

Wise County  
Public Service Authority  
Norton, Virginia

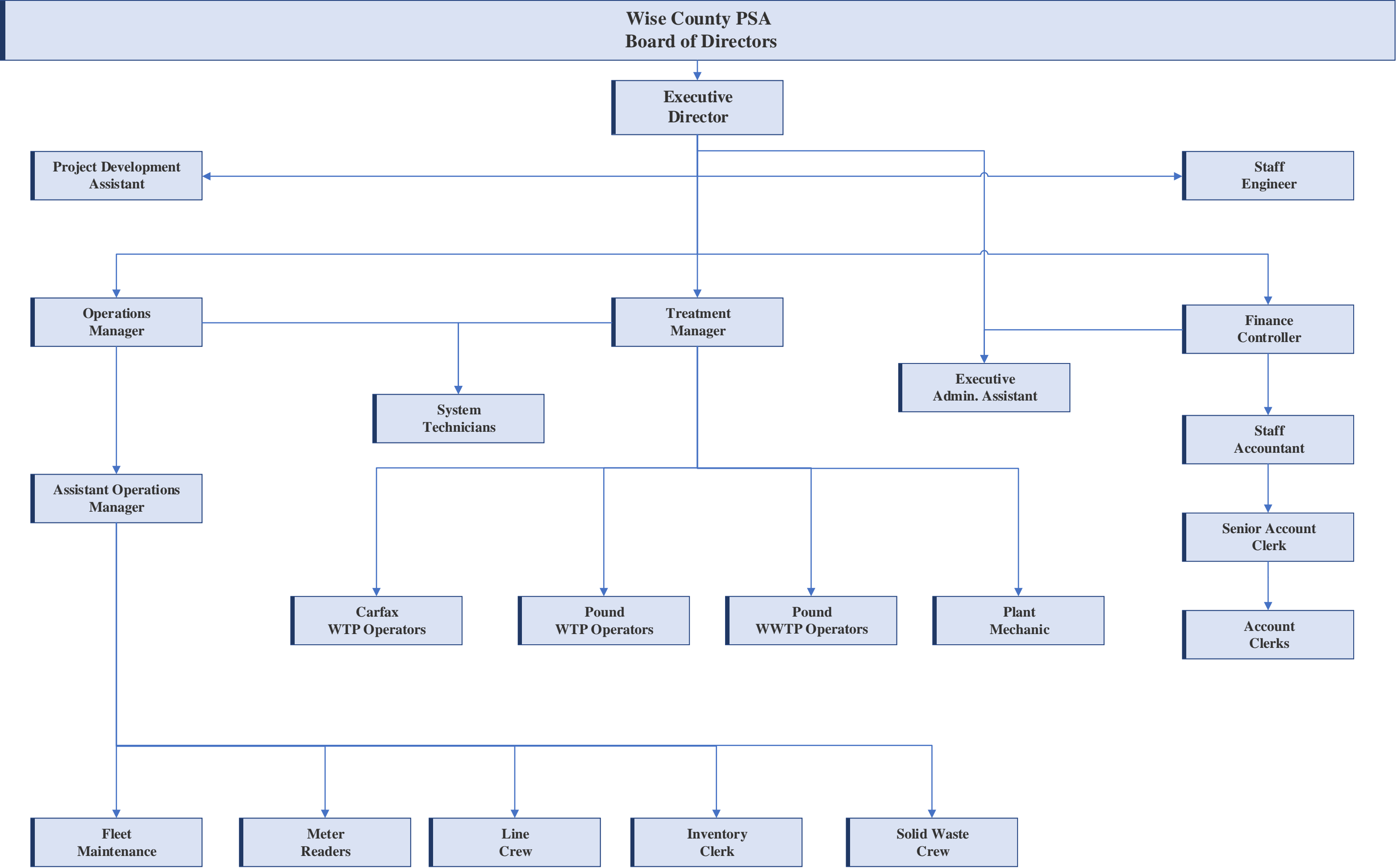


**AUDIT REPORT**  
**Year Ended June 30,**  
**2024**

**WISE COUNTY PUBLIC SERVICE AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b><u>INTRODUCTORY SECTION</u></b>	
Organizational Chart	1
Board Members	2
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	3-6
Management's Discussion and Analysis	7-10
BASIC FINANCIAL STATEMENTS:	
Exhibit 1          Statement of Net Position	11
Exhibit 2          Statement of Revenues, Expenses and Changes In Net Position	12
Exhibit 3          Statement of Cash Flows	13-14
<u>Notes to Financial Statements</u>	15-55
<b><u>Required Supplementary Information</u></b>	
Exhibit 4    Schedules on Retirement Plan & Related Notes	56-59
Exhibit 5    Schedules on Group Life Insurance Program & Related Notes	60-64
Exhibit 6    Schedule of Pledged Revenue Coverage	65
<b><u>COMPLIANCE SECTION</u></b>	
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	66-67
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	68-70
Schedule of Expenditures of Federal Awards	71
Notes to Schedule of Expenditures of Federal Awards	72
Schedule of Findings and Questioned Costs	73



