

**TOWN OF WYTHEVILLE, VIRGINIA**

**FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2010**

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TOWN OF WYTHEVILLE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010

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TOWN OF WYTHEVILLE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010

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## INTRODUCTORY SECTION

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## TOWN OF WYTHEVILLE, VIRGINIA

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### TOWN COUNCIL

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Trenton G. Crewe, Jr., Mayor

Jacqueline K. King

John W. Jones, Jr.

William B. Weisiger

H. Judson Lambert

### OTHER OFFICIALS

---

C. Wayne Sutherland, Jr.

Stephen A. Moore

Michael G. Stephens

Sharon P. Hackler

Robert Kaase

Town Manager

Assistant Town Manager

Town Treasurer

Town Clerk

Town Attorney

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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

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, 2010, which collectively comprise the entity's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wytheville, Virginia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2010, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

The Town has elected to omit Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison information and schedules of pension and OPEB funding progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 non-major fund financial statements and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Jarner, & Associates*

Christiansburg, Virginia

November 7, 2010



## **Basic Financial Statements**

Town of Wytheville, Virginia  
Statement of Net Assets  
June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,332,186	\$ 122,210	\$ 14,454,396
Investments	340,735	-	340,735
Receivables (net of allowance for uncollectibles):			
Taxes receivable	69,208	-	69,208
Accounts receivable	320,942	572,641	893,583
Due from other funds	1,000,000	-	1,000,000
Due from other governmental units	167,406	-	167,406
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	93,800	38,375	132,175
Investments (in custody of others)	265,376	63,448	328,824
Other assets:			
Unamortized bond issue costs	6,224	28,355	34,579
Capital assets (net of accumulated depreciation):			
Land	1,468,977	163,236	1,632,213
Land rights	-	62,738	62,738
Buildings and utility plant	17,041,858	19,658,868	36,700,726
Machinery and equipment	1,416,909	185,414	1,602,323
Construction in progress	7,307	219,880	227,187
Total assets	\$ 36,530,928	\$ 21,115,165	\$ 57,646,093
<b>LIABILITIES</b>			
Accounts payable	\$ 89,164	\$ 131,753	\$ 220,917
Accrued wages	125,642	26,713	152,355
Accrued interest payable	26,114	88,134	114,248
Due to other funds	-	1,000,000	1,000,000
Deferred revenue	6,186	-	6,186
Long-term liabilities:			
Due within one year	272,075	487,252	759,327
Due in more than one year	14,930,991	13,964,595	28,895,586
Liabilities payable from restricted assets	-	38,375	38,375
Total liabilities	\$ 15,450,172	\$ 15,736,822	\$ 31,186,994
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 5,958,273	\$ 5,983,911	\$ 11,942,184
Restricted for:			
Debt service and bond covenants	369,440	63,448	432,888
Unrestricted	14,753,043	(669,016)	14,084,027
Total net assets	\$ 21,080,756	\$ 5,378,343	\$ 26,459,099

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

Town of Wytheville, Virginia  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,753,803	\$ 197,290	\$ -	\$ -	\$ (1,556,513)	\$ -	\$ (1,556,513)
Public safety	2,741,033	122,042	286,965	-	(2,332,026)	-	(2,332,026)
Public works	3,607,367	57,231	2,044,371	-	(1,505,765)	-	(1,505,765)
Health and welfare	7,426	-	-	-	(7,426)	-	(7,426)
Parks, recreation, and cultural	1,905,998	891,055	14,563	-	(1,000,380)	-	(1,000,380)
Community development	842,390	500	-	-	(841,890)	-	(841,890)
Interest on long-term debt	637,665	-	-	-	(637,665)	-	(637,665)
Total governmental activities	\$ 11,495,682	\$ 1,268,118	\$ 2,345,899	\$ -	\$ (7,881,665)	\$ -	\$ (7,881,665)
<b>Business-type activities:</b>							
Water and sewer	\$ 5,849,682	\$ 4,644,567	\$ -	\$ -	\$ -	\$ (1,205,115)	\$ (1,205,115)
Total primary government	\$ 17,345,364	\$ 5,912,685	\$ 2,345,899	\$ -	\$ (7,881,665)	\$ (1,205,115)	\$ (9,086,780)
General revenues:					\$ 1,638,257	\$ -	\$ 1,638,257
General property taxes							
Other local taxes:							
Local sales and use taxes					424,530	-	424,530
Consumers' utility taxes					236,546	-	236,546
Business license taxes					1,048,096	-	1,048,096
Bank stock taxes					293,000	-	293,000
Hotel and motel room taxes					869,052	-	869,052
Restaurant food taxes					2,175,348	-	2,175,348
Other local taxes					432,746	-	432,746
Unrestricted revenues from use of money and property					521,621	-	521,621
Miscellaneous					384,756	549	385,305
Grants and contributions not restricted to specific programs					557,392	-	557,392
Total general revenues					\$ 8,581,344	\$ 549	\$ 8,581,893
Change in net assets					\$ 699,679	\$ (1,204,566)	\$ (504,887)
Net assets - beginning					20,381,077	6,582,909	26,963,986
Net assets - ending					\$ 21,080,756	\$ 5,378,343	\$ 26,459,099

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

Town of Wytheville, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,308,645	\$ 23,541	\$ 14,332,186
Investments	24,972	315,763	340,735
Receivables (net of allowance for uncollectibles):			
Taxes receivable	69,208	-	69,208
Accounts receivable	320,942	-	320,942
Due from other funds	1,000,000	-	1,000,000
Due from other governmental units	167,406	-	167,406
Temporarily restricted:			
Investments	265,376	-	265,376
Total assets	<u>\$ 16,156,549</u>	<u>\$ 339,304</u>	<u>\$ 16,495,853</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 89,164	\$ -	\$ 89,164
Accrued wages	125,642	-	125,642
Deferred revenue	67,374	-	67,374
Total liabilities	<u>\$ 282,180</u>	<u>\$ -</u>	<u>\$ 282,180</u>
Fund balances:			
Reserved for:			
Debt service	\$ 265,376	\$ -	\$ 265,376
Designated, reported in:			
Special revenue funds	-	323,935	323,935
Capital projects funds	-	15,369	15,369
Undesignated			
Unreserved	15,608,993	-	15,608,993
Total fund balances	<u>\$ 15,874,369</u>	<u>\$ 339,304</u>	<u>\$ 16,213,673</u>
Total liabilities and fund balances	<u>\$ 16,156,549</u>	<u>\$ 339,304</u>	<u>\$ 16,495,853</u>

The notes to the 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 Assets  
 June 30, 2010

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Amounts reported for governmental activities in the statement of net assets are difference because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 16,213,673
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,935,051
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	61,188
Issuance costs are recorded as other assets and amortized over the life of the debt and therefore are not reported in the funds.	6,224
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 assets.	93,800
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(15,229,180)
Net assets of governmental activities	<u>\$ 21,080,756</u>

