

**TOWN OF WYTHEVILLE, VIRGINIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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TOWN OF WYTHEVILLE, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021

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TOWN OF WYTHEVILLE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2021

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## INTRODUCTORY SECTION

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## TOWN OF WYTHEVILLE, VIRGINIA

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### TOWN COUNCIL

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Beth A. Taylor, Mayor  
Cathy D. Pattison, Vice-Mayor  
Mark J. Bloomfield  
Holly E. Atkins  
Gary L. Gillman

### OTHER OFFICIALS

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Stephen A. Moore	Town Manager
T. Brian Freeman	Assistant Town Manager
Michael G. Stephens	Town Treasurer
Sharon G. Corvin	Town Clerk
Michelle Workman Clayton	Town Attorney

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As described in Note 19 to the financial statements, in 2021, the Town adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 19 to the financial statements, in 2021, the Town restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and the schedules related to pension and OPEB funding on pages 61-62 and 63-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

### ***Supplementary and Other 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 introductory section, combining and individual fund financial statements and schedules, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, 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 Town of Wytheville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wytheville, Virginia's internal control over financial reporting and compliance.

*Robinson, Farrow, Fox Associates*

Blacksburg, Virginia  
November 23, 2021

## **Basic Financial Statements**

Town of Wytheville, Virginia  
Statement of Net Position  
June 30, 2021

	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,864,197	\$ 1,204,846	\$ 19,069,043
Receivables (net of allowance for uncollectibles):			
Taxes receivable	114,298	-	114,298
Accounts receivable	578,409	814,524	1,392,933
Due from other governmental units	186,406	-	186,406
Prepaid items	9,275	-	9,275
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	-	63,642	63,642
Capital assets (net of accumulated depreciation):			
Land	1,572,278	163,236	1,735,514
Land rights	-	94,838	94,838
Buildings and utility plant	23,303,477	16,406,811	39,710,288
Machinery and equipment	2,245,173	2,016,113	4,261,286
Construction in progress	39,793	-	39,793
Total assets	<u>\$ 45,913,306</u>	<u>\$ 20,764,010</u>	<u>\$ 66,677,316</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 6,110	\$ 27,834	\$ 33,944
Pension related items	2,505,477	406,713	2,912,190
OPEB related items	837,517	59,298	896,815
Total deferred outflows of resources	<u>\$ 3,349,104</u>	<u>\$ 493,845</u>	<u>\$ 3,842,949</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 343,948	\$ 177,890	\$ 521,838
Accrued payroll/fringes	687,469	100,290	787,759
Customer deposits	22,333	-	22,333
Unearned revenue - ARPA	4,109,085	-	4,109,085
Unearned revenue - CARES	30,040	-	30,040
Accrued interest payable	55,057	48,327	103,384
Long-term liabilities:			
Due within one year	1,724,267	1,174,414	2,898,681
Due in more than one year	17,189,046	11,450,297	28,639,343
Liabilities payable from restricted assets	-	63,642	63,642
Total liabilities	<u>\$ 24,161,245</u>	<u>\$ 13,014,860</u>	<u>\$ 37,176,105</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 11,609	\$ -	\$ 11,609
Pension related items	46,089	31,638	77,727
OPEB related items	537,759	44,481	582,240
Total deferred inflows of resources	<u>\$ 595,457</u>	<u>\$ 76,119</u>	<u>\$ 671,576</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 17,861,422	\$ 7,437,930	\$ 25,299,352
Unrestricted	6,644,286	728,946	7,373,232
Total net position	<u>\$ 24,505,708</u>	<u>\$ 8,166,876</u>	<u>\$ 32,672,584</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, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 4,021,927	\$ 4,849	\$ 819,993	\$ -	\$ (3,197,085)	\$ -	\$ (3,197,085)
Public safety	6,700,405	905,409	1,625,061	-	(4,169,935)	-	(4,169,935)
Public works	4,533,570	127,764	2,777,069	-	(1,628,737)	-	(1,628,737)
Health and welfare	45,301	-	-	-	(45,301)	-	(45,301)
Parks, recreation, and cultural	1,941,420	529,711	-	-	(1,411,709)	-	(1,411,709)
Community development	454,330	5,087	-	-	(449,243)	-	(449,243)
Interest on long-term debt	222,385	-	-	-	(222,385)	-	(222,385)
Total governmental activities	\$ 17,919,338	\$ 1,572,820	\$ 5,222,123	\$ -	\$ (11,124,395)	\$ -	\$ (11,124,395)
Business-type activities:							
Water and sewer	\$ 6,438,972	\$ 6,310,256	\$ -	\$ 9,500	\$ -	(119,216)	\$ (119,216)
Total primary government	\$ 24,358,310	\$ 7,883,076	\$ 5,222,123	\$ 9,500	\$ (11,124,395)	\$ (119,216)	\$ (11,243,611)
General revenues:							
General property taxes					\$ 1,701,563	\$ -	\$ 1,701,563
Local sales and use taxes					689,055	-	689,055
Consumers' utility taxes					237,468	-	237,468
Business license taxes					1,588,808	-	1,588,808
Bank stock taxes					418,954	-	418,954
Hotel and motel room taxes					1,290,430	-	1,290,430
Restaurant food taxes					3,004,316	-	3,004,316
Tobacco tax					161,992	-	161,992
Other local taxes					219,809	-	219,809
Unrestricted revenues from use of money and property					252,474	15,799	268,273
Miscellaneous					527,487	205	527,692
Grants and contributions not restricted to specific programs					465,957	-	465,957
Total general revenues					\$ 10,558,313	\$ 16,004	\$ 10,574,317
Change in net position					\$ (566,082)	\$ (103,212)	\$ (669,294)
Net position - beginning, as restated					25,071,790	8,270,088	33,341,878
Net position - ending					\$ 24,505,708	\$ 8,166,876	\$ 32,672,584

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

Town of Wytheville, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2021

	<u>General</u>	<u>CARES-ARPA</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,942,241	\$ 4,139,125	\$ 722,809	\$ 17,804,175
Receivables (net of allowance for uncollectibles):				
Taxes receivable	114,298	-	-	114,298
Accounts receivable	578,409	-	-	578,409
Due from other governmental units	186,406	-	-	186,406
Prepaid items	9,275	-	-	9,275
Total assets	<u>\$ 13,830,629</u>	<u>\$ 4,139,125</u>	<u>\$ 722,809</u>	<u>\$ 18,692,563</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 343,948	\$ -	\$ -	\$ 343,948
Accrued wages	687,469	-	-	687,469
Customer deposits	22,333	-	-	22,333
Unearned revenue - ARPA	-	4,109,085	-	4,109,085
Unearned revenue - CARES		30,040	-	30,040
Total liabilities	<u>\$ 1,053,750</u>	<u>\$ 4,139,125</u>	<u>\$ -</u>	<u>\$ 5,192,875</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 127,329	\$ -	\$ -	\$ 127,329
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Items	\$ 9,275	\$ -	\$ -	\$ 9,275
Committed:				
Debt service	5,608,401	-	-	5,608,401
Rainy day	5,321,519	-	-	5,321,519
Special revenue funds	-	-	716,520	716,520
Assigned:				
Capital projects funds	-	-	6,289	6,289
Unassigned	1,710,355	-	-	1,710,355
Total fund balances	<u>\$ 12,649,550</u>	<u>\$ -</u>	<u>\$ 722,809</u>	<u>\$ 13,372,359</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,830,629</u>	<u>\$ 4,139,125</u>	<u>\$ 722,809</u>	<u>\$ 18,692,563</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 13,372,359
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 1,572,278	
Buildings and utility plant	23,303,477	
Machinery and equipment	2,245,173	
Construction in progress	<u>39,793</u>	27,160,721
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		115,720
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 2,505,477	
OPEB related items	<u>837,517</u>	3,342,994
Internal service funds are used by management to account for other postemployment benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		60,022
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	\$ (9,144,171)	
Note payable	(237,958)	
Less deferred charge on refunding	6,110	
Compensated absences	(991,881)	
Capital leases	(161,238)	
Landfill accrued closure/post-closure costs	(566,919)	
Accrued interest payable	(55,057)	
Net OPEB liabilities	(3,033,999)	
Net pension liability	<u>(4,777,147)</u>	(18,962,260)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (46,089)	
OPEB related items	<u>(537,759)</u>	(583,848)
Net position of governmental activities		<u><u>\$ 24,505,708</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, 2021

	<u>General</u>	<u>CARES-ARPA</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 1,704,885	\$ -	\$ -	\$ 1,704,885
Other local taxes	7,610,832	-	-	7,610,832
Permits, privilege fees, and regulatory licenses	244,042	-	-	244,042
Fines and forfeitures	17,811	-	-	17,811
Revenue from the use of money and property	237,840	-	13,532	251,372
Charges for services	1,310,967	-	-	1,310,967
Miscellaneous	519,204	-	8,283	527,487
Recovered costs	385,120	-	-	385,120
Intergovernmental:				
Commonwealth	3,518,377	-	-	3,518,377
Federal	800,375	1,369,328	-	2,169,703
Total revenues	<u>\$ 16,349,453</u>	<u>\$ 1,369,328</u>	<u>\$ 21,815</u>	<u>\$ 17,740,596</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 4,007,296	\$ -	\$ 5,139	\$ 4,012,435
Public safety	4,700,138	1,356,770	-	6,056,908
Public works	3,626,233	-	2,179	3,628,412
Health and welfare	12,277	-	33,024	45,301
Parks, recreation, and cultural	1,745,798	-	800	1,746,598
Community development	1,569,942	-	-	1,569,942
Capital projects	-	-	12,926	12,926
Debt service:				
Principal retirement	901,504	-	-	901,504
Interest and other fiscal charges	226,940	-	-	226,940
Total expenditures	<u>\$ 16,790,128</u>	<u>\$ 1,356,770</u>	<u>\$ 54,068</u>	<u>\$ 18,200,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (440,675)</u>	<u>\$ 12,558</u>	<u>\$ (32,253)</u>	<u>\$ (460,370)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 12,558	\$ -	\$ -	\$ 12,558
Transfers out	-	(12,558)	-	(12,558)
Issuance of note payable	237,958	-	-	237,958
Total other financing sources (uses)	<u>\$ 250,516</u>	<u>\$ (12,558)</u>	<u>\$ -</u>	<u>\$ 237,958</u>
Net change in fund balances	\$ (190,159)	\$ -	\$ (32,253)	\$ (222,412)
Fund balances - beginning, as restated	12,839,709	-	755,062	13,594,771
Fund balances - ending	<u>\$ 12,649,550</u>	<u>\$ -</u>	<u>\$ 722,809</u>	<u>\$ 13,372,359</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, 2021

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

Net change in fund balances - total governmental funds	\$	(222,412)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.