**WISE COUNTY PUBLIC SERVICE AUTHORITY**

**BOARD MEMBERS**

Ralph Gilley, Chairperson  
Fred Luntsford, Vice-Chairperson  
J.H. Rivers, Treasurer

Bob Adkins  
Clarence “Rusty” Peters Jr.  
Worley Smith

Hibert Tackett, Jr.  
Robert Robbins

Executive Director  
Finance Controller

Cody McElroy  
Bella Phipps

# LARRY D. STURGILL, P. C.

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## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board  
Wise County Public Service Authority  
Wise, Virginia 24293

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities, of the Wise County Public Service Authority, component unit of the County of Wise, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 respective financial position of the business-type activities, of the Wise County Public Service Authority as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wise County Public Service Authority 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.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wise County Public Service Authority'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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wise County Public Service Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wise County Public Service Authority'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 management's discussion and analysis on pages 7-10 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. The Pension Plan information and Other postemployment benefit (OPEB) plan schedules are also required to be presented to supplement the basic financial statements. 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wise County Public Service Authority's basic financial statements. The accompanying 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*, is presented for purposes of additional analysis and is 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

The Honorable Members of the Board  
Wise County Public Service Authority  
Wise, Virginia 24293  
Page 4

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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

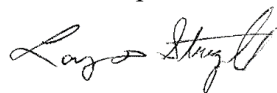
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover 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 November 18, 2024, on our consideration of the Wise County Public Service Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wise County Public Service Authority'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 Wise County Public Service Authority's internal control over financial reporting and compliance.

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



Larry D. Sturgill, P.C.  
Wise, Virginia  
November 18, 2024





# WISE COUNTY PUBLIC SERVICE AUTHORITY

P.O. Box 3388, Wise, VA 24293  
5622 Industrial Park Rd., Norton, VA 24273  
Office: (276) 679-1263  
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## Management's Discussion and Analysis

As management of the Wise County Public Service Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

### Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$71,380,231 (*net position*). Approximately 98 percent of this amount is either restricted or non-spendable.
- The government's total net position increased by \$7,156,254, primarily due to contributions and grants received for projects.
- The Authority's total debt decreased by \$362,435 during the current fiscal year. The key factor in this increase was due to the acquisition of a shop building and garbage trucks.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the following components: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the financial statements. In addition to the basic financial statements, this report contains other required supplementary information that will enhance the reader's understanding of the financial condition of the Wise County Public Service Authority.

### Basic Financial Statements

The Authority's basic financial statements are designed to provide the reader with a broad overview of the Authority's finances, similar in format to a financial statement of a private-sector business. The statements provide short and long-term information about the Authority's financial status as a whole. The statements are designed to display the financial position of the Authority's business-type activities that reflect charges to customers for the water, sewer, and solid waste services offered by the Authority.

Both the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the Authority's net position and how it has changed. Net position is the difference between the Authority's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Authority's financial condition. These statements can be seen on pages 11 and 12 of this report.

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and investments with maturities of 90 days or less. The Statement of Cash Flows is presented on pages 13 and 14 of this report.

The Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements begin on page 15 of this report.

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Authority's progress in funding its obligation to provide retirement and group life insurance benefits to its employees.

## Financial Analysis

### Wise County Public Service Authority's Net Position

	<u>2024</u>	<u>2023</u>
Current Assets	\$ 2,468,657	\$ 1,897,294
Cash and cash equivalent, restricted	3,640,295	3,340,631
Net Pension Assets	370,347	452,066
Capital Assets, net	<u>76,794,660</u>	<u>69,917,982</u>
Total Assets	<u>83,273,959</u>	<u>75,607,973</u>
Deferred Outflows	246,221	217,644
Current Liabilities	3,385,459	2,118,626
Noncurrent Liabilities	<u>8,483,238</u>	<u>9,079,022</u>
Total Liabilities	<u>11,868,697</u>	<u>11,197,648</u>
Deferred Inflows	271,252	403,992
Net investment in capital assets	67,727,196	60,488,083
Restricted for capital improvements	1,856,605	1,801,199
Unrestricted	1,796,431	1,934,694
PP Adjustment	<u>0</u>	<u>0</u>
Total Net Position	<u>\$ 71,380,231</u>	<u>\$ 64,223,976</u>

As noted earlier, net position may serve over time as one useful indicator of financial condition. The assets and deferred outflows of the Authority exceeded liabilities and deferred inflows by \$71,380,231 as of June 30, 2024. The Authority's net position increased by \$7,156,254 from the fiscal year ended June 30, 2023. However, the largest portion of the Authority's net position (94%) reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure), less any related debt used to acquire those assets. The Authority used these capital assets to provide water, sewer, and solid waste services to citizens, and consequently, these assets are not available for future spending. Although the Authority's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Authority's net position, \$1,856,605, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,796,431 is unrestricted.

