

TOWN OF WYTHEVILLE, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF WYTHEVILLE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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
Notes to Financial Statements		14-58

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual:		
General Fund	10	59
Schedule of the Town's Proportionate Share of the Net Pension Liability	11	60
Schedule of Employer Contributions - Pension Plan.....	12	61
Notes to Required Supplementary Information - Pension Plan	13	62
Schedule of Town's Proportionate Share of Total OPEB Liability - OPEB Plan	14	63
Notes to Required Supplementary Information - OPEB Plan	15	64
Schedule of Town's Share of Net OPEB Liability - Group Life Insurance	16	65
Schedule of Employer Contributions - Group Life Insurance	17	66
Notes to Required Supplementary Information - Group Life Insurance	18	67
Schedule of Town's Share of Net LODA OPEB Liability.....	19	68
Schedule of Employer Contributions - Line of Duty Act.....	20	69
Notes to Required Supplementary Information - Line of Duty Act	21	70

TOWN OF WYTHEVILLE, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Exhibit Page

Other Supplementary Information:

Combining and Individual Fund Financial Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet	22	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	23	72

Proprietary Funds:

Combining Statement of Net Position	24	73
Combining Statement of Revenues, Expenses, and Changes in Net Position	25	74
Combining Statement of Cash Flows	26	75

Schedule Page

Supporting Schedules:

Schedule of Revenues - Budget and Actual - Governmental Funds	1	76-79
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	80-82

Other Statistical Information:

Table Page

Government-wide Information:

Government-wide Expenses by Function	1	83
Government-wide Revenues.....	2	84

Fund Information:

General Governmental Expenditures by Function	3	85
General Governmental Revenues by Source	4	86
Property Tax Levies and Collections	5	87
Assessed Value of Taxable Property	6	88
Property Tax Rates.....	7	89
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	90
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures.....	9	91
Computation of Legal Debt Margin	10	92

Page

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>	93-94
Independent Auditors' Report on Compliance for Each Major Program and On Internal Control over Compliance Required by the Uniform Guidance	95-97
Schedule of Expenditures of Federal Awards	98
Schedule of Findings and Questioned Costs	99-100
Summary Schedule of Prior Audit Findings	101

INTRODUCTORY SECTION

TOWN OF WYTHEVILLE, VIRGINIA

TOWN COUNCIL

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

OTHER OFFICIALS

T. Brian Freeman
Elaine R. Holeton
Michael G. Stephens
Sharon G. Corvin
Michelle Workman Clayton

Town Manager
Assistant Town Manager
Town Treasurer
Town Clerk
Town Attorney

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 19 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Wytheville, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, on our consideration of 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 Town of Wytheville, Virginia's internal control over financial reporting and compliance.

Robinson, Finner, Cox Associates

Blacksburg, Virginia
December 2, 2022

Basic Financial Statements

Town of Wytheville, Virginia
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 18,308,370	\$ 1,770,486	\$ 20,078,856
Receivables (net of allowance for uncollectibles):			
Taxes receivable	123,108	-	123,108
Accounts receivable	710,699	794,171	1,504,870
Leases receivable	85,333	-	85,333
Internal balances	(75,000)	75,000	-
Due from other governmental units	4,308,187	-	4,308,187
Prepaid items	89,687	-	89,687
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	37,158	68,119	105,277
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	22,518,240	15,224,973	37,743,213
Machinery and equipment	1,619,443	1,804,888	3,424,331
Construction in progress	118,593	307,996	426,589
Right-to-use assets (net of accumulated amortization):			
Machinery and equipment	218,591	34,541	253,132
Total assets	\$ 49,634,687	\$ 20,338,248	\$ 69,972,935
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 5,346	\$ 24,355	\$ 29,701
Pension related items	1,887,091	339,817	2,226,908
OPEB related items	1,675,310	148,713	1,824,023
Total deferred outflows of resources	\$ 3,567,747	\$ 512,885	\$ 4,080,632
LIABILITIES			
Accounts payable	\$ 256,653	\$ 294,462	\$ 551,115
Construction payables	-	87,112	87,112
Accrued payroll/fringes	680,023	125,966	805,989
Customer deposits	37,158	68,119	105,277
Accrued interest payable	51,155	41,126	92,281
Long-term liabilities:			
Due within one year	1,465,736	1,182,630	2,648,366
Due in more than one year	13,622,303	9,874,880	23,497,183
Total liabilities	\$ 16,113,028	\$ 11,674,295	\$ 27,787,323
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 13,351	\$ -	\$ 13,351
Pension related items	3,078,502	535,187	3,613,689
OPEB related items	895,026	96,115	991,141
Lease related items	85,176	-	85,176
Total deferred inflows of resources	\$ 4,072,055	\$ 631,302	\$ 4,703,357
NET POSITION			
Net investment in capital assets	\$ 17,263,066	\$ 7,282,464	\$ 24,545,530
Unrestricted	15,754,285	1,263,072	17,017,357
Total net position	\$ 33,017,351	\$ 8,545,536	\$ 41,562,887

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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 4,043,335	\$ 14,624	\$ 2,316,329	\$ -	\$ (1,712,382)	\$ -	\$ (1,712,382)
Public safety	5,256,902	875,677	3,565,924	-	(815,301)	-	(815,301)
Public works	4,759,036	172,496	3,652,300	-	(934,240)	-	(934,240)
Health and welfare	58,800	-	9,862	-	(48,938)	-	(48,938)
Parks, recreation, and cultural	2,062,017	849,991	1,451,351	-	239,325	-	239,325
Community development	1,436,804	4,084	772,361	-	(660,359)	-	(660,359)
Interest on long-term debt	221,010	-	-	-	(221,010)	-	(221,010)
Total governmental activities	\$ 17,837,904	\$ 1,916,872	\$ 11,768,127	\$ -	\$ (4,152,905)	\$ -	\$ (4,152,905)
Business-type activities:							
Water and sewer	\$ 6,405,243	\$ 6,669,107	\$ -	\$ 63,980	\$ -	\$ 327,844	\$ 327,844
Total primary government	\$ 24,243,147	\$ 8,585,979	\$ 11,768,127	\$ 63,980	\$ (4,152,905)	\$ 327,844	\$ (3,825,061)
General revenues:							
General property taxes	\$ 2,229,226	\$ -	\$ -	\$ 2,229,226	\$ -	\$ -	\$ 2,229,226
Local sales and use taxes	762,022	-	-	762,022	-	-	762,022
Consumers' utility taxes	241,692	-	-	241,692	-	-	241,692
Business license taxes	1,792,481	-	-	1,792,481	-	-	1,792,481
Bank stock taxes	463,167	-	-	463,167	-	-	463,167
Hotel and motel room taxes	1,974,892	-	-	1,974,892	-	-	1,974,892
Restaurant food taxes	3,511,612	-	-	3,511,612	-	-	3,511,612
Tobacco tax	249,799	-	-	249,799	-	-	249,799
Other local taxes	217,367	-	-	217,367	-	-	217,367
Unrestricted revenues from use of money	229,524	-	-	229,524	18,582	-	248,106
Miscellaneous	570,602	-	-	570,602	3,734	-	574,336
Grants and contributions not restricted to specific programs	450,664	-	-	450,664	-	-	450,664
Transfers	(28,500)	-	-	(28,500)	28,500	-	-
Total general revenues and transfers	\$ 12,664,548	\$ -	\$ -	\$ 12,664,548	\$ 50,816	\$ -	\$ 12,715,364
Change in net position	\$ 8,511,643	\$ -	\$ -	\$ 8,511,643	\$ 378,660	\$ -	\$ 8,890,303
Net position - beginning	24,505,708	-	-	24,505,708	8,166,876	-	32,672,584
Net position - ending	\$ 33,017,351	\$ -	\$ -	\$ 33,017,351	\$ 8,545,536	\$ -	\$ 41,562,887

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

Town of Wytheville, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 17,582,172	\$ 648,978	\$ 18,231,150
Receivables (net of allowance for uncollectibles):			
Taxes receivable	123,108	-	123,108
Accounts receivable	710,679	20	710,699
Leases receivable	85,333	-	85,333
Due from other governmental units	4,308,187	-	4,308,187
Prepaid items	89,687	-	89,687
Restricted assets:			
Cash and cash equivalents	37,158	-	37,158
Total assets	<u>\$ 22,936,324</u>	<u>\$ 648,998</u>	<u>\$ 23,585,322</u>
LIABILITIES			
Accounts payable	\$ 256,653	\$ -	\$ 256,653
Accrued payroll/fringes	680,023	-	680,023
Customer deposits	37,158	-	37,158
Due to other funds	75,000	-	75,000
Total liabilities	<u>\$ 1,048,834</u>	<u>\$ -</u>	<u>\$ 1,048,834</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 157,373	\$ -	\$ 157,373
Lease related items	85,176	-	85,176
Total deferred inflows of resources	<u>\$ 242,549</u>	<u>\$ -</u>	<u>\$ 242,549</u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	\$ 89,687	\$ -	\$ 89,687
Committed:			
Debt service	5,681,746	-	5,681,746
Rainy day	5,391,113	-	5,391,113
Special revenue funds	-	640,686	640,686
Assigned:			
Capital projects funds	-	8,312	8,312
Unassigned	10,482,395	-	10,482,395
Total fund balances	<u>\$ 21,644,941</u>	<u>\$ 648,998</u>	<u>\$ 22,293,939</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,936,324</u>	<u>\$ 648,998</u>	<u>\$ 23,585,322</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	22,293,939
--	----	------------

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	22,518,240	
Machinery and equipment	1,619,443	
Construction in progress	118,593	
Right-to-use assets	218,591	26,047,145

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		144,022
--------------------------------------	--	---------

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

Pension related items	\$ 1,887,091	
OPEB related items	1,675,310	3,562,401

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

77,220

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

Bonds payable	\$ (8,562,999)	
Less deferred charge on refunding	5,346	
Compensated absences	(1,057,857)	
Leases payable	(226,426)	
Landfill accrued closure/post-closure costs	(522,263)	
Accrued interest payable	(51,155)	
Net OPEB liabilities	(3,742,565)	
Net pension liability	(975,929)	(15,133,848)

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

Pension related items	\$ (3,078,502)	
OPEB related items	(895,026)	(3,973,528)