The notes to the 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, 2010**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 1,618,701	\$ -	\$ 1,618,701
Other local taxes	5,479,318	-	5,479,318
Permits, privilege fees, and regulatory licenses	131,545	-	131,545
Fines and forfeitures	48,018	-	48,018
Revenue from the use of money and property	520,513	1,108	521,621
Charges for services	1,088,555	-	1,088,555
Miscellaneous	379,204	5,552	384,756
Recovered costs	16,581	-	16,581
Intergovernmental revenues:			
Commonwealth	2,873,619	-	2,873,619
Federal	29,672	-	29,672
Total revenues	<u>\$ 12,185,726</u>	<u>\$ 6,660</u>	<u>\$ 12,192,386</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,670,058	\$ -	\$ 1,670,058
Public safety	2,754,738	-	2,754,738
Public works	3,103,138	-	3,103,138
Health and welfare	7,426	-	7,426
Parks, recreation, and cultural	1,866,269	2,025	1,868,294
Community development	836,689	-	836,689
Debt service:			
Principal retirement	512,937	-	512,937
Interest and other fiscal charges	639,981	-	639,981
Total expenditures	<u>\$ 11,391,236</u>	<u>\$ 2,025</u>	<u>\$ 11,393,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 794,490</u>	<u>\$ 4,635</u>	<u>\$ 799,125</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 12,922	\$ -	\$ 12,922
Transfers out	(46,900)	(12,922)	(59,822)
Total other financing sources (uses)	<u>\$ (33,978)</u>	<u>\$ (12,922)</u>	<u>\$ (46,900)</u>
Net change in fund balances	\$ 760,512	\$ (8,287)	\$ 752,225
Fund balances - beginning	15,113,857	347,591	15,461,448
Fund balances - ending	<u>\$ 15,874,369</u>	<u>\$ 339,304</u>	<u>\$ 16,213,673</u>

The notes to the 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, 2010

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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	\$ 752,225
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(599,447)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	19,556
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 assets. Also, governmental funds report the effect of issuance costs, 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.	560,370
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.	(22,761)
Change in net assets of governmental activities	<u>\$ 699,679</u>

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

Town of Wytheville, Virginia  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	Enterprise Fund Water and Sewer Fund	Internal Service Fund OPEB Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 122,210	\$ -
Accounts receivable, net of allowance for uncollectibles	572,641	-
Total current assets	<u>\$ 694,851</u>	<u>\$ -</u>
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 38,375	\$ 93,800
Investments	63,448	-
Total restricted assets	<u>\$ 101,823</u>	<u>\$ 93,800</u>
Other assets:		
Unamortized bond issue costs	\$ 28,355	-
Capital assets:		
Land	163,236	-
Land rights	62,738	-
Machinery and equipment	1,350,081	-
Utility plant in service	47,327,669	-
Less accumulated depreciation	(28,833,468)	-
Construction in progress	219,880	-
Total capital assets	<u>\$ 20,290,136</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 20,420,314</u>	<u>\$ 93,800</u>
Total assets	<u>\$ 21,115,165</u>	<u>\$ 93,800</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 131,753	\$ -
Accrued payroll	26,713	-
Accrued interest payable	88,134	-
Due to other funds	1,000,000	-
Bonds payable - current portion	487,252	-
Total current liabilities	<u>\$ 1,733,852</u>	<u>\$ -</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	<u>\$ 38,375</u>	<u>\$ -</u>
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 10,663,794	\$ -
Compensated absences	145,622	-
Other	3,155,179	104,064
Total noncurrent liabilities	<u>\$ 13,964,595</u>	<u>\$ 104,064</u>
Total liabilities	<u>\$ 15,736,822</u>	<u>\$ 104,064</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 5,983,911	\$ -
Restricted for debt service	63,448	-
Unrestricted	(669,016)	-
Total net assets	<u>\$ 5,378,343</u>	<u>\$ (10,264)</u>

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



Town of Wytheville, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2010

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	OPEB Fund
<b>OPERATING REVENUES</b>		
Charges for services:		
Water revenues	\$ 2,644,936	\$ -
Sewer revenues	1,966,379	-
Penalties	32,264	-
Materials and supplies	988	-
Miscellaneous	549	-
Total operating revenues	<u>\$ 4,645,116</u>	<u>\$ -</u>
<b>OPERATING EXPENSES</b>		
Salaries	\$ 1,110,937	\$ -
Fringe Benefits	373,112	-
Professional services	232,970	-
Repair and maintenance	442,839	-
Operating materials and supplies	1,045,460	-
Permits, Licenses & memberships	9,294	-
Utilities	437,490	-
Travel	7,467	-
Office Supplies	14,420	-
Postal services	18,272	-
Insurance	27,884	-
Miscellaneous expenses	25,011	-
OPEB expense	-	57,164
Depreciation	1,145,980	-
Total operating expenses	<u>\$ 4,891,136</u>	<u>\$ 57,164</u>
Operating income (loss)	<u>\$ (246,020)</u>	<u>\$ (57,164)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Payment to NRRWA	\$ (467,875)	\$ -
Interest expense	(490,671)	-
Total nonoperating revenues (expenses)	<u>\$ (958,546)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (1,204,566)</u>	<u>\$ (57,164)</u>
Transfers in	-	46,900
Change in net assets	<u>\$ (1,204,566)</u>	<u>\$ (10,264)</u>
Total net assets - beginning	6,582,909	-
Total net assets - ending	<u>\$ 5,378,343</u>	<u>\$ (10,264)</u>

The notes to the 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, 2010

	Enterprise Fund Water and Sewer Fund	Internal Service Fund OPEB Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 4,599,252	\$ -
Payments to suppliers	(2,302,534)	-
Payments to and for employees	(1,468,575)	-
Net cash provided (used) by operating activities	<u>\$ 828,143</u>	<u>\$ -</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	\$ 1,000,000	\$ 46,900
Payment to NRRWA	(467,875)	-
Net cash provided (used) by noncapital financing activities	<u>\$ 532,125</u>	<u>\$ 46,900</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions to utility plant	\$ (400,591)	\$ -
Principal payments on bonds	(423,291)	-
Interest payments	(492,932)	-
Net cash provided (used) by capital and related financing activities	<u>\$ (1,316,814)</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 43,454	\$ 46,900
Cash and cash equivalents - beginning - including restricted	180,579	46,900
Cash and cash equivalents - ending - including restricted	<u>\$ 224,033</u>	<u>\$ 93,800</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (246,020)	\$ (57,164)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	\$ 1,145,980	\$ -
(Increase) decrease in accounts receivable	(49,804)	-
Increase (decrease) in compensated absences	9,910	-
Increase (decrease) in operating accounts payable	(41,427)	-
Increase (decrease) in accrued payroll	5,564	-
Increase (decrease) in OPEB liability		57,164
Increase (decrease) customer deposits	3,940	-
Total adjustments	<u>\$ 1,074,163</u>	<u>\$ 57,164</u>
Net cash provided (used) by operating activities	<u>\$ 828,143</u>	<u>\$ -</u>

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

Town of Wytheville, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>		
	<u>New River Regional Water Authority</u>	<u>Memorial Fund</u>	<u>Perpetual Care Trust Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 711,612	\$ 29,242	\$ 8,616
Investments	-	-	292,274
Total assets	<u>\$ 711,612</u>	<u>\$ 29,242</u>	<u>\$ 300,890</u>
<b>NET ASSETS</b>			
Held for New River Regional Water Authority expenditures	\$ 711,612	\$ -	\$ -
Held in trust for cemetery expenditures	-	29,242	300,890
Total assets	<u>\$ 711,612</u>	<u>\$ 29,242</u>	<u>\$ 300,890</u>

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

Town of Wytheville, Virginia  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2010

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	Perpetual Care <u>Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Town	\$ 14,962
Total contributions	<u>\$ 14,962</u>
Investment earnings:	
Interest	\$ 10,024
Net increase (decrease) in the fair market value of investments	<u>(1,267)</u>
Net investment earnings	\$ 8,757
Total additions	<u>\$ 23,719</u>
<b>DEDUCTIONS</b>	
Expenses	<u>\$ 11,348</u>
Change in net assets	\$ 12,371
Net assets - beginning	<u>288,519</u>
Net assets - ending	<u><u>\$ 300,890</u></u>

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

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

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

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

A. Reporting Entity:

The Town of Wytheville, Virginia (government) 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 the 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 the New River Regional Water Authority. For the fiscal year ended June 30, 2010 the Town contributed \$467,875 to the New River Regional Water Authority.

