

TOWN OF WYTHEVILLE, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

TOWN OF WYTHEVILLE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
List of Elected and Appointed Officials	1

FINANCIAL SECTION

Independent Auditors' Report	2-4
------------------------------------	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	5
Statement of Activities	2	6
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	5	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6	10
Statement of Net Position - Proprietary Funds	7	11
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	12
Statement of Cash Flows - Proprietary Funds.....	9	13
Statement of Fiduciary Net Position - Fiduciary Funds.....	10	14
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	11	15
Notes to Financial Statements		16-63

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual:		
General Fund	12	64
Schedule of the Town's Proportionate Share of the Net Pension Liability	13	65
Schedule of Employer Contributions - Pension Plan.....	14	66
Notes to Required Supplementary Information - Pension Plan	15	67
Schedule of Town's Proportionate Share of Total OPEB Liability - OPEB Plan	16	68
Notes to Required Supplementary Information - OPEB Plan	17	69
Schedule of Town's Share of Net OPEB Liability - Group Life Insurance	18	70
Schedule of Employer Contributions - Group Life Insurance	19	71
Notes to Required Supplementary Information - Group Life Insurance	20	72
Schedule of Town's Share of Net LODA OPEB Liability.....	21	73
Schedule of Employer Contributions - Line of Duty Act.....	22	74
Notes to Required Supplementary Information - Line of Duty Act	23	75

TOWN OF WYTHEVILLE, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	24	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	25	77
Proprietary Funds:		
Combining Statement of Net Position	26	78
Combining Statement of Revenues, Expenses, and Changes in Net Position	27	79
Combining Statement of Cash Flows	28	80
Agency Funds:		
Combining Statement of Changes in Assets and Liabilities	29	81
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	82-85
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	86-88
Other Statistical Information:		
	<u>Table</u>	<u>Page</u>
Government-wide Information:		
Government-wide Expenses by Function	1	89
Government-wide Revenues	2	90
Fund Information:		
General Governmental Expenditures by Function	3	91
General Governmental Revenues by Source	4	92
Property Tax Levies and Collections	5	93
Assessed Value of Taxable Property	6	94
Property Tax Rates	7	95
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	96
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	97
Computation of Legal Debt Margin	10	98
		<u>Page</u>
Compliance:		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		99-100
Schedule of Findings and Responses		101

INTRODUCTORY SECTION

TOWN OF WYTHEVILLE, VIRGINIA

TOWN COUNCIL

Beth A. Taylor, Mayor
Jacqueline K. King, Vice-Mayor
Joseph E. Hand Jr.
Mark J. Bloomfield
Cathy D. Pattison

OTHER OFFICIALS

C. Wayne Sutherland, Jr.
Stephen A. Moore
Michael G. Stephens
Sharon G. Corvin
Christopher Menerick

Town Manager
Assistant Town Manager
Town Treasurer
Town Clerk
Town Attorney

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2020, the Town restated beginning balances to reflect an adjustment to prior period depreciation. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and the schedules related to pension and OPEB funding on pages 64 and 65-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wytheville, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2020, on our consideration of the Town of Wytheville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Wytheville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wytheville, Virginia's internal control over financial reporting and compliance.

Robinson, Fawcett, Cox Associates

Blacksburg, Virginia
November 29, 2020

Basic Financial Statements

Town of Wytheville, Virginia
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 13,370,776	\$ 842,200	\$ 14,212,976
Receivables (net of allowance for uncollectibles):			
Taxes receivable	114,962	-	114,962
Accounts receivable	559,373	741,090	1,300,463
Due from other governmental units	188,393	-	188,393
Prepaid items	22,425	-	22,425
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	-	59,319	59,319
Capital assets (net of accumulated depreciation):			
Land	1,572,278	163,236	1,735,514
Land rights	-	94,838	94,838
Buildings and utility plant	23,650,561	16,290,772	39,941,333
Machinery and equipment	2,477,928	2,285,110	4,763,038
Construction in progress	17,713	1,306,068	1,323,781
Total assets	<u>\$ 41,974,409</u>	<u>\$ 21,782,633</u>	<u>\$ 63,757,042</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 6,873	\$ 31,313	\$ 38,186
Pension related items	1,607,690	262,274	1,869,964
OPEB related items	553,597	62,324	615,921
Total deferred outflows of resources	<u>\$ 2,168,160</u>	<u>\$ 355,911</u>	<u>\$ 2,524,071</u>
LIABILITIES			
Accounts payable	\$ 190,059	\$ 163,625	\$ 353,684
Accrued payroll/fringes	659,804	96,008	755,812
Customer deposits	16,766	-	16,766
Retainage payable	-	11,055	11,055
Accrued interest payable	60,375	60,950	121,325
Due to Water Authority	-	57,955	57,955
Long-term liabilities:			
Due within one year	1,637,110	1,098,007	2,735,117
Due in more than one year	15,896,698	12,122,303	28,019,001
Liabilities payable from restricted assets	-	59,319	59,319
Total liabilities	<u>\$ 18,460,812</u>	<u>\$ 13,669,222</u>	<u>\$ 32,130,034</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 7,313	\$ -	\$ 7,313
Pension related items	549,196	143,460	692,656
OPEB related items	504,804	55,774	560,578
Total deferred inflows of resources	<u>\$ 1,061,313</u>	<u>\$ 199,234</u>	<u>\$ 1,260,547</u>
NET POSITION			
Net investment in capital assets	\$ 17,518,440	\$ 7,902,332	\$ 25,420,772
Unrestricted	7,102,004	367,756	7,469,760
Total net position	<u>\$ 24,620,444</u>	<u>\$ 8,270,088</u>	<u>\$ 32,890,532</u>

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

Town of Wytheville, Virginia
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 3,084,790	\$ 7,399	\$ 2,070	\$ 35,302	\$ (3,040,019)	\$ -	\$ (3,040,019)
Public safety	3,834,958	217,068	241,340	-	(3,376,550)	-	(3,376,550)
Public works	4,084,536	111,572	3,249,391	-	(723,573)	-	(723,573)
Health and welfare	10,647	-	-	-	(10,647)	-	(10,647)
Parks, recreation, and cultural	2,030,259	732,828	20,194	-	(1,277,237)	-	(1,277,237)
Community development	1,305,295	6,042	50,875	-	(1,248,378)	-	(1,248,378)
Interest on long-term debt	246,068	-	-	-	(246,068)	-	(246,068)
Total governmental activities	\$ 14,596,553	\$ 1,074,909	\$ 3,563,870	\$ 35,302	\$ (9,922,472)	\$ -	\$ (9,922,472)
Business-type activities:							
Water and sewer	\$ 5,930,258	\$ 5,903,312	\$ -	\$ 126,161	\$ -	\$ 99,215	\$ 99,215
Total primary government	\$ 20,526,811	\$ 6,978,221	\$ 3,563,870	\$ 161,463	\$ (9,922,472)	\$ 99,215	\$ (9,823,257)
General revenues:							
General property taxes	\$	1,695,572	\$	-	\$	-	\$ 1,695,572
Local sales and use taxes		619,969		-		-	619,969
Consumers' utility taxes		234,246		-		-	234,246
Business license taxes		1,572,252		-		-	1,572,252
Bank stock taxes		389,849		-		-	389,849
Hotel and motel room taxes		1,367,305		-		-	1,367,305
Restaurant food taxes		2,932,151		-		-	2,932,151
Tobacco tax		180,135		-		-	180,135
Other local taxes		199,400		-		-	199,400
Unrestricted revenues from use of money and property		316,466		12,824		12,824	329,290
Miscellaneous		399,363		114		114	399,477
Grants and contributions not restricted to specific programs		484,879		-		-	484,879
Total general revenues and transfers	\$	10,391,587	\$	12,938	\$	12,938	\$ 10,404,525
Change in net position	\$	469,115	\$	112,153	\$	112,153	\$ 581,268
Net position - beginning, as restated		24,151,329		8,157,935		8,157,935	32,309,264
Net position - ending	\$	24,620,444	\$	8,270,088	\$	8,270,088	\$ 32,890,532

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

Town of Wytheville, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 12,947,540	\$ 359,816	\$ 13,307,356
Receivables (net of allowance for uncollectibles):			
Taxes receivable	114,962	-	114,962
Accounts receivable	559,373	-	559,373
Due from other governmental units	188,393	-	188,393
Prepaid items	22,425	-	22,425
Total assets	<u>\$ 13,832,693</u>	<u>\$ 359,816</u>	<u>\$ 14,192,509</u>
LIABILITIES			
Accounts payable	\$ 190,059	\$ -	\$ 190,059
Accrued wages	659,804	-	659,804
Customer deposits	16,766	-	16,766
Total liabilities	<u>\$ 866,629</u>	<u>\$ -</u>	<u>\$ 866,629</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 126,355	\$ -	\$ 126,355
FUND BALANCES			
Nonspendable:			
Prepaid Items	\$ 22,425	\$ -	\$ 22,425
Committed:			
Debt service	5,516,684	-	5,516,684
Rainy day	6,224,650	-	6,224,650
Special revenue funds	-	343,324	343,324
Assigned:			
Capital projects funds	-	16,492	16,492
Unassigned	1,075,950	-	1,075,950
Total fund balances	<u>\$ 12,839,709</u>	<u>\$ 359,816</u>	<u>\$ 13,199,525</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,832,693</u>	<u>\$ 359,816</u>	<u>\$ 14,192,509</u>

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

Town of Wytheville, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	13,199,525
--	----	------------

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

Land	\$	1,572,278	
Buildings and utility plant		23,650,561	
Machinery and equipment		2,477,928	
Construction in progress		17,713	27,718,480

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

Unavailable revenue - property taxes			119,042
--------------------------------------	--	--	---------

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	1,607,690	
OPEB related items		553,597	2,161,287

Internal service funds are used by management to account for other postemployment benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

63,420

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$	(9,712,493)	
Less deferred charge on refunding		6,873	
Compensated absences		(980,822)	
Capital leases		(494,420)	
Landfill accrued closure/post-closure costs		(639,373)	
Accrued interest payable		(60,375)	
Net OPEB liabilities		(2,712,464)	
Net pension liability		(2,994,236)	(17,587,310)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$	(549,196)	
OPEB related items		(504,804)	(1,054,000)