Net position of governmental activities

\$ 33,017,351

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, 2022

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 2,200,924	\$ -	\$ 2,200,924
Other local taxes	9,213,032	-	9,213,032
Permits, privilege fees, and regulatory licenses	264,844	-	264,844
Fines and forfeitures	16,704	-	16,704
Revenue from the use of money and property	263,434	9,013	272,447
Charges for services	1,591,403	-	1,591,403
Miscellaneous	564,894	5,708	570,602
Recovered costs	397,827	-	397,827
Intergovernmental:			
Commonwealth	3,481,719	-	3,481,719
Federal	8,737,072	-	8,737,072
Total revenues	<u>\$ 26,731,853</u>	<u>\$ 14,721</u>	<u>\$ 26,746,574</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,931,597	\$ -	\$ 3,931,597
Public safety	4,853,407	-	4,853,407
Public works	3,870,616	45,411	3,916,027
Health and welfare	15,679	43,121	58,800
Parks, recreation, and cultural	2,043,375	-	2,043,375
Community development	1,750,065	-	1,750,065
Debt service:			
Principal retirement	1,050,393	-	1,050,393
Interest and other fiscal charges	224,148	-	224,148
Total expenditures	<u>\$ 17,739,280</u>	<u>\$ 88,532</u>	<u>\$ 17,827,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,992,573</u>	<u>\$ (73,811)</u>	<u>\$ 8,918,762</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (52,500)	\$ -	\$ (52,500)
Issuance of leases	55,318	-	55,318
Total other financing sources (uses)	<u>\$ 2,818</u>	<u>\$ -</u>	<u>\$ 2,818</u>
Net change in fund balances	\$ 8,995,391	\$ (73,811)	\$ 8,921,580
Fund balances - beginning	12,649,550	722,809	13,372,359
Fund balances - ending	<u>\$ 21,644,941</u>	<u>\$ 648,998</u>	<u>\$ 22,293,939</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, 2022

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

Net change in fund balances - total governmental funds	\$	8,921,580
--	----	-----------

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

Capital asset additions	\$	241,714	
Depreciation/amortization expense		(1,596,423)	(1,354,709)

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			28,302
--------------------------------------	--	--	--------

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

Debt issued or incurred:

Issuance of leases payable	\$	(55,318)	
Change in accrued landfill closure/postclosure cost		44,656	

Principal repayments:

General obligation bonds		581,172	
PPP loan forgiveness		237,958	
Loans payable		161,238	
Leases payable		70,025	1,039,731

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	\$	(65,976)	
Change in accrued interest		3,902	
Amortization of deferred charge on refunding		(764)	
Change in pension related items		150,419	
Change in OPEB related items		(228,040)	(140,459)

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

17,198

Change in net position of governmental activities	\$	8,511,643	
---	----	-----------	--

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, 2022

	<u>Enterprise Fund</u> <u>Major Funds</u>	<u>Internal Service</u> <u>Fund</u>
	<u>Water &</u> <u>Sewer Funds</u>	<u>Retiree Health</u> <u>Insurance Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,770,486	\$ 77,220
Accounts receivable, net of allowance for uncollectibles	794,171	-
Due from other funds	140,284	-
Total current assets	<u>\$ 2,704,941</u>	<u>\$ 77,220</u>
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents	\$ 68,119	\$ -
Capital assets:		
Land	\$ 163,236	\$ -
Land rights	94,838	-
Construction in progress	307,996	-
Machinery and equipment	4,487,867	-
Utility plant in service	57,392,869	-
Less accumulated depreciation	(44,850,875)	-
Right-to-use assets:		
Machinery and equipment	48,625	-
Less accumulated amortization	(14,084)	-
Total capital assets	<u>\$ 17,630,472</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 17,698,591</u>	<u>\$ -</u>
Total assets	<u>\$ 20,403,532</u>	<u>\$ 77,220</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	\$ 24,355	\$ -
Pension related items	339,817	-
OPEB related items	148,713	-
Total deferred outflows of resources	<u>\$ 512,885</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 294,462	\$ -
Construction payables	87,112	-
Accrued payroll/fringes	125,966	-
Accrued interest payable	41,126	-
Due to other funds	65,284	-
Compensated absences - current portion	126,663	-
Bonds payable - current portion	931,935	-
Amount due to Wythe County - current portion	110,295	-
Leases payable - current portion	13,737	-
Total current liabilities	<u>\$ 1,796,580</u>	<u>\$ -</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	\$ 68,119	\$ -
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 7,941,382	\$ -
Compensated absences - net of current portion	42,221	-
Amount due to Wythe County - net of current portion	1,265,442	-
Leases payable - net of current portion	22,460	-
Net pension liability	168,849	-
Net OPEB liabilities	434,526	-
Total noncurrent liabilities	<u>\$ 9,874,880</u>	<u>\$ -</u>
Total liabilities	<u>\$ 11,739,579</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 535,187	\$ -
OPEB related items	96,115	-
Total deferred inflows of resources	<u>\$ 631,302</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 7,282,464	\$ -
Unrestricted	1,263,072	77,220
Total net position	<u>\$ 8,545,536</u>	<u>\$ 77,220</u>

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

Town of Wytheville, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	<u>Enterprise Fund</u> <u>Major Funds</u>	<u>Internal Service</u> <u>Fund</u>
	<u>Water &</u> <u>Sewer Funds</u>	<u>Retiree Health</u> <u>Insurance Fund</u>
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 4,082,850	\$ -
Sewer revenues	2,516,820	-
Penalties	69,437	-
Miscellaneous	3,734	-
Total operating revenues	<u>\$ 6,672,841</u>	<u>\$ -</u>
OPERATING EXPENSES		
Salaries	\$ 1,343,225	\$ -
Fringe benefits	467,777	7,800
Professional services	369,995	-
Repair and maintenance	341,460	-
Operating materials and supplies	1,187,407	-
Permits, licenses and memberships	16,178	-
Utilities	500,582	-
Travel	2,365	-
Office supplies	14,076	-
Postal services	5,134	-
Insurance	18,182	-
Miscellaneous expenses	42,129	-
Depreciation/amortization	1,420,647	-
Total operating expenses	<u>\$ 5,729,157</u>	<u>\$ 7,800</u>
Operating income (loss)	<u>\$ 943,684</u>	<u>\$ (7,800)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ 18,582	\$ 998
Payment to NRRWA	(440,484)	-
Interest expense	(235,602)	-
Total nonoperating revenues (expenses)	<u>\$ (657,504)</u>	<u>\$ 998</u>
Income before capital contributions and construction grants and transfers	<u>\$ 286,180</u>	<u>\$ (6,802)</u>
Capital contributions and construction grants	\$ 63,980	\$ -
Transfers in	28,500	24,000
Change in net position	<u>\$ 378,660</u>	<u>\$ 17,198</u>
Net position - beginning	8,166,876	60,022
Net position - ending	<u><u>\$ 8,545,536</u></u>	<u><u>\$ 77,220</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, 2022

	Enterprise Fund Major Funds Water & Sewer Funds	Internal Service Fund Retiree Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 6,697,671	\$ -
Payments to suppliers	(2,380,936)	-
Payments to and for employees	(1,834,212)	(7,800)
Net cash provided by (used for) operating activities	<u>\$ 2,482,523</u>	<u>\$ (7,800)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ -	\$ 24,000
Payment to NRRWA	(440,484)	-
Net cash provided by (used for) noncapital financing activities	<u>\$ (440,484)</u>	<u>\$ 24,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to capital assets	\$ (280,884)	\$ -
Principal payments on bonds	(914,093)	-
Principal payments on leases payable	(12,428)	-
Contributions in aid of construction	63,980	-
Interest payments	(239,324)	-
Loan payments to other localities	(107,755)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,490,504)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ 18,582	\$ 998
Net cash provided by (used for) investing activities	<u>\$ 18,582</u>	<u>\$ 998</u>
Net increase (decrease) in cash and cash equivalents	\$ 570,117	\$ 17,198
Cash and cash equivalents - beginning - including restricted	1,268,488	60,022
Cash and cash equivalents - ending - including restricted	<u><u>\$ 1,838,605</u></u>	<u><u>\$ 77,220</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 943,684	\$ (7,800)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 1,420,647	\$ -
(Increase) decrease in accounts receivable	20,353	-
(Increase) decrease in pension related items	570,445	-
Increase (decrease) in compensated absences	(38,842)	-
Increase (decrease) in operating accounts payable	116,572	-
Increase (decrease) in net pension liability	(609,989)	-
Increase (decrease) in accrued payroll	25,676	-
Increase (decrease) in OPEB liabilities	67,281	-
(Increase) decrease in OPEB related items	(37,781)	-
Increase (decrease) in customer deposits	4,477	-
Total adjustments	<u>\$ 1,538,839</u>	<u>\$ -</u>
Net cash provided by (used for) operating activities	<u><u>\$ 2,482,523</u></u>	<u><u>\$ (7,800)</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, 2022

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, 2022, the Town contributed \$440,484 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, 2022, the Town contributed \$75,550 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, 2022, the Town contributed \$25,280 to Smyth-Wythe Airport.

The Town along with the County of Wythe and Town of Rural Retreat participate in Joint Wythe Industrial Development Authority. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. The employees of the Joint IDA are paid by the Town. In addition, for the fiscal year ended June 30, 2022, the Town contributed \$269,983 to Joint Wythe Industrial Development Authority.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

B. Government-wide and fund financial statements:

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

The government reports the following major governmental fund:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

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

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

1. Cash and cash equivalents

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

2. Investments

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 \$182,946 at June 30, 2022. The allowance consists of delinquent taxes in the amount of \$5,511, mowing and special assessments of \$37,889 and delinquent water and sewer bills of \$139,546.

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 (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). Donated capital assets are recorded at acquisition value at the date of donation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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.

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

<u>Assets</u>	<u>Years</u>
<i>Capital assets</i>	
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-15
<i>Right-to-use assets</i>	
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 includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

10. Long-term Obligations

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

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

11. Pensions

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

12. Other Postemployment Benefits (OPEB)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

12. Other Postemployment Benefits (OPEB) (Continued)

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

13. Fund Balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the 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 generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

Resource Flow Policy:

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

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

	Other Governmental Funds
Fund Balances:	
Committed:	
Homestead Endowment	\$ 268,511
Wall of Honor	14,449
Perpetual Care	333,723
Memorial Fund	24,003
	<hr/>
Total Committed	\$ 640,686

14. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

14. Net Position (Continued)

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

15. Leases

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

Lessor

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

15. Leases (Continued)

Key Estimates and Judgments

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information:

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General Fund, Water/Sewer Fund, Wall of Honor Fund, Homestead Endowment Fund and the Perpetual Care Fund have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

A. Budgetary information: (Continued)

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town's accounting system.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2022, no fund had expenditures in excess of its appropriations.

C. Deficit fund balance:

At June 30, 2022, there were no funds with deficit fund balance.

NOTE 3 - DEPOSITS AND INVESTMENTS:

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

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & 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, 2022.