### Wise County Public Service Authority's Changes in Net Position

	2024	2023
Operating Revenues	\$ 6,466,362	\$ 5,916,090
Operating Expenses	(5,415,599)	(5,089,897)
Depreciation & Amortization	<u>(2,381,855)</u>	<u>(2,215,534)</u>
Operating Income (Loss)	(1,331,092)	(1,389,340)
Non-Operating Revenue (Expenses)	<u>22,571</u>	<u>(13,773)</u>
Net Income (Loss) Before Capital Contributions	(1,308,521)	(1,403,113)
Capital Contributions	8,464,775	4,301,335
Transfers	<u>(0)</u>	<u>(0)</u>
Change in Net Position	7,156,254	2,898,221
Net Position, Beginning	<u>64,223,976</u>	<u>61,325,755</u>
Net Position, Ending	<u>\$ 71,380,231</u>	<u>\$ 64,223,976</u>

The Authority recognized a positive change in net position of \$7,156,254. Total contributions amounted to \$8,464,775 for water, sewer, and solid waste construction, primarily from federal, coal road, state, and other miscellaneous funding sources.

### Capital and Debt Administration

**Capital assets.** The Authority's investment in capital assets for its business-type activities as of June 30, 2024, totals \$76,794,660 (net of accumulated depreciation). These assets include buildings, land, infrastructure, and equipment.

Major capital asset transactions during the year included over \$8,000,000 toward construction-in-progress.

### Capital Assets (Net of Accumulated Depreciation & Amortization)

Land	\$ 286,804
Plant/Building	1,350,527
Utility Plant and Lines	
-Water Plant/Lines	34,025,809
-Sewer Plant/Lines	<u>29,491,675</u>
Total Utility Plant & Lines	63,517,484
Equipment	
-Water Equipment	607,479
-Sewer Equipment	1,184,997
-Solid Waste Equipment	<u>785,879</u>
Total Equipment	2,578,355
Construction in Progress	<u>9,061,491</u>
Total Net Capital Assets	<u>\$ 76,794,661</u>

Additional information on the Authority's capital assets can be found in Note 6 of the Basic Financial Statements.

**Long-Term Debt.** As of June 30, 2024, the Authority had total bonds indebtedness of \$8,904,798, representing bonds secured solely by specified revenue sources (e.g. revenue bonds). This was a decrease of \$356,160 from the prior year amount of \$9,260,958.

The Authority had total contract liabilities of \$141,310 representing a loan absorbed from the Town of Appalachia. This was a decrease of \$16,624 from the prior year amount of \$157,934. The key factor in this decrease was from the Authority's payments toward the loan.

Additional information related to outstanding debt is located in Notes 7-9 of the Basic Financial Statements.

### **Economic Factors and Rates**

The following key economic indicators affect the potential growth and prosperity of the Authority:

- **Decline in the Coal industry.** The fluctuations in the coal industry have a direct impact on the economy of Wise County and the surrounding regions. The decline in mining facilities not only affects the amount of coal road severance funding that is received by the Authority, but also the loss of jobs decreases the ability of customers to pay their utility bills. The coal road funding decreased from \$158,890 in 2023 to \$76,735 in 2024, a difference of \$82,155.
- **High Unemployment.** The June 2024 unemployment rate for the local area was 4.7% percent, which is an increase from a rate of 4.3% a year ago. This is higher than the state's average unemployment rate of 3.2% by 1.5 percent and higher than the national average rate of 4.1% by 0.6 percent.
- **Water Rates.** The water rates for the Authority that are charged on a monthly basis for residential/commercial, and industrial customers for 2024 are \$35.00 for the 1<sup>st</sup> 1500 gallons; then \$13.00 for every 1000 gallons thereafter.
- **Sewer Rates.** The sewer rates for the Authority that are charged on a monthly basis for 2024 are \$46.00 for the 1<sup>st</sup> 1500 gallons, then \$14.50 for every 1000 gallons thereafter. The flat rate for Non-Public Water Use sewer customers is \$67.75 per month.
- **Solid Waste.** The solid waste collection rates for the Authority that are charges on a monthly basis for 2024 are \$15 for a 96-gallon receptacle; then for a 6-CY Dumpster, the rates range from \$75 to \$210 per month, depending on how many days per week the waste is collected.

### **Requests for Information**

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to the Director, Wise County Public Service Authority, Post Office Box 3388, Wise, VA 24293.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