Capital asset additions	\$ 911,147	
Depreciation expense	(1,521,906)	(610,759)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(3,100)
--	--	---------

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		(3,322)

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:		
Note payable	\$ (237,958)	
Change in accrued landfill closure/postclosure cost	72,454	
Principal repayments:		
General obligation bonds	568,322	
Capital leases	333,182	736,000

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	\$ (11,059)	
Change in accrued interest	5,318	
Amortization of deferred charge on refunding	(763)	
Change in pension related items	(382,017)	
Change in OPEB related items	(70,570)	(459,091)

Internal service funds are used by management to charge the costs of certain activities, such as postemployment benefits, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(3,398)
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Change in net position of governmental activities	\$	(566,082)
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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, 2021

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer	Retiree Health Insurance Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,204,846	\$ 60,022
Accounts receivable, net of allowance for uncollectibles	814,524	-
Total current assets	\$ 2,019,370	\$ 60,022
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 63,642	\$ -
Capital assets:		
Land	\$ 163,236	\$ -
Land rights	94,838	-
Machinery and equipment	4,474,367	-
Utility plant in service	57,392,869	-
Less accumulated depreciation	(43,444,312)	-
Total capital assets	\$ 18,680,998	\$ -
Total noncurrent assets	\$ 18,744,640	\$ -
Total assets	\$ 20,764,010	\$ 60,022
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	\$ 27,834	\$ -
OPEB related items	59,298	-
Pension related items	406,713	-
Total deferred outflows of resources	\$ 493,845	\$ -
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 177,890	\$ -
Accrued payroll/fringes	100,290	-
Accrued interest payable	48,327	-
Compensated absences - current portion	155,795	-
Bonds payable - current portion	910,864	-
Amount due to Wythe County - current portion	107,755	-
Total current liabilities	\$ 1,500,921	\$ -
Current liabilities payable from restricted assets:		
Customer deposits payable	\$ 63,642	\$ -
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 8,876,546	\$ -
Compensated absences - net of current portion	51,931	-
Amount due to Wythe County - net of current portion	1,375,737	-
Net pension liability	778,838	-
Net OPEB liabilities	367,245	-
Total noncurrent liabilities	\$ 11,450,297	\$ -
Total liabilities	\$ 13,014,860	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB related items	\$ 44,481	\$ -
Pension related items	31,638	-
Total deferred inflows of resources	\$ 76,119	\$ -
<b>NET POSITION</b>		
Net investment in capital assets	\$ 7,437,930	\$ -
Unrestricted	728,946	60,022
Total net position	\$ 8,166,876	\$ 60,022

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, 2021

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer	Retiree Health Insurance Fund
<b>OPERATING REVENUES</b>		
Charges for services:		
Water revenues	\$ 3,804,542	\$ -
Sewer revenues	2,459,894	-
Penalties	45,820	-
Miscellaneous	205	-
Total operating revenues	<u>\$ 6,310,461</u>	<u>\$ -</u>
<b>OPERATING EXPENSES</b>		
Salaries	\$ 1,290,366	\$ -
Fringe benefits	626,374	4,500
Professional services	345,923	-
Repair and maintenance	303,337	-
Operating materials and supplies	1,128,591	-
Permits, licenses and memberships	13,228	-
Utilities	457,697	-
Travel	1,083	-
Office supplies	2,389	-
Postal services	3,106	-
Insurance	16,564	-
Miscellaneous expenses	49,005	-
Depreciation	1,489,694	-
Total operating expenses	<u>\$ 5,727,357</u>	<u>\$ 4,500</u>
Operating income (loss)	<u>\$ 583,104</u>	<u>\$ (4,500)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	\$ 15,799	\$ 1,102
Payment to NRRWA	(448,578)	-
Interest expense	(263,037)	-
Total nonoperating revenues (expenses)	<u>\$ (695,816)</u>	<u>\$ 1,102</u>
Income before capital contributions and construction grants	<u>\$ (112,712)</u>	<u>\$ (3,398)</u>
Capital contributions and construction grants	<u>\$ 9,500</u>	<u>\$ -</u>
Change in net position	<u>\$ (103,212)</u>	<u>\$ (3,398)</u>
Net position - beginning	8,270,088	63,420
Net position - ending	<u><u>\$ 8,166,876</u></u>	<u><u>\$ 60,022</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, 2021

	Enterprise Fund Major Funds Water & Sewer	Internal Service Fund Retiree Health Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 6,241,350	\$ -
Payments to suppliers	(2,306,658)	-
Payments to and for employees	(1,918,966)	(4,500)
Net cash provided by (used for) operating activities	<u>\$ 2,015,726</u>	<u>\$ (4,500)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payment to NRRWA	\$ (448,578)	\$ -
Net cash provided by (used for) noncapital financing activities	<u>\$ (448,578)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions to capital assets	\$ (41,723)	\$ -
Proceeds from bonds	107,569	-
Principal payments on bonds	(892,935)	-
Principal payments on capital lease	(21,082)	-
Contributions in aid of construction	9,500	-
Interest payments	(272,181)	-
Loan payments to other localities	(105,126)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,215,978)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends received	\$ 15,799	\$ 1,102
Net cash provided by (used for) investing activities	<u>\$ 15,799</u>	<u>\$ 1,102</u>
Net increase (decrease) in cash and cash equivalents	\$ 366,969	\$ (3,398)
Cash and cash equivalents - beginning - including restricted	901,519	63,420
Cash and cash equivalents - ending - including restricted	<u><u>\$ 1,268,488</u></u>	<u><u>\$ 60,022</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ 583,104	\$ (4,500)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 1,489,694	\$ -
(Increase) decrease in accounts receivable	(73,434)	-
(Increase) decrease in pension related items	(256,261)	-
Increase (decrease) in compensated absences	10,191	-
Increase (decrease) in operating accounts payable	14,265	-
Increase (decrease) in due to Water Authority	(57,955)	-
Increase (decrease) in net pension liability	290,677	-
Increase (decrease) in accrued payroll	4,282	-
Increase (decrease) in OPEB liabilities	15,107	-
(Increase) decrease in OPEB related items	(8,267)	-
Increase (decrease) in customer deposits	4,323	-
Total adjustments	<u>\$ 1,432,622</u>	<u>\$ -</u>
Net cash provided by (used for) operating activities	<u><u>\$ 2,015,726</u></u>	<u><u>\$ (4,500)</u></u>
<b>Schedule of noncash capital and related financing activities:</b>		
Acquisition of assets on account (change in retainage payable)	\$ (11,055)	\$ -
Total noncash capital and related financing activities	<u>\$ (11,055)</u>	<u>\$ -</u>

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

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units 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, 2021, the Town contributed \$448,578 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, 2021, the Town contributed \$61,687 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, 2021, 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. In addition, for the fiscal year ended June 30, 2021, the Town contributed \$99,549 to Joint Wythe Industrial Development Authority.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**B. Government-wide and fund financial statements:**

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

The Statement of Net Position is designed to display the financial position of the primary government (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 financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized 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 as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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 funds:

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

The *CARES-ARPA fund* accounts for and reports financial resources that are restricted, committed, or assigned expenditures for CARES and ARPA funding.

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.

Prior to fiscal year 2018, the OPEB liability was accounted for in the internal service fund, OPEB fund. With the adoption of GASB 75, OPEB related items were moved out of this fund leaving funds held for retiree health insurance. 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, 2021

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**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, 2021

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

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

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

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 \$187,073 at June 30, 2021. The allowance consists of delinquent taxes in the amount of \$7,808, mowing and special assessments of \$33,399 and delinquent water and sewer bills of \$145,866.

7. Capital Assets

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

7. Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is expensed in the period it is paid.

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

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

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.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has 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 results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability and net OPEB liability and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

9. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has 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 the measurement of the net pension liability and net OPEB liability 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

12. Other Postemployment Benefits (OPEB) (Continued)

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 not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts 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 City Council/Board of Supervisors/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/Board adopts another ordinance to remove or revise the limitation;
- 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 general 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 a resolution approved by Town Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

**Assigned Fund Balance Policy:**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)****D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance: (Continued)****13. Fund Balance (Continued)**Minimum Unassigned Fund Balance Policy:

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

Resource Flow Policy:

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

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

	Other Governmental Funds
Fund Balances:	
Committed:	
Homestead Endowment	\$ 305,075
Wall of Honor	13,272
Perpetual Care	374,480
Memorial Fund	23,693
	<hr/>
Total Committed	\$ 716,520

**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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

14. Net Position (Continued)

- 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.

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

A. Budgetary information:

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General Fund, Water/Sewer Fund, Wall of Honor Fund, and the Homestead Fund have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. Only the Town Council can revise the appropriation for each department or category. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town units.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

A. Budgetary information: (Continued)

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, 2021, no fund had expenditures in excess of its appropriations.

C. Deficit fund balance:

At June 30, 2021, 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.

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 and 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).

