(a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.766	Community Facilities Loans and Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Town of Wytheville, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

There were no prior audit findings.