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.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 4 - DEFERRED/UNAVAILABLE REVENUE: (CONTINUED)

Unavailable Revenue - Unavailable revenue representing uncollected tax billings that was not available for funding of current expenditures totaled \$157,373 at June 30, 2022.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2022 but paid in advance by the taxpayers totaled \$13,351 at June 30, 2022.

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

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

	Primary Government Governmental Activities
Commonwealth of Virginia	
Local Sales Tax	\$ 136,312
Noncategorical Aid	62,790
Federal Government	
Categorical Aid - Other	4,109,085
Total Due from Other Governmental Units	<u>\$ 4,308,187</u>

NOTE 6 - INTERFUND ACTIVITY:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 52,500
Sewer Fund	28,500	-
Retiree Health Insurance Fund	24,000	-
Total	<u>\$ 52,500</u>	<u>\$ 52,500</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
General Fund	\$ 75,000	\$ -
Sewer Fund	65,284	75,000
Water Fund	-	65,284
Total	<u>\$ 140,284</u>	<u>\$ 140,284</u>

During fiscal year 2018, the water fund paid \$65,284 in debt service for the sewer fund. As of June 30, 2022, the amount has not been repaid to the water fund. During fiscal year 2022, grants that should have been posted to the general fund were posted to the sewer fund.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	GASB 87 Implementation	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,572,278	\$ -	\$ -	\$ -	\$ 1,572,278
Construction in progress	39,793	-	78,800	-	118,593
Total capital assets not being depreciated	<u>\$ 1,612,071</u>	<u>\$ -</u>	<u>\$ 78,800</u>	<u>\$ -</u>	<u>\$ 1,690,871</u>
Capital asset, being depreciated:					
Buildings and improvements	\$ 32,015,948	\$ -	\$ 18,500	\$ -	\$ 32,034,448
Machinery and equipment	9,077,860	-	89,096	(45,230)	9,121,726
Total capital assets being depreciated	<u>\$ 41,093,808</u>	<u>\$ -</u>	<u>\$ 107,596</u>	<u>\$ (45,230)</u>	<u>\$ 41,156,174</u>
Accumulated depreciation:					
Buildings and improvements	\$ (8,712,471)	\$ -	\$ (803,737)	\$ -	\$ (9,516,208)
Machinery and equipment	(6,832,687)	-	(714,826)	45,230	(7,502,283)
Total accumulated depreciation	<u>\$ (15,545,158)</u>	<u>\$ -</u>	<u>\$ (1,518,563)</u>	<u>\$ 45,230</u>	<u>\$ (17,018,491)</u>
Total capital assets being depreciated, net	<u>\$ 25,548,650</u>	<u>\$ -</u>	<u>\$ (1,410,967)</u>	<u>\$ -</u>	<u>\$ 24,137,683</u>
Right-to-use assets, being amortized:					
Machinery and equipment	\$ -	\$ 241,133	\$ 55,318	\$ -	\$ 296,451
Accumulated amortization:					
Machinery and equipment	\$ -	\$ -	\$ (77,860)	\$ -	\$ (77,860)
Total right-to-use assets being amortized, net	<u>\$ -</u>	<u>\$ 241,133</u>	<u>\$ (22,542)</u>	<u>\$ -</u>	<u>\$ 218,591</u>
Governmental activities capital assets, net	<u>\$ 27,160,721</u>	<u>\$ 241,133</u>	<u>\$ (1,354,709)</u>	<u>\$ -</u>	<u>\$ 26,047,145</u>

The remainder of this page is left blank intentionally.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance	GASB 87 Implementation	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	-	-	307,996	-	307,996
Total capital assets not being depreciated	<u>\$ 258,074</u>	<u>\$ -</u>	<u>\$ 307,996</u>	<u>\$ -</u>	<u>\$ 566,070</u>
Capital asset, being depreciated:					
Utility plant and equipment	\$ 57,392,869	\$ -	\$ -	\$ -	\$ 57,392,869
Machinery and equipment	4,474,367	-	13,500	-	4,487,867
Total capital assets being depreciated	<u>\$ 61,867,236</u>	<u>\$ -</u>	<u>\$ 13,500</u>	<u>\$ -</u>	<u>\$ 61,880,736</u>
Accumulated depreciation:					
Utility plant and equipment	\$ (40,986,058)	\$ -	\$ (1,181,838)	\$ -	\$ (42,167,896)
Machinery and equipment	(2,458,254)	-	(224,725)	-	(2,682,979)
Total accumulated depreciation	<u>\$ (43,444,312)</u>	<u>\$ -</u>	<u>\$ (1,406,563)</u>	<u>\$ -</u>	<u>\$ (44,850,875)</u>
Total capital assets being depreciated, net	<u>\$ 18,422,924</u>	<u>\$ -</u>	<u>\$ (1,393,063)</u>	<u>\$ -</u>	<u>\$ 17,029,861</u>
Right-to-use assets, being amortized:					
Machinery and equipment	\$ -	\$ 48,625	\$ -	\$ -	\$ 48,625
Accumulated amortization:					
Machinery and equipment	\$ -	\$ -	\$ (14,084)	\$ -	\$ (14,084)
Total right-to-use assets being amortized, net	<u>\$ -</u>	<u>\$ 48,625</u>	<u>\$ (14,084)</u>	<u>\$ -</u>	<u>\$ 34,541</u>
Business-type activities capital assets, net	<u>\$ 18,680,998</u>	<u>\$ 48,625</u>	<u>\$ (1,099,151)</u>	<u>\$ -</u>	<u>\$ 17,630,472</u>

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

Governmental activities:	
General government administration	\$ 99,141
Public safety	462,108
Public works	894,791
Parks, recreation, and cultural	135,643
Community development	4,740
Total depreciation/amortization expense - governmental activities	<u>\$ 1,596,423</u>
Business-type activities:	
Water	\$ 753,504
Sewer	667,143
Total depreciation/amortization expense - business-type activities	<u>\$ 1,420,647</u>

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022:

	Balance July 1, 2021	GASB 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct borrowings and placements					
General obligation refunding bonds	\$ 9,144,171	\$ -	\$ -	\$ (581,172)	\$ 8,562,999
Note payable	237,958	-	-	(237,958)	-
Loan payable	161,238	-	-	(161,238)	-
Total direct borrowings and placements	\$ 9,543,367	\$ -	\$ -	\$ (980,368)	\$ 8,562,999
Leases payable	-	241,133	55,318	(70,025)	226,426
Net pension liability	4,777,147	-	3,384,763	(7,185,981)	975,929
Landfill postclosure monitoring liability	566,919	-	-	(44,656)	522,263
Net OPEB liabilities	3,033,999	-	2,170,099	(1,461,533)	3,742,565
Compensated absences	991,881	-	809,887	(743,911)	1,057,857
Total	\$ 18,913,313	\$ 241,133	\$ 6,420,067	\$ (10,486,474)	\$ 15,088,039

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

Year Ending June 30,	Direct Borrowings and Placements		Leases Payable	
	Principal	Interest	Principal	Interest
2023	\$ 594,506	\$ 189,251	\$ 77,837	\$ 16,328
2024	607,899	175,765	84,531	9,634
2025	619,146	161,991	47,820	3,075
2026	631,985	147,956	12,836	992
2027	646,590	133,625	3,402	54
2028-2032	3,355,851	443,331	-	-
2033-2035	2,107,022	83,363	-	-
Total	\$ 8,562,999	\$ 1,335,282	\$ 226,426	\$ 30,083

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

Governmental Activities Indebtedness: (Continued)

Details of long-term obligations:

	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Placements:						
General obligation refunding bond	2.24%	3/27/2015	4/1/2035	\$ 9,219,826	\$ 6,447,969	\$ 432,444
General obligation refunding bond	2.45%	12/1/2014	2/1/2030	727,720	367,731	44,877
General obligation refunding bond	2.24%	2/5/2016	3/27/2035	2,468,148	1,747,299	117,185
Total Direct Borrowings and Placements					\$ 8,562,999	\$ 594,506
Other Obligations:						
Leases payable - Machinery and Equipment	1.26%-10.01%	9/4/2019-10/1/2021	9/4/2024-10/1/2026	\$15,606-\$41,966	\$ 226,426	\$ 77,837
Landfill postclosure liability					522,263	-
Net OPEB liabilities					3,742,565	-
Net pension liability					975,929	-
Compensated absences					1,057,857	793,393
Total Other Obligations					\$ 6,525,040	\$ 871,230
Total Long-term Obligations					\$ 15,088,039	\$ 1,465,736

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

Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2022:

	Balance July 1, 2021	GASB 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct borrowings and placements					
General obligation bonds	\$ 5,365,436	\$ -	\$ -	\$ (202,275)	\$ 5,163,161
General obligation refunding bonds	4,421,974	-	-	(711,818)	3,710,156
Total direct borrowings and placements	\$ 9,787,410	\$ -	\$ -	\$ (914,093)	\$ 8,873,317
Leases payable	-	48,625	-	(12,428)	36,197
Amount due to Wythe Co.	1,483,492	-	-	(107,755)	1,375,737
Net pension liability	778,838	-	614,849	(1,224,838)	168,849
Net OPEB liabilities	367,245	-	171,776	(104,495)	434,526
Compensated absences	207,726	-	116,953	(155,795)	168,884
Total	\$ 12,624,711	\$ 48,625	\$ 903,578	\$ (2,519,404)	\$ 11,057,510

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)

Business-type Activities Indebtedness: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Leases Payable	
	Principal	Interest	Principal	Interest
2023	\$ 931,935	\$ 176,440	\$ 13,737	\$ 3,018
2024	951,638	156,269	15,186	1,569
2025	646,553	136,660	7,274	209
2026	512,001	124,355	-	-
2027	524,529	113,430	-	-
2028-2032	2,198,074	404,225	-	-
2033-2037	1,037,560	260,250	-	-
2038-2042	711,609	189,187	-	-
2043-2047	689,559	115,881	-	-
2048-2052	669,859	34,420	-	-
Total	<u>\$ 8,873,317</u>	<u>\$ 1,711,117</u>	<u>\$ 36,197</u>	<u>\$ 4,796</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 bonds	2.25%	12/13/2011	2052	\$ 4,105,000	\$ 3,461,701	\$ 84,063
General obligation refunding bonds	2.73%	12/2/2011	2032	964,540	566,604	48,944
General obligation bonds	2.45%	12/1/2014	2030	4,470,280	2,156,925	263,213
General obligation bonds	2.20%	12/1/2014	2025	4,127,500	1,007,556	429,822
General obligation refunding bonds	0.00%	3/28/2019	2039	1,386,000	1,134,856	69,300
General obligation bonds	2.24%	3/27/2015	2035	780,174	545,675	36,593
Total Direct Borrowings and Placements					<u>\$ 8,873,317</u>	<u>\$ 931,935</u>
Other Obligations:						
Leases payable - Machinery and Equipment	9.89%-10.42%	10/1/2019-2/1/2020	2024-2025	\$16,840-\$28,912	\$ 36,197	\$ 13,737
Amount due to Wythe Co. (1)					1,375,737	110,295
Net OPEB liabilities					434,526	-
Net pension liability					168,849	-
Compensated absences					168,884	126,663
Total Other Obligations					<u>\$ 2,184,193</u>	<u>\$ 250,695</u>
Total Long-term Obligations					<u>\$ 11,057,510</u>	<u>\$ 1,182,630</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.