The Town reported no investments at June 30, 2021.

**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 \$115,720 at June 30, 2021.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2021 but paid in advance by the taxpayers totaled \$11,609 at June 30, 2021.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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 Taxes	\$ 126,807
Noncategorical Aid	59,599
Total Due from Other Governmental Units	<u>\$ 186,406</u>

**NOTE 6 - INTERFUND ACTIVITY:**

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 12,558	\$ -
CARES/APRA Fund	-	12,558
Total	<u>\$ 12,558</u>	<u>\$ 12,558</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.

Fund	Due To	Due From	Total
Water Fund	\$ -	\$ 65,284	\$ 65,284
Sewer Fund	(65,284)	-	(65,284)

During fiscal year 2018, the water fund paid \$65,284 in debt service for the sewer fund. As of June 30, 2021, the amount has not been repaid to the water fund.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**NOTE 7 - CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,572,278	\$ -	\$ -	\$ 1,572,278
Construction in progress	17,713	22,080	-	39,793
Total capital assets not being depreciated	<u>\$ 1,589,991</u>	<u>\$ 22,080</u>	<u>\$ -</u>	<u>\$ 1,612,071</u>
Capital asset, being depreciated:				
Buildings and improvements	\$ 31,567,000	\$ 448,948	\$ -	\$ 32,015,948
Machinery and equipment	8,645,886	440,119	(8,145)	9,077,860
Total capital assets being depreciated	<u>\$ 40,212,886</u>	<u>\$ 889,067</u>	<u>\$ (8,145)</u>	<u>\$ 41,093,808</u>
Accumulated depreciation:				
Buildings and improvements	\$ (7,916,439)	\$ (796,032)	\$ -	\$ (8,712,471)
Machinery and equipment	(6,111,858)	(725,874)	5,045	(6,832,687)
Total accumulated depreciation	<u>\$ (14,028,297)</u>	<u>\$ (1,521,906)</u>	<u>\$ 5,045</u>	<u>\$ (15,545,158)</u>
Total capital assets being depreciated, net	<u>\$ 26,184,589</u>	<u>\$ (632,839)</u>	<u>\$ (3,100)</u>	<u>\$ 25,548,650</u>
Governmental activities capital assets, net	<u>\$ 27,774,580</u>	<u>\$ (610,759)</u>	<u>\$ (3,100)</u>	<u>\$ 27,160,721</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 163,236	\$ -	\$ -	\$ 163,236
Land rights	94,838	-	-	94,838
Construction in progress	1,306,068	30,668	(1,336,736)	-
Total capital assets not being depreciated	<u>\$ 1,564,142</u>	<u>\$ 30,668</u>	<u>\$ (1,336,736)</u>	<u>\$ 258,074</u>
Capital asset, being depreciated:				
Utility plant and equipment	\$ 56,056,133	\$ 1,336,736	\$ -	\$ 57,392,869
Machinery and equipment	4,474,367	-	-	4,474,367
Total capital assets being depreciated	<u>\$ 60,530,500</u>	<u>\$ 1,336,736</u>	<u>\$ -</u>	<u>\$ 61,867,236</u>
Accumulated depreciation:				
Utility plant and equipment	\$ (39,765,361)	\$ (1,220,697)	\$ -	\$ (40,986,058)
Machinery and equipment	(2,189,257)	(268,997)	-	(2,458,254)
Total accumulated depreciation	<u>\$ (41,954,618)</u>	<u>\$ (1,489,694)</u>	<u>\$ -</u>	<u>\$ (43,444,312)</u>
Total capital assets being depreciated, net	<u>\$ 18,575,882</u>	<u>\$ (152,958)</u>	<u>\$ -</u>	<u>\$ 18,422,924</u>
Business-type activities capital assets, net	<u>\$ 20,140,024</u>	<u>\$ (122,290)</u>	<u>\$ (1,336,736)</u>	<u>\$ 18,680,998</u>



## TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**NOTE 7 - CAPITAL ASSETS: (CONTINUED)**

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

Governmental activities:	
General government administration	\$ 92,117
Public safety	401,199
Public works	884,044
Parks, recreation, and cultural	142,946
Community development	<u>1,600</u>
Total depreciation expense - governmental activities	<u>\$ 1,521,906</u>
Business-type activities:	
Water	\$ 790,131
Sewer	<u>699,563</u>
Total depreciation expense - business-type activities	<u>\$ 1,489,694</u>

**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, 2021:

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct borrowings and placements				
General obligation refunding bonds	\$ 9,712,493	\$ -	\$ (568,322)	\$ 9,144,171
Note payable	-	237,958	-	237,958
Total direct borrowings and placements	<u>9,712,493</u>	<u>237,958</u>	<u>(568,322)</u>	<u>9,382,129</u>
Capital leases	494,420	-	(333,182)	161,238
Net pension liability	2,994,236	3,060,503	(1,277,592)	4,777,147
Landfill postclosure monitoring liability	639,373	-	(72,454)	566,919
Net OPEB liabilities	2,712,464	1,021,839	(700,304)	3,033,999
Compensated absences	<u>980,822</u>	<u>746,676</u>	<u>(735,617)</u>	<u>991,881</u>
	<u>\$ 17,533,808</u>	<u>\$ 5,066,976</u>	<u>\$ (3,687,471)</u>	<u>\$ 18,913,313</u>

## TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)Governmental Activities Indebtedness: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements	
	General Obligation	
	Refunding Bonds	
	Principal	Interest
2022	\$ 581,160	\$ 202,436
2023	594,506	189,251
2024	607,899	175,765
2025	619,146	161,991
2026	631,985	147,956
2027-2031	3,330,800	518,453
2032-2035	2,778,675	141,866
	<u>\$ 9,144,171</u>	<u>\$ 1,537,718</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 refunding bond	2.24%	3/27/2015	4/1/2035	\$ 9,219,826	\$ 6,870,900	\$ 422,918
General obligation refunding bond	2.45%	12/1/2014	2/1/2030	727,720	411,368	43,639
General obligation refunding bond	2.24%	2/5/2016	3/27/2035	2,468,148	1,861,903	114,603
PPP loan*	1.00%	2/1/2021	2/1/2026	105,000	105,000	105,000
PPP loan*	1.00%	4/5/2021	4/5/2026	132,958	132,958	132,958
Total Direct Borrowings and Placements					<u>\$ 9,382,129</u>	<u>\$ 819,118</u>
Other Obligations:						
Capital leases					\$ 161,238	\$ 161,238
Landfill postclosure liability					566,919	-
Net OPEB liabilities					3,033,999	-
Net pension liability					4,777,147	-
Compensated absences					991,881	743,911
Total Other Obligations					<u>\$ 9,531,184</u>	<u>\$ 905,149</u>
Total Long-term Obligations					<u>\$ 18,913,313</u>	<u>\$ 1,724,267</u>

\*Forgiven in July 2021

## TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)**Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2021:

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct borrowings and placements				
General obligation bonds	\$ 5,453,709	\$ 107,569	\$ (195,842)	\$ 5,365,436
General obligation refunding bonds	5,119,067	-	(697,093)	4,421,974
Total direct borrowings and placements	\$ 10,572,776	\$ 107,569	\$ (892,935)	\$ 9,787,410
Capital leases	21,082	-	(21,082)	-
Amount due to Wythe Co.	1,588,618	-	(105,126)	1,483,492
Net pension liability	488,161	498,967	(208,290)	778,838
Net OPEB liabilities	352,138	56,549	(41,442)	367,245
Compensated absences	197,535	158,342	(148,151)	207,726
	<u>\$ 13,220,310</u>	<u>\$ 821,427</u>	<u>\$ (1,417,026)</u>	<u>\$ 12,624,711</u>

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

Year Ending June 30,	Direct Borrowings and Placements			
	General Obligation Bonds		General Obligation Refunding Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 199,035	\$ 96,637	\$ 711,829	\$ 99,495
2023	202,307	93,366	729,628	83,076
2024	205,662	90,009	745,975	66,259
2025	209,104	86,568	437,449	50,093
2026	212,634	83,038	299,367	41,317
2027-2031	1,119,379	358,983	1,312,690	94,909
2032-2036	958,604	268,636	185,036	9,445
2037-2041	767,210	202,886	-	-
2042-2046	674,231	131,209	-	-
2047-2051	754,434	51,006	-	-
2052	62,836	321	-	-
	<u>\$ 5,365,436</u>	<u>\$ 1,462,659</u>	<u>\$ 4,421,974</u>	<u>\$ 444,594</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)**

**Business-type 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 bonds	2.25%	12/13/2011	2052	\$ 4,105,000	\$ 3,543,892	\$ 82,195
General obligation bonds	2.73%	12/2/2011	2032	964,540	617,388	47,541
General obligation bonds	2.45%	12/1/2014	2030	4,470,280	2,412,879	255,951
General obligation bonds	2.20%	12/1/2014	2025	4,127,500	1,427,646	420,090
General obligation bonds	0.00%	3/28/2019	2039	1,386,000	1,204,156	69,300
General obligation bonds	2.24%	3/27/2015	2035	780,174	581,449	35,787
Total Direct Borrowings and Placements					\$ 9,787,410	\$ 910,864
Other Obligations:						
Amount due to Wythe Co. (1)					\$ 1,483,492	\$ 107,755
Net OPEB liabilities					367,245	-
Net pension liability					778,838	-
Compensated absences					207,726	155,795
Total Other Obligations					\$ 2,837,301	\$ 263,550
Total Long-term Obligations					\$ 12,624,711	\$ 1,174,414

(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.