Net position of governmental activities

\$ 24,620,444

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

Town of Wytheville, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 1,667,678	\$ -	\$ 1,667,678
Other local taxes	7,495,307	-	7,495,307
Permits, privilege fees, and regulatory licenses	200,919	-	200,919
Fines and forfeitures	38,285	-	38,285
Revenue from the use of money and property	308,686	6,661	315,347
Charges for services	835,705	-	835,705
Miscellaneous	396,181	3,182	399,363
Recovered costs	393,173	-	393,173
Intergovernmental:			
Commonwealth	4,034,011	-	4,034,011
Federal	50,040	-	50,040
Total revenues	<u>\$ 15,419,985</u>	<u>\$ 9,843</u>	<u>\$ 15,429,828</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,109,243	\$ -	\$ 3,109,243
Public safety	4,128,406	-	4,128,406
Public works	3,585,822	-	3,585,822
Health and welfare	10,507	140	10,647
Parks, recreation, and cultural	1,972,704	-	1,972,704
Community development	1,681,854	-	1,681,854
Debt service:			
Principal retirement	939,963	-	939,963
Interest and other fiscal charges	253,039	-	253,039
Total expenditures	<u>\$ 15,681,538</u>	<u>\$ 140</u>	<u>\$ 15,681,678</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (261,553)</u>	<u>\$ 9,703</u>	<u>\$ (251,850)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (24,000)	\$ -	\$ (24,000)
Total other financing sources (uses)	<u>\$ (24,000)</u>	<u>\$ -</u>	<u>\$ (24,000)</u>
Net change in fund balances	\$ (285,553)	\$ 9,703	\$ (275,850)
Fund balances - beginning	13,125,262	350,113	13,475,375
Fund balances - ending	<u>\$ 12,839,709</u>	<u>\$ 359,816</u>	<u>\$ 13,199,525</u>

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

Town of Wytheville, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$	(275,850)
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.

Capital asset additions	\$	843,161
Depreciation expense	(1,338,890)	(495,729)

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

Change in unavailable property taxes		27,894
--------------------------------------	--	--------

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

Debt issued or incurred:

Change in accrued landfill closure/postclosure cost	\$	48,650
Principal repayments:		
General obligation bonds	555,697	
Capital leases	384,266	988,613

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

Change in compensated absences	\$	189,494
Change in accrued interest	7,735	
Amortization of deferred charge on refunding	(764)	
Change in pension related items	95,802	
Change in OPEB related items	(84,499)	207,768

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

16,419

Change in net position of governmental activities	\$	469,115
---	----	---------

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

Town of Wytheville, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer	Retiree Health Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 842,200	\$ 63,420
Accounts receivable, net of allowance for uncollectibles	741,090	-
Total current assets	\$ 1,583,290	\$ 63,420
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 59,319	-
Capital assets:		
Land	\$ 163,236	-
Land rights	94,838	-
Construction in progress	1,306,068	-
Machinery and equipment	4,474,367	-
Utility plant in service	56,056,133	-
Less accumulated depreciation	(41,954,618)	-
Total capital assets	\$ 20,140,024	-
Total noncurrent assets	\$ 20,199,343	-
Total assets	\$ 21,782,633	\$ 63,420
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	\$ 31,313	-
OPEB related items	62,324	-
Pension related items	262,274	-
Total deferred outflows of resources	\$ 355,911	-
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 163,625	-
Retainage payable	11,055	-
Accrued payroll/fringes	96,008	-
Accrued interest payable	60,950	-
Due to Water Authority	57,955	-
Compensated absences - current portion	148,151	-
Capital leases - current portion	21,082	-
Bonds payable - current portion	823,649	-
Amount due to Wythe County - current portion	105,125	-
Total current liabilities	\$ 1,487,600	-
Current liabilities payable from restricted assets:		
Customer deposits payable	\$ 59,319	-
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 9,749,127	-
Compensated absences - net of current portion	49,384	-
Amount due to Wythe County - net of current portion	1,483,493	-
Net pension liability	488,161	-
Net OPEB liabilities	352,138	-
Total noncurrent liabilities	\$ 12,122,303	-
Total liabilities	\$ 13,669,222	-
DEFERRED INFLOWS OF RESOURCES		
OPEB related items	\$ 55,774	-
Pension related items	143,460	-
Total deferred inflows of resources	\$ 199,234	-
NET POSITION		
Net investment in capital assets	\$ 7,902,332	-
Unrestricted	367,756	63,420
Total net position	\$ 8,270,088	\$ 63,420

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

Town of Wytheville, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer	Retiree Health Insurance Fund
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 3,508,437	\$ -
Sewer revenues	2,346,941	-
Penalties	47,934	-
Miscellaneous	114	-
Total operating revenues	<u>\$ 5,903,426</u>	<u>\$ -</u>
OPERATING EXPENSES		
Salaries	\$ 1,239,322	\$ -
Fringe benefits	385,816	8,700
Professional services	377,312	-
Repair and maintenance	341,170	-
Operating materials and supplies	916,183	-
Permits, licenses and memberships	14,134	-
Utilities	459,649	-
Travel	2,056	-
Office supplies	4,058	-
Postal services	4,992	-
Insurance	15,710	-
Miscellaneous expenses	26,594	-
Depreciation	1,406,133	-
Total operating expenses	<u>\$ 5,193,129</u>	<u>\$ 8,700</u>
Operating income (loss)	<u>\$ 710,297</u>	<u>\$ (8,700)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ 12,824	\$ 1,119
Payment to NRRWA	(448,260)	-
Interest expense	(288,869)	-
Total nonoperating revenues (expenses)	<u>\$ (724,305)</u>	<u>\$ 1,119</u>
Income before capital contributions, construction grants, and transfers	<u>\$ (14,008)</u>	<u>\$ (7,581)</u>
Capital contributions and construction grants	\$ 126,161	\$ -
Transfers in	-	24,000
Change in net position	<u>\$ 112,153</u>	<u>\$ 16,419</u>
Total net position - beginning	8,157,935	47,001
Total net position - ending	<u><u>\$ 8,270,088</u></u>	<u><u>\$ 63,420</u></u>

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

Town of Wytheville, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Fund Major Funds	Internal Service Fund
	Water & Sewer	Retiree Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 5,943,743	\$ -
Payments to suppliers	(2,242,797)	-
Payments to and for employees	(1,573,851)	-
Net cash provided by (used for) operating activities	\$ 2,127,095	\$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ -	\$ 24,000
Payment to NRRWA	(448,260)	-
Net cash provided by (used for) noncapital financing activities	\$ (448,260)	\$ 24,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to capital assets	\$ (1,351,429)	\$ -
Proceeds from bonds	854,213	-
Principal payments on bonds	(837,807)	-
Principal payments on capital lease	(61,517)	-
Contributions in aid of construction	126,161	-
Interest payments	(289,079)	-
Loan payments to other localities	(102,390)	-
Net cash provided by (used for) capital and related financing activities	\$ (1,661,848)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ 12,824	\$ 1,119
Net cash provided by (used for) investing activities	\$ 12,824	\$ 1,119
Net increase (decrease) in cash and cash equivalents	\$ 29,811	\$ 25,119
Cash and cash equivalents - beginning - including restricted	871,708	47,001
Cash and cash equivalents - ending - including restricted	\$ 901,519	\$ 72,120
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 710,297	\$ (8,700)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 1,406,133	\$ -
(Increase) decrease in accounts receivable	34,526	-
(Increase) decrease in pension related items	(149,564)	-
Increase (decrease) in compensated absences	32,982	-
Increase (decrease) in operating accounts payable	(80,939)	-
Increase (decrease) in due to Water Authority	57,955	-
Increase (decrease) in net pension liability	122,439	-
Increase (decrease) in accrued payroll	6,943	-
Increase (decrease) in OPEB liabilities	(14,527)	-
(Increase) decrease in OPEB related items	(4,941)	-
Increase (decrease) in customer deposits	5,791	-
Total adjustments	\$ 1,416,798	\$ -
Net cash provided by (used for) operating activities	\$ 2,127,095	\$ (8,700)
Schedule of noncash capital and related financing activities:		
Acquisition of assets on account (change in accounts payable)	\$ (35,384)	\$ -
Acquisition of assets on account (change in retainage payable)	(72,557)	-
Total noncash capital and related financing activities	\$ (107,941)	\$ -

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

Town of Wytheville, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds		
	New River Regional Water <u>Authority</u>	Memorial <u>Fund</u>	Perpetual Care <u>Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 1,649,893	\$ 28,262	\$ 366,984
Capital assets (net of accumulated depreciation)	-	-	56,100
Total assets	<u>\$ 1,649,893</u>	<u>\$ 28,262</u>	<u>\$ 423,084</u>
LIABILITIES			
Held for New River Regional Water Authority	\$ 1,649,893	\$ -	\$ -
Held for cemetery expenditures	-	28,262	-
Total liabilities	<u>\$ 1,649,893</u>	<u>\$ 28,262</u>	<u>\$ -</u>
NET POSITION			
Held in trust for cemetery expenditures			<u>\$ 423,084</u>

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

Town of Wytheville, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	<u>Perpetual Care Trust Fund</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 6,826
Total additions	<u>\$ 6,826</u>
DEDUCTIONS	
Expenses	<u>\$ 14,065</u>
Change in net position	\$ (7,239)
Net position - beginning	430,323
Net position - ending	<u><u>\$ 423,084</u></u>

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

TOWN OF WYTHEVILLE, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial reporting entity:

Town of Wytheville, Virginia (the Town) is a municipal corporation governed by an elected five-member Town Council. The accompanying financial statements present the government.

Blended Component Units - None

Discretely Presented Component Units - None

Related Organizations - None

Jointly Governed Organizations:

The Town along with the Counties of Wythe and Carroll participate in New River Regional Water Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The Town is also the fiscal manager for New River Regional Water Authority. For the fiscal year ended June 30, 2020, the Town contributed \$448,260 to New River Regional Water Authority.

The Town along with the Counties of Wythe and Bland participate in Crossroads Regional Industrial Facilities Authority. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2020, the Town contributed \$60,228 to Crossroads Regional Industrial Facilities Authority.

The Town along with the Counties of Wythe and Smyth participate in Smyth-Wythe Airport. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2020, the Town contributed \$37,322 to Smyth-Wythe Airport.

The Town along with the County of Wythe and Town of Rural Retreat participate in Joint Wythe Industrial Development Authority. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. The employees of the Joint IDA are paid by the Town. In addition, for the fiscal year ended June 30, 2020, the Town contributed \$99,549 to Joint Wythe Industrial Development Authority.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

B. Government-wide and fund financial statements:

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

The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities). Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense, the cost of “using up” capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

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

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

Prior to fiscal year 2018, the OPEB liability was accounted for in the internal service fund, OPEB fund. With the adoption of GASB 75, OPEB related items were moved out of this fund leaving funds held for retiree health insurance. The funding of the Retiree Health Insurance, internally, is accounted for in an internal service fund.