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

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 9 - LEASES RECEIVABLE:

Governmental activities:

The following is a summary of lessor activity of the Town for the year ended June 30, 2022.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ -	\$ 106,933	\$ 21,600	\$ 85,333	\$ 536

Lease revenue recognized during the year was \$21,600.

Details of leases receivable:

Lease Description	Start Date	End Date	Payment Frequency	Ending Balance	Amount Due Within One Year
Two-Way Radio	7/1/2021	6/30/2026	Monthly	\$ 37,926	\$ 9,395
Child Care Facility	7/1/2021	6/30/2026	Monthly	47,407	11,744
Total				\$ 85,333	\$ 21,139

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

NOTE 10 - LANDFILL POSTCLOSURE MONITORING LIABILITY:

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 10 years after closure. The Town closed the landfill in December 1997. As a result of a new estimate provided by the Town's landfill engineer in 2022, total postclosure monitoring costs are estimated to be \$522,263. This estimate is based on ten years of monitoring starting with fiscal year 2022 and ending in fiscal year 2032. The amount is based on what it would cost to perform all postclosure in 2022. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The Town demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test for the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 11 - PENSION PLAN:

Plan Description

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 11 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 11 - PENSION PLAN: (CONTINUED)

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.

The Town's contractually required employer contribution rate for the year ended June 30, 2022 was 10.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$780,197 and \$783,213 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**NOTE 11 - PENSION PLAN: (CONTINUED)*****Net Pension Liability***

At June 30, 2022, the Town reported a liability of \$1,144,778 for its proportionate share of the net pension liability. The Town's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The Town's proportionate share of the same was calculated using contributions to the plan as of June 30, 2021 as a basis for allocation. At June 30, 2021 and 2020, the Town's proportion was 95.48% and 97.65%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

Sensitivity of the Town's Proportionate Share of the Net Pension Liability 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)	\$ 5,710,217	\$ 1,144,778	\$ (2,610,758)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$587,611. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

At June 30, 2022, 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	\$ 481,953	\$ -
Change in assumptions	946,907	-
Net difference between projected and actual earnings on pension plan investments	-	3,503,523
Change in proportionate share	17,851	110,166
Employer contributions subsequent to the measurement date	780,197	-
Total	<u>\$ 2,226,908</u>	<u>\$ 3,613,689</u>

\$780,197 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government
2023	\$ (119,799)
2024	(386,921)
2025	(588,545)
2026	(1,071,713)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL:

Plan Description

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

Benefits Provided

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

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2022 was \$70,135.

Net OPEB Liability

At June 30, 2022, the Town reported a liability of \$2,478,188 for its proportionate share of the total OPEB liability. The Town's net OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2021 and rolled forward to the measurement date of June 30, 2022. The Town's proportionate share of the same was calculated using the same allocation basis as Group Life Insurance Plan OPEB as of June 30, 2022. At June 30, 2022 and 2021, the Town's proportion was 94.21% and 95.48%, respectively.

Actuarial Assumptions

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

Inflation	2.50% per year
Salary Increases	7.70% in 2021 and gradually decreases to 3.90% by the year 2073
Discount Rate	2.16% for accounting and funding disclosures as of June 30, 2021 3.54% for accounting and funding disclosures as of June 30, 2022

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - MEDICAL: (CONTINUED)***Discount Rate***

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

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Rate		
1% Decrease (2.54%)	Current Discount (3.54%)	1% Increase (4.54%)
\$ 2,710,170	\$ 2,478,188	\$ 2,266,249

Sensitivity of the Town's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

Rate		
1% Decrease (6.70% decreasing to 2.90%)	Healthcare Cost Trend (7.70% decreasing to 3.90%)	1% Increase (8.70% decreasing to 4.90%)
\$ 2,175,700	\$ 2,478,188	\$ 2,839,799

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

For the year ended June 30, 2022, the Town recognized OPEB expense in the amount of \$278,698. At June 30, 2022, 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	\$ 636,697	\$ 200,702
Change in assumptions	196,394	273,319
Total	<u>\$ 833,091</u>	<u>\$ 474,021</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

<u>Year Ended June 30,</u>	
2023	\$ 51,433
2024	51,433
2025	50,439
2026	50,019
2027	54,848
Thereafter	100,898

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

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

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

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

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

Eligible Employees

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the Town were \$41,725 and \$41,675 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the Town reported a liability of \$435,197 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021, the Town's proportion of the statewide total was 0.03910% as compared to 0.03680% at June 30, 2020. The Town's allocated portion of the liability was 95.48% in 2021 and 97.72% in 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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)***

For the year ended June 30, 2022, the Town recognized GLI OPEB expense of \$26,666. 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, 2022, 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	\$ 49,636	\$ 3,316
Net difference between projected and actual earnings on GLI OPEB program investments	-	103,873
Change in assumptions	23,993	59,544
Changes in proportionate share	48,287	4,645
Employer contributions subsequent to the measurement date	41,725	-
Total	<u>\$ 163,641</u>	<u>\$ 171,378</u>

\$41,725 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, 2023. 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>	
2023	\$ (12,603)
2024	(7,772)
2025	(6,346)
2026	(22,802)
2027	61
Thereafter	-

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 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	\$ 635,838	\$ 435,197	\$ 273,169

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Act Program for the year ended June 30, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$39,018 and \$39,452 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

At June 30, 2022, the entity reported a liability \$1,263,706 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the entity's proportion was 0.28660% as compared to 0.21290% at June 30, 2020.

For the year ended June 30, 2022, the entity recognized LODA OPEB expense of \$140,254. 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, 2022, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,359	\$ 191,336
Net difference between projected and actual earnings on LODA OPEB program investments	-	7,318
Change in assumptions	349,709	60,449
Changes in proportionate share	333,205	86,639
Employer contributions subsequent to the measurement date	39,018	-
Total	<u>\$ 827,291</u>	<u>\$ 345,742</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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)***

\$39,018 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2023	\$ 52,917
2024	53,253
2025	53,352
2026	53,458
2027	52,593
Thereafter	176,958

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00% - 4.75%
Ages 65 and older	5.375% - 4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2029
Ages 65 and older	Fiscal year ended 2024
Investment rate of return	2.16%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**NOTE 14 - LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)*****Net LODA OPEB Liability***

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 448,542
Plan Fiduciary Net Position	<u>7,553</u>
LODA Net OPEB Liability (Asset)	<u>\$ 440,989</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.68%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.16% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.16% 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, 2021.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.16%. 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, 2021, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 2.16%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate		
	1% Decrease	Current Discount	1% Increase
	(1.16%)	(2.16%)	(3.16%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 1,453,725	\$ 1,263,706	\$ 1,112,720

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

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

	Health Care Trend Rates		
	1% Decrease	Current	1% Increase
	(6.00% decreasing to 3.75%)	(7.00% decreasing to 4.75%)	(8.00% decreasing to 5.75%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 1,036,902	\$ 1,263,706	\$ 1,554,514

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF WYTHEVILLE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 15 - SUMMARY OF OPEB PLANS:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
Town Stand-Alone Plan (Note 12)	\$ 833,091	\$ 474,021	\$ 2,478,188	\$ 278,698
VRS OPEB Plans:				
Group Life Insurance Plan (Note 13)	163,641	171,378	435,197	26,666
Line of Duty Act Program (Note 14)	827,291	345,742	1,263,706	140,254
Totals	<u>\$ 1,824,023</u>	<u>\$ 991,141</u>	<u>\$ 4,177,091</u>	<u>\$ 445,618</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:

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

NOTE 18 - LITIGATION:

As of June 30, 2022, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable.

NOTE 19 - ADOPTION OF ACCOUNTING PRINCIPLE:

The Town implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. This statement 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. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	Primary Government:	
	Governmental Activities	Business-Type Activities
Lessee activity:		
Lease assets	\$ 241,133	\$ 48,625
Lease liabilities	\$ 241,133	\$ 48,625

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 20 - UPCOMING PRONOUNCEMENTS:

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. 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 fiscal years beginning after June 15, 2022.

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 fiscal years beginning after June 15, 2022.

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

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

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

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 2,061,900	\$ 2,061,900	\$ 2,200,924	\$ 139,024
Other local taxes	7,259,000	7,259,000	9,213,032	1,954,032
Permits, privilege fees, and regulatory licenses	231,150	231,150	264,844	33,694
Fines and forfeitures	36,000	36,000	16,704	(19,296)
Revenue from the use of money and property	250,800	250,800	263,434	12,634
Charges for services	1,291,925	1,291,925	1,591,403	299,478
Miscellaneous	472,645	474,645	564,894	90,249
Recovered costs	392,270	392,270	397,827	5,557
Intergovernmental:				
Commonwealth	3,486,000	3,486,000	3,481,719	(4,281)
Federal	583,880	614,880	8,737,072	8,122,192
Total revenues	\$ 16,065,570	\$ 16,098,570	\$ 26,731,853	\$ 10,633,283
EXPENDITURES				
Current:				
General government administration	\$ 3,731,271	\$ 4,530,271	\$ 3,931,597	\$ 598,674
Public safety	5,150,256	5,193,756	4,853,407	340,349
Public works	3,850,665	4,134,665	3,870,616	264,049
Health and welfare	18,000	18,000	15,679	2,321
Parks, recreation, and cultural	2,159,729	2,307,729	2,043,375	264,354
Community development	1,807,440	1,872,440	1,750,065	122,375
Debt service:				
Principal retirement	813,241	813,241	1,050,393	(237,152)
Interest and other fiscal charges	252,614	252,614	224,148	28,466
Total expenditures	\$ 17,783,216	\$ 19,122,716	\$ 17,739,280	\$ 1,383,436
Excess (deficiency) of revenues over (under) expenditures	\$ (1,717,646)	\$ (3,024,146)	\$ 8,992,573	\$ 12,016,719
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ 1,500	\$ (52,500)	\$ (54,000)
Issuance of leases	-	-	55,318	55,318
Total other financing sources (uses)	\$ -	\$ 1,500	\$ 2,818	\$ 1,318
Net change in fund balances	\$ (1,717,646)	\$ (3,022,646)	\$ 8,995,391	\$ 12,018,037
Fund balances - beginning	1,717,646	3,022,646	12,649,550	9,626,904
Fund balances - ending	\$ -	\$ -	\$ 21,644,941	\$ 21,644,941