**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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

The assets acquired through capital leases are as follows:

	Fire Truck and Street Sweeper
Assets	\$ 837,586
Less: Accumulated Depreciation	<u>(359,654)</u>
Total	<u>\$ 477,932</u>

The future minimum lease obligation and the net present value of the minimum lease payment as of June 30, 2021, were as follows:

Year Ending June 30, 2022	Fire Truck and Street Sweeper
	<u>\$ 162,854</u>
Less, amount representing interest	<u>(1,616)</u>
Present Value of Lease Agreement	<u>\$ 161,238</u>

**NOTE 10 - LANDFILL POSTCLOSURE MONITORING LIABILITY:**

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 10 years after closure. The Town closed the landfill in December 1997. As a result of a new estimate provided by the Town's landfill engineer in 2018, total postclosure monitoring costs are estimated to be \$566,919. This estimate is based on ten years of monitoring starting with fiscal year 2019 and ending in fiscal year 2029. The amount is based on what it would cost to perform all postclosure in 2021. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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 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.
- 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.

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

***Benefit Structures (Continued)***

- 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.

***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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Contributions (Continued)***

The Town's contractually required employer contribution rate for the year ended June 30, 2021 was 10.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$783,213 and \$654,818 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net Pension Liability***

At June 30, 2021, the Town reported a liability of \$5,555,985 for its proportionate share of the net pension liability. The Town's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The Town's proportionate share of the same was calculated using contributions to the plan as of June 30, 2020 as a basis for allocation. At June 30, 2020 and 2019, the Town's proportion was 97.65% and 97.65%, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

**Mortality rates:**

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% if rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

***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, 2019, 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, 2020.

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*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

Mortality rates: (Continued)

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

*The remainder of this page is left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

\* The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. Most recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***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, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**NOTE 11 - PENSION PLAN: (CONTINUED)*****Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Town's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (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)	\$ 9,659,417	\$ 5,555,985	\$ 2,143,526

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

For the year ended June 30, 2021, the Town recognized pension expense of \$1,175,071. 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.

At June 30, 2021, 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	\$ 883,214	\$ 28,997
Change in assumptions	416,717	26,186
Net difference between projected and actual earnings on pension plan investments	805,956	-
Change in proportionate share	23,090	22,544
Employer contributions subsequent to the measurement date	783,213	-
Total	\$ 2,912,190	\$ 77,727

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

\$783,213 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, 2022. 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
2022	\$ 615,641
2023	722,089
2024	454,967
2025	258,553

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 was \$67,750.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL: (CONTINUED)*****Net OPEB Liability***

At June 30, 2021, the Town reported a liability of \$1,909,200 for its proportionate share of the total OPEB liability. The Town's net OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2019 and rolled forward to the measurement date of June 30, 2021. 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, 2021. At June 30, 2021 and 2020, the Town's proportion was 95.48% and 97.72%, respectively.

***Actuarial Assumptions***

The total OPEB liability in the July 1, 2019 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	5.35% to 3.50% depending on years of service with an inflation rate of 2.50% and a productivity component of 1.00%
Discount Rate	2.21% for accounting and funding disclosures as of June 30, 2020 2.16% for accounting and funding disclosures as of June 30, 2021

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

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

***Discount Rate***

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

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Rate		
1% Decrease	Current Discount	1% Increase
(1.16%)	(2.16%)	(3.16%)
\$ 2,067,254	\$ 1,909,200	\$ 1,760,537

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL: (CONTINUED)*****Sensitivity of the Town's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (1.20% increasing to 3.00%) or one percentage point higher (3.20% increasing to 5.00%) than the current healthcare cost trend rates:

Rate		
1% Decrease	Healthcare Cost	1% Increase
(1.20% increasing to 3.00%)	Trend	(3.20% increasing to 5.00%)
(2.20% increasing to 4.00%)		
\$ 1,660,661	\$ 1,909,200	\$ 2,207,504

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

For the year ended June 30, 2021, the Town recognized OPEB expense in the amount of \$159,454. At June 30, 2021, 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	\$ -	\$ 251,833
Change in assumptions	250,622	25,870
Total	<u>\$ 250,622</u>	<u>\$ 277,703</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,	
2022	\$ (4,683)
2023	(4,683)
2024	(4,683)
2025	(5,691)
2026	(6,118)
Thereafter	(1,223)

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



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

***Plan Description***

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

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

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

***Eligible Employees***

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

***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, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the Town were \$41,675 and \$38,494 for the years ended June 30, 2021 and June 30, 2020, respectively.

***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, 2021, the Town reported a liability of \$600,303 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2020, the Town's proportion of the statewide total was 0.03680% as compared to 0.03563% at June 30, 2019. The Town's allocated portion of the liability was 97.72% in 2020 and 97.64% in 2019.

For the year ended June 30, 2021, the Town recognized GLI OPEB expense of \$27,146. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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)***

At June 30, 2021, 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	\$ 38,505	\$ 5,392
Net difference between projected and actual earnings on GLI OPEB program investments	18,032	-
Change in assumptions	30,022	12,535
Changes in porportionate share	26,894	6,752
Employer contributions subsequent to the measurement date	41,675	-
Total	<u>\$ 155,128</u>	<u>\$ 24,679</u>

\$41,675 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, 2022. 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>	
2022	\$ 13,296
2023	18,389
2024	23,036
2025	24,484
2026	8,580
Thereafter	989

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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*

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees****Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)****Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**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, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

\*The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rates. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 789,144	\$ 600,303	\$ 446,946

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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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 Line of Duty Act Program (LODA). 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. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, 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. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***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, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 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 \$39,452 and \$28,936 for the years ended June 30, 2021 and June 30, 2020, respectively.

***LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2021, the entity reported a liability \$891,741 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was 0.21290% as compared to 0.18140% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of \$82,651. 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, 2021, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

*The remainder of this page is left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**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)***

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,660	\$ 121,574
Net difference between projected and actual earnings on LODA OPEB program investments	-	1,268
Change in assumptions	238,726	55,569
Changes in porportionate share	118,227	101,447
Employer contributions subsequent to the measurement date	39,452	-
Total	<u>\$ 491,065</u>	<u>\$ 279,858</u>

\$39,452 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, 2022. 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>	
2022	\$ 21,906
2023	22,140
2024	22,390
2025	22,463
2026	22,542
Thereafter	60,314

***Actuarial Assumptions***

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)*****Actuarial Assumptions (Continued)***

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	5.375% - 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	2.21%, including inflation*

\*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

***Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees*****Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)*****Actuarial Assumptions (Continued)******Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees (Continued)***

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

***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, 2020, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	4,333
LODA Net OPEB Liability (Asset)	<u>\$ 418,814</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

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 2.21% 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 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

The discount rate used to measure the total LODA OPEB liability was 2.21%. 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, 2020, 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.

***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 2.21%, 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 (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease	Current Discount	1% Increase
	(1.21%)	(2.21%)	(3.21%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 1,058,485	\$ 891,741	\$ 766,054

***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	\$ 737,053	\$ 891,741	\$ 1,094,071

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)*****LODA OPEB Fiduciary Net Position***

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 15 - SUMMARY OF OPEB PLANS:**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Town Stand-Alone Plan (Note 12)	\$ 250,622	\$ 277,703	\$ 1,909,200	\$ 159,454
VRS OPEB Plans:				
Group Life Insurance Plan (Note 13)	155,128	24,679	600,303	27,146
Line of Duty Act Program (Note 17)	491,065	279,858	891,741	82,651
Totals	<u>\$ 896,815</u>	<u>\$ 582,240</u>	<u>\$ 3,401,244</u>	<u>\$ 269,251</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 Municipal League. The Town pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pool provides that the pool will be self sustaining through member premiums. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**NOTE 17 - SURETY BONDS:**

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

**NOTE 18 - LITIGATION:**

As of June 30, 2021, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**NOTE 19 - ADOPTION OF ACCOUNTING PRINCIPLE:**

The Town implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how these activities should be reported. The Perpetual Fund and the Memorial Fund are reported as Special Revenue Funds in the current year. The implementation of this standard resulted in the following restatement of fund equity.

	Primary Government		
	Fund Balance		Net Position
	Perpetual	Memorial	Governmental
	Care Fund	Fund	Activities
Balance, July 1, 2020, as previously reported	\$ 423,084	\$ -	\$ 24,620,444
Implementation of GASB 84	(56,100)	28,262	451,346
Balance, July 1, 2020, as restated	\$ 366,984	\$ 28,262	\$ 25,071,790

**NOTE 20 - COVID-19 PANDEMIC:**

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

**CARES ACT FUNDING**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The Town received total CRF funding of \$1,401,438. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$30,040 are reported as unearned revenue as of June 30.

**ARPA FUNDING**

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**NOTE 20 - COVID-19 PANDEMIC: (CONTINUED)**

**ARPA FUNDING (CONTINUED)**

On June 25, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$4,109,085 from the initial allocation are reported as unearned revenue as of June 30.