Additionally, the government reports the following fund types:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

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 Trust fund is a trust fund. The Agency funds consist of the New River Regional Water Authority fund and Memorial fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

1. Cash and cash equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

3. Property Taxes

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

4. Use of Estimates

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

5. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical data and, in certain cases, specific account analysis. The allowance amounted to approximately \$174,770 at June 30, 2020. The allowance consists of delinquent taxes in the amount of \$7,636, mowing and special assessments of \$28,780 and delinquent water and sewer bills of \$139,354.

7. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

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

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

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

8. Compensated Absences

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

9. Deferred Outflows/Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

9. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

11. Pensions

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

12. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council/Board of Supervisors/Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council/Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

Committed Fund Balance Policy:

The Town Council is the Town's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by Town Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance Policy:

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

Minimum Unassigned Fund Balance Policy:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance: (Continued)****12. Fund Balance (Continued)**Resource Flow Policy:

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

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

	Other Governmental Funds
Fund Balances:	
Committed:	
Homestead Endowment	\$ 330,480
Wall of Honor	12,844
	<hr/>
Total Committed	\$ 343,324

13. Net Position

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

14. Other Postemployment Benefits (OPEB)

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

A. Budgetary information: (Continued)

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town's accounting system.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2020, no fund had expenditures in excess of its appropriations.

C. Deficit fund equity:

At June 30, 2020, there were no funds with deficit fund equity.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Town reported no investments at June 30, 2020.

NOTE 4 - DEFERRED/UNAVAILABLE REVENUE:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

Unavailable Revenue - Unavailable revenue representing uncollected tax billings that was not available for funding of current expenditures totaled \$119,042 at June 30, 2020.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2020 but paid in advance by the taxpayers totaled \$7,313 at June 30, 2020.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

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

	Primary Government Governmental Activities
Commonwealth of Virginia	
Local Sales Taxes	\$ 106,761
Noncategorical Aid	65,632
Other Categorical Aid	16,000
Total Due from Other Governmental Units	<u>\$ 188,393</u>

NOTE 6 - INTERFUND ACTIVITY:

Interfund transfers for the year ended June 30, 2020, consisted of the following:

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

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

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

During fiscal year 2018, the water fund paid \$65,284 in debt service for the sewer fund. As of June 30, 2020, the amount has not been repaid to the water fund.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 7 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,572,278	\$ -	\$ -	\$ 1,572,278
Construction in progress	4,316,226	141,334	(4,439,847)	17,713
Total capital assets not being depreciated	<u>\$ 5,888,504</u>	<u>\$ 141,334</u>	<u>\$ (4,439,847)</u>	<u>\$ 1,589,991</u>
Capital asset, being depreciated:				
Buildings and improvements	\$ 27,081,191	\$ 4,485,809	\$ -	\$ 31,567,000
Machinery and equipment	8,169,593	655,865	(249,871)	8,575,587
Total capital assets being depreciated	<u>\$ 35,250,784</u>	<u>\$ 5,141,674</u>	<u>\$ (249,871)</u>	<u>\$ 40,142,587</u>
Accumulated depreciation:				
Buildings and improvements	\$ (7,207,096)	\$ (709,343)	\$ -	\$ (7,916,439)
Machinery and equipment	(5,717,983)	(629,547)	249,871	(6,097,659)
Total accumulated depreciation	<u>\$ (12,925,079)</u>	<u>\$ (1,338,890)</u>	<u>\$ 249,871</u>	<u>\$ (14,014,098)</u>
Total capital assets being depreciated, net	<u>\$ 22,325,705</u>	<u>\$ 3,802,784</u>	<u>\$ -</u>	<u>\$ 26,128,489</u>
Governmental activities capital assets, net	<u>\$ 28,214,209</u>	<u>\$ 3,944,118</u>	<u>\$ (4,439,847)</u>	<u>\$ 27,718,480</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 163,236	\$ -	\$ -	\$ 163,236
Land rights	94,838	-	-	94,838
Construction in progress	2,021,939	1,115,295	(1,831,166)	1,306,068
Total capital assets not being depreciated	<u>\$ 2,280,013</u>	<u>\$ 1,115,295</u>	<u>\$ (1,831,166)</u>	<u>\$ 1,564,142</u>
Capital asset, being depreciated:				
Utility plant and equipment	\$ 55,900,208	\$ 155,925	\$ -	\$ 56,056,133
Machinery and equipment	2,670,933	1,803,434	-	4,474,367
Total capital assets being depreciated	<u>\$ 58,571,141</u>	<u>\$ 1,959,359</u>	<u>\$ -</u>	<u>\$ 60,530,500</u>
Accumulated depreciation:				
Utility plant and equipment	\$ (38,559,882)	\$ (1,205,479)	\$ -	\$ (39,765,361)
Machinery and equipment	(1,988,603)	(200,654)	-	(2,189,257)
Total accumulated depreciation	<u>\$ (40,548,485)</u>	<u>\$ (1,406,133)</u>	<u>\$ -</u>	<u>\$ (41,954,618)</u>
Total capital assets being depreciated, net	<u>\$ 18,022,656</u>	<u>\$ 553,226</u>	<u>\$ -</u>	<u>\$ 18,575,882</u>
Business-type activities capital assets, net	<u>\$ 20,302,669</u>	<u>\$ 1,668,521</u>	<u>\$ (1,831,166)</u>	<u>\$ 20,140,024</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 7 - CAPITAL ASSETS: (CONTINUED)

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

Governmental activities:	
General government administration	\$ 59,996
Public safety	318,860
Public works	806,897
Parks, recreation, and cultural	151,537
Community development	<u>1,600</u>
Total depreciation expense - governmental activities	<u>\$ 1,338,890</u>
Business-type activities:	
Water	\$ 823,013
Sewer	<u>583,120</u>
Total depreciation expense - business-type activities	<u>\$ 1,406,133</u>

NOTE 8 - LONG-TERM OBLIGATIONS:

Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2020:

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct borrowings and placements				
General obligation refunding bonds	\$ 10,268,190	\$ -	\$ (555,697)	\$ 9,712,493
Capital leases	878,686	-	(384,266)	494,420
Net pension liability	1,920,922	3,335,895	(2,262,581)	2,994,236
Landfill postclosure monitoring liability	688,023	-	(48,650)	639,373
Net OPEB liabilities	2,658,940	843,546	(790,022)	2,712,464
Compensated absences	1,170,316	688,243	(877,737)	980,822
	<u>\$ 17,585,077</u>	<u>\$ 4,867,684</u>	<u>\$ (4,918,953)</u>	<u>\$ 17,533,808</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

Governmental Activities Indebtedness: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements	
	General Obligation Refunding Bonds	
	Principal	Interest
2021	\$ 568,311	\$ 215,330
2022	581,164	202,436
2023	594,506	189,251
2024	607,899	175,765
2025	619,146	161,991
2026-2030	3,305,938	593,110
2031-2035	3,435,529	215,165
	<u>\$ 9,712,493</u>	<u>\$ 1,753,048</u>

Details of long-term obligations:

	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Placements:						
General obligation refunding bond	2.24%	3/27/2015	4/1/2035	\$ 9,219,826	\$ 7,284,514	\$ 413,602
General obligation refunding bond	2.45%	12/1/2014	2/1/2030	727,720	453,997	42,630
General obligation refunding bond	2.24%	2/5/2016	3/27/2035	2,468,148	1,973,982	112,079
Total Direct Borrowings and Placements					<u>\$ 9,712,493</u>	<u>\$ 568,311</u>
Other Obligations:						
Capital leases					\$ 494,420	\$ 333,182
Landfill postclosure liability					639,373	-
Net OPEB liabilities					2,712,464	-
Net pension liability					2,994,236	-
Compensated absences					980,822	735,617
Total Other Obligations					<u>\$ 7,821,315</u>	<u>\$ 1,068,799</u>
Total Long-term Obligations					<u>\$ 17,533,808</u>	<u>\$ 1,637,110</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)**Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2020:

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct borrowings and placements				
General obligation bonds	\$ 4,757,578	\$ 854,213	\$ (158,082)	\$ 5,453,709
General obligation refunding bonds	5,798,792	-	(679,725)	5,119,067
Total direct borrowings and placements	\$ 10,556,370	\$ 854,213	\$ (837,807)	\$ 10,572,776
Capital leases	82,599	-	(61,517)	21,082
Amount due to Wythe Co.	1,691,008	-	(102,390)	1,588,618
Net pension liability	365,722	536,344	(413,905)	488,161
Net OPEB liabilities	366,665	89,129	(103,656)	352,138
Compensated absences	164,553	156,397	(123,415)	197,535
	<u>\$ 13,226,917</u>	<u>\$ 1,636,083</u>	<u>\$ (1,642,690)</u>	<u>\$ 13,220,310</u>

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

Year Ending June 30,	Direct Borrowings and Placements			
	General Obligation Bonds		General Obligation Refunding Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 126,546	\$ 99,828	\$ 697,103	\$ 115,564
2022	129,736	96,637	711,829	99,496
2023	133,007	93,366	729,628	83,076
2024	136,362	90,009	745,976	66,259
2025	139,804	86,568	437,449	50,093
2026-2030	753,821	378,040	1,568,327	131,346
2031-2035	661,901	284,123	228,755	14,325
2036-2040	589,161	216,279	-	-
2041-2045	659,244	146,196	-	-
2046-2050	737,664	67,776	-	-
2051-2052	220,576	3,664	-	-
	<u>\$ 4,287,822</u>	<u>\$ 1,562,486</u>	<u>\$ 5,119,067</u>	<u>\$ 560,159</u>

During fiscal year 2019 the Town issued a general obligation bond through Virginia Resources Authority for \$1,386,000. This bond is currently in the drawdown phase and as of fiscal year 2020 the Town has only drawn down \$1,200,537 of the total issuance. This bond is excluded from the annual amortization amounts above.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

Business-type Activities Indebtedness: (Continued)

Details of long-term obligations:

	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Placements:						
General obligation bonds	2.25%	12/13/2011	2052	\$ 4,105,000	\$ 3,624,257	\$ 80,368
General obligation bonds	2.73%	12/2/2011	2032	964,540	663,565	46,177
General obligation bonds	2.45%	12/1/2014	2030	4,470,280	2,662,918	250,037
General obligation bonds	2.20%	12/1/2014	2025	4,127,500	1,839,714	412,068
General obligation bonds	0.00%	3/28/2019	2039	1,386,000	1,165,887	-
General obligation bonds	2.24%	3/27/2015	2035	780,174	616,435	34,999
Total Direct Borrowings and Placements					<u>\$ 10,572,776</u>	<u>\$ 823,649</u>
Other Obligations:						
Capital leases					\$ 21,082	\$ 21,082
Amount due to Wythe Co. (1)					1,588,618	105,125
Net OPEB liabilities					352,138	-
Net pension liability					488,161	-
Compensated absences					197,535	148,151
Total Other Obligations					<u>\$ 2,647,534</u>	<u>\$ 274,358</u>
Total Long-term Obligations					<u>\$ 13,220,310</u>	<u>\$ 1,098,007</u>

(1) This amount is related to construction of water/sewer lines for New River Regional Water Authority. The Town has agreed to pay 50% of three Rural Development revenue bonds and 21.28% of a VACO/VML revenue bond, all of which are issued by County of Wythe, Virginia.