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, 2021

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

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

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

Town of Wytheville, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 780,197	\$ 780,197	\$ -	\$ 7,692,544	10.14%
2021	783,213	783,213	-	7,666,658	10.22%
2020	654,818	654,818	-	7,212,823	9.08%
2019	598,688	598,688	-	6,985,218	8.57%
2018	615,041	615,041	-	6,556,692	9.38%
2017	376,531	376,531	-	6,503,135	5.79%
2016	535,937	535,937	-	6,314,454	8.49%
2015	517,261	517,261	-	5,967,595	8.67%
2014	501,678	501,678	-	5,733,462	8.75%
2013	499,393	499,393	-	5,707,350	8.75%

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

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2022

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

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

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

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

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

Town of Wytheville, Virginia
Schedule of Town's Proportionate Share of the Total OPEB Liability
Town OPEB Plan
For the Measurement Dates of June 30, 2018 through June 30, 2022

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)
2022	94.20860%	\$ 2,478,188	N/A	N/A
2021	95.47710%	1,909,200	N/A	N/A
2020	97.72160%	1,847,580	N/A	N/A
2019	97.64000%	1,821,182	N/A	N/A
2018	97.60000%	1,685,005	N/A	N/A

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

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Town OPEB Plan
For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
 Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of pay
Discount Rate	2.16% as of June 30, 2021; 3.54% as of June 30, 2022
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 7.70% in 2021 and gradually decrease to 3.90% by the year 2073
Salary Increase Rates	The salary increase rate includes an inflation rate of 2.50%, a productivity component of 1.00% and a variable merit component that is dependent upon years of service. The 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, 2021

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)
2021	0.03910%	\$ 435,197	\$ 7,717,477	5.64%	67.45%
2020	0.03680%	600,303	7,402,862	8.11%	52.64%
2019	0.03681%	566,112	6,817,573	8.30%	52.00%
2018	0.03448%	511,423	6,399,383	7.99%	51.22%
2017	0.03526%	517,439	6,349,095	8.15%	48.86%

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

Town of Wytheville, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2017 through June 30, 2022

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)
2022	\$ 41,725	\$ 41,725	-	\$ 7,726,779	0.54%
2021	41,675	41,675	-	7,717,477	0.54%
2020	38,494	38,494	-	7,402,862	0.52%
2019	35,466	35,466	-	6,817,573	0.52%
2018	33,277	33,277	-	6,399,383	0.52%
2017	33,015	33,015	-	6,349,095	0.52%

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

Town of Wytheville, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Town of Wytheville, Virginia
Schedule of Town's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	0.28660%	\$ 1,263,706	\$ N/A	N/A	1.68%
2020	0.21290%	891,741	N/A	N/A	1.02%
2019	0.18140%	650,910	N/A	N/A	0.79%
2018	0.22106%	693,000	N/A	N/A	0.60%
2017	0.22489%	591,000	N/A	N/A	1.30%

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

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

Town of Wytheville, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2017 through June 30, 2022

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)
2022	\$ 39,018	\$ 39,018	\$ -	N/A	N/A
2021	39,452	39,452	-	N/A	N/A
2020	28,936	28,936	-	N/A	N/A
2019	24,349	24,349	-	N/A	N/A
2018	23,546	23,546	-	N/A	N/A
2017	24,255	24,255	-	N/A	N/A

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

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only six 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, 2022

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

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

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

Other Supplementary Information

Town of Wytheville, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue					Capital Projects	Total Nonmajor Governmental
	Homestead Endowment Fund	Wall of Honor Fund	Perpetual Care Fund	Memorial Fund	Total	CDBG Funds	Funds
ASSETS							
Cash and cash equivalents	\$ 268,511	\$ 14,449	\$ 333,723	\$ 24,003	\$ 640,686	\$ 8,292	\$ 648,978
Receivables							
Accounts receivable	-	-	-	-	-	20	20
Total assets	\$ 268,511	\$ 14,449	\$ 333,723	\$ 24,003	\$ 640,686	\$ 8,312	\$ 648,998
FUND BALANCES							
Committed:							
Homestead Endowment	\$ 268,511	\$ -	\$ -	\$ -	\$ 268,511	\$ -	\$ 268,511
Wall of Honor	-	14,449	-	-	14,449	-	14,449
Perpetual care	-	-	333,723	-	333,723	-	333,723
Memorial	-	-	-	24,003	24,003	-	24,003
Assigned:							
Capital Projects	-	-	-	-	-	8,312	8,312
Total fund balances	\$ 268,511	\$ 14,449	\$ 333,723	\$ 24,003	\$ 640,686	\$ 8,312	\$ 648,998
Total liabilities and fund balances	\$ 268,511	\$ 14,449	\$ 333,723	\$ 24,003	\$ 640,686	\$ 8,312	\$ 648,998

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue					Capital Projects	Total Nonmajor Governmental Funds
	Homestead Endowment Fund	Wall of Honor Fund	Perpetual Care Fund	Memorial Fund	Total	CDBG Funds	
REVENUES							
Revenue from the use of money and property	\$ 3,779	\$ 177	\$ 4,654	\$ 310	\$ 8,920	\$ 93	\$ 9,013
Miscellaneous	2,778	1,000	-	-	3,778	1,930	5,708
Total revenues	<u>\$ 6,557</u>	<u>\$ 1,177</u>	<u>\$ 4,654</u>	<u>\$ 310</u>	<u>\$ 12,698</u>	<u>\$ 2,023</u>	<u>\$ 14,721</u>
EXPENDITURES							
Current:							
Public works	\$ -	\$ -	\$ 45,411	\$ -	\$ 45,411	\$ -	\$ 45,411
Health and welfare	43,121	-	-	-	43,121	-	43,121
Total expenditures	<u>\$ 43,121</u>	<u>\$ -</u>	<u>\$ 45,411</u>	<u>\$ -</u>	<u>\$ 88,532</u>	<u>\$ -</u>	<u>\$ 88,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (36,564)</u>	<u>\$ 1,177</u>	<u>\$ (40,757)</u>	<u>\$ 310</u>	<u>\$ (75,834)</u>	<u>\$ 2,023</u>	<u>\$ (73,811)</u>
Net change in fund balances	\$ (36,564)	\$ 1,177	\$ (40,757)	\$ 310	\$ (75,834)	\$ 2,023	\$ (73,811)
Fund balances - beginning	305,075	13,272	374,480	23,693	716,520	6,289	722,809
Fund balances - ending	<u><u>\$ 268,511</u></u>	<u><u>\$ 14,449</u></u>	<u><u>\$ 333,723</u></u>	<u><u>\$ 24,003</u></u>	<u><u>\$ 640,686</u></u>	<u><u>\$ 8,312</u></u>	<u><u>\$ 648,998</u></u>

Town of Wytheville, Virginia
Combining Statement of Net Position
Proprietary Funds
June 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 761,503	\$ 1,008,983	\$ 1,770,486
Accounts receivable, net of allowance for uncollectibles	477,974	316,197	794,171
Due from other funds	65,284	75,000	140,284
Total current assets	<u>\$ 1,304,761</u>	<u>\$ 1,400,180</u>	<u>\$ 2,704,941</u>
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents	\$ 68,119	-	\$ 68,119
Capital assets:			
Land	\$ 119,625	\$ 43,611	\$ 163,236
Land rights	94,838	-	94,838
Construction in progress	49,856	258,140	307,996
Machinery and equipment	1,789,909	2,697,958	4,487,867
Utility plant in service	33,627,879	23,764,990	57,392,869
Less accumulated depreciation	(24,600,239)	(20,250,636)	(44,850,875)
Right-to-use assets:			
Machinery and equipment	\$ -	\$ 48,625	\$ 48,625
Less accumulated amortization	-	(14,084)	(14,084)
Total capital assets	<u>\$ 11,081,868</u>	<u>\$ 6,548,604</u>	<u>\$ 17,630,472</u>
Total noncurrent assets	<u>\$ 11,149,987</u>	<u>\$ 6,548,604</u>	<u>\$ 17,698,591</u>
Total assets	<u>\$ 12,454,748</u>	<u>\$ 7,948,784</u>	<u>\$ 20,403,532</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 12,024	\$ 12,331	\$ 24,355
Pension related items	178,524	161,293	339,817
OPEB related items	80,580	68,133	148,713
Total deferred outflows of resources	<u>\$ 271,128</u>	<u>\$ 241,757</u>	<u>\$ 512,885</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 60,101	\$ 234,361	\$ 294,462
Construction payables	-	87,112	87,112
Accrued payroll/fringes	77,647	48,319	125,966
Accrued interest payable	21,898	19,228	41,126
Due to other funds	-	65,284	65,284
Compensated absences - current portion	58,509	68,154	126,663
Bonds payable - current portion	391,844	540,091	931,935
Amount due to Wythe County - current portion	110,295	-	110,295
Leases payable - current portion	-	13,737	13,737
Total current liabilities	<u>\$ 720,294</u>	<u>\$ 1,076,286</u>	<u>\$ 1,796,580</u>
Current liabilities payable from restricted assets:			
Customer deposits payable	<u>\$ 68,119</u>	<u>\$ -</u>	<u>\$ 68,119</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 5,011,479	\$ 2,929,903	\$ 7,941,382
Compensated absences - net of current portion	19,503	22,718	42,221
Amount due to Wythe County - net of current portion	1,265,442	-	1,265,442
Leases payable - net of current portion	-	22,460	22,460
Net pension liability	92,383	76,466	168,849
Net OPEB liabilities	235,517	199,009	434,526
Total noncurrent liabilities	<u>\$ 6,624,324</u>	<u>\$ 3,250,556</u>	<u>\$ 9,874,880</u>
Total liabilities	<u>\$ 7,412,737</u>	<u>\$ 4,326,842</u>	<u>\$ 11,739,579</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 295,730	\$ 239,457	\$ 535,187
OPEB related items	52,163	43,952	96,115
Total deferred inflows of resources	<u>\$ 347,893</u>	<u>\$ 283,409</u>	<u>\$ 631,302</u>
NET POSITION			
Net investment in capital assets	\$ 4,314,832	\$ 2,967,632	\$ 7,282,464
Unrestricted	650,414	612,658	1,263,072
Total net position	<u>\$ 4,965,246</u>	<u>\$ 3,580,290</u>	<u>\$ 8,545,536</u>