**NOTE 21 - UPCOMING PRONOUNCEMENTS:**

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**NOTE 21 - UPCOMING PRONOUNCEMENTS:**

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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, 2021

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 1,588,700	\$ 1,588,700	\$ 1,704,885	\$	116,185
Other local taxes	6,469,000	6,469,000	7,610,832		1,141,832
Permits, privilege fees, and regulatory licenses	174,600	174,600	244,042		69,442
Fines and forfeitures	71,000	71,000	17,811		(53,189)
Revenue from the use of money and property	300,000	300,000	237,840		(62,160)
Charges for services	1,830,375	1,830,375	1,310,967		(519,408)
Miscellaneous	425,830	425,830	519,204		93,374
Recovered costs	383,465	383,465	385,120		1,655
Intergovernmental:					
Commonwealth	3,426,400	3,426,400	3,518,377		91,977
Federal	708,880	808,880	800,375		(8,505)
Total revenues	\$ 15,378,250	\$ 15,478,250	\$ 16,349,453	\$	871,203
EXPENDITURES					
Current:					
General government administration	\$ 2,809,824	\$ 4,126,324	\$ 4,007,296	\$	119,028
Public safety	5,600,091	4,881,091	4,700,138		180,953
Public works	3,789,309	3,944,309	3,626,233		318,076
Health and welfare	11,000	12,500	12,277		223
Parks, recreation, and cultural	2,250,556	2,259,556	1,745,798		513,758
Community development	1,771,340	1,783,340	1,569,942		213,398
Debt service:					
Principal retirement	979,386	979,386	901,504		77,882
Interest and other fiscal charges	252,614	252,614	226,940		25,674
Total expenditures	\$ 17,464,120	\$ 18,239,120	\$ 16,790,128	\$	1,448,992
Excess (deficiency) of revenues over (under) expenditures	\$ (2,085,870)	\$ (2,760,870)	\$ (440,675)	\$	2,320,195
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 12,558	\$	12,558
Issuance of note payable	-	-	237,958		237,958
Total other financing sources (uses)	\$ -	\$ -	\$ 250,516	\$	250,516
Net change in fund balances	\$ (2,085,870)	\$ (2,760,870)	\$ (190,159)	\$	2,570,711
Fund balances - beginning	2,085,870	2,760,870	12,839,709		10,078,839
Fund balances - ending	\$ -	\$ -	\$ 12,649,550	\$	12,649,550

Town of Wytheville, Virginia  
 CARES-ARPA Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental:				
Federal	\$ -	\$ 1,401,450	\$ 1,369,328	\$ (32,122)
Total revenues	\$ -	\$ 1,401,450	\$ 1,369,328	\$ (32,122)
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ 1,401,450	\$ 1,356,770	\$ 44,680
Total expenditures	\$ -	\$ 1,401,450	\$ 1,356,770	\$ 44,680
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 12,558	\$ 12,558
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (12,558)	\$ (12,558)
Total other financing sources (uses)	\$ -	\$ -	\$ (12,558)	\$ (12,558)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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, 2020

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

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

Town of Wytheville, Virginia  
Schedule of Employer Contributions  
Pension Plan  
For the Years Ended June 30, 2011 through June 30, 2021

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)
2021	\$ 783,213	\$ 783,213	\$ -	\$ 7,666,658	10.22%
2020	654,818	654,818	-	7,212,823	9.08%
2019	598,688	598,688	-	6,985,218	8.57%
2018	615,041	615,041	-	6,556,692	9.38%
2017	376,531	376,531	-	6,503,135	5.79%
2016	535,937	535,937	-	6,314,454	8.49%
2015	517,261	517,261	-	5,967,595	8.67%
2014	501,678	501,678	-	5,733,462	8.75%
2013	499,393	499,393	-	5,707,350	8.75%
2012	341,246	341,246	-	5,677,965	6.01%

**Town of Wytheville, Virginia**  
**Notes to Required Supplementary Information**  
**Pension Plan**  
**For the Year Ended June 30, 2021**

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**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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%



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, 2021

Date (1)	Employer's Proportion of the Total OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Total OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Total OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)
2021	95.47710%	\$ 1,909,200	N/A	N/A
2020	97.72160%	1,847,580	N/A	N/A
2019	97.64000%	1,821,182	N/A	N/A
2018	97.60000%	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, 2021

Valuation Date: 7/1/2019  
Measurement Date: 6/30/2021

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	2.21% as of June 30, 2020; 2.16% as of June 30, 2021
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. Rates start at 2.20% in 2019 and gradually increase to 4.00% by the year 2073
Salary Increase Rates	The salary increase rate includes an inflation rate of 2.50%, a productivity component of 1.00% and a variable merit component that is dependent upon years of service. The rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service.
Mortality Rates	Mortality is based in the RP-2014 mortality tables, sex distinct and fully generational.

Town of Wytheville, Virginia  
Schedule of Town's Share of Net OPEB Liability  
Group Life Insurance (GLI) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2020

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)
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, 2021

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)
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, 2021

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**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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020

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)
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, 2021

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)
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 2018 is the first year for this presentation, only four 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, 2021

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**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, 2019 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%



## **Other Supplementary Information**

Town of Wytheville, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue					Capital Projects	Total Nonmajor Governmental
	Homestead Endowment Fund	Wall of Honor Fund	Perpetual Care Fund	Memorial Fund	Total	CDBG Funds	Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 305,075	\$ 13,272	\$ 374,480	\$ 23,693	\$ 716,520	\$ 6,289	\$ 722,809
Total assets	<u>\$ 305,075</u>	<u>\$ 13,272</u>	<u>\$ 374,480</u>	<u>\$ 23,693</u>	<u>\$ 716,520</u>	<u>\$ 6,289</u>	<u>\$ 722,809</u>
<b>FUND BALANCES</b>							
Committed:							
Homestead Endowment	\$ 305,075	\$ -	\$ -	\$ -	\$ 305,075	\$ -	\$ 305,075
Wall of Honor	-	13,272	-	-	13,272	-	13,272
Perpetual care	-	-	374,480	-	374,480	-	374,480
Memorial	-	-	-	23,693	23,693	-	23,693
Assigned:							
Capital Projects	-	-	-	-	-	6,289	6,289
Total fund balances	<u>\$ 305,075</u>	<u>\$ 13,272</u>	<u>\$ 374,480</u>	<u>\$ 23,693</u>	<u>\$ 716,520</u>	<u>\$ 6,289</u>	<u>\$ 722,809</u>
Total liabilities and fund balances	<u>\$ 305,075</u>	<u>\$ 13,272</u>	<u>\$ 374,480</u>	<u>\$ 23,693</u>	<u>\$ 716,520</u>	<u>\$ 6,289</u>	<u>\$ 722,809</u>

Town of Wytheville, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2021

	Special Revenue					Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Perpetual Care Fund	Memorial Fund	Total	CDBG Funds	
<b>REVENUES</b>							
Revenue from the use of money and property	\$ 5,910	\$ 228	\$ 6,691	\$ 570	\$ 13,399	\$ 133	\$ 13,532
Miscellaneous	1,709	1,000	2,984	-	5,693	2,590	8,283
Total revenues	<u>\$ 7,619</u>	<u>\$ 1,228</u>	<u>\$ 9,675</u>	<u>\$ 570</u>	<u>\$ 19,092</u>	<u>\$ 2,723</u>	<u>\$ 21,815</u>
<b>EXPENDITURES</b>							
Current:							
General government administration	\$ -	\$ -	\$ -	\$ 5,139	\$ 5,139	\$ -	\$ 5,139
Public works	-	-	2,179	-	2,179	-	2,179
Health and welfare	33,024	-	-	-	33,024	-	33,024
Parks, recreation, and cultural	-	800	-	-	800	-	800
Capital projects	-	-	-	-	-	12,926	12,926
Total expenditures	<u>\$ 33,024</u>	<u>\$ 800</u>	<u>\$ 2,179</u>	<u>\$ 5,139</u>	<u>\$ 41,142</u>	<u>\$ 12,926</u>	<u>\$ 54,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,405)</u>	<u>\$ 428</u>	<u>\$ 7,496</u>	<u>\$ (4,569)</u>	<u>\$ (22,050)</u>	<u>\$ (10,203)</u>	<u>\$ (32,253)</u>
Net change in fund balances	\$ (25,405)	\$ 428	\$ 7,496	\$ (4,569)	\$ (22,050)	\$ (10,203)	\$ (32,253)
Fund balances - beginning, as restated	330,480	12,844	366,984	28,262	738,570	16,492	755,062
Fund balances - ending	<u>\$ 305,075</u>	<u>\$ 13,272</u>	<u>\$ 374,480</u>	<u>\$ 23,693</u>	<u>\$ 716,520</u>	<u>\$ 6,289</u>	<u>\$ 722,809</u>

Town of Wytheville, Virginia  
Combining Statement of Net Position  
Proprietary Funds  
June 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 321,649	\$ 883,197	\$ 1,204,846
Accounts receivable, net of allowance for uncollectibles	470,385	344,139	814,524
Interfund obligations	65,284	(65,284)	-
Total current assets	<u>\$ 857,318</u>	<u>\$ 1,162,052</u>	<u>\$ 2,019,370</u>
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	\$ 63,642	\$ -	\$ 63,642
Capital assets:			
Land	\$ 119,625	\$ 43,611	\$ 163,236
Land rights	94,838	-	94,838
Machinery and equipment	1,789,909	2,684,458	4,474,367
Utility plant in service	33,627,879	23,764,990	57,392,869
Less accumulated depreciation	(23,846,735)	(19,597,577)	(43,444,312)
Total capital assets	<u>\$ 11,785,516</u>	<u>\$ 6,895,482</u>	<u>\$ 18,680,998</u>
Total noncurrent assets	<u>\$ 11,849,158</u>	<u>\$ 6,895,482</u>	<u>\$ 18,744,640</u>
Total assets	<u>\$ 12,706,476</u>	<u>\$ 8,057,534</u>	<u>\$ 20,764,010</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 13,742	\$ 14,092	\$ 27,834
OPEB related items	32,662	26,636	59,298
Pension related items	228,707	178,006	406,713
Total deferred outflows of resources	<u>\$ 275,111</u>	<u>\$ 218,734</u>	<u>\$ 493,845</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 37,986	\$ 139,904	\$ 177,890
Accrued payroll/fringes	58,281	42,009	100,290
Accrued interest payable	25,038	23,289	48,327
Compensated absences - current portion	76,995	78,800	155,795
Bonds payable - current portion	382,387	528,477	910,864
Amount due to Wythe County - current portion	107,755	-	107,755
Total current liabilities	<u>\$ 688,442</u>	<u>\$ 812,479</u>	<u>\$ 1,500,921</u>
Current liabilities payable from restricted assets:			
Customer deposits payable	\$ 63,642	\$ -	\$ 63,642
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 5,403,307	\$ 3,473,239	\$ 8,876,546
Compensated absences - net of current portion	25,665	26,266	51,931
Amount due to Wythe County - net of current portion	1,375,737	-	1,375,737
Net pension liability	445,211	333,627	778,838
Net OPEB liabilities	202,089	165,156	367,245
Total noncurrent liabilities	<u>\$ 7,452,009</u>	<u>\$ 3,998,288</u>	<u>\$ 11,450,297</u>
Total liabilities	<u>\$ 8,204,093</u>	<u>\$ 4,810,767</u>	<u>\$ 13,014,860</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related items	\$ 24,385	\$ 20,096	\$ 44,481
Pension related items	19,846	11,792	31,638
Total deferred inflows of resources	<u>\$ 44,231</u>	<u>\$ 31,888</u>	<u>\$ 76,119</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 4,530,072	\$ 2,907,858	\$ 7,437,930
Unrestricted	203,191	525,755	728,946
Total net position	<u>\$ 4,733,263</u>	<u>\$ 3,433,613</u>	<u>\$ 8,166,876</u>