**EXHIBIT 1**

<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Total</b>
Current Assets:				
Cash, Cash Equivalents, and Investments	\$ 679,713	\$ 530,291	\$ 33,011	\$ 1,243,016
Restricted Cash, Cash Equivalents, & Investments	507,205	20,200	13,270	540,675
Accounts Receivable-Net	626,684	178,640	41,523	846,847
Interfund Balances	-	-	-	-
Due from Other Governmental Units	351,624	1,205,363	-	1,556,987
Due from Others	64,824	-	-	64,824
Total Current Assets	2,230,050	1,934,494	87,804	4,252,349
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	1,293,414	563,190	-	1,856,604
Net Pension Assets	251,836	96,290	22,221	370,347
Capital Assets:				
Land and Construction in Progress	2,405,039	6,943,256	-	9,348,295
Other Capital Assets, Net of Depr. & Amort.	35,819,724	30,840,763	785,879	67,446,365
Total Capital Assets	38,224,763	37,784,019	785,879	76,794,660
Total Noncurrent Assets	39,770,013	38,443,499	808,100	79,021,611
Total Assets	42,000,063	40,377,993	895,903	83,273,959
<b>DEFERRED OUTFLOWS</b>				
Pension Plan	136,303	51,947	11,545	199,795
Group Life Plan	31,667	12,071	2,688	46,426
Total Deferred Outflows	167,970	64,018	14,233	246,221
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	743,414	1,159,197	4,359	1,906,970
Accrued Wages Payable and Taxes	70,906	17,363	5,007	93,275
Compensated Absences	12,890	2,018	959	15,868
Accrued Interest Payable	9,673	1,960	291	11,924
Customer Deposits Payable	507,205	20,200	13,270	540,675
Lease and Contractual Liabilities	4,796	16,625	-	21,421
Bonds and Notes Payable	584,403	184,645	26,278	795,326
Total Current Liabilities	1,933,287	1,402,008	50,165	3,385,459
Noncurrent Liabilities:				
Compensated Absences	116,012	18,164	8,635	142,811
Net GLI OPEB Liability	61,002	23,324	5,383	89,709
Lease and Contractual Liabilities	16,561	141,310	-	157,871
Bonds and Notes Payable	4,827,147	3,024,147	241,552	8,092,846
Total Noncurrent Liabilities	5,020,722	3,206,945	255,570	8,483,238
Total Liabilities	6,954,009	4,608,953	305,735	11,868,697
<b>DEFERRED INFLOWS</b>				
Pension Plan	62,074	23,734	5,477	91,285
Group Life Plan	10,028	3,834	885	14,747
Unearned Revenue	10,552	154,668	-	165,220
Total Deferred Inflows	82,654	182,236	6,362	271,252
<b>NET POSITION</b>				
Net Investment in Capital Assets	32,791,855	34,417,292	518,049	67,727,196
Restricted for:				
Coal Road Funds	111,765	199,606	-	311,371
Debt Services Reserves	845,220	208,917	-	1,054,137
American Rescue Plan Act	-	29,668	-	29,668
Mountain Empire Community College	-	-	125,000	125,000
Dominion Replacement Funds	336,429	-	-	336,429
Unrestricted	1,046,101	795,340	(45,010)	1,796,431
Total Net Position	\$ 35,131,370	\$ 35,650,822	\$ 598,039	\$ 71,380,231

The accompanying notes are an integral part of the financial statements.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**EXHIBIT 2**

	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Total</b>
OPERATING REVENUES:				
Charges for Services	\$ 4,096,592	\$ 1,559,738	\$ 297,892	\$ 5,954,222
Other Operating Revenues	423,381	77,540	11,220	512,140
Total Operating Revenues	4,519,973	1,637,278	309,112	6,466,362
OPERATING EXPENSES:				
Operation and Maintenance	2,902,799	739,638	267,212	3,909,648
Administration and General	807,123	409,393	22,948	1,239,464
Other Operating Expenses	210,386	56,101	-	266,487
Total Operating Expenses	3,920,307	1,205,132	290,160	5,415,599
DEPRECIATION AND AMORTIZATION	1,441,467	829,195	111,194	2,381,855
OPERATING INCOME (LOSS)	(841,801)	(397,049)	(92,243)	(1,331,093)
NON-OPERATING REVENUE (EXPENSES):				
Interest Income	113,162	37,202	3,116	153,481
Interest Expense	(98,735)	(24,157)	(6,798)	(129,690)
Gain/(Loss) on Asset Disposal	(586)	(633)	-	(1,219)
Total Non-Operating Revenue (Expenses)	13,842	12,412	(3,682)	22,571
NET INCOME (LOSS)-				
BEFORE CONTRIBUTIONS & TRANSFERS	(827,959)	(384,638)	(95,925)	(1,308,521)
CAPITAL CONTRIBUTIONS				
Federal Grants	1,917,918	3,935,117	25,000	5,878,036
County of Wise, Virginia	55,506	21,230	-	76,735
Other - Dominion	161,364	-	-	161,364
Other State Agencies	78,343	2,105,506	-	2,183,849
Other Agencies	125,221	39,570	-	164,791
Contributions Expense	-	-	-	-
Total Capital Contributions	2,338,352	6,101,423	25,000	8,464,775
TRANSFERS	(75,000)	-	75,000	-
CHANGE IN NET POSITION	1,435,393	5,716,785	4,075	7,156,254
NET POSITION- Beg of Year	33,695,977	29,934,036	593,964	64,223,977
NET POSITION- End of Year	\$ 35,131,370	\$ 35,650,821	\$ 598,039	\$ 71,380,231

The accompanying notes are an integral part of the financial statements.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**EXHIBIT 3**