Town of Wytheville, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 4,082,850	\$ -	\$ 4,082,850
Sewer revenues	-	2,516,820	2,516,820
Penalties	69,437	-	69,437
Miscellaneous	3,574	160	3,734
Total operating revenues	<u>\$ 4,155,861</u>	<u>\$ 2,516,980</u>	<u>\$ 6,672,841</u>
OPERATING EXPENSES			
Salaries	\$ 765,109	\$ 578,116	\$ 1,343,225
Fringe benefits	249,066	218,711	467,777
Professional services	209,737	160,258	369,995
Repair and maintenance	135,367	206,093	341,460
Operating materials and supplies	941,714	245,693	1,187,407
Permits, licenses and memberships	2,183	13,995	16,178
Utilities	223,205	277,377	500,582
Travel	65	2,300	2,365
Office supplies	256	13,820	14,076
Postal services	2,567	2,567	5,134
Insurance	-	18,182	18,182
Miscellaneous expenses	29,827	12,302	42,129
Depreciation/amortization	753,504	667,143	1,420,647
Total operating expenses	<u>\$ 3,312,600</u>	<u>\$ 2,416,557</u>	<u>\$ 5,729,157</u>
Operating income (loss)	<u>\$ 843,261</u>	<u>\$ 100,423</u>	<u>\$ 943,684</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 7,230	\$ 11,352	\$ 18,582
Payment to NRRWA	(440,484)	-	(440,484)
Interest expense	(180,004)	(55,598)	(235,602)
Total nonoperating revenues (expenses)	<u>\$ (613,258)</u>	<u>\$ (44,246)</u>	<u>\$ (657,504)</u>
Income before capital contributions and construction grants and transfers	<u>\$ 230,003</u>	<u>\$ 56,177</u>	<u>\$ 286,180</u>
Capital contributions and construction grants	\$ 1,980	\$ 62,000	\$ 63,980
Transfers in	-	28,500	28,500
Change in net position	<u>\$ 231,983</u>	<u>\$ 146,677</u>	<u>\$ 378,660</u>
Net position - beginning	4,733,263	3,433,613	8,166,876
Net position - ending	<u><u>\$ 4,965,246</u></u>	<u><u>\$ 3,580,290</u></u>	<u><u>\$ 8,545,536</u></u>

Town of Wytheville, Virginia
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,152,749	\$ 2,544,922	\$ 6,697,671
Payments to suppliers	(1,522,806)	(858,130)	(2,380,936)
Payments to and for employees	(1,032,930)	(801,282)	(1,834,212)
Net cash provided by (used for) operating activities	<u>\$ 1,597,013</u>	<u>\$ 885,510</u>	<u>\$ 2,482,523</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment to NRRWA	<u>\$ (440,484)</u>	<u>\$ -</u>	<u>\$ (440,484)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (49,856)	\$ (231,028)	\$ (280,884)
Principal payments on bonds	(382,371)	(531,722)	(914,093)
Principal payments on leases payable	-	(12,428)	(12,428)
Contributions in aid of construction	1,980	62,000	63,980
Interest payments	(181,426)	(57,898)	(239,324)
Loan payments to other localities	(107,755)	-	(107,755)
Net cash provided by (used for) capital and related financing activities	<u>\$ (719,428)</u>	<u>\$ (771,076)</u>	<u>\$ (1,490,504)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>\$ 7,230</u>	<u>\$ 11,352</u>	<u>\$ 18,582</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 444,331</u>	<u>\$ 125,786</u>	<u>\$ 570,117</u>
Cash and cash equivalents - beginning - including restricted	385,291	883,197	1,268,488
Cash and cash equivalents - ending - including restricted	<u><u>\$ 829,622</u></u>	<u><u>\$ 1,008,983</u></u>	<u><u>\$ 1,838,605</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 843,261</u>	<u>\$ 100,423</u>	<u>\$ 943,684</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	\$ 753,504	\$ 667,143	\$ 1,420,647
(Increase) decrease in accounts receivable	(7,589)	27,942	20,353
(Increase) decrease in pension related items	326,067	244,378	570,445
Increase (decrease) in compensated absences	(24,648)	(14,194)	(38,842)
Increase (decrease) in operating accounts payable	22,115	94,457	116,572
Increase (decrease) in net pension liability	(352,828)	(257,161)	(609,989)
Increase (decrease) in accrued payroll	19,366	6,310	25,676
Increase (decrease) in OPEB liabilities	33,428	33,853	67,281
(Increase) decrease in OPEB related items	(20,140)	(17,641)	(37,781)
Increase (decrease) in customer deposits	4,477	-	4,477
Total adjustments	<u>\$ 753,752</u>	<u>\$ 785,087</u>	<u>\$ 1,538,839</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,597,013</u></u>	<u><u>\$ 885,510</u></u>	<u><u>\$ 2,482,523</u></u>

Supporting Schedules

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 1,605,100	\$ 1,605,100	\$ 1,643,786	\$ 38,686
Real and personal public service corporation taxes	60,000	60,000	77,059	17,059
Personal property taxes	231,000	231,000	271,560	40,560
Mobile home taxes	1,300	1,300	1,913	613
Machinery and tools taxes	148,500	148,500	165,940	17,440
Penalties	10,000	10,000	21,212	11,212
Interest	6,000	6,000	19,454	13,454
Total general property taxes	<u>\$ 2,061,900</u>	<u>\$ 2,061,900</u>	<u>\$ 2,200,924</u>	<u>\$ 139,024</u>
Other local taxes:				
Local sales and use taxes	\$ 600,000	\$ 600,000	\$ 762,022	\$ 162,022
Consumers' utility taxes	235,000	235,000	241,692	6,692
Consumption taxes	52,000	52,000	50,192	(1,808)
Business license taxes	1,350,000	1,350,000	1,792,481	442,481
Franchise license tax	-	-	500	500
Motor vehicle licenses	125,000	125,000	142,230	17,230
Tobacco tax	400,000	400,000	249,799	(150,201)
Bank stock taxes	375,000	375,000	463,167	88,167
Hotel and motel room taxes	1,400,000	1,400,000	1,974,892	574,892
Restaurant food taxes	2,700,000	2,700,000	3,511,612	811,612
Interest on local taxes	22,000	22,000	24,445	2,445
Total other local taxes	<u>\$ 7,259,000</u>	<u>\$ 7,259,000</u>	<u>\$ 9,213,032</u>	<u>\$ 1,954,032</u>
Permits, privilege fees, and regulatory licenses:				
Land use permits	\$ 500	\$ 500	\$ 843	\$ 343
Building permits	29,000	29,000	39,916	10,916
Electrical permits	10,000	10,000	10,954	954
Plumbing permits	4,000	4,000	6,845	2,845
Mechanical permits	7,000	7,000	10,789	3,789
Burial permits	35,000	35,000	40,535	5,535
Monument permits	1,200	1,200	1,590	390
Subdivision permits	200	200	1,660	1,460
Zoning permits	500	500	1,581	1,081
Refuse tags and disposal permits	140,000	140,000	140,475	475
Permits and other licenses	3,750	3,750	9,133	5,383
Total permits, privilege fees, and regulatory licenses	<u>\$ 231,150</u>	<u>\$ 231,150</u>	<u>\$ 264,844</u>	<u>\$ 33,694</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 16,000	\$ 16,000	\$ 14,353	\$ (1,647)
Parking fines	20,000	20,000	2,351	(17,649)
Total fines and forfeitures	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 16,704</u>	<u>\$ (19,296)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 215,000	\$ 215,000	\$ 219,513	\$ 4,513
Revenue from use of property	35,800	35,800	43,921	8,121
Total revenue from use of money and property	<u>\$ 250,800</u>	<u>\$ 250,800</u>	<u>\$ 263,434</u>	<u>\$ 12,634</u>

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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)				
Charges for services:				
Charges for law enforcement	\$ 12,000	\$ 12,000	\$ 22,094	\$ 10,094
Charges for EMS	680,000	680,000	748,499	68,499
Charges for cemetery plots	23,000	23,000	34,184	11,184
Charges for copies	2,000	2,000	2,304	304
Charges for animal control	50	50	620	570
Charges for gift shop	4,200	4,200	3,832	(368)
Charges for admissions	25,700	25,700	60,149	34,449
Charges for parks and recreation	524,950	524,950	677,593	152,643
Charges for weed cutting	16,750	16,750	32,021	15,271
Charges for other services	3,275	3,275	10,107	6,832
Total charges for services	\$ 1,291,925	\$ 1,291,925	\$ 1,591,403	\$ 299,478
Miscellaneous:				
Donations	\$ 34,750	\$ 36,750	\$ 35,734	\$ (1,016)
Miscellaneous	362,895	362,895	464,160	101,265
Virginia tourism grant	75,000	75,000	65,000	(10,000)
Total miscellaneous	\$ 472,645	\$ 474,645	\$ 564,894	\$ 90,249
Recovered costs:				
Recovered costs	\$ 392,270	\$ 392,270	\$ 397,827	\$ 5,557
Total revenue from local sources	\$ 11,995,690	\$ 11,997,690	\$ 14,513,062	\$ 2,515,372
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 10,000	\$ 10,000	\$ 9,263	\$ (737)
Mobile home titling tax	2,500	2,500	7,060	4,560
ATV sales tax	-	-	186	186
Motor vehicle rental tax	50,000	50,000	58,288	8,288
P2P vehicle share	-	-	157	157
Telecommunication tax	350,000	350,000	305,032	(44,968)
Game of skill tax	-	-	720	720
Personal property tax relief funds	61,000	61,000	61,076	76
Total noncategorical aid	\$ 473,500	\$ 473,500	\$ 441,782	\$ (31,718)
Categorical aid:				
Other categorical aid:				
Fire programs	\$ 30,000	\$ 30,000	\$ 33,234	\$ 3,234
Highway maintenance	2,770,000	2,770,000	2,785,868	15,868
Law enforcement block grant	205,000	205,000	209,670	4,670
Litter control	3,000	3,000	4,346	1,346
Virginia commission for the arts	4,500	4,500	4,500	-
Tobacco indemnification	-	-	2,319	2,319
Total other categorical aid	\$ 3,012,500	\$ 3,012,500	\$ 3,039,937	\$ 27,437
Total revenue from the Commonwealth	\$ 3,486,000	\$ 3,486,000	\$ 3,481,719	\$ (4,281)