Events of Default:

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

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 9 - CAPITAL LEASES:Governmental activities:

The Town has entered into lease agreements to finance the acquisition of communications equipment, a fire truck and a street sweeper. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of the minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	Communications Equipment	Fire Truck and Street Sweeper	Total
Assets	\$ 326,747	\$ 837,586	\$ 1,164,333
Less: Accumulated Depreciation	(186,712)	(208,006)	(394,718)
Total	\$ 140,035	\$ 629,580	\$ 769,615

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

Year Ending June 30,	Communications Equipment	Fire Truck and Street Sweeper	Total
2021	\$ 65,630	\$ 279,180	\$ 344,810
2022	-	162,855	162,855
	-	-	-
Total	\$ 65,630	\$ 442,035	\$ 507,665
Less, amount representing interest	(2,384)	(10,861)	(13,245)
Present Value of Lease Agreement	\$ 63,246	\$ 431,174	\$ 494,420

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 9 - CAPITAL LEASES: (CONTINUED)Business-type activities:

The Town has entered into a lease agreement to finance the acquisition of a meter reading system and communications equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at present value of the minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	Communications Equipment
Assets	\$ 108,916
Less: Accumulated Depreciation	(108,916)
Total	\$ -

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

Year Ending June 30,	Communications Equipment
2021	\$ 21,877
Less, amount representing interest	(795)
Present Value of Lease Agreement	\$ 21,082

During fiscal year 2020, the Town made the last payments on the meter reading system.

NOTE 10 - LANDFILL POSTCLOSURE MONITORING LIABILITY:

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 10 years after closure. The Town closed the landfill in December 1997. As a result of a new estimate provided by the Town's landfill engineer in 2018, total postclosure monitoring costs are estimated to be \$639,373. This estimate is based on ten years of monitoring starting with fiscal year 2019 and ending in fiscal year 2029. The amount is based on what it would cost to perform all postclosure in 2020. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The Town demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test for the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 11 - PENSION PLAN:

Plan Description

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

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 11 - PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

Contributions

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 11 - PENSION PLAN: (CONTINUED)

Contributions (Continued)

The Town's contractually required employer contribution rate for the year ended June 30, 2020 was 9.14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$654,818 and \$598,688 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

At June 30, 2020, the Town reported a liability of \$3,482,397 for its proportionate share of the net pension liability. The Town's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The Town's proportionate share of the same was calculated using contributions to the plan as of June 30, 2019 as a basis for allocation. At June 30, 2019 and 2018, the Town's proportion was 97.65% and 97.60%, respectively.

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 11 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 11 - PENSION PLAN: (CONTINUED)

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 11 - PENSION PLAN: (CONTINUED)***Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the Town Retirement Plan			
Net Pension Liability (Asset)	\$ 7,400,037	\$ 3,482,397	\$ 357,339

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

For the year ended June 30, 2020, the Town recognized pension expense of \$531,935. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 537,423	\$ 254,863
Change in assumptions	643,194	164,011
Net difference between projected and actual earnings on pension plan investments	-	240,071
Change in proportionate share	34,529	33,711
Employer contributions subsequent to the measurement date	654,818	-
Total	\$ 1,869,964	\$ 692,656

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**NOTE 11 - PENSION PLAN: (CONTINUED)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$654,818 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	<u>Primary Government</u>
2021	\$ 78,425
2022	161,535
2023	267,983
2024	14,547

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL:***Plan Description***

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

Benefits Provided

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

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	160
Total retirees with coverage	<u>8</u>
Total	<u>168</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2020 was \$67,664.

Total OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2020. The Total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increases	5.35% to 3.50% depending on years of service with an inflation rate of 2.50% and a productivity component of 1.00%
Discount Rate	3.50% for accounting and funding disclosures as of June 30, 2019 2.21% for accounting and funding disclosures as of June 30, 2020

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

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

Discount Rate

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

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL: (CONTINUED)***Changes in Total OPEB Liability***

	<u>Total OPEB Liability</u>
Balances at June 30, 2019	\$ 1,821,182
Changes for the year:	
Service cost	81,266
Interest	65,465
Effects of Economic/Demographic	
Gains or Losses	(356,887)
Changes in assumptions	302,696
Benefit payments	(67,664)
Change in proportionate share	1,522
Net changes	<u>26,398</u>
Balances at June 30, 2020	<u>\$ 1,847,580</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
<u>(1.21%)</u>	<u>(2.21%)</u>	<u>(3.21%)</u>
\$ 2,002,040	\$ 1,847,580	\$ 1,701,951

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

<u>Rate</u>		
<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
<u>(1.20% increasing</u>	<u>Trend</u>	<u>(3.20% increasing</u>
<u>to 3.00%)</u>	<u>(2.20% increasing</u>	<u>to 5.00%)</u>
<u>to 3.00%)</u>	<u>to 4.00%)</u>	<u>to 5.00%)</u>
\$ 1,615,515	\$ 1,847,580	\$ 2,125,055

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

For the year ended June 30, 2020, the Town recognized OPEB expense in the amount of \$140,674. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 307,321
Change in assumptions	301,462	34,501
Total	<u>\$ 301,462</u>	<u>\$ 341,822</u>

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

<u>Year Ended June 30,</u>	
2021	\$ (6,059)
2022	(6,059)
2023	(6,059)
2024	(6,059)
2025	(7,090)
Thereafter	(9,034)

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

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

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

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

Plan Description (Continued)

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)*****Contributions (Continued)***

Contributions to the GLI Plan from the Town were \$38,494 and \$35,466 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the Town reported a liability of \$566,112 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2019, the Town's proportion of the statewide total was 0.03681% as compared to 0.03448% at June 30, 2018. The Town's allocated portion of the liability was 97.64% in 2019 and 97.60% in 2018.

For the year ended June 30, 2020, the Town recognized GLI OPEB expense of \$13,920. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,650	\$ 7,345
Net difference between projected and actual earnings on GLI OPEB program investments	-	11,627
Change in assumptions	35,742	17,071
Changes in porportion	14,980	8,743
Employer contributions subsequent to the measurement date	38,494	-
Total	<u>\$ 126,866</u>	<u>\$ 44,786</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 13 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

\$38,494 reported as deferred outflows of resources related to the GLI OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ 2,841
2022	2,843
2023	7,768
2024	12,262
2025	13,702
Thereafter	4,170

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
GLI Net OPEB Liability (Asset)	<u>\$ 1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rates. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 743,714	\$ 566,112	\$ 422,081

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Act Program for the year ended June 30, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$28,936 and \$24,349 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the entity reported a liability \$650,910 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was 0.21292% as compared to 0.22106% at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$44,361. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

The remainder of this page is left blank intentionally.

NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)***LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)***

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,609	\$ -
Net difference between projected and actual earnings on LODA OPEB program investments	-	1,289
Change in assumptions	30,541	56,426
Changes in porportion	33,507	116,255
Employer contributions subsequent to the measurement date	28,936	-
Total	<u>\$ 187,593</u>	<u>\$ 173,970</u>

\$28,936 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30,	
2021	\$ (1,094)
2022	(1,091)
2023	(892)
2024	(680)
2025	(617)
Thereafter	(10,939)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25% - 4.75%
Ages 65 and older	5.50% - 4.75%
Year of ultimate trend rate	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	3.50%, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

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

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	2,839
LODA Net OPEB Liability (Asset)	<u>\$ 358,787</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	Discount Rate		
	1% Decrease	Current Discount	1% Increase
	(2.50%)	(3.50%)	(4.50%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 755,102	\$ 650,910	\$ 568,500

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

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease	Current	1% Increase
	(6.75% decreasing to 3.75%)	(7.75% decreasing to 4.75%)	(8.75% decreasing to 5.75%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 550,338	\$ 650,910	\$ 777,741

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)*****LODA OPEB Fiduciary Net Position***

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 15 - SUMMARY OF OPEB PLANS:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Town Stand-Alone Plan (Note 14)	\$ 301,462	\$ 341,822	\$ 1,847,580	\$ 140,674
VRS OPEB Plans:				
Group Life Insurance Plan (Note 15)	126,866	44,786	566,112	13,920
Line of Duty Act Program (Note 16)	187,593	173,970	650,910	44,361
Totals	<u>\$ 615,921</u>	<u>\$ 560,578</u>	<u>\$ 3,064,602</u>	<u>\$ 198,955</u>

NOTE 16 - RISK MANAGEMENT:

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

NOTE 17 - SURETY BONDS:

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

NOTE 18 - LITIGATION:

As of June 30, 2020, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 19 - COMMITMENTS AND CONTINGENCIES:

At June 30, 2020, the following construction commitments were outstanding:

<u>Project</u>	<u>Total Due</u>	<u>Retainage Payable</u>	<u>Net Amount Due</u>	<u>Accounts Payable</u>
Business Type Activities				
Edgemont Sewer Project	\$ 1,128,391	\$ 11,055	\$ 109,442	\$ 75,474

NOTE 20 - RESTATEMENT OF PRIOR FINANCIAL STATEMENTS:

The previously issued financial statements have been restated as follows:

	<u>Governmental Activities</u>
Net Position, as previously reported	\$ 24,422,402
Adjustments:	
Depreciation for recreation center asset	(271,073)
Net position, as restated	<u>\$ 24,151,329</u>

NOTE 21 - SUBSEQUENT EVENTS:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The Town of Wytheville, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 22 - UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 22 - UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