**PAGE 1**

	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	4,034,423	1,545,404	287,870	\$ 5,867,697
Cash Payments to Suppliers for Goods and Services	(1,685,416)	(247,178)	(152,473)	(2,085,067)
Cash Payments to Employees for Services	(1,639,187)	(751,922)	(155,166)	(2,546,275)
Other Operating Revenues	423,381	77,540	11,220	512,141
Net Cash Provided by (used in) Operating Activities	1,133,201	623,844	(8,549)	1,748,496
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
In(De)crease in Customer Deposits	9,620	3,200	2,840	15,660
Cash Provided from Litigation	-	-	-	-
Net Cash Provided by (used in) Non-Capital Financing Activities	9,620	3,200	2,840	15,660
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
(In)Decrease in Due from Other Governmental Units	(285,163)	(402,088)	-	(687,251)
Change in Due To/From Other Funds	167,600	-	(167,600)	-
(In)Decrease in Due from Others	47,688	154,722	-	202,410
Acquisition of Capital Assets	(3,144,737)	(6,077,988)	(35,810)	(9,258,535)
Proceeds from Issuance of Debt	265,464	-	140,000	405,464
Gain from Asset Disposal	(586)	(633)	-	(1,219)
Interfund Transfer	(75,000)	-	75,000	-
Principal Paid on Debt	(545,148)	(201,032)	(21,720)	(767,900)
Interest Paid on Revenue Bonds and Equipment Contracts	(99,553)	(24,227)	(6,608)	(130,388)
Contributions and Grants	2,338,353	6,256,091	25,000	8,619,444
Net Cash Provided by (used in) Capital and Related Financing Activities	(1,331,082)	(295,155)	8,262	(1,617,975)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Interest on Investments	113,162	37,202	3,116	153,480
Net Cash Provided by (used in) Investing Activities	113,162	37,202	3,116	153,480
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(75,099)</b>	<b>369,091</b>	<b>5,669</b>	<b>299,661</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>2,555,431</b>	<b>744,590</b>	<b>40,612</b>	<b>3,340,633</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 2,480,332</b>	<b>\$ 1,113,681</b>	<b>\$ 46,281</b>	<b>\$ 3,640,294</b>

(Continued)

The accompanying notes are an integral part of the financial statements.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**EXHIBIT 3**  
**PAGE 2**

	<b>Solid</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Waste</b>	<b>Total</b>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Loss	\$ (841,801)	\$ (397,049)	\$ (92,243)	\$ (1,331,093)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	1,441,467	829,195	111,194	2,381,856
Changes in Asset, Liabilities, and Deferred Resources (Net):				
Provision for Uncollectible Accounts	(5,894)	(4,613)	1,441	(9,066)
Provision for Compensated Absences	9,572	1,588	1,335	12,495
(In)Decrease in Accounts Receivable	(56,275)	(9,721)	(11,463)	(77,459)
In(De)crease in Accounts Payable	584,459	424,037	(13,299)	995,197
In(De)crease in Wages/Taxes Payable	12,352	621	(985)	11,988
In(De)crease in Net Pension Liability	60,090	21,247	382	81,719
In(De)crease in Net GLI OPEB Liability	5,586	2,443	1,367	9,396
In(De)crease in Pension and OPEB Deferrals	(76,355)	(243,904)	(6,278)	(326,537)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,133,201</u>	<u>\$ 623,844</u>	<u>\$ (8,549)</u>	<u>\$ 1,748,496</u>

(Concluded)

The accompanying notes are an integral part of the financial statements.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The financial statements of the Authority have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board.

The Wise County Public Service Authority was established on September 09, 1969 pursuant to Title 15.1, Chapter 28, Sections 15.1 – 1239 to 15.1 – 1270 of the Code of Virginia (1950) and as amended. The Authority's purpose is to provide drinking water and wastewater utilities to the residents of Wise County.

The Authority is governed by an eight member Board appointed by The County of Wise, Virginia Board of Supervisors. The Board is responsible for appointing the Director and Director of Project Development. The Authority provides water and sewer services for its customers throughout Wise County and is continuing to expand its customer base for sewer services.

Legally, the Authority is a separate governmental entity that has considerable legal, financial, and administrative autonomy. However, as the governing board is not elected but is entirely appointed by the county, the Authority cannot be a primary government. Instead, it qualifies as a discretely presented component unit of Wise County, Virginia (the primary government).

***Basis of Accounting***

The Authority recovers the costs of providing services, including capital costs, through user charges. Accordingly, the Authority uses enterprise funds and the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recorded as incurred. The Authority defines operating revenues and expenses as those directly related to providing water, sewer, and/or solid waste services. Operating revenues consist of charges to Authority users. Operating expenses include personnel, materials and supplies, services purchased from other local jurisdictions, and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses; these include, bond issue costs, gain (loss) on disposal of capital assets, and interest on outstanding debt.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. 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.

***Tax Status***

The Authority, as part of a local government, is not subject to federal, state, or local income taxes, and accordingly, no provision for income taxes is made.

***Service Charges***

The major sources of revenue for the Authority are sales to existing customers for continuing water, sewer, and solid waste services. Customers are charged for water and sewer services based on metered water usage in addition to a base charge. Water, sewer, and solid waste charges are designed to recover the costs of operation and maintenance of the system, as well as debt service and capital project costs attributable to

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

supporting or improving water, wastewater treatment, and garbage pickup services to the Authority’s customers. Water, sewer, and solid waste service charges are recorded as operating revenue.

***Unbilled Service Charges***

An estimated amount has been recorded for services rendered but not yet billed as of the close of the fiscal year. This estimated receivable is calculated by prorating water consumption and billings for certain prior months.