The Town along with the Counties of Wythe and Bland participate in the 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, 2010 the Town contributed \$88,066 to the Crossroads Regional Industrial Facilities Authority. In addition, the Town received a payment of \$205,000 from Crossroads Regional Industrial Facilities Authority as a return of the Town portion of profits.

The Town along with the Counties of Wythe and Smyth participate in the 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, 2010 the Town contributed \$20,800 to the Smyth-Wythe Airport.

The Town along with the County of Wythe and Town of Rural Retreat participate in the Joint Wythe Industrial Development Authority. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2010 the Town contributed \$71,868 to the Joint Wythe Industrial Development Authority.

**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 assets 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 activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**C. Measurement focus, basis of accounting, and financial statement presentation:**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

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.

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

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

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 government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The government reports the following major proprietary funds:

The Town operates a sewage collection and treatment system and a water distribution system. The activities of the system are accounted for in the water and sewer fund.

During fiscal year 2009, the Town adopted GASB Statement 45. As such, the funding of the OPEB liability, internally, required establishing an internal service fund to account for these transactions. The Employee Health Insurance fund was included in the Town's financial for fiscal year ending June 30, 2010.

Additionally, the government reports the following fund types:

*Fiduciary funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Perpetual Care fund is a trust fund. The Agency funds consist of the New River Regional Water Authority fund and Memorial funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

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

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

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

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

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

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the government are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the government are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 15<sup>th</sup>. Personal property taxes are due and collectible annually on December 15<sup>th</sup>. The Town bills and collects its own property taxes.

3. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$81,197 at June 30, 2010. The allowance consists of delinquent taxes in the amount of \$10,577 and delinquent water and sewer bills of \$70,620.



**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)****D. Assets, liabilities, and net assets or equity: (Continued)****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. Capital Assets**

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

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

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

**6. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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

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

7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

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**NOTE 2-RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$(15,229,180) difference for the primary government are as follows:

	<b><u>Primary Government</u></b>
Bonds payable	\$(13,966,997)
Capital Leases	(9,781)
Interest payable	(26,114)
Landfill closure liability	(165,595)
OPEB obligation	(104,064)
Compensated absences	<u>(956,629)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$(15,229,180)</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**NOTE 2-RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)**

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "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." The details of this \$(599,447) difference for the primary government are as follows:

	Primary Government
Capital Outlays	\$ 276,987
Depreciation expense	(859,926)
Gain (Loss) on sale of assets	(16,508)
	<hr/>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (599,447)

Another element of that reconciliation states "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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$560,370 difference in the primary government are as follows:

Principal Repayments:	
General obligation debt	496,161
Landfill closure	47,433
Capital leases	16,776
	<hr/>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 560,370

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**NOTE 2-RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)**

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: (Continued)

Another element of that reconciliation states, "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." The details of this \$(22,761) difference for the primary government are as follows:

	Primary Government
Increase in Compensated absences	\$ (25,077)
Decrease in Accrued interest	2,675
Amortization of Bond issuance costs	<u>(359)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (22,761)</u>

**NOTE 3-STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

- A. Budgetary information

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**NOTE 3-STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)**

A. Budgetary information (Continued)

7. Appropriations lapse on June 30, for all Town units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the Town's accounting system.

B. Excess of expenditures over appropriations

The Wall of Honor fund expenditures exceeded appropriations for the year ended June 30, 2010.

C. Deficit fund equity

At June 30, 2010, there were no funds with deficit fund equity.

**NOTE 4-DEPOSITS AND INVESTMENTS:**

Deposits:

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments:

Statutes authorize the Town 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 and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010NOTE 4-DEPOSITS AND INVESTMENTS: (CONTINUED)Investments: (Continued)Credit Risk of Debt Securities

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

The Town's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

Town's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAA	AAAm	
LGIP	\$ -	\$	669,559
U.S. Treasuries	292,274		-

Interest Rate Risk

The Town has not adopted an investment policy for interest rate risk. Investments subject to Interest rate risk are presented below along with their corresponding maturities.

Investment Type	Investment Maturities (in years)				
	Fair Value	Less 1 yr	1-5 yrs	6-10 yrs	10 yrs +
United States Treasuries	\$ -	91,948	\$ 200,326	-	-

The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**NOTE 5-DUE FROM OTHER GOVERNMENTAL UNITS:**

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

		Primary Government
Commonwealth of Virginia		
Other Local Taxes	\$	150,586
Non-categorical Aid		13,771
Other Categorical Aid		3,049
Total Due from Other Governmental Units	\$	<u>167,406</u>

**NOTE 6-INTERFUND ACTIVITY:**

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 12,922	\$ (46,900)
Homestead Endowment Fund	-	(12,922)
OPEB Fund	46,900	-
Total	<u>\$ 59,822</u>	<u>\$ (59,822)</u>

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

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 1,000,000	\$ -
Water and Sewer Fund	-	(1,000,000)
Total	<u>\$ 1,000,000</u>	<u>\$ (1,000,000)</u>

During fiscal year 2010, the Town's General Fund loaned the Water and Sewer Fund \$1,000,000 with no repayment terms.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**NOTE 7-LONG-TERM DEBT:**Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2011	\$ 262,294	\$ 607,166
2012	261,673	607,788
2013	273,472	595,988
2014	285,805	583,655
2015	298,695	570,765
2016-2020	1,673,781	2,639,679
2021-2025	2,012,455	2,233,369
2026-2030	2,572,841	1,715,504
2031-2035	2,861,849	1,118,791
2036-2040	3,464,132	398,468
	<u>\$ 13,966,997</u>	<u>\$ 11,071,173</u>

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2010:

	Balance			Balance
	July 1, 2009	Issuances	Retirements	June 30, 2010
General obligation bonds	\$ 14,463,158	\$ -	\$ (496,161)	\$ 13,966,997
Lease purchase agreements (Note 8)	26,557	-	(16,776)	9,781
Landfill postclosure monitoring liability (Note 9)	213,028	-	(47,433)	165,595
Other Post Employment Benefits Liability (Note 14)	46,900	57,164	-	104,064
Compensated absences	931,552	25,077	-	956,629
	<u>\$ 15,681,195</u>	<u>\$ 82,241</u>	<u>\$ (560,370)</u>	<u>\$ 15,203,066</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 7-LONG-TERM DEBT: (CONTINUED)**Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness:

General Obligation Bonds:

	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
General Obligation Bond	4.50%	2/23/2005	2/23/2042	\$ 8,000,000	\$ 7,245,225	\$ 123,902
General Obligation Bond	4.50%	2/23/2005	2/23/2042	6,388,904	5,829,664	100,653
General Obligation Bond	4.50%	10/29/2007	2/1/2027	1,004,342	892,108	37,739
Total General Obligation Bonds					<u>\$ 13,966,997</u>	<u>\$ 262,294</u>

Other Obligations:

Lease Purchase Obligations					\$ 9,781	\$ 9,781
Landfill postclosure liability					165,595	-
OPEB Obligation					104,064	-
Compensated absences					956,629	-
Total Other Obligations					<u>\$ 1,236,069</u>	<u>\$ 9,781</u>
Total Long-Term Obligations					<u>\$ 15,203,066</u>	<u>\$ 272,075</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 7-LONG-TERM DEBT: (CONTINUED)**Primary Government-Enterprise Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 454,922	\$ 353,452	\$ 32,330	\$ 73,438
2012	472,850	336,151	33,557	72,211
2013	491,057	318,167	34,832	70,936
2014	509,555	299,488	36,155	69,613
2015	529,355	280,105	37,531	68,237
2016-2020	2,808,584	1,084,962	210,233	318,607
2021-2025	2,712,894	546,610	253,617	275,223
2026-2030	1,256,408	90,716	306,193	222,647
2031-2035	-	-	369,957	158,883
2036-2040	-	-	391,578	82,462
2041-2044	-	-	209,438	18,537
	<u>\$ 9,235,625</u>	<u>\$ 3,309,651</u>	<u>\$ 1,915,421</u>	<u>\$ 1,430,794</u>