Town of Wytheville, Virginia  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 3,804,542	\$ -	\$ 3,804,542
Sewer revenues	-	2,459,894	2,459,894
Penalties	45,820	-	45,820
Miscellaneous	205	-	205
Total operating revenues	<u>\$ 3,850,567</u>	<u>\$ 2,459,894</u>	<u>\$ 6,310,461</u>
<b>OPERATING EXPENSES</b>			
Salaries	\$ 718,184	\$ 572,182	\$ 1,290,366
Fringe benefits	290,302	336,072	626,374
Professional services	221,054	124,869	345,923
Repair and maintenance	123,465	179,872	303,337
Operating materials and supplies	907,724	220,867	1,128,591
Permits, licenses and memberships	1,977	11,251	13,228
Utilities	204,062	253,635	457,697
Travel	-	1,083	1,083
Office supplies	131	2,258	2,389
Postal services	1,553	1,553	3,106
Insurance	-	16,564	16,564
Miscellaneous expenses	29,571	19,434	49,005
Depreciation	790,131	699,563	1,489,694
Total operating expenses	<u>\$ 3,288,154</u>	<u>\$ 2,439,203</u>	<u>\$ 5,727,357</u>
Operating income (loss)	<u>\$ 562,413</u>	<u>\$ 20,691</u>	<u>\$ 583,104</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 3,586	\$ 12,213	\$ 15,799
Payment to NRRWA	(448,578)	-	(448,578)
Interest expense	(193,203)	(69,834)	(263,037)
Total nonoperating revenues (expenses)	<u>\$ (638,195)</u>	<u>\$ (57,621)</u>	<u>\$ (695,816)</u>
Income before capital contributions and construction grants	<u>\$ (75,782)</u>	<u>\$ (36,930)</u>	<u>\$ (112,712)</u>
Capital contributions and construction grants	\$ -	\$ 9,500	\$ 9,500
Change in net position	\$ (75,782)	\$ (27,430)	\$ (103,212)
Net position - beginning	4,809,045	3,461,043	8,270,088
Net position - ending	<u>\$ 4,733,263</u>	<u>\$ 3,433,613</u>	<u>\$ 8,166,876</u>

Town of Wytheville, Virginia  
Combining Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 3,806,715	\$ 2,434,635	\$ 6,241,350
Payments to suppliers	(1,498,166)	(808,492)	(2,306,658)
Payments to and for employees	(1,036,459)	(882,507)	(1,918,966)
Net cash provided by (used for) operating activities	<u>\$ 1,272,090</u>	<u>\$ 743,636</u>	<u>\$ 2,015,726</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Payment to NRRWA	<u>\$ (448,578)</u>	<u>\$ -</u>	<u>\$ (448,578)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ -	\$ (41,723)	\$ (41,723)
Proceeds from bonds	-	107,569	107,569
Principal payments on bonds	(374,199)	(518,736)	(892,935)
Principal payments on capital lease	(10,541)	(10,541)	(21,082)
Contributions in aid of construction	-	9,500	9,500
Interest payments	(194,771)	(77,410)	(272,181)
Loan payments to other localities	(105,126)	-	(105,126)
Net cash provided by (used for) capital and related financing activities	<u>\$ (684,637)</u>	<u>\$ (531,341)</u>	<u>\$ (1,215,978)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	<u>\$ 3,586</u>	<u>\$ 12,213</u>	<u>\$ 15,799</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 142,461</u>	<u>\$ 224,508</u>	<u>\$ 366,969</u>
Cash and cash equivalents - beginning - including restricted	242,830	658,689	901,519
Cash and cash equivalents - ending - including restricted	<u><u>\$ 385,291</u></u>	<u><u>\$ 883,197</u></u>	<u><u>\$ 1,268,488</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	<u>\$ 562,413</u>	<u>\$ 20,691</u>	<u>\$ 583,104</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 790,131	\$ 699,563	\$ 1,489,694
(Increase) decrease in accounts receivable	(48,175)	(25,259)	(73,434)
(Increase) decrease in pension related items	(145,998)	(110,263)	(256,261)
Increase (decrease) in compensated absences	7,455	2,736	10,191
Increase (decrease) in operating accounts payable	(8,629)	22,894	14,265
Increase (decrease) in due to Water Authority	(57,955)	-	(57,955)
Increase (decrease) in net pension liability	166,161	124,516	290,677
Increase (decrease) in accrued payroll	3,364	918	4,282
Increase (decrease) in OPEB liabilities	3,516	11,591	15,107
(Increase) decrease in OPEB related items	(4,516)	(3,751)	(8,267)
Increase (decrease) in customer deposits	4,323	-	4,323
Total adjustments	<u>\$ 709,677</u>	<u>\$ 722,945</u>	<u>\$ 1,432,622</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,272,090</u></u>	<u><u>\$ 743,636</u></u>	<u><u>\$ 2,015,726</u></u>
<b>Schedule of noncash capital and related financing activities:</b>			
Acquisition of assets on account (change in retainage payable)	\$ -	\$ (11,055)	\$ (11,055)
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ (11,055)</u>	<u>\$ (11,055)</u>

## **Supporting Schedules**

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Schedule 1  
Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,245,000	\$ 1,245,000	\$ 1,316,076	\$ 71,076
Real and personal public service corporation taxes	59,000	59,000	61,947	2,947
Personal property taxes	156,500	156,500	169,128	12,628
Mobile home taxes	1,200	1,200	1,367	167
Machinery and tools taxes	115,000	115,000	132,584	17,584
Penalties	7,000	7,000	12,123	5,123
Interest	5,000	5,000	11,660	6,660
Total general property taxes	\$ 1,588,700	\$ 1,588,700	\$ 1,704,885	\$ 116,185
Other local taxes:				
Local sales and use taxes	\$ 500,000	\$ 500,000	\$ 689,055	\$ 189,055
Consumers' utility taxes	235,000	235,000	237,468	2,468
Consumption taxes	52,000	52,000	50,049	(1,951)
Business license taxes	1,180,000	1,180,000	1,588,808	408,808
Motor vehicle licenses	125,000	125,000	132,801	7,801
Tobacco tax	190,000	190,000	161,992	(28,008)
Bank stock taxes	350,000	350,000	418,954	68,954
Hotel and motel room taxes	1,375,000	1,375,000	1,290,430	(84,570)
Restaurant food taxes	2,440,000	2,440,000	3,004,316	564,316
Interest on local taxes	22,000	22,000	36,959	14,959
Total other local taxes	\$ 6,469,000	\$ 6,469,000	\$ 7,610,832	\$ 1,141,832
Permits, privilege fees, and regulatory licenses:				
Land use permits	\$ 500	\$ 500	\$ 1,213	\$ 713
Building permits	29,000	29,000	51,528	22,528
Electrical permits	5,000	5,000	14,154	9,154
Plumbing permits	4,000	4,000	10,131	6,131
Mechanical permits	7,000	7,000	12,537	5,537
Burial permits	35,000	35,000	39,641	4,641
Monument permits	1,200	1,200	1,170	(30)
Subdivision permits	200	200	1,125	925
Zoning permits	500	500	2,749	2,249
Refuse tags and disposal permits	90,000	90,000	104,086	14,086
Permits and other licenses	2,200	2,200	5,683	3,483
Total permits, privilege fees, and regulatory licenses	\$ 174,600	\$ 174,600	\$ 244,042	\$ 69,442
Fines and forfeitures:				
Court fines and forfeitures	\$ 31,000	\$ 31,000	\$ 10,384	\$ (20,616)
Parking fines	40,000	40,000	7,427	(32,573)
Total fines and forfeitures	\$ 71,000	\$ 71,000	\$ 17,811	\$ (53,189)



Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

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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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 235,000	\$ 235,000	\$ 202,697	\$ (32,303)
Revenue from use of property	65,000	65,000	35,143	(29,857)
Total revenue from use of money and property	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 237,840</u>	<u>\$ (62,160)</u>
Charges for services:				
Charges for law enforcement	\$ 12,000	\$ 12,000	\$ 8,002	\$ (3,998)
Charges for EMS	975,000	975,000	785,384	(189,616)
Charges for cemetery plots	28,000	28,000	27,561	(439)
Charges for copies	2,000	2,000	2,152	152
Charges for animal control	100	100	154	54
Charges for gift shop	200	200	3,792	3,592
Charges for admissions	69,700	69,700	12,891	(56,809)
Charges for parks and recreation	717,950	717,950	444,656	(273,294)
Charges for weed cutting	14,500	14,500	23,678	9,178
Charges for other services	10,925	10,925	2,697	(8,228)
Total charges for services	<u>\$ 1,830,375</u>	<u>\$ 1,830,375</u>	<u>\$ 1,310,967</u>	<u>\$ (519,408)</u>
Miscellaneous:				
Donations	\$ 47,550	\$ 47,550	\$ 26,543	\$ (21,007)
Miscellaneous	328,280	328,280	432,661	104,381
Virginia tourism grant	50,000	50,000	60,000	10,000
Total miscellaneous	<u>\$ 425,830</u>	<u>\$ 425,830</u>	<u>\$ 519,204</u>	<u>\$ 93,374</u>
Recovered costs:				
Recovered costs	<u>\$ 383,465</u>	<u>\$ 383,465</u>	<u>\$ 385,120</u>	<u>\$ 1,655</u>
Total revenue from local sources	<u>\$ 11,242,970</u>	<u>\$ 11,242,970</u>	<u>\$ 12,030,701</u>	<u>\$ 787,731</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 10,000	\$ 10,000	\$ 9,554	\$ (446)
Mobile home titling tax	2,500	2,500	6,345	3,845
ATV sales tax	-	-	766	766
Motor vehicle rental tax	50,000	50,000	55,624	5,624
Telecommunication tax	370,000	370,000	314,062	(55,938)
Game of skill tax	-	-	9,648	9,648
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	<u>\$ 493,500</u>	<u>\$ 493,500</u>	<u>\$ 457,075</u>	<u>\$ (36,425)</u>
Categorical aid:				
Other categorical aid:				
Fire programs	\$ 25,000	\$ 25,000	\$ 31,292	\$ 6,292
Highway maintenance	2,700,000	2,700,000	2,773,944	73,944
Law enforcement block grant	200,000	200,000	224,441	24,441
Litter control	3,400	3,400	3,057	(343)
State tobacco grant	-	-	28,500	28,500

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

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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>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Department of transportation	\$ -	\$ -	\$ 68	\$ 68
Total other categorical aid	\$ 2,932,900	\$ 2,932,900	\$ 3,061,302	\$ 128,402
				-
Total revenue from the Commonwealth	\$ 3,426,400	\$ 3,426,400	\$ 3,518,377	\$ 91,977
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,880	\$ 8,880	\$ 8,882	\$ 2
Categorical aid:				
Community development block grant-SBRA	\$ -	\$ 800,000	\$ 791,493	\$ (8,507)
Total categorical aid	\$ 700,000	\$ 800,000	\$ 791,493	\$ (8,507)
Total revenue from the federal government	\$ 708,880	\$ 808,880	\$ 800,375	\$ (8,505)
Total General Fund	\$ 15,378,250	\$ 15,478,250	\$ 16,349,453	\$ 871,203
<b>Special Revenue Funds:</b>				
<b>Homestead Endowment Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,910	\$ 5,910
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 1,709	\$ 1,709
Total Homestead Endowment Fund	\$ -	\$ -	\$ 7,619	\$ 7,619
<b>Wall of Honor Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 228	\$ 128
Miscellaneous:				
Contributions	\$ 1,900	\$ 1,900	\$ 1,000	\$ (900)
Total Wall of Honor Fund	\$ 2,000	\$ 2,000	\$ 1,228	\$ (772)
<b>Perpetual Care Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 6,691	\$ 6,691
Total revenue from use of money and property	\$ -	\$ -	\$ 6,691	\$ 6,691

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

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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>
<b>Perpetual Care Fund (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 2,984	\$ 2,984
Total miscellaneous revenue	\$ -	\$ -	\$ 2,984	\$ 2,984
Total revenue from local sources	\$ -	\$ -	\$ 9,675	\$ 9,675
Total Perpetual Care Fund	\$ -	\$ -	\$ 9,675	\$ 9,675
<b>Memorial Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 570	\$ 570
Total revenue from use of money and property	\$ -	\$ -	\$ 570	\$ 570
Total Memorial Fund	\$ -	\$ -	\$ 570	\$ 570
<b>CARES-ARPA Fund:</b>				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Coronavirus relief funds	\$ -	\$ 1,401,450	\$ 1,369,328	\$ (32,122)
Total CARES-ARPA Fund	\$ -	\$ 1,401,450	\$ 1,369,328	\$ (32,122)
<b>Capital Projects Fund:</b>				
<b>CDBG Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 133	\$ 133
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 2,590	\$ 2,590
Total CDBG Fund	\$ -	\$ -	\$ 2,723	\$ 2,723
Total Primary Government	\$ 15,380,250	\$ 16,881,700	\$ 17,740,596	\$ 858,896

Town of Wytheville, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

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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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town council	\$ 795,725	\$ 2,145,725	\$ 2,192,501	\$ (46,776)
General and financial administration:				
Town clerk	\$ 229,405	\$ 229,405	\$ 224,954	\$ 4,451
Commission member	8,940	8,940	7,381	1,559
Town manager	169,005	169,005	106,230	62,775
Assistant town manager	130,865	146,865	146,785	80
Legal services	185,485	99,485	69,179	30,306
Independent services	55,000	58,500	58,450	50
Town treasurer	267,680	267,680	254,533	13,147
Automotive/motor pool	253,265	253,265	248,149	5,116
Engineering department	202,255	202,255	194,857	7,398
Human resources	171,114	204,114	206,259	(2,145)
Computer operations	341,085	341,085	298,018	43,067
Total general and financial administration	\$ 2,014,099	\$ 1,980,599	\$ 1,814,795	\$ 165,804
Total general government administration	\$ 2,809,824	\$ 4,126,324	\$ 4,007,296	\$ 119,028
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,455,344	\$ 2,394,344	\$ 2,332,096	\$ 62,248
Fire and rescue services:				
Fire department	\$ 1,087,270	\$ 1,128,270	\$ 1,139,167	\$ (10,897)
Inspections:				
Building	\$ 1,241,140	\$ 1,242,140	\$ 1,120,675	\$ 121,465
Other protection:				
Animal control	\$ 76,597	\$ 76,597	\$ 72,456	\$ 4,141
Transportation study grant	39,740	39,740	35,744	3,996
CARES Funding	700,000	-	-	-
Total other protection	\$ 816,337	\$ 116,337	\$ 108,200	\$ 8,137
Total public safety	\$ 5,600,091	\$ 4,881,091	\$ 4,700,138	\$ 180,953
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,494,910	\$ 1,506,910	\$ 1,520,166	\$ (13,256)
Snow and ice removal	78,415	173,415	159,240	14,175
Streets, signs, and lights	511,850	511,850	447,395	64,455
Administration	118,810	118,810	107,932	10,878
Total maintenance of highways, streets, bridges and sidewalks	\$ 2,203,985	\$ 2,310,985	\$ 2,234,733	\$ 76,252
Sanitation and waste removal:				
Refuse collection and disposal	\$ 272,485	\$ 279,485	\$ 268,678	\$ 10,807

Town of Wytheville, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

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>
<b>General Fund: (Continued)</b>				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 117,515	\$ 157,515	\$ 150,912	\$ 6,603
Town hall	246,224	246,224	190,022	56,202
Community center and park	677,590	677,590	528,452	149,138
Parks	28,575	28,575	22,811	5,764
Emergency services buildings	48,750	48,750	46,644	2,106
Animal shelter	2,800	3,800	3,229	571
Weed control - mowing	191,385	191,385	180,752	10,633
Total maintenance of general buildings and grounds	<u>\$ 1,312,839</u>	<u>\$ 1,353,839</u>	<u>\$ 1,122,822</u>	<u>\$ 231,017</u>
Total public works	<u>\$ 3,789,309</u>	<u>\$ 3,944,309</u>	<u>\$ 3,626,233</u>	<u>\$ 318,076</u>
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 11,000	\$ 12,500	\$ 12,277	\$ 223
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 10,765	\$ 10,765	\$ 8,076	\$ 2,689
Recreational programs	548,391	548,391	411,218	137,173
Swimming pools	-	-	8,751	(8,751)
Athletic programs	278,635	278,635	217,108	61,527
New community programs	145,030	145,030	98,968	46,062
Youth/Teen center	143,560	143,560	75,094	68,466
Fitness center	196,250	196,250	170,897	25,353
Nutrition	30,750	30,750	12,561	18,189
Cemeteries	256,940	256,940	236,814	20,126
Total parks and recreation	<u>\$ 1,610,321</u>	<u>\$ 1,610,321</u>	<u>\$ 1,239,487</u>	<u>\$ 370,834</u>
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 141,690	\$ 141,690	\$ 90,991	\$ 50,699
Museums and heritage education	130,825	130,825	101,757	29,068
Homestead museum	33,150	42,150	46,028	(3,878)
Museums and Heritage Center	334,570	334,570	267,535	67,035
Total cultural enrichment	<u>\$ 640,235</u>	<u>\$ 649,235</u>	<u>\$ 506,311</u>	<u>\$ 142,924</u>
Total parks, recreation, and cultural	<u>\$ 2,250,556</u>	<u>\$ 2,259,556</u>	<u>\$ 1,745,798</u>	<u>\$ 513,758</u>
Community development:				
Planning and community development:				
Director of public information	\$ 475,770	\$ 475,770	\$ 497,176	\$ (21,406)
Chamber of commerce	195,425	202,425	161,672	40,753
Horticulture	341,680	341,680	334,891	6,789
Meeting Center	519,845	519,845	332,442	187,403
Joint IDA	238,620	243,620	243,761	(141)
Total planning and community development	<u>\$ 1,771,340</u>	<u>\$ 1,783,340</u>	<u>\$ 1,569,942</u>	<u>\$ 213,398</u>
Total community development	<u>\$ 1,771,340</u>	<u>\$ 1,783,340</u>	<u>\$ 1,569,942</u>	<u>\$ 213,398</u>