Required Supplementary Information

Town of Wytheville, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 1,543,700	\$ 1,543,700	\$ 1,667,678	\$ 123,978
Other local taxes	7,519,000	7,519,000	7,495,307	(23,693)
Permits, privilege fees, and regulatory licenses	160,100	160,100	200,919	40,819
Fines and forfeitures	86,000	86,000	38,285	(47,715)
Revenue from the use of money and property	379,600	379,600	308,686	(70,914)
Charges for services	987,930	987,930	835,705	(152,225)
Miscellaneous	393,520	393,520	396,181	2,661
Recovered costs	383,015	383,015	393,173	10,158
Intergovernmental:				
Commonwealth	3,355,400	3,355,400	4,034,011	678,611
Federal	372,880	372,880	50,040	(322,840)
Total revenues	\$ 15,181,145	\$ 15,181,145	\$ 15,419,985	\$ 238,840
EXPENDITURES				
Current:				
General government administration	\$ 3,786,949	\$ 4,246,149	\$ 3,109,243	\$ 1,136,906
Public safety	4,298,774	4,386,774	4,128,406	258,368
Public works	4,373,190	4,084,190	3,585,822	498,368
Health and welfare	11,000	11,000	10,507	493
Parks, recreation, and cultural	2,528,171	2,322,771	1,972,704	350,067
Community development	1,843,120	1,805,320	1,681,854	123,466
Debt service:				
Principal retirement	938,386	938,386	939,963	(1,577)
Interest and other fiscal charges	252,614	252,614	253,039	(425)
Total expenditures	\$ 18,032,204	\$ 18,047,204	\$ 15,681,538	\$ 2,365,666
Excess (deficiency) of revenues over (under) expenditures	\$ (2,851,059)	\$ (2,866,059)	\$ (261,553)	\$ 2,604,506
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (24,000)	\$ (24,000)	\$ (24,000)	\$ -
Net change in fund balances	\$ (2,875,059)	\$ (2,890,059)	\$ (285,553)	\$ 2,604,506
Fund balances - beginning	2,875,059	2,890,059	13,125,262	10,235,203
Fund balances - ending	\$ -	\$ -	\$ 12,839,709	\$ 12,839,709

Town of Wytheville, Virginia
 Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)
 For the Measurement Dates of June 30, 2014 through June 30, 2019

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

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

Town of Wytheville, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2011 through June 30, 2020

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 654,818	\$ 654,818	\$ -	\$ 7,212,823	9.08%
2019	598,688	598,688	-	6,985,218	8.57%
2018	615,041	615,041	-	6,556,692	9.38%
2017	376,531	376,531	-	6,503,135	5.79%
2016	535,937	535,937	-	6,314,454	8.49%
2015	517,261	517,261	-	5,967,595	8.67%
2014	501,678	501,678	-	5,733,462	8.75%
2013	499,393	499,393	-	5,707,350	8.75%
2012	341,246	341,246	-	5,677,965	6.01%
2011	332,447	332,447	-	5,531,564	6.01%

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Town of Wytheville, Virginia
Schedule of Town's Proportionate Share of the Total OPEB Liability
Town OPEB Plan
For the Measurement Dates of June 30, 2018 through June 30, 2020

Date (1)	Employer's Proportion of the Total OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Total OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Total OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)
2020	97.72160%	\$ 1,847,580	N/A	N/A
2019	97.64000%	1,821,182	N/A	N/A
2018	97.60000%	1,685,005	N/A	N/A

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

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Town OPEB Plan
For the Year Ended June 30, 2020

Valuation Date: 7/1/2019
 Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of pay
Discount Rate	3.50% as of June 30, 2019; 2.21% as of June 30, 2020
Inflation	2.50% per year
Healthcare Trend Rate	The expected healthcare trend rates are based on long-term healthcare trend rates generated by the Getzen Trend Model. Rates start at 2.20% in 2019 and gradually increase to 4.00% by the year 2073
Salary Increase Rates	The salary increase rate includes an inflation rate of 2.50%, a productivity component of 1.00% and a variable merit component that is dependent upon years of service. The rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service.
Mortality Rates	Mortality is based in the RP-2014 mortality tables, sex distinct and fully generational.

Town of Wytheville, Virginia
Schedule of Town's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2019	0.03681%	\$ 566,112	\$ 6,817,573	8.30%	52.00%
2018	0.03448%	511,423	6,399,383	7.99%	51.22%
2017	0.03526%	517,439	6,349,095	8.15%	48.86%

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

Town of Wytheville, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 38,494	\$ 38,494	- \$	7,402,862	0.52%
2019	35,466	35,466	-	6,817,573	0.52%
2018	33,277	33,277	-	6,399,383	0.52%
2017	33,015	33,015	-	6,349,095	0.52%

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

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Town of Wytheville, Virginia
Schedule of Town's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2019	0.21292%	\$ 650,910	\$	N/A	0.79%
2018	0.22106%	693,000		N/A	0.60%
2017	0.22489%	591,000		N/A	1.30%

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

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

Town of Wytheville, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2017 through June 30, 2020

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

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

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only four years of data is available. However, additional years will be included as they become available.

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Other Supplementary Information

Town of Wytheville, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Total	CDBG Funds	
ASSETS					
Cash and cash equivalents	\$ 330,480	\$ 12,844	\$ 343,324	\$ 16,492	\$ 359,816
Total assets	<u>\$ 330,480</u>	<u>\$ 12,844</u>	<u>\$ 343,324</u>	<u>\$ 16,492</u>	<u>\$ 359,816</u>
FUND BALANCES					
Committed:					
Homestead Endowment	\$ 330,480	\$ -	\$ 330,480	\$ -	\$ 330,480
Wall of Honor	-	12,844	12,844	-	12,844
Assigned:					
Capital Projects	-	-	-	16,492	16,492
Total fund balances	<u>\$ 330,480</u>	<u>\$ 12,844</u>	<u>\$ 343,324</u>	<u>\$ 16,492</u>	<u>\$ 359,816</u>
Total liabilities and fund balances	<u>\$ 330,480</u>	<u>\$ 12,844</u>	<u>\$ 343,324</u>	<u>\$ 16,492</u>	<u>\$ 359,816</u>

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Total	CDBG Funds	
REVENUES					
Revenue from the use of money and property	\$ 6,145	\$ 227	\$ 6,372	\$ 289	\$ 6,661
Miscellaneous	674	1,000	1,674	1,508	3,182
Total revenues	\$ 6,819	\$ 1,227	\$ 8,046	\$ 1,797	\$ 9,843
EXPENDITURES					
Current:					
Health and welfare	\$ 140	\$ -	\$ 140	\$ -	\$ 140
Parks, recreation, and cultural	-	-	-	-	-
Total expenditures	\$ 140	\$ -	\$ 140	\$ -	\$ 140
Excess (deficiency) of revenues over (under) expenditures	\$ 6,679	\$ 1,227	\$ 7,906	\$ 1,797	\$ 9,703
Net change in fund balances	\$ 6,679	\$ 1,227	\$ 7,906	\$ 1,797	\$ 9,703
Fund balances - beginning	323,801	11,617	335,418	14,695	350,113
Fund balances - ending	\$ 330,480	\$ 12,844	\$ 343,324	\$ 16,492	\$ 359,816

Town of Wytheville, Virginia
Combining Statement of Net Position
Proprietary Funds
June 30, 2020

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 183,511	\$ 658,689	\$ 842,200
Accounts receivable, net of allowance for uncollectibles	422,210	318,880	741,090
Interfund obligations	65,284	(65,284)	-
Total current assets	<u>\$ 671,005</u>	<u>\$ 912,285</u>	<u>\$ 1,583,290</u>
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	\$ 59,319	\$ -	\$ 59,319
Capital assets:			
Land	\$ 119,625	\$ 43,611	\$ 163,236
Land rights	94,838	-	94,838
Construction in progress	-	1,306,068	1,306,068
Machinery and equipment	1,789,909	2,684,458	4,474,367
Utility plant in service	33,627,879	22,428,254	56,056,133
Less accumulated depreciation	(23,056,604)	(18,898,014)	(41,954,618)
Total capital assets	<u>\$ 12,575,647</u>	<u>\$ 7,564,377</u>	<u>\$ 20,140,024</u>
Total noncurrent assets	<u>\$ 12,634,966</u>	<u>\$ 7,564,377</u>	<u>\$ 20,199,343</u>
Total assets	<u>\$ 13,305,971</u>	<u>\$ 8,476,662</u>	<u>\$ 21,782,633</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 15,459	\$ 15,854	\$ 31,313
OPEB related items	35,121	27,203	62,324
Pension related items	150,253	112,021	262,274
Total deferred outflows of resources	<u>\$ 200,833</u>	<u>\$ 155,078</u>	<u>\$ 355,911</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 46,615	\$ 117,010	\$ 163,625
Retainage payable	-	11,055	11,055
Accrued payroll/fringes	54,917	41,091	96,008
Accrued interest payable	28,323	32,627	60,950
Due to Water Authority	57,955	-	57,955
Compensated absences - current portion	71,404	76,747	148,151
Capital leases - current portion	10,541	10,541	21,082
Bonds payable - current portion	374,215	449,434	823,649
Amount due to Wythe County - current portion	105,125	-	105,125
Total current liabilities	<u>\$ 749,095</u>	<u>\$ 738,505</u>	<u>\$ 1,487,600</u>
Current liabilities payable from restricted assets:			
Customer deposits payable	\$ 59,319	\$ -	\$ 59,319
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 5,785,678	\$ 3,963,449	\$ 9,749,127
Compensated absences - net of current portion	23,801	25,583	49,384
Amount due to Wythe County - net of current portion	1,483,493	-	1,483,493
Net pension liability	279,050	209,111	488,161
Net OPEB liabilities	198,573	153,565	352,138
Total noncurrent liabilities	<u>\$ 7,770,595</u>	<u>\$ 4,351,708</u>	<u>\$ 12,122,303</u>
Total liabilities	<u>\$ 8,579,009</u>	<u>\$ 5,090,213</u>	<u>\$ 13,669,222</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	\$ 31,360	\$ 24,414	\$ 55,774
Pension related items	87,390	56,070	143,460
Total deferred inflows of resources	<u>\$ 118,750</u>	<u>\$ 80,484</u>	<u>\$ 199,234</u>
NET POSITION			
Net investment in capital assets	\$ 4,832,054	\$ 3,070,278	\$ 7,902,332
Unrestricted	(23,009)	390,765	367,756
Total net position	<u>\$ 4,809,045</u>	<u>\$ 3,461,043</u>	<u>\$ 8,270,088</u>