The following is a summary of long-term debt transactions of the Enterprise Fund for the year ended June 30, 2010:

	Balance			Balance
	July 1, 2009	Issuances	Retirements	June 30, 2010
General obligation bonds	\$ 9,675,887	\$ -	\$ (440,262)	\$ 9,235,625
Revenue bonds	1,946,567	-	(31,146)	1,915,421
Amount due to Wythe Co.	3,107,062	48,117	-	3,155,179
Compensated absences	135,712	9,910	-	145,622
	<u>\$ 14,865,228</u>	<u>\$ 58,027</u>	<u>\$ (471,408)</u>	<u>\$ 14,451,847</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 7-LONG-TERM DEBT: (CONTINUED)**Primary Government-Enterprise Activity Indebtedness: (Continued)Details of long-term indebtedness:

	Interest Rates	Date Issued	Maturity Date	Amount of Original Issue	Amount Due	Due Within One Year
Revenue Bonds:						
Revenue Bonds	3.25%	9/27/1999	2039	\$ 982,519	\$ 872,305	\$ 18,581
Revenue Bonds	4.38%	6/9/2005	2044	822,000	784,807	10,367
Revenue Bonds	4.38%	8/17/2004	2044	270,000	258,309	3,382
Total Revenue Bonds					\$ 1,915,421	\$ 32,330
General Obligation Bonds:						
General Obligation Bonds	3.69%	4/6/2005	2024	\$ 4,442,000	\$ 3,533,000	\$ 196,000
General Obligation Bonds	3.61%	9/15/2005	2025	2,100,000	1,688,000	87,000
General Obligation Bonds	4.50%	10/29/2007	2027	4,525,914	4,014,625	171,922
Total General Obligation Bonds					\$ 9,235,625	\$ 454,922
Other Obligations:						
Amount due to Wythe Co. (1)					\$ 3,155,179	\$ -
Compensated Absences					145,622	-
Total Other Obligations					\$ 3,300,801	\$ -
Total Long-term Obligations					\$ 14,451,847	\$ 487,252

(1) Amount is related to construction of water/sewer lines for New River Regional Water Authority.  
Repayment terms have not been agreed upon and are unavailable.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**NOTE 8-CAPITAL LEASE:**Primary Government:

The Town has entered into several lease agreements to finance the acquisition of police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Vehicles	\$ 29,381
Less: Accumulated depreciation	<u>(8,919)</u>
Total	<u>\$ 20,462</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

<u>Fiscal Year Ended</u>	<u>Governmental Activities</u>
2011	<u>\$ 10,397</u>
Total minimum lease payments	10,397
Less: amount representing interest	<u>(616)</u>
Present value of minimum lease payments	<u><u>\$ 9,781</u></u>

**NOTE 9-LANDFILL POSTCLOSURE MONITORING LIABILITY:**

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 10 years after closure. The Town closed the landfill in December, 1997. Total postclosure monitoring costs are estimated to be \$165,595. This amount is based on what it would cost to perform all postclosure in 2010. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The Town is using the State Financial Assurance Mechanism to meet their Financial Assurance requirements for their landfill.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**NOTE 10-EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS:**

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65.

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the Town of Wytheville, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town of Wytheville, Virginia's contribution rate for the fiscal year ended 2010 was 4.74% of annual covered payroll.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 10-EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS: (CONTINUED)****C. Annual Pension Cost**

For fiscal year 2010, the Town of Wytheville, Virginia's annual pension cost of \$259,114 was equal to the Town of Wytheville, Virginia's required and actual contributions.

## Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net pension Obligation
6/30/2010	\$ 259,114	100%	\$ -
6/30/2009	256,933	100%	-
6/30/2008	366,500	100%	-

<sup>1</sup> Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town of Wytheville, Virginia's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

The Town of Wytheville, Virginia's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

**D. Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the plan was 91.28% funded. The actuarial accrued liability for benefits was \$17,408,534, and the actuarial value of assets was \$15,889,802, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,518,732. The covered payroll (annual payroll of active employees covered by the plan) was \$5,508,541, and ratio of the UAAL to the covered payroll was 27.57%.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**NOTE 11-CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,468,977	\$ -	\$ -	\$ 1,468,977
Construction in progress	53,683	7,307	(53,683)	7,307
Total capital assets not being depreciated	<u>\$ 1,522,660</u>	<u>\$ 7,307</u>	<u>\$ (53,683)</u>	<u>\$ 1,476,284</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,450,197	\$ 8,394	\$ -	\$ 19,458,591
Machinery and equipment	4,234,325	314,969	(198,882)	4,350,412
Total capital assets being depreciated	<u>\$ 23,684,522</u>	<u>\$ 323,363</u>	<u>\$ (198,882)</u>	<u>\$ 23,809,003</u>
Less: accumulated depreciation				
Buildings and improvements	\$ (1,946,523)	\$ (470,210)	\$ -	\$ (2,416,733)
Machinery and equipment	(2,726,161)	(389,716)	182,374	(2,933,503)
Total accumulated depreciation	<u>\$ (4,672,684)</u>	<u>\$ (859,926)</u>	<u>\$ 182,374</u>	<u>\$ (5,350,236)</u>
Total capital assets being depreciated, net	<u>\$ 19,011,838</u>	<u>\$ (536,563)</u>	<u>\$ (16,508)</u>	<u>\$ 18,458,767</u>
Governmental activities capital assets, net	<u>\$ 20,534,498</u>	<u>\$ (529,256)</u>	<u>\$ (70,191)</u>	<u>\$ 19,935,051</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**NOTE 11-CAPITAL ASSETS: (CONTINUED)**

Primary Government: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 163,236	\$ -	\$ -	\$ 163,236
Land Rights	12,738	50,000	-	62,738
Construction in progress	243,097	219,880	(243,097)	219,880
Total capital assets not being depreciated	<u>\$ 419,071</u>	<u>\$ 269,880</u>	<u>\$ (243,097)</u>	<u>\$ 445,854</u>
Capital assets, being depreciated:				
Utility plant and equipment (1)	\$ 47,084,572	\$ 243,097	\$ -	\$ 47,327,669
Machinery and equipment	1,297,119	52,962	-	1,350,081
Total capital assets being depreciated	<u>\$ 48,381,691</u>	<u>\$ 296,059</u>	<u>\$ -</u>	<u>\$ 48,677,750</u>
Less: accumulated depreciation for:				
Utility plant and equipment	\$ (26,579,230)	\$ (1,089,571)	\$ -	\$ (27,668,801)
Machinery and equipment	(1,108,258)	(56,409)	-	(1,164,667)
Total accumulated depreciation	<u>\$ (27,687,488)</u>	<u>\$ (1,145,980)</u>	<u>\$ -</u>	<u>\$ (28,833,468)</u>
Total capital assets being depreciated, net	<u>\$ 20,694,203</u>	<u>\$ (849,921)</u>	<u>\$ -</u>	<u>\$ 19,844,282</u>
Business-Type activities capital assets, net	<u>\$ 21,113,274</u>	<u>\$ (580,041)</u>	<u>\$ (243,097)</u>	<u>\$ 20,290,136</u>

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

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

Governmental activities:	
General government administration	\$ 87,532
Public safety	157,547
Public works	574,665
Parks, recreation, and cultural	<u>40,182</u>
Total depreciation expense-governmental activities	<u>\$ 859,926</u>
Business-type activities:	
Water and Sewer	<u>\$ 1,145,980</u>

**NOTE 12-RISK MANAGEMENT:**

The Town is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of worker's compensation with the Virginia Municipal League. The Town pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pool provides that the pool will be self sustaining through member premiums. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**NOTE 13-SURETY BONDS:**

*Clorendon National Insurance Company*

All Town Employees - blanket bond	\$ 1,000,000
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**Note 14-Other Post-Employment Benefits:**

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the Town of Wytheville recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

**A. Plan Description**

The Town of Wytheville administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to Town employees. The Plan will provide retiring employees and spouses the option to continue health insurance offered by the Town until retirees' death.