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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 federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,880	\$ 8,880	\$ 8,882	\$ 2
Categorical aid:				
DOT TEA 21 grant-Heritage Walk	\$ 575,000	\$ 575,000	\$ -	\$ (575,000)
Community development block grant-SBRA	-	-	183,714	183,714
Emergency management	-	-	58,308	58,308
PPP loan forgiveness	-	-	237,958	237,958
Coronavirus relief funds	-	31,000	30,040	(960)
Coronavirus state and local fiscal recovery funds	-	-	8,218,170	8,218,170
Total categorical aid	\$ 575,000	\$ 606,000	\$ 8,728,190	\$ 8,122,190
Total revenue from the federal government	\$ 583,880	\$ 614,880	\$ 8,737,072	\$ 8,122,192
Total General Fund	\$ 16,065,570	\$ 16,098,570	\$ 26,731,853	\$ 10,633,283
Special Revenue Funds:				
Homestead Endowment Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 3,779	\$ 1,779
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 2,411	\$ 2,411
Other miscellaneous	-	-	367	367
Total miscellaneous revenue	\$ -	\$ -	\$ 2,778	\$ 2,778
Total Homestead Endowment Fund	\$ 2,000	\$ 2,000	\$ 6,557	\$ 4,557
Wall of Honor Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 177	\$ 77
Miscellaneous:				
Contributions	\$ 1,900	\$ 1,900	\$ 1,000	\$ (900)
Total Wall of Honor Fund	\$ 2,000	\$ 2,000	\$ 1,177	\$ (823)
Perpetual Care Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,654	\$ 4,654
Total revenue from use of money and property	\$ -	\$ -	\$ 4,654	\$ 4,654
Total Perpetual Care Fund	\$ -	\$ -	\$ 4,654	\$ 4,654

Town of Wytheville, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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>
Special Revenue Funds: (Continued)				
Memorial Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 310	\$ 310
Total revenue from use of money and property	\$ -	\$ -	\$ 310	\$ 310
Total Memorial Fund	\$ -	\$ -	\$ 310	\$ 310
Capital Projects Fund:				
CDBG Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 93	\$ 93
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 1,930	\$ 1,930
Total CDBG Fund	\$ -	\$ -	\$ 2,023	\$ 2,023
Total Primary Government	\$ 16,069,570	\$ 16,102,570	\$ 26,746,574	\$ 10,644,004

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 975,715	\$ 2,115,715	\$ 2,026,965	\$ 88,750
General and financial administration:				
Town clerk	\$ 241,175	\$ 241,175	\$ 222,370	\$ 18,805
Commission member	-	-	1,974	(1,974)
Town manager	156,795	156,795	136,419	20,376
Assistant town manager	136,970	136,970	74,438	62,532
Legal services	126,675	126,675	124,096	2,579
Independent services	57,000	57,000	61,545	(4,545)
Town treasurer	295,960	295,960	260,196	35,764
Automotive/motor pool	276,095	315,095	304,860	10,235
Engineering department	907,077	527,077	208,396	318,681
Human resources	238,949	238,949	235,908	3,041
Computer operations	318,860	318,860	274,430	44,430
Total general and financial administration	\$ 2,755,556	\$ 2,414,556	\$ 1,904,632	\$ 509,924
Total general government administration	\$ 3,731,271	\$ 4,530,271	\$ 3,931,597	\$ 598,674
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,610,714	\$ 2,610,714	\$ 2,390,742	\$ 219,972
Fire and rescue services:				
Fire department	\$ 1,164,560	\$ 1,164,560	\$ 1,111,994	\$ 52,566
EMS	1,154,290	1,154,290	1,103,057	51,233
Total fire and rescue services	\$ 2,318,850	\$ 2,318,850	\$ 2,215,051	\$ 103,799
Inspections:				
Building	\$ 87,115	\$ 98,115	\$ 100,760	\$ (2,645)
Other protection:				
Animal control	\$ 93,837	\$ 93,837	\$ 74,878	\$ 18,959
Transportation study grant	39,740	39,740	39,738	2
Other protection	-	32,500	32,238	262
Total other protection	\$ 133,577	\$ 166,077	\$ 146,854	\$ 19,223
Total public safety	\$ 5,150,256	\$ 5,193,756	\$ 4,853,407	\$ 340,349
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,547,040	\$ 1,713,040	\$ 1,638,759	\$ 74,281
Snow and ice removal	93,420	163,420	137,929	25,491
Streets, signs, and lights	600,715	600,715	584,339	16,376
Administration	111,925	111,925	106,906	5,019
Total maintenance of highways, streets, bridges and sidewalks	\$ 2,353,100	\$ 2,589,100	\$ 2,467,933	\$ 121,167
Sanitation and waste removal:				
Refuse collection and disposal	\$ 281,375	\$ 281,375	\$ 281,071	\$ 304
Maintenance of general buildings and grounds:				
General properties	\$ 101,435	\$ 101,435	\$ 102,389	\$ (954)
Town hall	240,965	240,965	164,450	76,515
Community center and park	611,265	656,265	577,631	78,634
Parks	-	2,000	27,832	(25,832)
Emergency services buildings	48,750	48,750	42,740	6,010
Animal shelter	2,800	3,800	3,115	685

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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: (Continued)				
Weed control - mowing	\$ 210,975	\$ 210,975	\$ 203,455	\$ 7,520
Total maintenance of general buildings and grounds	\$ 1,216,190	\$ 1,264,190	\$ 1,121,612	\$ 142,578
Total public works	\$ 3,850,665	\$ 4,134,665	\$ 3,870,616	\$ 264,049
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ 18,000	\$ 18,000	\$ 15,679	\$ 2,321
Parks, recreation, and cultural:				
Parks and recreation:				
Community activities	\$ 10,765	\$ 14,765	\$ 13,644	\$ 1,121
Recreational programs	535,910	537,910	429,129	108,781
Swimming pools	-	-	79,349	(79,349)
Athletic programs	263,355	288,355	188,675	99,680
New community programs	153,045	153,045	137,207	15,838
Youth/Teen center	73,930	121,930	96,909	25,021
Fitness center	181,980	202,980	301,472	(98,492)
Nutrition	50,000	50,000	14,378	35,622
Cemeteries	269,045	269,045	219,910	49,135
Total parks and recreation	\$ 1,538,030	\$ 1,638,030	\$ 1,480,673	\$ 157,357
Cultural enrichment:				
E. Lee Trinkle visitor center	\$ 136,159	\$ 136,159	\$ 56,122	\$ 80,037
Museums and heritage education	108,320	108,320	131,504	(23,184)
Homestead museum	84,025	126,025	124,338	1,687
Museums and Heritage Center	293,195	299,195	250,738	48,457
Total cultural enrichment	\$ 621,699	\$ 669,699	\$ 562,702	\$ 106,997
Total parks, recreation, and cultural	\$ 2,159,729	\$ 2,307,729	\$ 2,043,375	\$ 264,354
Community development:				
Planning and community development:				
Director of public information	\$ 530,345	\$ 555,345	\$ 497,380	\$ 57,965
Chamber of commerce	208,640	216,640	197,136	19,504
Horticulture	400,190	400,190	330,613	69,577
Meeting Center	421,340	421,340	419,919	1,421
Main Street Project	-	-	35,034	(35,034)
Joint IDA	246,925	278,925	269,983	8,942
Total planning and community development	\$ 1,807,440	\$ 1,872,440	\$ 1,750,065	\$ 122,375
Total community development	\$ 1,807,440	\$ 1,872,440	\$ 1,750,065	\$ 122,375
Debt service:				
Principal retirement	\$ 813,241	\$ 813,241	\$ 1,050,393	\$ (237,152)
Interest and other fiscal charges	252,614	252,614	224,148	28,466
Total debt service	\$ 1,065,855	\$ 1,065,855	\$ 1,274,541	\$ (208,686)
Total General Fund	\$ 17,783,216	\$ 19,122,716	\$ 17,739,280	\$ 1,383,436

Town of Wytheville, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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>
Special Revenue Funds:				
Homestead Endowment Fund:				
Health and welfare:				
Welfare and social services:				
Other welfare	\$ 77,000	\$ 77,000	\$ 43,121	\$ 33,879
Total Homestead Endowment Fund	<u>\$ 77,000</u>	<u>\$ 77,000</u>	<u>\$ 43,121</u>	<u>\$ 33,879</u>
Wall of Honor Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total Wall of Honor Fund	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Perpetual Care Fund:				
Public works:				
Public works:				
Other public works	\$ 32,600	\$ 47,600	\$ 45,411	\$ 2,189
Total Perpetual Care Fund	<u>\$ 32,600</u>	<u>\$ 47,600</u>	<u>\$ 45,411</u>	<u>\$ 2,189</u>
Total Primary Government	<u>\$ 17,893,816</u>	<u>\$ 19,248,316</u>	<u>\$ 17,827,812</u>	<u>\$ 1,420,504</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				
2012-13	\$	1,702,254	\$	2,961,351	\$	3,918,545	\$	8,807	\$	1,692,012	\$	999,776	\$	587,355	\$	5,111,728	\$	16,981,828
2013-14		2,147,851		3,252,873		3,792,477		19,491		1,852,475		944,160		569,975		5,607,196		18,186,498
2014-15		2,303,026		2,987,472		5,455,338		8,908		1,571,477		1,040,880		500,008		5,980,816		19,847,925
2015-16		2,354,593		3,327,511		4,131,591		12,030		1,910,471		1,500,540		302,612		5,730,156		19,269,504
2016-17		2,743,252		3,302,604		4,062,403		22,725		2,194,598		1,877,460		275,829		5,957,077		20,435,948
2017-18		4,231,146		3,086,007		3,484,224		29,813		2,109,544		1,569,297		260,971		571,998		20,490,800
2018-19		4,595,077		3,835,305		3,728,163		12,091		2,524,509		2,177,391		262,310		6,422,249		23,557,095
2019-20		3,084,790		3,834,958		4,084,536		10,647		2,030,259		1,544,425		246,068		5,930,258		20,765,941
2020-21		4,021,927		6,700,405		4,533,570		45,301		1,941,420		454,330		222,385		6,438,972		24,358,310
2021-22		4,043,335		5,256,902		4,759,036		58,800		2,062,017		1,436,804		221,010		6,405,243		24,243,147

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
2012-13	\$ 6,789,034	\$ 2,732,334	\$ 1,833,565	\$	1,627,185	\$ 6,208,331	\$ 542,179	\$ 522,726	\$ 581,813	\$ 20,837,167
2013-14	7,550,641	2,579,105	979,719		1,665,019	6,202,798	604,434	491,749	547,331	20,620,796
2014-15	7,616,718	3,554,077	199,021		1,627,470	6,499,216	603,899	822,008	564,702	21,487,111
2015-16	7,501,711	2,817,979	-		1,616,235	7,199,660	482,476	582,349	545,917	20,746,327
2016-17	7,556,643	2,855,571	1,145,672		1,638,042	7,240,639	439,097	564,510	534,059	21,974,233
2017-18	7,580,115	3,716,945	1,355,173		1,658,265	7,563,853	348,902	824,648	520,506	21,974,233
2018-19	7,029,521	3,536,179	-		1,646,203	7,655,285	442,257	719,858	503,581	21,532,884
2019-20	6,978,221	3,563,870	161,463		1,695,572	7,495,307	329,290	399,477	484,879	21,108,079
2020-21	7,883,076	5,222,123	9,500		1,701,563	7,610,832	268,273	527,692	465,957	23,689,016
2021-22	8,585,979	11,768,127	63,980		2,229,226	9,213,032	248,106	574,336	450,664	33,133,450