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 3,508,437	\$ -	\$ 3,508,437
Sewer revenues	-	2,346,941	2,346,941
Penalties	47,934	-	47,934
Miscellaneous	114	-	114
Total operating revenues	<u>\$ 3,556,485</u>	<u>\$ 2,346,941</u>	<u>\$ 5,903,426</u>
OPERATING EXPENSES			
Salaries	\$ 717,840	\$ 521,482	\$ 1,239,322
Fringe benefits	225,301	160,515	385,816
Professional services	247,614	129,698	377,312
Repair and maintenance	104,228	236,942	341,170
Operating materials and supplies	706,885	209,298	916,183
Permits, licenses and memberships	1,835	12,299	14,134
Utilities	209,615	250,034	459,649
Travel	-	2,056	2,056
Office supplies	550	3,508	4,058
Postal services	2,946	2,046	4,992
Insurance	-	15,710	15,710
Miscellaneous expenses	16,090	10,504	26,594
Depreciation	823,013	583,120	1,406,133
Total operating expenses	<u>\$ 3,055,917</u>	<u>\$ 2,137,212</u>	<u>\$ 5,193,129</u>
Operating income (loss)	<u>\$ 500,568</u>	<u>\$ 209,729</u>	<u>\$ 710,297</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 947	\$ 11,877	\$ 12,824
Payment to NRRWA	(448,260)	-	(448,260)
Interest expense	(203,400)	(85,469)	(288,869)
Total nonoperating revenues (expenses)	<u>\$ (650,713)</u>	<u>\$ (73,592)</u>	<u>\$ (724,305)</u>
Income before transfers, capital contributions, and construction grants	<u>\$ (150,145)</u>	<u>\$ 136,137</u>	<u>\$ (14,008)</u>
Capital contributions and construction grants	\$ 1,161	\$ 125,000	\$ 126,161
Change in net position	\$ (148,984)	\$ 261,137	\$ 112,153
Total net position - beginning	4,958,029	3,199,906	8,157,935
Total net position - ending	<u>\$ 4,809,045</u>	<u>\$ 3,461,043</u>	<u>\$ 8,270,088</u>

Town of Wytheville, Virginia
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 3,572,413	\$ 2,371,330	\$ 5,943,743
Payments to suppliers	(1,376,523)	(866,274)	(2,242,797)
Payments to and for employees	(901,689)	(672,162)	(1,573,851)
Net cash provided by (used for) operating activities	<u>\$ 1,294,201</u>	<u>\$ 832,894</u>	<u>\$ 2,127,095</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment to NRRWA	\$ (448,260)	\$ -	\$ (448,260)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (15,000)	\$ (1,336,429)	\$ (1,351,429)
Proceeds from bonds	-	854,213	854,213
Principal payments on bonds	(365,178)	(472,629)	(837,807)
Principal payments on capital lease	(51,359)	(10,158)	(61,517)
Contributions in aid of construction	1,161	125,000	126,161
Interest payments	(200,955)	(88,124)	(289,079)
Loan payments to other localities	(102,390)	-	(102,390)
Net cash provided by (used for) capital and related financing activities	<u>\$ (733,721)</u>	<u>\$ (928,127)</u>	<u>\$ (1,661,848)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 947	\$ 11,877	\$ 12,824
Net increase (decrease) in cash and cash equivalents	<u>\$ 113,167</u>	<u>\$ (83,356)</u>	<u>\$ 29,811</u>
Cash and cash equivalents - beginning - including restricted	129,663	742,045	871,708
Cash and cash equivalents - ending - including restricted	<u>\$ 242,830</u>	<u>\$ 658,689</u>	<u>\$ 901,519</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 500,568	\$ 209,729	\$ 710,297
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 823,013	\$ 583,120	\$ 1,406,133
(Increase) decrease in accounts receivable	10,137	24,389	34,526
(Increase) decrease in pension related items	(79,478)	(70,086)	(149,564)
Increase (decrease) in compensated absences	7,852	25,130	32,982
Increase (decrease) in operating accounts payable	(86,760)	5,821	(80,939)
Increase (decrease) in due to Water Authority	57,955	-	57,955
Increase (decrease) in net pension liability	67,020	55,419	122,439
Increase (decrease) in accrued payroll	3,267	3,676	6,943
Increase (decrease) in OPEB liabilities	(12,293)	(2,234)	(14,527)
(Increase) decrease in OPEB related items	(2,871)	(2,070)	(4,941)
Increase (decrease) in customer deposits	5,791	-	5,791
Total adjustments	<u>\$ 793,633</u>	<u>\$ 623,165</u>	<u>\$ 1,416,798</u>
Net cash provided by (used for) operating activities	<u>\$ 1,294,201</u>	<u>\$ 832,894</u>	<u>\$ 2,127,095</u>
Schedule of noncash capital and related financing activities:			
Acquisition of assets on account (change in accts payable)	\$ -	\$ (35,384)	\$ (35,384)
Acquisition of assets on account (change in retainage payable)	-	(72,557)	(72,557)
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ (107,941)</u>	<u>\$ (107,941)</u>

Town of Wytheville, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets				
Current Assets				
Cash and cash equivalents				
Water Services	\$ 1,481,219	\$ 2,192,270	\$ (2,023,596)	\$ 1,649,893
Cemetery Services	27,784	478	-	28,262
Total cash and cash equivalents	<u>\$ 1,509,003</u>	<u>\$ 2,192,748</u>	<u>\$ (2,023,596)</u>	<u>\$ 1,678,155</u>
Total Assets	<u>\$ 1,509,003</u>	<u>\$ 2,192,748</u>	<u>\$ (2,023,596)</u>	<u>\$ 1,678,155</u>
Liabilities				
Amounts held for New River Regional Water Authority	\$ 1,481,219	\$ 2,192,270	\$ (2,023,596)	\$ 1,649,893
Amounts held for cemetery expenditures	27,784	478	-	28,262
Total Liabilities	<u>\$ 1,509,003</u>	<u>\$ 2,192,748</u>	<u>\$ (2,023,596)</u>	<u>\$ 1,678,155</u>

Supporting Schedules

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 1
Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,235,000	\$ 1,235,000	\$ 1,275,871	\$ 40,871
Real and personal public service corporation taxes	59,000	59,000	59,285	285
Personal property taxes	146,500	146,500	173,456	26,956
Mobile home taxes	1,200	1,200	1,421	221
Machinery and tools taxes	90,000	90,000	136,408	46,408
Penalties	7,000	7,000	13,540	6,540
Interest	5,000	5,000	7,697	2,697
Total general property taxes	\$ 1,543,700	\$ 1,543,700	\$ 1,667,678	\$ 123,978
Other local taxes:				
Local sales and use taxes	\$ 565,000	\$ 565,000	\$ 619,969	\$ 54,969
Consumers' utility taxes	235,000	235,000	234,246	(754)
Consumption taxes	52,000	52,000	54,757	2,757
Business license taxes	1,380,000	1,380,000	1,572,252	192,252
Motor vehicle licenses	125,000	125,000	128,869	3,869
Tobacco tax	200,000	200,000	180,135	(19,865)
Bank stock taxes	325,000	325,000	389,849	64,849
Hotel and motel room taxes	1,715,000	1,715,000	1,367,305	(347,695)
Restaurant food taxes	2,900,000	2,900,000	2,932,151	32,151
Interest on local taxes	22,000	22,000	15,774	(6,226)
Total other local taxes	\$ 7,519,000	\$ 7,519,000	\$ 7,495,307	\$ (23,693)
Permits, privilege fees, and regulatory licenses:				
Land use permits	\$ 500	\$ 500	\$ 2,300	\$ 1,800
Building permits	24,000	24,000	30,057	6,057
Electrical permits	5,000	5,000	10,226	5,226
Plumbing permits	4,000	4,000	5,909	1,909
Mechanical permits	5,500	5,500	6,438	938
Burial permits	35,000	35,000	31,355	(3,645)
Monument permits	1,200	1,200	830	(370)
Subdivision permits	200	200	520	320
Zoning permits	500	500	3,222	2,722
Refuse tags and disposal permits	83,000	83,000	99,351	16,351
Permits and other licenses	1,200	1,200	10,711	9,511
Total permits, privilege fees, and regulatory licenses	\$ 160,100	\$ 160,100	\$ 200,919	\$ 40,819
Fines and forfeitures:				
Court fines and forfeitures	\$ 31,000	\$ 31,000	\$ 9,132	\$ (21,868)
Parking fines	55,000	55,000	29,153	(25,847)
Total fines and forfeitures	\$ 86,000	\$ 86,000	\$ 38,285	\$ (47,715)

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 1
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 280,000	\$ 280,000	\$ 242,083	\$ (37,917)
Revenue from use of property	99,600	99,600	66,603	(32,997)
Total revenue from use of money and property	<u>\$ 379,600</u>	<u>\$ 379,600</u>	<u>\$ 308,686</u>	<u>\$ (70,914)</u>
Charges for services:				
Charges for fire services	\$ 10,000	\$ 10,000	\$ 11,273	\$ 1,273
Charges for law enforcement	12,000	12,000	4,381	(7,619)
Charges for EMS	-	-	99,637	99,637
Charges for cemetery plots	28,000	28,000	29,115	1,115
Charges for copies	2,000	2,000	2,059	59
Charges for animal control	100	100	151	51
Charges for gift shop	21,500	21,500	12,297	(9,203)
Charges for admissions	58,300	58,300	46,983	(11,317)
Charges for parks and recreation	830,605	830,605	612,248	(218,357)
Charges for weed cutting	14,500	14,500	12,221	(2,279)
Charges for other services	10,925	10,925	5,340	(5,585)
Total charges for services	<u>\$ 987,930</u>	<u>\$ 987,930</u>	<u>\$ 835,705</u>	<u>\$ (152,225)</u>
Miscellaneous:				
Donations	\$ 59,700	\$ 59,700	\$ 35,550	\$ (24,150)
Miscellaneous	333,820	333,820	295,073	(38,747)
Virginia tourism grant	-	-	65,558	65,558
Total miscellaneous	<u>\$ 393,520</u>	<u>\$ 393,520</u>	<u>\$ 396,181</u>	<u>\$ 2,661</u>
Recovered costs:				
Recovered costs	<u>\$ 383,015</u>	<u>\$ 383,015</u>	<u>\$ 393,173</u>	<u>\$ 10,158</u>
Total revenue from local sources	<u>\$ 11,452,865</u>	<u>\$ 11,452,865</u>	<u>\$ 11,335,934</u>	<u>\$ (116,931)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 10,000	\$ 10,000	\$ 9,708	\$ (292)
Mobile home titling tax	2,500	2,500	390	(2,110)
ATV sales tax	-	-	10	10
Motor vehicle rental tax	45,000	45,000	50,887	5,887
Telecommunication tax	390,000	390,000	353,926	(36,074)
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	<u>\$ 508,500</u>	<u>\$ 508,500</u>	<u>\$ 475,997</u>	<u>\$ (32,503)</u>
Categorical aid:				
Fire programs	\$ 25,000	\$ 25,000	\$ 29,906	\$ 4,906
Highway maintenance	2,550,000	2,550,000	3,171,730	621,730
Law enforcement block grant	188,500	188,500	209,648	21,148
Litter control	3,400	3,400	2,661	(739)
Virginia commission for the arts	5,000	5,000	4,500	(500)
Visitor center	-	-	13,694	13,694
Millwald theatre grant	-	-	50,000	50,000