To be eligible for this benefit a retiree must meet at the following criteria: attained age 50 and 25 years of service. The benefits, employee contributions and the employer contributions are governed by the Board of Directors and can be amended through Board action. The Plan does not issue a publicly available financial report.

**B. Funding Policy**

The Authority currently pays for the post-retirement health care benefits on a pay-as-you-go basis. The Authority currently has 165 employees that are eligible for the program. In addition, for retiree's pre 65 years of age, retiree pays active employee rate. For retirees 65 years of age and above, retiree pays full cost of Medicare Supplement. Retiree at any age must pay 100% of spousal employee premium. All coverage ceases at retiree's death. For fiscal year 2010, the Town contributed \$46,900 in total for current premiums and prefunding amounts.

**Note 14-Other Post-Employment Benefits: (continued)****B. Funding Policy: (continued)**

Health benefits include Medical, Dental, Prescription drug, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the Town. The rates are as follows:

	<b>Key Advantage Expanded</b>	<b>Key Advantage 200</b>
<b>Pre-Medicare Eligible</b>		
Retiree	\$ 500	\$ 480
Retiree+Spouse	925	888
	<b>Advantage 65</b>	
<b>Post-Medicare Eligible</b>		
Retiree	\$ 176	N/A
Retiree+Spouse	352	N/A

**C. Annual OPEB Cost and Net OPEB Obligation:**

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 64,700
Interest on net OPEB obligation	1,876
Adjustment to annual required contribution	(1,912)
Annual OPEB cost (expense)	64,664
Contributions made	(7,500)
Increase in net OPEB obligation	57,164
Net OPEB obligation - beginning of year	46,900
Net OPEB obligation - end of year	\$ 104,064

**Note 14-Other Post-Employment Benefits: (continued)****C. Annual OPEB Cost and Net OPEB Obligation: (continued)**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

<u>Fiscal Year Ended*</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009 \$	46,900	0%	\$ 46,900
6/30/2010	64,664	0%	104,064
*only available for two years			

**D. Funded Status and Funding Progress**

The funded status of the Plan for the Authority as of June 30, 2010, is as follows:

Actuarial accrued liability (AAL)	\$	518,100
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	518,100
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	5,116,886
UAAL as a percentage of covered payroll		10.13%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 14-Other Post-Employment Benefits: (continued)**

## E. Actuarial Methods and Assumptions: (continued)

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the Entry Age Normal cost method was used. Under this method, the actuarial present value of projected benefits of every active participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service: inflations at 2.50 percent, plus productivity component of 1.25 percent, and investment's rate of return at 4.00 percent, and a health care trend rate of 10.00 percent graded to 5.00 percent over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2009 was 29 years.

**Note 15-Commitments and Contingencies**

The Town has obligated funds for the construction projects as follows:

Contractor	Project	Contract Total	Paid as of 6/30/2010	Contract Remaining
Peed & Bortz	20" Waterline Connection	\$ 372,500	\$ 80,344	\$ 351,013
Lane Group	Gertage Walk	24,025	11,856	11,856
Portland Utilities Construction	Sewerline Replacement	547,150	522,050	40,301
Totals		\$ 943,675	\$ 614,250	\$ 403,170

## **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, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 1,517,500	\$ 1,517,500	\$ 1,618,701	\$ 101,201
Other local taxes	5,112,500	5,112,500	5,479,318	366,818
Permits, privilege fees, and regulatory licenses	105,100	105,100	131,545	26,445
Fines and forfeitures	50,000	50,000	48,018	(1,982)
Revenue from the use of money and property	403,850	403,850	520,513	116,663
Charges for services	953,280	953,280	1,088,555	135,275
Miscellaneous	192,550	192,550	379,204	186,654
Recovered costs	371,700	371,700	16,581	(355,119)
Intergovernmental revenues:				
Commonwealth	2,978,400	2,978,400	2,873,619	(104,781)
Federal	8,880	8,880	29,672	20,792
Total revenues	\$ 11,693,760	\$ 11,693,760	\$ 12,185,726	\$ 491,966
EXPENDITURES				
Current:				
General government administration	\$ 1,696,570	\$ 1,710,595	\$ 1,670,058	\$ 40,537
Public safety	2,527,400	2,781,900	2,754,738	27,162
Public works	3,349,900	3,169,420	3,103,138	66,282
Health and welfare	7,000	7,500	7,426	74
Parks, recreation, and cultural	2,045,500	1,990,555	1,866,269	124,286
Community development	932,900	852,300	836,689	15,611
Debt service:				
Principal retirement	504,738	504,738	512,937	(8,199)
Interest and other fiscal charges	629,752	629,752	639,981	(10,229)
Total expenditures	\$ 11,693,760	\$ 11,646,760	\$ 11,391,236	\$ 255,524
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 47,000	\$ 794,490	\$ 747,490
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 12,922	\$ 12,922
Transfers out	-	(47,000)	(46,900)	100
Total other financing sources and uses	\$ -	\$ (47,000)	\$ (33,978)	\$ 13,022
Net change in fund balances	\$ -	\$ -	\$ 760,512	\$ 760,512
Fund balances - beginning	-	-	15,113,857	15,113,857
Fund balances - ending	\$ -	\$ -	\$ 15,874,369	\$ 15,874,369

Town of Wytheville, Virginia  
Schedules of Pension and OPEB Funding Progress  
For the Year Ended June 30, 2010

Primary Government:

Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 15,889,802	\$ 17,408,534	\$ 1,518,732	91.28%	\$ 5,508,541	27.57%
6/30/2008	15,506,328	16,149,370	643,042	96.02%	5,116,886	12.57%
6/30/2007	13,919,936	14,462,992	543,056	96.25%	4,708,921	11.53%

Postemployment Health Insurance Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 518,100	\$ 518,100	0.00%	\$ 5,116,886	10.13%



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## OTHER SUPPLEMENTARY INFORMATION SECTION

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## **Supplementary Financial Statements**

Town of Wytheville, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Total	CDBG Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 8,172	\$ 8,172	\$ 15,369	\$ 23,541
Investments	315,763	-	315,763	-	315,763
Total assets	\$ 315,763	\$ 8,172	\$ 323,935	\$ 15,369	\$ 339,304
<b>LIABILITIES AND FUND BALANCES</b>					
Fund balances:					
Unreserved:					
Designated	\$ 315,763	\$ 8,172	\$ 323,935	\$ 15,369	\$ 339,304
Total liabilities and fund balances	\$ 315,763	\$ 8,172	\$ 323,935	\$ 15,369	\$ 339,304