Table 3

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

Fiscal Year	General Government		Parks, Recreation, and Cultural										Total
	Administration	Public Safety	Public Works	Health and Welfare	Recreation, and Cultural	Community Development	Capital Projects	Debt Service (2)					
2012-13	\$ 2,082,596	\$ 2,863,559	\$ 3,695,603	\$ 8,807	\$ 1,797,413	\$ 998,600	\$ -	\$ 927,507	\$ 12,374,085				
2013-14	2,134,947	3,103,246	3,614,022	19,491	1,819,596	1,031,604	-	950,653	12,673,559				
2014-15	2,266,529	3,191,488	5,453,063	8,908	1,858,118	1,146,408	-	822,079	14,746,593				
2015-16	2,432,241	3,570,609	3,874,426	12,030	2,030,196	1,587,504	11,170	957,917	14,476,093				
2016-17	3,160,117	3,361,978	6,894,190	22,725	2,350,098	1,896,383	-	973,105	18,658,596				
2017-18	4,798,584	3,351,790	5,998,085	29,813	2,149,288	1,768,125	-	970,332	19,066,017				
2018-19	6,149,053	3,898,734	4,147,263	12,091	2,482,746	2,136,938	-	1,054,266	19,881,091				
2019-20	3,109,243	4,128,406	3,585,822	10,647	1,972,704	1,681,854	-	1,193,002	15,681,678				
2020-21	4,012,435	6,056,908	3,628,412	45,301	1,746,598	1,569,942	12,926	1,128,444	18,200,966				
2021-22	3,931,597	4,853,407	3,916,027	58,800	2,043,375	1,750,065	-	1,274,541	17,827,812				

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

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

Table 4

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

Fiscal Year	Revenue from the										Total
	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental		
2012-13	\$ 1,674,623	\$ 6,208,331	\$ 170,403	\$ 73,162	\$ 535,959	\$ 1,027,034	\$ 447,629	\$ 198,802	\$ 3,538,347	\$ 13,874,290	
2013-14	1,632,845	6,202,798	171,230	133,465	591,836	1,094,213	479,789	150,713	3,154,981	13,611,870	
2014-15	1,615,505	6,499,216	174,168	163,717	587,193	1,016,123	821,008	92,334	4,168,779	15,138,043	
2015-16	1,653,110	7,199,660	185,211	135,324	467,000	987,041	545,488	120,747	3,363,896	14,657,477	
2016-17	1,598,818	7,240,639	168,601	107,393	427,944	999,650	564,510	121,527	4,515,302	15,744,384	
2017-18	1,674,316	7,563,853	208,285	76,207	343,545	1,030,103	789,085	140,274	5,572,624	17,398,292	
2018-19	1,661,041	7,655,285	204,651	83,695	437,551	964,840	704,989	130,445	4,039,760	15,882,257	
2019-20	1,667,678	7,495,307	200,919	38,285	315,347	835,705	399,363	393,173	4,084,051	15,429,828	
2020-21	1,704,885	7,610,832	244,042	17,811	251,372	1,310,967	527,487	385,120	5,688,080	17,740,596	
2021-22	2,200,924	9,213,032	264,844	16,704	272,447	1,591,403	570,602	397,827	12,218,791	26,746,574	

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2012-13	\$ 1,668,534	\$ 1,627,494	97.54%	\$ 76,026	\$ 1,703,520	102.10%	\$ 85,090	5.10%
2013-14	1,677,066	1,644,830	98.08%	30,268	1,675,098	99.88%	99,267	5.92%
2014-15	1,659,935	1,621,452	97.68%	33,077	1,654,529	99.67%	96,796	5.83%
2015-16	1,667,267	1,630,343	97.79%	55,772	1,686,115	101.13%	101,512	6.09%
2016-17	1,659,382	1,610,321	97.04%	28,308	1,638,629	98.75%	112,898	6.80%
2017-18	1,677,878	1,646,162	98.11%	52,725	1,698,887	101.25%	95,914	5.72%
2018-19	1,697,479	1,660,951	97.85%	39,027	1,699,978	100.15%	91,441	5.39%
2019-20	1,732,231	1,678,129	96.88%	29,388	1,707,517	98.57%	104,409	6.03%
2020-21	1,716,182	1,694,985	98.76%	47,193	1,742,178	101.51%	94,528	5.51%
2021-22	2,208,215	2,168,842	98.22%	52,492	2,221,334	100.59%	87,677	3.97%

(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	
2012-13	\$ 778,870,700	\$ 136,520,057	\$ 31,842,008	\$ 106,972	\$ 947,339,737
2013-14	784,643,550	111,612,912	34,148,370	150,824	930,555,656
2014-15	784,334,286	125,978,204	34,852,734	110,210	945,275,434
2015-16	787,945,100	125,323,183	36,368,230	117,642	949,754,155
2016-17	788,739,181	120,809,089	37,766,390	113,017	947,427,677
2017-18	819,838,675	119,522,050	39,192,998	236,787	978,790,510
2018-19	827,294,409	126,212,102	40,090,579	299,690	993,896,780
2019-20	833,233,784	134,689,684	37,772,799	263,633	1,005,959,900
2020-21	838,122,615	131,656,912	39,409,565	290,626	1,009,479,718
2021-22	839,420,320	141,332,422	39,190,329	167,779	1,020,110,850

(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			
2012-13	\$	0.160	\$	0.280	\$	0.160	\$	0.280
2013-14		0.160		0.280		0.160		0.280
2014-15		0.160		0.280		0.160		0.280
2015-16		0.160		0.280		0.160		0.280
2016-17		0.160		0.280		0.160		0.280
2017-18		0.155		0.280		0.155		0.280
2018-19		0.155		0.280		0.155		0.280
2019-20		0.155		0.280		0.155		0.280
2020-21		0.155		0.280		0.155		0.280
2021-22		0.195		0.380		0.195		0.380

(1) Per \$100 of assessed value.

Table 8

Town of Wytheville, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012-13	8,211	\$ 947,340	\$ 21,493,275	2.27%	\$ 2,618
2013-14	8,211	930,556	20,847,944	2.24%	2,539
2014-15	8,211	945,275	25,905,375	2.74%	3,155
2015-16	8,211	949,754	24,629,729	2.59%	3,000
2016-17	8,211	947,428	23,252,373	2.45%	2,832
2017-18	8,211	978,791	21,844,211	2.23%	2,660
2018-19	8,211	993,897	20,824,559	2.10%	2,536
2019-20	8,211	1,005,960	20,285,268	2.02%	2,470
2020-21	8,265	1,009,480	18,931,581	1.88%	2,291
2021-22	8,265	1,020,111	17,436,317	1.71%	2,110

(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, leases payable, compensated absences, net pension liability, and net OPEB liabilities.

Table 9

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

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2012-13	\$ 341,815	\$ 585,692	\$ 927,507	\$ 12,374,085	7.50%
2013-14	379,544	571,109	950,653	12,673,559	7.50%
2014-15	393,322	428,757	822,079	14,751,413	5.57%
2015-16	648,406	309,511	957,917	16,944,241	5.65%
2016-17	693,032	280,073	973,105	18,658,596	5.22%
2017-18	705,803	264,529	970,332	19,066,017	5.09%
2018-19	790,267	263,999	1,054,266	19,881,091	5.30%
2019-20	939,963	253,039	1,193,002	15,681,678	7.61%
2020-21	901,504	226,940	1,128,444	18,200,966	6.20%
2021-22	1,050,393	224,148	1,274,541	17,827,812	7.15%

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

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

Table 10

Town of Wytheville, Virginia
Computation of Legal Debt Margin
June 30, 2022

Assessed valuations:		
Assessed value (real estate)		<u>\$ 839,420,320</u>
Legal debt margin		
Debt limitation - 10 percent of total assessed value		\$ 83,942,032
Debt applicable to limitation:		
Net bonded debt	(17,436,317)	
Total debt applicable to limitation	<u></u>	<u>(17,436,317)</u>
Legal debt margin		<u>\$ 66,505,715</u>

Compliance



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wytheville, Virginia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Wytheville, Virginia's basic financial statements and have issued our report thereon dated December 2, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wytheville, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-01.

Town of Wytheville, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Town of Wytheville, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Wytheville, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Polina, Faver, Cox Associates

Blacksburg, Virginia
December 2, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Wytheville, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Wytheville, Virginia's major federal programs for the year ended June 30, 2022. Town of Wytheville, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Wytheville, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Town of Wytheville, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Wytheville, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farrow, Cox Associates

Blacksburg, Virginia
December 2, 2022

Town of Wytheville, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Treasury			
Direct Payments			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 8,218,170
Pass Through Payments			
County of Wythe, Virginia			
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	30,040
Total Department of Treasury			<u>\$ 8,248,210</u>
Department of Homeland Security			
Pass Through Payments			
<i>Virginia Department of Emergency Management</i>			
Emergency Management Performance Grants	97.042	Not available	\$ 58,308
Department of Housing and Urban Development			
Pass Through Payments			
<i>Virginia Department of Housing and Community Development</i>			
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ 183,714
Total Expenditures of Federal Awards			<u>\$ 8,490,232</u>

NOTE A--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Wytheville, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Wytheville, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Wytheville, Virginia.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

NOTE C--SUBRECIPIENTS:

The Town did not have any subrecipients for the year ended June 30, 2022.

NOTE D--RELATIONSHIP TO THE FINANCIAL STATEMENTS:

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

Primary government:	
General fund	\$ 8,737,072
Less: Paycheck Protection Loan Forgiveness	(237,958)
Less: Payments in Lieu of Taxes	(8,882)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 8,490,232</u>

Town of Wytheville, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
---	-----------

Auditee qualified as low-risk auditee?	No
--	----

Section II - Financial Statement Findings

2022-001

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

Town of Wytheville, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II - Financial Statement Findings (Continued)

2022-001 (Continued)

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 of fiscal year 2022 activity (2023 audit).

Section III - Federal Award Findings and Responses

None

Town of Wytheville, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

2021-001 - Noncompliance finding

Condition:	The Town does not maintain detailed records that would allow us to properly perform tests of amounts included in the Weldon Cooper Center Local Finance Survey.
Recommendation:	The Town should begin tracking all work on a daily basis in accordance with the Urban Manual.
Current Status	Finding 2021-001 was repeated in the current year as 2022-001.