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 1
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Truss bridge grant	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Tobacco indemnification	-	-	875	875
Total categorical aid	\$ 2,846,900	\$ 2,846,900	\$ 3,558,014	\$ 711,114
Total revenue from the Commonwealth	\$ 3,355,400	\$ 3,355,400	\$ 4,034,011	\$ 678,611
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,880	\$ 8,880	\$ 8,882	\$ 2
Categorical aid:				
DMV ground transportation safety grant	\$ 24,000	\$ 24,000	\$ 1,786	\$ (22,214)
DOT TEA 21 grant-Heritage Walk	210,000	210,000	35,302	(174,698)
DOT TEA 21 grant-Historic Truss	130,000	130,000	-	(130,000)
Community development block grant-Downtown	-	-	2,000	2,000
Coronavirus relief funds	-	-	2,070	2,070
Total categorical aid	\$ 364,000	\$ 364,000	\$ 41,158	\$ (322,842)
Total revenue from the federal government	\$ 372,880	\$ 372,880	\$ 50,040	\$ (322,840)
Total General Fund	\$ 15,181,145	\$ 15,181,145	\$ 15,419,985	\$ 238,840
Special Revenue Funds:				
Homestead Endowment Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 6,145	\$ 6,145
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 674	\$ 674
Total Homestead Endowment Fund	\$ -	\$ -	\$ 6,819	\$ 6,819
Wall of Honor Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 227	\$ 127
Miscellaneous:				
Contributions	\$ 1,900	\$ 1,900	\$ 1,000	\$ (900)
Total Wall of Honor Fund	\$ 2,000	\$ 2,000	\$ 1,227	\$ (773)

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 1
Page 4 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
CDBG Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 289	\$ 289
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 1,508	\$ 1,508
Total CDBG Fund	\$ -	\$ -	\$ 1,797	\$ 1,797
Total Primary Government	\$ 15,183,145	\$ 15,183,145	\$ 15,429,828	\$ 246,683

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
Page 1 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town council	\$ 1,314,525	\$ 1,144,525	\$ 957,701	\$ 186,824
General and financial administration:				
Town clerk	\$ 287,700	\$ 260,700	\$ 232,854	\$ 27,846
Commission member	10,490	10,490	4,285	6,205
Town manager	180,745	180,745	223,946	(43,201)
Assistant town manager	316,685	316,685	240,948	75,737
Legal services	112,115	112,115	108,461	3,654
Independent services	55,000	55,000	49,900	5,100
Town treasurer	264,675	264,675	220,992	43,683
Automotive/motor pool	268,920	268,920	213,594	55,326
Engineering department	459,675	1,134,675	365,934	768,741
Human resources	164,204	164,204	165,060	(856)
Computer operations	349,215	329,215	321,438	7,777
Other general and financial administration	3,000	4,200	4,130	70
Total general and financial administration	\$ 2,472,424	\$ 3,101,624	\$ 2,151,542	\$ 950,082
Total general government administration	\$ 3,786,949	\$ 4,246,149	\$ 3,109,243	\$ 1,136,906
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,745,726	\$ 2,553,726	\$ 2,334,423	\$ 219,303
Fire and rescue services:				
Fire department	\$ 1,350,657	\$ 1,181,657	\$ 1,125,473	\$ 56,184
Inspections:				
Building	\$ 90,675	\$ 539,675	\$ 560,987	\$ (21,312)
Other protection:				
Animal control	\$ 75,972	\$ 75,972	\$ 71,779	\$ 4,193
Transportation study grant	35,744	35,744	35,744	-
Total other protection	\$ 111,716	\$ 111,716	\$ 107,523	\$ 4,193
Total public safety	\$ 4,298,774	\$ 4,386,774	\$ 4,128,406	\$ 258,368
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,892,420	\$ 1,765,420	\$ 1,656,406	\$ 109,014
Snow and ice removal	117,965	73,965	33,892	40,073
Streets, signs, and lights	589,705	554,705	450,003	104,702
Administration	119,320	119,320	103,657	15,663
Total maintenance of highways, streets, bridges and sidewalks	\$ 2,719,410	\$ 2,513,410	\$ 2,243,958	\$ 269,452
Sanitation and waste removal:				
Refuse collection and disposal	\$ 273,395	\$ 292,395	\$ 272,758	\$ 19,637

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
Page 2 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 137,250	\$ 137,250	\$ 97,659	\$ 39,591
Town hall	247,580	247,580	204,947	42,633
Community center and park	620,895	565,895	515,823	50,072
Parks	90,460	60,460	31,456	29,004
Emergency services buildings	48,750	61,750	61,392	358
Animal shelter	2,800	2,800	1,888	912
Weed control - mowing	232,650	202,650	155,366	47,284
Downtown main	-	-	575	(575)
Total maintenance of general buildings and grounds	<u>\$ 1,380,385</u>	<u>\$ 1,278,385</u>	<u>\$ 1,069,106</u>	<u>\$ 209,279</u>
Total public works	<u>\$ 4,373,190</u>	<u>\$ 4,084,190</u>	<u>\$ 3,585,822</u>	<u>\$ 498,368</u>
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 11,000	\$ 11,000	\$ 10,507	\$ 493
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 10,765	\$ 10,765	\$ 5,548	\$ 5,217
Recreational programs	600,161	548,161	464,222	83,939
Swimming pools	26,500	26,500	18,224	8,276
Athletic programs	336,350	276,350	229,641	46,709
New community programs	145,915	147,915	146,314	1,601
Youth/Teen center	134,650	134,650	111,408	23,242
Fitness center	259,475	219,475	190,750	28,725
Nutrition	22,305	22,305	9,867	12,438
Cemeteries	285,975	282,575	248,406	34,169
Total parks and recreation	<u>\$ 1,822,096</u>	<u>\$ 1,668,696</u>	<u>\$ 1,424,380</u>	<u>\$ 244,316</u>
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 139,930	\$ 109,930	\$ 82,465	\$ 27,465
Museums and heritage education	177,530	177,530	152,997	24,533
Homestead museum	58,065	48,065	21,371	26,694
Museums and Heritage Center	330,550	318,550	291,491	27,059
Total cultural enrichment	<u>\$ 706,075</u>	<u>\$ 654,075</u>	<u>\$ 548,324</u>	<u>\$ 105,751</u>
Total parks, recreation, and cultural	<u>\$ 2,528,171</u>	<u>\$ 2,322,771</u>	<u>\$ 1,972,704</u>	<u>\$ 350,067</u>
Community development:				
Planning and community development:				
Director of public information	\$ 541,870	\$ 541,870	\$ 519,263	\$ 22,607
Chamber of commerce	195,435	199,435	179,259	20,176
Horticulture	337,595	344,595	339,825	4,770
Meeting Center	523,170	473,170	403,667	69,503
Main Street Project	-	-	165	(165)
Joint IDA	238,050	239,250	239,675	(425)
Other community development	7,000	7,000	-	7,000
Total planning and community development	<u>\$ 1,843,120</u>	<u>\$ 1,805,320</u>	<u>\$ 1,681,854</u>	<u>\$ 123,466</u>
Total community development	<u>\$ 1,843,120</u>	<u>\$ 1,805,320</u>	<u>\$ 1,681,854</u>	<u>\$ 123,466</u>

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
Page 3 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Debt service:				
Principal retirement	\$ 938,386	\$ 938,386	\$ 939,963	\$ (1,577)
Interest and other fiscal charges	252,614	252,614	253,039	(425)
Total debt service	<u>\$ 1,191,000</u>	<u>\$ 1,191,000</u>	<u>\$ 1,193,002</u>	<u>\$ (2,002)</u>
 Total General Fund	 <u>\$ 18,032,204</u>	 <u>\$ 18,047,204</u>	 <u>\$ 15,681,538</u>	 <u>\$ 2,365,666</u>
Homestead Endowment Fund:				
Health and welfare:				
Welfare and social services:				
Other welfare	\$ 5,000	\$ 5,000	\$ 140	\$ 4,860
Total Homestead Endowment Fund	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 140</u>	<u>\$ 4,860</u>
Wall of Honor Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
Total Wall of Honor Fund	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>
 Total Primary Government	 <u>\$ 18,039,204</u>	 <u>\$ 18,054,204</u>	 <u>\$ 15,681,678</u>	 <u>\$ 2,372,526</u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water and Sewer	Total
2010-11	\$ 2,072,793	\$ 3,088,094	\$ 3,187,840	\$ 7,051	\$ 1,967,550	\$ 874,542	\$ 617,794	\$ 5,667,829	\$ 17,483,493
2011-12	1,810,037	3,040,482	4,376,870	16,195	1,838,014	1,331,548	592,141	5,394,734	18,400,021
2012-13	1,702,254	2,961,351	3,918,545	8,807	1,692,012	999,776	587,355	5,111,728	16,981,828
2013-14	2,147,851	3,252,873	3,792,477	19,491	1,852,475	944,160	569,975	5,607,196	18,186,498
2014-15	2,303,026	2,987,472	5,455,338	8,908	1,571,477	1,040,880	500,008	5,980,816	19,847,925
2015-16	2,354,593	3,327,511	4,131,591	12,030	1,910,471	1,500,540	302,612	5,730,156	19,269,504
2016-17	2,743,252	3,302,604	4,062,403	22,725	2,194,598	1,877,460	275,829	5,957,077	20,435,948
2017-18	4,231,146	3,086,007	3,484,224	29,813	2,109,544	1,569,297	260,971	571,998	20,490,800
2018-19	4,595,077	3,835,305	3,728,163	12,091	2,524,509	2,177,391	262,310	6,422,249	23,557,095
2019-20	3,084,790	3,834,958	4,084,536	10,647	2,030,259	1,544,425	246,068	5,930,258	20,765,941