Town of Wytheville, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	CDBG Funds		
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 1,108	\$ -	\$	\$	\$ 1,108
Miscellaneous	589	1,500	3,463		5,552
Total revenues	\$ 1,697	\$ 1,500	\$ 3,463	\$	\$ 6,660
<b>EXPENDITURES</b>					
Current:					
Parks, recreation, and cultural	\$ -	\$ 2,025	\$ -	\$	\$ 2,025
Excess (deficiency) of revenues over (under) expenditures	\$ 1,697	\$ (525)	\$ 3,463	\$	\$ 4,635
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	\$ (12,922)	\$ -	\$ -	\$	\$ (12,922)
Net change in fund balances	\$ (11,225)	\$ (525)	\$ 3,463	\$	\$ (8,287)
Fund balances - beginning	326,988	8,697	11,906		347,591
Fund balances - ending	\$ 315,763	\$ 8,172	\$ 15,369	\$	\$ 339,304

## **Supporting Schedules**

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
Page 1 of 3

<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	\$ 1,205,000	\$ 1,205,000	\$ 1,220,304	\$ 15,304
Real and personal public service corporation taxes	35,000	35,000	46,724	11,724
Personal property taxes	121,500	121,500	145,112	23,612
Mobile home taxes	3,000	3,000	3,220	220
Machinery and tools taxes	145,000	145,000	186,824	41,824
Penalties	5,000	5,000	10,393	5,393
Interest	3,000	3,000	6,124	3,124
Total general property taxes	<u>\$ 1,517,500</u>	<u>\$ 1,517,500</u>	<u>\$ 1,618,701</u>	<u>\$ 101,201</u>
Other local taxes:				
Local sales and use taxes	\$ 480,000	\$ 480,000	\$ 424,530	\$ (55,470)
Consumers' utility taxes	235,000	235,000	236,546	1,546
Consumption taxes	-	-	54,998	54,998
Business license taxes	1,100,000	1,100,000	1,048,096	(51,904)
Franchise license tax	80,000	80,000	19,845	(60,155)
Motor vehicle licenses	125,000	125,000	126,295	1,295
Tobacco tax	175,000	175,000	206,654	31,654
Bank stock taxes	150,000	150,000	293,000	143,000
Hotel and motel room taxes	800,000	800,000	869,052	69,052
Restaurant food taxes	1,950,000	1,950,000	2,175,348	225,348
Interest on local taxes	17,500	17,500	24,437	6,937
Total other local taxes	<u>\$ 5,112,500</u>	<u>\$ 5,112,500</u>	<u>\$ 5,479,318</u>	<u>\$ 366,818</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 500	\$ 500	\$ 496	\$ (4)
Land use permits	-	-	500	500
Building permits	20,000	20,000	16,235	(3,765)
Electrical permits	5,000	5,000	4,760	(240)
Plumbing permits	4,000	4,000	3,118	(882)
Mechanical permits	5,000	5,000	3,982	(1,018)
Burial permits	25,000	25,000	44,645	19,645
Monument permits	1,200	1,200	1,265	65
Subdivision permits	200	200	2,740	2,540
Zoning permits	500	500	2,715	2,215
Refuse tags and disposal permits	43,000	43,000	49,356	6,356
Permits and other licenses	700	700	1,733	1,033
Total permits, privilege fees, and regulatory licenses	<u>\$ 105,100</u>	<u>\$ 105,100</u>	<u>\$ 131,545</u>	<u>\$ 26,445</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 26,133	\$ 1,133
Parking fines	25,000	25,000	21,885	(3,115)
Total fines and forfeitures	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 48,018</u>	<u>\$ (1,982)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 317,100	\$ 317,100	\$ 391,495	\$ 74,395
Revenue from use of property	86,750	86,750	129,018	42,268
Total revenue from use of money and property	<u>\$ 403,850</u>	<u>\$ 403,850</u>	<u>\$ 520,513</u>	<u>\$ 116,663</u>
Charges for services:				
Charges for clerical services	\$ 97,905	\$ 97,905	\$ 105,853	\$ 7,948
Charges for false alarms	500	500	450	(50)
Charges for fire services	45,000	45,000	8,481	(36,519)
Charges for law enforcement	25,000	25,000	26,822	1,822

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
Page 2 of 3

<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)				
Charges for services: (Continued)				
Charges for cemetery plots	\$ 20,000	\$ 20,000	\$ 23,405	\$ 3,405
Charges for restaurant signs	1,000	1,000	4,225	3,225
Charges for copies	1,000	1,000	1,694	694
Charges for animal control	100	100	-	(100)
Charges for gift shop	19,500	19,500	19,682	182
Charges for admissions	58,000	58,000	52,450	(5,550)
Charges for parks and recreation	675,550	675,550	821,740	146,190
Charges for weed cutting	7,500	7,500	7,875	375
Charges for other services	2,225	2,225	15,878	13,653
Total charges for services	\$ 953,280	\$ 953,280	\$ 1,088,555	\$ 135,275
Miscellaneous revenue:				
Donations	\$ 21,350	\$ 21,350	\$ 62,689	\$ 41,339
Miscellaneous	171,200	171,200	316,515	145,315
Total miscellaneous revenue	\$ 192,550	\$ 192,550	\$ 379,204	\$ 186,654
Recovered costs:				
Recovered costs	\$ 371,700	\$ 371,700	\$ 16,581	\$ (355,119)
Total revenue from local sources	\$ 8,706,480	\$ 8,706,480	\$ 9,282,435	\$ 575,955
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 7,000	\$ 7,000	\$ 286	\$ (6,714)
Mobile home titling tax	5,000	5,000	3,958	(1,042)
Motor vehicle rental tax	25,000	25,000	36,202	11,202
Telecommunication Tax	405,000	405,000	446,988	41,988
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	\$ 503,000	\$ 503,000	\$ 548,510	\$ 45,510
Categorical aid:				
Department of technology (E-911)	\$ 35,000	\$ 35,000	\$ 35,767	\$ 767
Fire programs	21,000	21,000	21,530	530
Highway maintenance	2,060,000	2,060,000	2,029,369	(30,631)
Law enforcement block grant	218,000	218,000	212,872	(5,128)
Litter control	3,400	3,400	2,840	(560)
Virginia commission for the arts	5,000	5,000	5,750	750
Department of transportation	133,000	133,000	8,343	(124,657)
Recreational grants	-	-	8,638	8,638
Total categorical aid	\$ 2,475,400	\$ 2,475,400	\$ 2,325,109	\$ (150,291)
Total revenue from the Commonwealth	\$ 2,978,400	\$ 2,978,400	\$ 2,873,619	\$ (104,781)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,880	\$ 8,880	\$ 8,882	\$ 2

Town of Wytheville, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from the federal government: (Continued)				
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 16,796	\$ 16,796
Arts Grant	-	-	175	175
Water and Waste Disposal Systems for Rural Communities	-	-	3,819	3,819
Total categorical aid	\$ -	\$ -	\$ 20,790	\$ 20,790
Total revenue from the federal government	\$ 8,880	\$ 8,880	\$ 29,672	\$ 20,792
Total General Fund	\$ 11,693,760	\$ 11,693,760	\$ 12,185,726	\$ 491,966
<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	\$ -	\$ -	\$ 1,108	\$ 1,108
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 589	\$ 589
Total Homestead Endowment Fund	\$ -	\$ -	\$ 1,697	\$ 1,697
<b>Wall of Honor Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 1,500	\$ 1,500
<b>Capital Projects Fund:</b>				
<b>CDBG Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Contributions	\$ -	\$ -	\$ 3,463	\$ 3,463
Total Primary Government	\$ 11,693,760	\$ 11,693,760	\$ 12,192,386	\$ 498,626



Town of Wytheville, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 2  
Page 1 of 2