***Investments***

The Authority currently has investments through the Virginia Investment Pool (VIP). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has measured fair value of their investments at the net asset value (NAV). Certificate of deposits and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

***Cash and Cash Equivalents***

For the purpose of the statement of cash flows, the Authority considers cash and cash equivalents (including restricted cash and cash equivalents) to be currency on hand, demand deposits with banks and liquid investments with a maturity of 90 days or less. Cash and cash equivalents are included in both unrestricted as well as restricted assets.  
All cash of the Wise County Public Service Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et.seq. of the Code of Virginia or covered by Federal Depository Insurance.

***Capital Assets***

Capital assets that individually cost \$5,000 or more with a useful life of more than one year are capitalized and recorded at cost. Contributed capital assets are recorded at their estimated acquisition value on the date of donation. Capital assets are depreciated/amortized over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water/Sewer System Infrastructure	50 Years
Buildings & Improvements	30 Years
Equipment	3-25 Years
Automobiles	5 Years

For constructed assets, all costs necessary to bring such assets to the condition and location necessary for the intended use, including interest on related debt, are initially treated as construction in progress and subsequently as buildings, equipment, or utility plant and lines once the assets are substantially complete. Depreciation and amortization on constructed assets begin when the assets are substantially ready for their intended use.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Compensated Absences***

The Authority has accrued the liability arising from outstanding claims and judgments and compensated absences. The Wise County Public Service Authority employees earn sick time at 5 hours semi-monthly and may be carried over from year to year without limit. Employees also earn annual time at various rates and maximum limits based on years of continuous service. Annual leave in excess of the maximum amount at the end of each fiscal year will be forfeited with no compensation to the employee. Employees shall be paid for accrued annual leave up to the allowed maximum listed at the time of separation from the Authority. Sick leave shall be reimbursed to the employee only in the event of retirement with the Authority for their unused sick leave hours at their hourly rate up to a maximum of \$5,000 per employee. At June 30, 2024, the Authority accrued \$158,679 for such compensated absences.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

***Group Life Insurance***

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program 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. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's 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.

***Net Position***

Net position is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority uses restricted resources first, then unrestricted assets when needed.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**2. CASH AND INVESTMENTS**

Cash, cash equivalents, and investments for the Wise County Public Service Authority, including restricted and unrestricted balances, were comprised of the following at June 30, 2024:

	<u>Amount</u>
Cash and Equivalents	\$ 1,847,550
Cash Investments (VIP)	<u>1,792,745</u>
Total Cash, Equivalents, and Investments	<u>\$ 3,640,295</u>

**Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has measured fair value of the above investments at the net asset value (NAV).

**Rating**

The above Cash Investments are maintained through the VaCo/VML Virginia Investment Pool. The Investments are within the Stable NAV Liquidity Pool, rated AAAm by Standard & Poor's (S&P).

**Credit Risk**

At year end, the Authority was not exposed to any custodial credit risk for deposits or investments. The Authority limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The Authority policy in regards to investments requires that all investments be held in the Authority's name.

At June 30, 2024, the Authority did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

**3. ACCOUNTS RECEIVABLE**

Customers are charged for water based on metered water usage. The majority of sewer customers are also charged based on their metered water usage, however, the non-public sewer customers are charged a flat rate monthly fee. Solid waste collections are charged based on receptacle size and frequency of pickup services. An estimated amount has been recorded for services rendered but not yet billed as of the close of the fiscal year. This unbilled receivable is calculated from the meter usage from the last reading date in early June through the end of the month. Accounts receivable for utility and collection fees amount to the following:

	<u>Amount</u>
Accounts Receivable	\$ 629,953
Unbilled Utility Services	370,520
Less: Allowance for Doubtful Accounts	<u>(153,625)</u>
Net Accounts Receivable	<u>\$ 846,848</u>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**4. DUE FROM OTHER GOVERNMENT UNITS**

**Water Fund**

	<u>Amount</u>
<u>Appalachian Regional Commission:</u>	\$ 4,140
<u>Wise County:</u>	
Coal Road Improvement	11,372
Sheriff's Office	250
<u>Dickenson County PSA:</u>	2,440
<u>Commonwealth of Virginia:</u>	
Virginia Department of Health	325,079
Coalfield Water Development Fund	<u>8,343</u>
Total Due to Water Fund	<u>\$ 351,624</u>

**Sewer Fund**

	<u>Amount</u>
<u>Wise County:</u>	
Coal Road Improvement	\$ 4,422
Board of Supervisors	9,538
<u>Commonwealth of Virginia:</u>	
Department of Environmental Quality	332,929
Red Onion State Prison	61,000
<u>Federal:</u>	
Department of Housing and Community Development	17,138
Department of Environmental Quality (ARPA)	<u>780,336</u>
Total Due to Sewer Fund	<u>\$ 1,205,363</u>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**5.     RESTRICTED ASSETS**

Customer deposits are restricted and refunded to customers upon termination of their respective accounts. The Authority maintains various other restricted cash accounts, including the following: a Dominion replacement account, which is restricted to future replacement of equipment needed for the Dominion raw waterline system; a Capital Improvement account that is used for the purchase of capital and for construction projects and consists of local coal and gas road funds; and a certificate of deposit being held as a reserve which is also funded from local coal and gas road funds.

The Authority receives a portion of *Local coal and gas road improvement and Virginia Coalfield Economic Development Authority tax* as per Section 58.1-3713 of the Code of Virginia. This allocation of the Coal and Gas Road Improvement Fund may be used to fund the construction of new water and/or sewer systems and lines.