Town of Wytheville, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

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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>
<b>General Fund: (continued)</b>				
Debt service:				
Principal retirement	\$ 979,386	\$ 979,386	\$ 901,504	\$ 77,882
Interest and other fiscal charges	252,614	252,614	226,940	25,674
Total debt service	<u>\$ 1,232,000</u>	<u>\$ 1,232,000</u>	<u>\$ 1,128,444</u>	<u>\$ 103,556</u>
 Total General Fund	 <u>\$ 17,464,120</u>	 <u>\$ 18,239,120</u>	 <u>\$ 16,790,128</u>	 <u>\$ 1,448,992</u>
<b>Special Revenue Funds:</b>				
<b>Homestead Endowment Fund:</b>				
Health and welfare:				
Welfare and social services:				
Other welfare	\$ 2,000	\$ 34,000	\$ 33,024	\$ 976
Total Homestead Endowment Fund	<u>\$ 2,000</u>	<u>\$ 34,000</u>	<u>\$ 33,024</u>	<u>\$ 976</u>
 <b>Wall of Honor Fund:</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ 2,000	\$ 2,000	\$ 800	\$ 1,200
Total Wall of Honor Fund	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 800</u>	<u>\$ 1,200</u>
 <b>Perpetual Care Fund:</b>				
Public works:				
Public works:				
Other public works	\$ -	\$ 2,200	\$ 2,179	\$ 21
Total Perpetual Care Fund	<u>\$ -</u>	<u>\$ 2,200</u>	<u>\$ 2,179</u>	<u>\$ 21</u>
 <b>Memorial Fund:</b>				
General government administration:				
General government administration:				
Other general government administration	\$ 2,000	\$ 2,000	\$ 5,139	\$ (3,139)
Total Memorial Fund	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 5,139</u>	<u>\$ (3,139)</u>
 <b>CARES-ARPA Fund:</b>				
Public safety				
Other protection:				
Other protection	\$ -	\$ 1,401,450	\$ 1,356,770	\$ 44,680
Total CARES-ARPA Fund	<u>\$ -</u>	<u>\$ 1,401,450</u>	<u>\$ 1,356,770</u>	<u>\$ 44,680</u>
 <b>Capital Projects Fund:</b>				
<b>CDBG Fund:</b>				
Capital projects expenditures:				
Capital projects expenditures	\$ -	\$ 13,000	\$ 12,926	\$ 74
Total CDBG Fund	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ 12,926</u>	<u>\$ 74</u>
 Total Primary Government	 <u>\$ 17,468,120</u>	 <u>\$ 19,689,570</u>	 <u>\$ 18,200,966</u>	 <u>\$ 1,488,604</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
2011-12	\$ 1,810,037	\$ 3,040,482	\$ 4,376,870	\$ 16,195	\$ 1,838,014	\$ 1,331,548	\$ 592,141	\$ 5,394,734	\$ 18,400,021
2012-13	1,702,254	2,961,351	3,918,545	8,807	1,692,012	999,776	587,355	5,111,728	16,981,828
2013-14	2,147,851	3,252,873	3,792,477	19,491	1,852,475	944,160	569,975	5,607,196	18,186,498
2014-15	2,303,026	2,987,472	5,455,338	8,908	1,571,477	1,040,880	500,008	5,980,816	19,847,925
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	571,998	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



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	
2011-12	\$ 6,218,235	\$ 2,932,482	\$ 40,438	\$ 1,622,277	\$ 5,986,032	\$ 527,647	\$ 365,800	\$ 559,751	\$ 18,252,662		
2012-13	6,789,034	2,732,334	1,833,565	1,627,185	6,208,331	542,179	522,726	581,813	20,837,167		
2013-14	7,550,641	2,579,105	979,719	1,665,019	6,202,798	604,434	491,749	547,331	20,620,796		
2014-15	7,616,718	3,554,077	199,021	1,627,470	6,499,216	603,899	822,008	564,702	21,487,111		
2015-16	7,501,711	2,817,979	-	1,616,235	7,199,660	482,476	582,349	545,917	20,746,327		
2016-17	7,556,643	2,855,571	1,145,672	1,638,042	7,240,639	439,097	564,510	534,059	21,974,233		
2017-18	7,580,115	3,716,945	1,355,173	1,658,265	7,563,853	348,902	824,648	520,506	21,974,233		
2018-19	7,029,521	3,536,179	-	1,646,203	7,655,285	442,257	719,858	503,581	21,532,884		
2019-20	6,978,221	3,563,870	161,463	1,695,572	7,495,307	329,290	399,477	484,879	21,108,079		
2020-21	7,883,076	5,222,123	9,500	1,701,563	7,610,832	268,273	527,692	465,957	23,689,016		

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

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

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the			Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
					Use of Money and Property							
2011-12	\$ 1,584,011	\$ 5,986,032	\$ 130,591	\$ 56,260	\$ 525,249	\$ 1,088,954	\$ 363,895	\$ 32,358	\$ 3,492,233	\$ 13,259,583		
2012-13	1,674,623	6,208,331	170,403	73,162	535,959	1,027,034	447,629	198,802	3,538,347	13,874,290		
2013-14	1,632,845	6,202,798	171,230	133,465	591,836	1,094,213	479,789	150,713	3,154,981	13,611,870		
2014-15	1,615,505	6,499,216	174,168	163,717	587,193	1,016,123	821,008	92,334	4,168,779	15,138,043		
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		

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2011-12	\$ 1,668,570	\$ 1,613,883	96.72%	\$ 19,586	\$ 1,633,469	97.90%	\$ 128,486	7.70%
2012-13	1,668,534	1,627,494	97.54%	76,026	1,703,520	102.10%	85,090	5.10%
2013-14	1,677,066	1,644,830	98.08%	30,268	1,675,098	99.88%	99,267	5.92%
2014-15	1,659,935	1,621,452	97.68%	33,077	1,654,529	99.67%	96,796	5.83%
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%

(1) Exclusive of penalties and interest.

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

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Public Utility (2)		Total
			Real Estate	Personal Property	
2011-12	\$ 784,201,479	\$ 135,028,147	\$ 29,030,462	\$ 91,414	\$ 948,351,502
2012-13	778,870,700	136,520,057	31,842,008	106,972	947,339,737
2013-14	784,643,550	111,612,912	34,148,370	150,824	930,555,656
2014-15	784,334,286	125,978,204	34,852,734	110,210	945,275,434
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

(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
2011-12	\$	0.160	\$	0.280	\$ 0.160	\$ 0.280
2012-13		0.160		0.280	0.160	0.280
2013-14		0.160		0.280	0.160	0.280
2014-15		0.160		0.280	0.160	0.280
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

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

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

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

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

Table 9

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

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2011-12	\$ 1,306,243	\$ 593,098	\$ 1,899,341	\$ 14,002,736	13.56%
2012-13	341,815	585,692	927,507	12,374,085	7.50%
2013-14	379,544	571,109	950,653	12,673,559	7.50%
2014-15	393,322	428,757	822,079	14,751,413	5.57%
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%

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

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



Table 10

Town of Wytheville, Virginia  
Computation of Legal Debt Margin  
June 30, 2021

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Assessed valuations:		
Assessed value (real estate)		<u>\$ 838,122,615</u>
Legal debt margin		
Debt limitation - 10 percent of total assessed value		\$ 83,812,262
Debt applicable to limitation:		
Net bonded debt	<u>(18,931,581)</u>	
Total debt applicable to limitation		<u>(18,931,581)</u>
Legal debt margin		<u>\$ 64,880,681</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***

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**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, 2021, and the related notes to the financial statements, which collectively comprise the Town of Wytheville, Virginia's basic financial statements and have issued our report thereon dated November 23, 2021.

**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 of 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 may exist that have not been identified.

## 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001.

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

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

## Purpose of this Report

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

*Robinson, Fawcett, & Associates*

Blacksburg, Virginia  
November 23, 2021



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Wytheville, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Wytheville, Virginia's major federal programs for the year ended June 30, 2021. Town of Wytheville, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Town of Wytheville, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

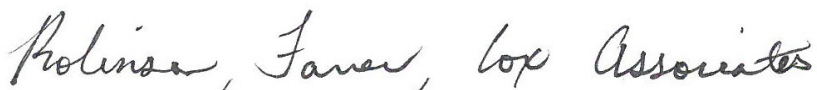
## Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Blacksburg, Virginia  
November 23, 2021

Town of Wytheville, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

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 Treasury Pass Through Payments <i>Virginia Department of Accounts</i> County of Wythe, Virginia COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 1,369,328
Department of Housing and Urban Development Pass Through Payments <i>Department of Housing and Community Development</i> Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	Not available	791,493
Total Expenditures of Federal Awards			<u>\$ 2,160,821</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, 2021. 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 minimus 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, 2021.

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	\$ 800,375
CARES-ARPA Fund	1,369,328
Less: Payments in Lieu of Taxes	<u>(8,882)</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 2,160,821</u>
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Town of Wytheville, Virginia

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

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**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?	Yes

**Federal Awards**

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

Assistance Listing #	Name of Federal Program or Cluster
21.019	Coronavirus Relief Funds
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

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**

2021-001	
Criteria:	The Town should maintain records to support that amounts included in the annual Weldon Cooper Center Local Finance Survey were used to maintain eligible streets as defined in the Urban Manual.
Condition:	The Town does not maintain detailed records that would allow us to properly perform tests of amounts included in the Survey.



Town of Wytheville, Virginia

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

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Section II - Financial Statement Findings (Continued)

2021-001 (Continued)

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Context:	Daily logs are not kept of work performed.
Cause of Condition:	The Town has indicated they do not have staffing available to keep up with daily logs.
Effect of Condition:	It is difficult to determine if the state funding is used appropriately.
Recommendation:	The Town should begin tracking all work on a daily basis in accordance with the Urban
Management's Response:	Management is working towards having a system in place that will track costs by eligible

Section III - Federal Award Findings and Responses

None

Town of Wytheville, Virginia

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2021

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**2020-001 - Noncompliance finding**

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Condition:	The Town does not maintain detailed records that would allow us to properly perform tests of amounts included in the Weldon Cooper Center Local Finance Survey.
Recommendation:	The Town should begin tracking all work on a daily basis in accordance with the Urban Manual.
Current Status	Finding 2020-001 was repeated in the current year as 2021-001.