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town council	\$ 372,070	\$ 422,070	\$ 414,930	\$ 7,140
General and financial administration:				
Town clerk	\$ 373,000	\$ 373,000	\$ 370,394	\$ 2,606
Commission member	12,000	12,000	10,399	1,601
Town manager	132,000	132,000	129,357	2,643
Assistant town manager	109,000	109,000	106,866	2,134
Legal services	11,000	25,025	25,003	22
Independent services	35,000	35,000	32,385	2,615
Town treasurer	175,000	165,000	156,496	8,504
Automotive/motor pool	230,000	190,000	181,226	8,774
Engineering department	245,000	245,000	240,648	4,352
Total general and financial administration	\$ 1,324,500	\$ 1,288,525	\$ 1,255,128	\$ 33,397
Total general government administration	\$ 1,696,570	\$ 1,710,595	\$ 1,670,058	\$ 40,537
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,700,000	\$ 1,917,000	\$ 1,905,714	\$ 11,286
Communication center	280,000	280,000	275,796	4,204
Total law enforcement and traffic control	\$ 1,980,000	\$ 2,197,000	\$ 2,181,510	\$ 15,490
Fire and rescue services:				
Fire department	\$ 410,000	\$ 442,000	\$ 430,455	\$ 11,545
Inspections:				
Building	\$ 72,900	\$ 73,900	\$ 73,698	\$ 202
Other protection:				
Animal control	\$ 42,000	\$ 45,300	\$ 45,462	\$ (162)
Transportation study grant	22,500	23,700	23,613	87
Total other protection	\$ 64,500	\$ 69,000	\$ 69,075	\$ (75)
Total public safety	\$ 2,527,400	\$ 2,781,900	\$ 2,754,738	\$ 27,162
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,259,000	\$ 1,067,200	\$ 1,054,759	\$ 12,441
Snow and ice removal	129,900	176,800	174,753	2,047
Streets, signs, and lights	435,000	390,000	362,244	27,756
Administration	114,000	114,000	110,641	3,359
Total maintenance of highways, streets, bridges & sidewalks	\$ 1,937,900	\$ 1,748,000	\$ 1,702,397	\$ 45,603
Sanitation and waste removal:				
Refuse collection and disposal	\$ 252,000	\$ 213,500	\$ 204,708	\$ 8,792
Maintenance of general buildings and grounds:				
General properties	\$ 47,000	\$ 61,200	\$ 70,147	\$ (8,947)
Town hall	340,000	365,000	366,296	(1,296)
Community center and park	515,000	558,500	546,504	11,996
Parks	28,000	46,520	45,954	566
Emergency services buildings	82,000	57,000	53,043	3,957
Animal shelter	5,000	5,000	1,372	3,628
Weed control - mowing	143,000	114,700	112,717	1,983
Total maintenance of general buildings and grounds	\$ 1,160,000	\$ 1,207,920	\$ 1,196,033	\$ 11,887

Town of Wytheville, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 2  
Page 2 of 2

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (continued)</b>				
Public works: (continued)				
Maintenance of general buildings and grounds: (continued)				
Total public works	\$ 3,349,900	\$ 3,169,420	\$ 3,103,138	\$ 66,282
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 7,000	\$ 7,500	\$ 7,426	\$ 74
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 30,000	\$ 30,000	\$ 26,932	\$ 3,068
Recreational programs	431,760	447,490	446,039	1,451
Swimming pools	15,000	11,050	7,191	3,859
Athletic programs	361,800	308,840	301,868	6,972
New community programs	112,000	119,762	120,277	(515)
Youth/Teen center	72,500	103,180	102,111	1,069
Fitness center	158,440	165,433	165,906	(473)
Nutrition	0	92,000	89,927	2,073
Cemeteries	270,000	240,000	209,355	30,645
Total parks and recreation	\$ 1,451,500	\$ 1,517,755	\$ 1,469,606	\$ 48,149
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 89,000	\$ 84,000	\$ 81,675	\$ 2,325
Museums and heritage education	165,325	165,325	107,940	57,385
Homestead museum	154,675	38,475	34,325	4,150
Museums and Heritage Center	185,000	185,000	172,723	12,277
Total cultural enrichment	\$ 594,000	\$ 472,800	\$ 396,663	\$ 76,137
Total parks, recreation, and cultural	\$ 2,045,500	\$ 1,990,555	\$ 1,866,269	\$ 124,286
Community development:				
Planning and community development:				
Director of public information	\$ 274,100	\$ 274,000	\$ 268,841	\$ 5,159
Chamber of commerce	95,800	107,800	105,668	2,132
Horticulture	123,000	111,500	107,416	4,084
Meeting Center	440,000	359,000	354,764	4,236
Total planning and community development	\$ 932,900	\$ 852,300	\$ 836,689	\$ 15,611
Total community development	\$ 932,900	\$ 852,300	\$ 836,689	\$ 15,611
Debt service:				
Principal retirement	\$ 504,738	\$ 504,738	\$ 512,937	\$ (8,199)
Interest and other fiscal charges	629,752	629,752	639,981	(10,229)
Total debt service	\$ 1,134,490	\$ 1,134,490	\$ 1,152,918	\$ (18,428)
Total General Fund	\$ 11,693,760	\$ 11,646,760	\$ 11,391,236	\$ 255,524
<b>Special Revenue Funds:</b>				
<b>Wall of Honor Fund:</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ -	\$ -	\$ 2,025	\$ (2,025)
Total Wall of Honor Fund	\$ -	\$ -	\$ 2,025	\$ (2,025)
Total Primary Government	\$ 11,693,760	\$ 11,646,760	\$ 11,393,261	\$ 253,499

## **Other Statistical Information**

Table 1

Town of Wytheville, Virginia  
Government-Wide Expenses by Function  
Last Ten Fiscal Years (1)

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
2003-04	\$ 1,409,830	\$ 1,995,714	\$ 2,444,026	\$ 5,052	\$ 783,660	\$ 258,585	\$ 58,671	\$ 4,804,957	\$ 11,760,495
2004-05	1,419,300	2,195,909	2,228,249	5,407	1,024,005	299,297	53,892	4,763,773	11,989,832
2005-06	1,694,003	2,141,543	2,757,226	5,725	1,224,791	376,296	241,768	5,228,416	13,669,768
2006-07	1,513,692	2,252,477	3,387,271	5,096	1,200,948	584,942	603,356	5,338,898	14,886,680
2007-08	1,679,294	2,655,638	3,307,485	13,237	1,914,984	849,741	684,441	5,473,375	16,578,195
2008-09	1,749,917	2,812,237	3,593,497	6,768	1,755,356	865,663	666,665	5,533,058	16,983,161
2009-10	1,753,803	2,741,033	3,607,367	7,426	1,905,998	842,390	637,665	5,849,682	17,345,364

(1) Information has only been available for 7 years.