Rural Development requires that Debt Service Reserves be set aside per Letters of Conditions and bond documents for the Stephens Sewer Loan and the Banner to Bull Run Water Projects.

Total restricted cash held by the Wise County Public Service Authority at June 30, 2024 is as follows:

	<u>Amount</u>
Coal Road Improvement Funds	\$ 311,371
Customer Deposit Account	540,675
American Rescue Plan Act	29,668
Mountain Empire Community College	125,000
Debt Service Reserves	1,054,137
Dominion Replacement Funds	<u>336,429</u>
Total Restricted Cash	<u>\$ 2,397,280</u>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**6. CAPITAL ASSETS**

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2022
<b>Water Fund</b>				
<b>Capital Assets, Non-Depreciable:</b>				
Land	\$ 284,804	\$ -	\$ -	\$ 284,804
Construction in Progress	449,841	2,723,188	(1,052,794)	2,120,235
<b>Capital Assets, Depreciable/Amortizable:</b>				
Buildings & Structures	1,681,703	86,951	-	1,768,654
Utility Plant	53,170,622	1,131,997	-	54,302,619
Equipment	468,145	86,141	-	554,286
Automobiles	628,348	139,741	-	768,089
Office Furniture/Equipment	179,554	14,045	-	193,599
ROU Assets	21,520	16,781	(8,759)	29,542
Total Capital Assets	56,884,537	4,198,844	(1,061,553)	60,021,828
<b>Accumulated Depreciation/Amortization for:</b>				
Buildings & Structures	(505,473)	(76,745)	-	(582,218)
Utility Plant	(19,073,288)	(1,203,522)	-	(20,276,810)
Equipment	(340,692)	(33,719)	-	(374,411)
Automobiles	(298,154)	(99,851)	-	(398,005)
Office Furniture/Equipment	(132,668)	(22,648)	-	(155,316)
ROU Assets	(12,769)	(4,981)	7,445	(10,305)
Total Accumulated Depreciation/Amortization	(20,363,044)	(1,441,466)	7,445	(21,797,065)
Total Capital Assets, Net	\$ 36,521,493	\$ 2,757,378	\$ (1,054,108)	\$ 38,224,763
<b>Sewer Fund</b>				
<b>Capital Assets, Non-Depreciable:</b>				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Construction in Progress	3,025,448	5,566,827	(1,651,019)	6,941,256
<b>Capital Assets, Depreciable/Amortizable:</b>				
Plant & Building	174,930	-	-	174,930
Utility Plant	32,521,837	1,535,442	-	34,057,279
Equipment	910,888	36,859	-	947,747
Automobiles	48,750	590,207	-	638,957
ROU Assets	2,680	-	(2,680)	-
Total Capital Assets	36,686,533	7,729,335	(1,653,699)	42,762,169
<b>Accumulated Depreciation/Amortization for:</b>				
Plant & Building	(4,554)	(6,285)	-	(10,839)
Utility Plant	(3,853,270)	(712,334)	-	(4,565,604)
Equipment	(242,527)	(77,331)	-	(319,858)
Automobiles	(48,750)	(33,099)	-	(81,849)
ROU Assets	(2,206)	(146)	2,352	-
Total Accum Depr/Amort	(4,151,307)	(829,195)	2,352	(4,978,150)
Total Capital Assets, Net	\$ 32,535,226	\$ 6,900,140	\$ (1,651,347)	\$ 37,784,019

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**6. CAPITAL ASSETS (continued)**

**Solid Waste Fund**

**Capital Assets, Non-Depreciable:**

Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-

**Capital Assets, Depreciable/Amortizable:**

Equipment	254,240	35,810	-	290,050
Automobiles	665,353	-	-	665,353
ROU Assets	-	-	-	-
Total Capital Assets	919,593	35,810	-	955,403

**Accumulated Depreciation/Amortization for:**

Equipment	(32,249)	(39,594)	-	(71,843)
Automobiles	(26,081)	(71,600)	-	(97,681)
ROU Assets	-	-	-	-
Total Accumulated Depreciation/Amortization	(58,330)	(111,194)	-	(169,524)

Total Capital Assets, Net	\$ 861,263	\$ (75,384)	\$ -	\$ 785,879
TOTAL ALL FUNDS	\$ 69,917,982	\$ 9,582,134	\$ (2,705,455)	\$ 76,794,661