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2010-11	\$ 5,954,107	\$ 2,488,479	\$ 52,478	\$ 1,630,380	\$ 5,637,844	\$ 506,198	\$ 523,468	\$ 550,766	\$ 17,343,720
2011-12	6,218,235	2,932,482	40,438	1,622,277	5,986,032	527,647	365,800	559,751	18,252,662
2012-13	6,789,034	2,732,334	1,833,565	1,627,185	6,208,331	542,179	522,726	581,813	20,837,167
2013-14	7,550,641	2,579,105	979,719	1,665,019	6,202,798	604,434	491,749	547,331	20,620,796
2014-15	7,616,718	3,554,077	199,021	1,627,470	6,499,216	603,899	822,008	564,702	21,487,111
2015-16	7,501,711	2,817,979	-	1,616,235	7,199,660	482,476	582,349	545,917	20,746,327
2016-17	7,556,643	2,855,571	1,145,672	1,638,042	7,240,639	439,097	564,510	534,059	21,974,233
2017-18	7,580,115	3,716,945	1,355,173	1,658,265	7,563,853	348,902	824,648	520,506	21,974,233
2018-19	7,029,521	3,536,179	-	1,646,203	7,655,285	442,257	719,858	503,581	21,532,884
2019-20	6,978,221	3,563,870	161,463	1,695,572	7,495,307	329,290	399,477	484,879	21,108,079

Table 3

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

Fiscal Year	General Government		Public		Public Works		Health and Welfare		Parks, Recreation, and Cultural		Community Development		Capital Projects		Debt Service (2)		Total
	Administration	Safety	Safety	Public	Public	Works	Welfare	and Cultural	Community Development	Capital Projects	Debt Service (2)	Total					
2010-11	\$ 2,017,959	\$ 2,785,249	\$ 2,973,737	\$ 7,051	\$ 1,936,379	\$ 867,113	\$ 4,157	\$ 1,014,858	\$ 11,606,503								
2011-12	2,223,202	3,124,985	3,575,532	16,195	1,835,729	1,327,752	-	1,899,341	14,002,736								
2012-13	2,082,596	2,863,559	3,695,603	8,807	1,797,413	998,600	-	927,507	12,374,085								
2013-14	2,134,947	3,103,246	3,614,022	19,491	1,819,596	1,031,604	-	950,653	12,673,559								
2014-15	2,266,529	3,191,488	5,453,063	8,908	1,858,118	1,146,408	-	822,079	14,746,593								
2015-16	2,432,241	3,570,609	3,874,426	12,030	2,030,196	1,587,504	11,170	957,917	14,476,093								
2016-17	3,160,117	3,361,978	6,894,190	22,725	2,350,098	1,896,383	-	973,105	18,658,596								
2017-18	4,798,584	3,351,790	5,998,085	29,813	2,149,288	1,768,125	-	970,332	19,066,017								
2018-19	6,149,053	3,898,734	4,147,263	12,091	2,482,746	2,136,938	-	1,054,266	19,881,091								
2019-20	3,109,243	4,128,406	3,585,822	10,647	1,972,704	1,681,854	-	1,193,002	15,681,678								

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the				Recovered Costs	Inter-governmental	Total
					Use of Money and Property	Charges for Services	Miscellaneous				
2010-11	\$ 1,606,847	\$ 5,637,844	\$ 135,442	\$ 51,880	\$ 504,623	\$ 1,099,982	\$ 523,464	\$ 39,138	\$ 3,089,245	\$ 12,688,465	
2011-12	1,584,011	5,986,032	130,591	56,260	525,249	1,088,954	363,895	32,358	3,492,233	13,259,583	
2012-13	1,674,623	6,208,331	170,403	73,162	535,959	1,027,034	447,629	198,802	3,538,347	13,874,290	
2013-14	1,632,845	6,202,798	171,230	133,465	591,836	1,094,213	479,789	150,713	3,154,981	13,611,870	
2014-15	1,615,505	6,499,216	174,168	163,717	587,193	1,016,123	821,008	92,334	4,168,779	15,138,043	
2015-16	1,653,110	7,199,660	185,211	135,324	467,000	987,041	545,488	120,747	3,363,896	14,657,477	
2016-17	1,598,818	7,240,639	168,601	107,393	427,944	999,650	564,510	121,527	4,515,302	15,744,384	
2017-18	1,674,316	7,563,853	208,285	76,207	343,545	1,030,103	789,085	140,274	5,572,624	17,398,292	
2018-19	1,661,041	7,655,285	204,651	83,695	437,551	964,840	704,989	130,445	4,039,760	15,882,257	
2019-20	1,667,678	7,495,307	200,919	38,285	315,347	835,705	399,363	393,173	4,084,051	15,429,828	

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2010-11	\$ 1,670,817	\$ 1,621,867	97.07%	\$ 25,899	\$ 1,647,766	98.62%	\$ 93,082	5.57%
2011-12	1,668,570	1,613,883	96.72%	19,586	1,633,469	97.90%	128,486	7.70%
2012-13	1,668,534	1,627,494	97.54%	76,026	1,703,520	102.10%	85,090	5.10%
2013-14	1,677,066	1,644,830	98.08%	30,268	1,675,098	99.88%	99,267	5.92%
2014-15	1,659,935	1,621,452	97.68%	33,077	1,654,529	99.67%	96,796	5.83%
2015-16	1,667,267	1,630,343	97.79%	55,772	1,686,115	101.13%	101,512	6.09%
2016-17	1,659,382	1,610,321	97.04%	28,308	1,638,629	98.75%	112,898	6.80%
2017-18	1,677,878	1,646,162	98.11%	52,725	1,698,887	101.25%	95,914	5.72%
2018-19	1,697,479	1,660,951	97.85%	39,027	1,699,978	100.15%	91,441	5.39%
2019-20	1,732,231	1,678,129	96.88%	29,388	1,707,517	98.57%	104,409	6.03%

(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					
2010-11	\$	780,360,645	\$	138,668,979	\$	27,223,533	\$	93,702	\$	946,346,859
2011-12		784,201,479		135,028,147		29,030,462		91,414		948,351,502
2012-13		778,870,700		136,520,057		31,842,008		106,972		947,339,737
2013-14		784,643,550		111,612,912		34,148,370		150,824		930,555,656
2014-15		784,334,286		125,978,204		34,852,734		110,210		945,275,434
2015-16		787,945,100		125,323,183		36,368,230		117,642		949,754,155
2016-17		788,739,181		120,809,089		37,766,390		113,017		947,427,677
2017-18		819,838,675		119,522,050		39,192,998		236,787		978,790,510
2018-19		827,294,409		126,212,102		40,090,579		299,690		993,896,780
2019-20		833,233,784		134,689,684		37,772,799		263,633		1,005,959,900

(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
2010-11	\$	0.160	\$	0.280	\$ 0.160	\$ 0.280
2011-12		0.160		0.280	0.160	0.280
2012-13		0.160		0.280	0.160	0.280
2013-14		0.160		0.280	0.160	0.280
2014-15		0.160		0.280	0.160	0.280
2015-16		0.160		0.280	0.160	0.280
2016-17		0.160		0.280	0.160	0.280
2017-18		0.155		0.280	0.155	0.280
2018-19		0.155		0.280	0.155	0.280
2019-20		0.155		0.280	0.155	0.280

(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
2010-11	8,211	\$ 946,347	\$ 22,390,991	2.37%	\$ 2,727
2011-12	8,211	948,352	21,636,125	2.28%	2,635
2012-13	8,211	947,340	21,493,275	2.27%	2,618
2013-14	8,211	930,556	20,847,944	2.24%	2,539
2014-15	8,211	945,275	25,905,375	2.74%	3,155
2015-16	8,211	949,754	24,629,729	2.59%	3,000
2016-17	8,211	947,428	23,252,373	2.45%	2,832
2017-18	8,211	978,791	21,844,211	2.23%	2,660
2018-19	8,211	993,897	20,824,559	2.10%	2,536
2019-20	8,211	1,005,960	20,285,268	2.02%	2,470

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

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

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

Table 9

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

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2010-11	\$ 396,490	\$ 618,368	\$ 1,014,858	\$ 11,606,503	8.74%
2011-12	1,306,243	593,098	1,899,341	14,002,736	13.56%
2012-13	341,815	585,692	927,507	12,374,085	7.50%
2013-14	379,544	571,109	950,653	12,673,559	7.50%
2014-15	393,322	428,757	822,079	14,751,413	5.57%
2015-16	648,406	309,511	957,917	16,944,241	5.65%
2016-17	693,032	280,073	973,105	18,658,596	5.22%
2017-18	705,803	264,529	970,332	19,066,017	5.09%
2018-19	790,267	263,999	1,054,266	19,881,091	5.30%
2019-20	939,963	253,039	1,193,002	15,681,678	7.61%

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

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

**Town of Wytheville, Virginia
Computation of Legal Debt Margin
June 30, 2020**

-98-

Compliance



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Wytheville, Virginia's basic financial statements and have issued our report thereon dated November 29, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wytheville, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2020-001.

Town of Wytheville, Virginia's Response to Findings

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

Purpose of this Report

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



Blacksburg, Virginia
November 29, 2020

Town of Wytheville, Virginia

Schedule of Findings and Responses
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

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

Section II - Financial Statement Findings

2020-001

Criteria:	The Town should maintain records to support that amounts included in the annual Weldon Cooper Center Local Finance Survey were used to maintain eligible streets as defined in the Urban Manual.
Condition:	The Town does not maintain detailed records that would allow us to properly perform tests of amounts included in the Survey.
Context:	Daily logs are not kept of work performed.
Cause of Condition:	The Town has indicated they do not have staffing available to keep up with daily logs.
Effect of Condition:	It is difficult to determine if the state funding is used appropriately.
Recommendation:	The Town should begin tracking all work on a daily basis in accordance with the Urban Manual.
Management's Response:	Management is working towards having a system in place that will track costs by eligible roads. Management believes records should allow testing during fiscal year 2021.

Section III - Status of Prior Audit Findings and Questioned Costs

Finding 2019-001 and was recurring in fiscal year 2020 as 2020-001.