**Town of Wytheville, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years (1)**

(1) Information has only been available for 7 years.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Development	Capital Projects	Debt Service	Total
2000-01	\$ 1,253,629	\$ -	\$ 1,689,552	\$ 2,047,977	\$ 4,049	\$ 662,760	\$ 202,831	\$ -	\$ 114,552	\$ 5,975,350
2001-02	1,414,087	1,673	1,792,668	2,619,200	5,151	662,803	261,459	7,815	114,552	6,879,408
2002-03	1,328,468	-	1,833,934	2,446,568	5,611	731,755	255,568	168,992	130,219	6,901,115
2003-04	1,413,612	-	2,087,329	2,389,392	5,052	809,704	268,143	930,032	150,230	8,053,494
2004-05	1,601,017	-	2,237,173	2,314,794	5,407	1,012,337	295,766	1,844,667	175,720	9,486,881
2005-06	1,778,478	-	2,175,501	2,813,861	5,725	1,303,760	375,737	8,114,964	240,167	16,808,193
2006-07	1,625,204	-	2,511,889	2,862,275	5,096	1,305,235	575,764	6,260,369	903,745	16,049,577
2007-08	1,769,720	-	2,667,804	3,293,887	13,237	1,868,329	850,405	122,071	2,195,211	12,780,664
2008-09	1,697,051	-	2,956,207	3,343,931	6,768	1,861,491	860,305	1,467	1,211,488	11,938,708
2009-10	1,670,058	-	2,754,738	3,103,138	7,426	1,868,294	836,689	-	1,152,918	11,393,261

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2000-01	\$ 780,283	\$ 3,136,770	\$ 146,960	\$ 35,291	\$ 519,063	\$ 250,577	\$ 104,374	\$ 40	\$ 1,863,759	\$ 6,837,117
2001-02	774,365	3,495,074	118,094	23,953	260,268	236,682	180,655	105,350	1,927,930	7,122,371
2002-03	824,156	3,574,465	152,310	20,175	165,864	295,885	62,778	-	2,020,532	7,116,165
2003-04	879,731	4,644,159	125,015	34,904	108,774	302,736	86,138	2,928	2,257,867	8,442,252
2004-05	888,473	5,219,712	63,417	43,518	178,279	380,111	1,176,093	214,027	2,445,253	10,608,883
2005-06	1,186,989	5,654,811	120,940	84,858	457,156	377,222	980,980	73,363	3,133,197	12,069,516
2006-07	1,223,926	5,935,622	143,265	85,537	775,903	711,083	679,101	172,325	2,999,261	12,726,023
2007-08	1,566,604	6,152,682	168,997	60,828	733,359	1,099,399	79,684	94,267	2,502,852	12,458,672
2008-09	1,623,756	5,969,361	140,707	59,139	549,591	1,194,743	312,503	143,694	2,512,049	12,505,543
2009-10	1,618,701	5,479,318	131,545	48,018	521,621	1,088,555	384,756	16,581	2,903,291	12,192,386

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

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
2000-01	\$ 796,621	\$ 784,309	98.45%	\$ 16,433	\$ 800,742	100.52%	\$ 33,751	4.24%
2001-02	826,536	805,981	97.51%	10,992	816,973	98.84%	44,374	5.37%
2002-03	856,067	843,044	98.48%	15,788	858,832	100.32%	42,563	4.97%
2003-04	899,781	873,253	97.05%	23,673	896,926	99.68%	41,788	4.64%
2004-05	859,499	837,614	97.45%	40,824	878,438	102.20%	31,397	3.65%
2005-06	1,233,610	1,216,897	98.65%	17,303	1,234,200	100.05%	27,777	2.25%
2006-07	1,295,414	1,252,435	96.68%	24,056	1,276,491	98.54%	40,725	3.14%
2007-08	1,597,819	1,573,653	98.49%	26,031	1,599,684	100.12%	48,380	3.03%
2008-09	1,666,957	1,639,349	98.34%	16,315	1,655,664	99.32%	55,007	3.30%
2009-10	1,677,626	1,645,525	98.09%	17,735	1,663,260	99.14%	79,785	4.76%

(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	
2000-01	\$ 353,245,855	\$ 97,073,775	\$ 21,416,965	\$ 298,923	\$ 472,035,518
2001-02	363,039,821	101,365,005	22,313,655	242,240	486,960,721
2002-03	484,990,208	101,679,956	30,201,787	145,189	617,017,140
2003-04	493,371,435	103,823,031	32,758,710	614,024	630,567,200
2004-05	511,817,426	113,753,167	29,306,604	119,049	654,996,246
2005-06	522,286,760	123,907,776	28,554,442	40,219	674,789,197
2006-07	556,901,460	133,984,761	22,839,288	14,624	713,740,133
2007-08	741,692,480	131,898,828	31,138,767	29,124	904,759,199
2008-09	766,175,970	146,226,226	25,648,614	25,663	938,076,473
2009-10	774,457,660	144,166,990	29,122,192	45,781	947,792,623

(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
2000-01	\$	0.143	\$	0.280	\$ 0.165	\$ 0.280
2001-02		0.143		0.280	0.165	0.280
2002-03		0.113		0.280	0.165	0.280
2003-04		0.113		0.280	0.113	0.280
2004-05		0.113		0.280	0.113	0.280
2005-06		0.160		0.280	0.160	0.280
2006-07		0.160		0.280	0.160	0.280
2007-08		0.160		0.280	0.160	0.280
2008-09		0.160		0.280	0.160	0.280
2009-10		0.160		0.280	0.160	0.280

(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
2000-01	7,804	\$ 472,036	\$ 11,651,761	2.47%	\$ 1,493
2001-02	7,804	486,961	11,679,116	2.40%	1,497
2002-03	7,804	617,017	11,568,963	1.87%	1,482
2003-04	7,804	630,567	11,358,141	1.80%	1,455
2004-05	7,804	654,996	11,973,028	1.83%	1,534
2005-06	7,804	674,789	22,982,200	3.41%	2,945
2006-07	7,804	713,740	21,362,105	2.99%	2,737
2007-08	7,804	904,759	25,036,888	2.77%	3,208
2008-09	7,804	938,076	24,139,045	2.57%	3,093
2009-10	7,804	947,793	23,202,621	2.45%	2,973

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

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

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

Table 9

Town of Wytheville, Virginia  
Ratio of Annual Debt Service Expenditures for General Bonded  
Debt to Total General Governmental Expenditures (1)  
Last Ten Fiscal Years (2)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2002-03	\$ 71,793	\$ 58,426	\$ 130,219	\$ 6,901,115	1.89%
2003-04	92,818	57,412	150,230	8,053,494	1.87%
2004-05	119,979	55,741	175,720	9,486,881	1.85%
2005-06	116,807	123,360	240,167	16,812,434	1.43%
2006-07	193,262	710,483	903,745	16,049,577	5.63%
2007-08	1,525,223	669,988	2,195,211	12,780,664	17.18%
2008-09	545,887	665,601	1,211,488	11,938,708	10.15%
2009-10	512,937	639,981	1,152,918	11,393,261	10.12%

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

(2) Information has only been available for 8 years.

Table 10

Town of Wytheville, Virginia  
Computation of Legal Debt Margin  
June 30, 2010

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Assessed valuations:	
Assessed value (real estate)	<u>\$ 766,175,970</u>
Legal debt margin	
Debt limitation - 10 percent of total assessed value	76,617,597
Debt applicable to limitation:	
Total debt applicable to limitation	<u>24,139,045</u>
Legal debt margin	<u>\$ 52,478,552</u>

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## **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 Members of the Town Council  
Town of Wytheville, Virginia  
Wytheville, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 7, 2010. 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 of Audits for Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Wytheville, Virginia's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Wytheville, Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not necessarily designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (Reference 2010-1).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Wytheville, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Wytheville, Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Wytheville, Virginia's responses and, accordingly, we express no opinion on them.

We noted certain matters that we reported to management of the Town of Wytheville, Virginia in a separate letter dated November 7, 2010.

This report is intended solely for the information and use of management, Town Council, others within the Town of Wytheville, Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Jarner, Co. Associates*

Christiansburg, Virginia

November 7, 2010



# TOWN OF WYTHEVILLE, VIRGINIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

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### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified No

Noncompliance material to financial statements noted? No

### Section II - Financial Statement Findings

2010-1

Condition: The Town lacks proper segregation of duties over the billings, collections and reconciliation functions in the Treasurer's office.

Criteria: A key component in internal controls is the segregation of duties. No one employee should have access to both the accounting records and related assets.

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal controls over financial reporting.

Management's Response: Management acknowledges that internal control over the billings, collections and reconciliation functions lack proper segregation of duties; however, to alleviate same would require additional staff. Due to cost constraints, the Town has decided not address the aforementioned internal control deficiencies.