**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**7. BONDS AND NOTES OUTSTANDING**

The following is a summary of changes in the Authority's long-term obligations for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
Revenue Bonds-Water systems					
VRA Loan 009-21A	\$ 211,888	\$ -	\$ 10,049	\$ 201,839	10,165
Series 2001, VRA	108,300	-	12,033	96,267	12,033
Series 2004, VRA	202,043	-	18,368	183,675	18,368
Series 2004, VRA	305,334	-	45,696	259,638	46,154
Series 2006, VRA	182,699	-	13,533	169,166	13,533
RD Loan 55-022	70,695	-	70,695	-	-
Series 2008, VRA	90,417	-	5,833	84,584	5,833
Series 2009-A, BBT	756,576	-	100,893	655,683	106,107
Series 2010-A, VRA	107,386	-	6,137	101,249	6,136
Series 2010-C, VRA	116,922	-	6,878	110,044	6,878
Series 2016, RD	1,546,119	-	37,488	1,508,631	37,799
VRA Loan PC-21	841,178	-	36,573	804,605	36,573
Series 2017, VRA	48,370	-	48,370	-	-
Series 2017, VRA	581,520	-	18,571	562,949	18,119
Series 2019, VRA	90,802	-	90,802	-	-
PVNB, Note 2022	441,971	-	17,434	424,537	18,022
PVNB, Note 2024	-	248,683	-	248,683	248,683
Total Bonds-Water Systems	5,702,220	248,683	539,353	5,411,550	584,403
Revenue Bonds-Sewer systems					
VRA Loan C-515676	706,945	-	28,143	678,802	28,174
Series 2010 B, VRA	353,739	-	47,165	306,574	47,165
Series 2014, RD	380,739	-	13,120	367,619	13,405
Series 2016, VRA	214,024	-	8,736	205,288	8,736
Series 2016, RD	248,930	-	5,778	243,152	5,873
Series 2017, VRA	92,010	-	3,966	88,044	3,966
Series 2018, VRA	267,054	-	15,876	251,178	15,877
Series 2019, VRA	873,199	-	49,897	823,302	49,897
PVNB Note 2019	109,078	-	4,640	104,438	4,888
PVNB Note 2022	163,469	-	6,448	157,021	6,666
Total Bonds-Sewer Systems	3,409,187	-	183,769	3,225,418	184,647

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**7. BONDS AND NOTES OUTSTANDING (continued)**

	July 1, 2022	Increases	Decreases	June 30, 2022	One Year	
3						
	\$ 74,782	\$ -	\$ 6,942	\$ 67,840	7,102	
	74,768	-	6,943	67,825	7,102	
	-	140,000	7,835	132,165	12,073	
	149,550	140,000	21,720	267,830	26,277	

**Details of Bonds & Notes Outstanding**

\$317,533 SCADA Gen Project. Water and Sewer Revenue Bond, Series 2019, Virginia Resources Authority issued December 18, 2019, due in semi-annually installments of \$7,938 through June 01, 2040, interest payable at 0%. \$ 251,178

\$361,000 Bean Gap Water Project. Water and Sewer Revenue Bond, Series 2001, Virginia Resources Authority issued July 10, 2001, due in semi-annually installments of \$6,017 through January 01, 2032, interest payable at 0%. 96,267

\$551,025 Bull Run Water Project. Water and Sewer Revenue Bond, Series 2001, Virginia Resources Authority issued January 22, 2004, due in semi-annually installments of \$9,184 through May 01, 2034, interest payable at 0%. 183,675

\$1,054,490 South Fork Water Project. Water and Sewer Revenue Bond, Virginia Resources Authority issued February 27, 2004, due in annual installments ending on December 1, 2029, interest payable semi-annually at 1.00%. 259,638

\$417,379 North Fork Water Project. Water and Sewer Revenue Bond, Virginia Resources Authority issued June 30, 2006, due in semi-annual installments of \$6,767 through July 1, 2036, interest payable at 0%. 169,166

\$221,991 Town of Pound RD Refunding. Water and Sewer Revenue Bond, Virginia Resources Authority issued January 2022, due in semi-annual installments of \$6,228 through January 1, 2038, interest payable at 1.15%. 201,839

\$175,000 Dunbar Water Project. Water and Sewer Revenue Bond, Virginia Resources Authority issued August 29, 2008, due in semi-annual installments of \$2,917 through September 1, 2038, interest payable at 0%. 84,584

\$1,720,000 Dominion Project. Water Revenue Bond, BB&T Bank issued, 12/15/2009, due in monthly installments beginning on January 15, 2010 and ending on 12/15/2029, interest payable monthly at the nominal annual rate of 5.05%. 655,683

\$184,090 Disinfection By-Product Abatement. ARRA, Virginia Resources Authority issued February 16, 2010, due in semi-annual installments of \$3,068 ending on October 1, 2040, interest payable at 0%. 101,249

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**7. BONDS AND NOTES OUTSTANDING (continued)**

\$206,333 Lower Birchfield/Rt. 72. Water and Sewer Revenue Bond, Virginia Resources Authority issued June 17, 2010, due in semi-annual installments of \$3,439 through June 1, 2040, interest payable at 0%.	110,044
\$943,655 Stephens/Guest River Sewer. Water and Sewer Revenue Bond, Virginia Resources Authority issued 06/04/2010, due in semi-annual \$23,758 through December 1, 2030, interest payable at 0%.	306,574
\$549,000 Stephens Extension Project. Sewer Revenue Bond, Rural Utilities Service (Rural Development) issued June 19, 2014, interest 2.125%. The payments due the first 24 months will consist of interest only And will be paid annually on the first and second anniversaries of the bond. Payments for the remaining 38 years will be due in equal amortized monthly installments.	367,619
\$1,760,000 Banner/Bull Run/Emergency Generators. Water Revenue Bond, Series 2016, Rural Utilities Service (Rural Development) issued November 22, 2016, due in monthly installments of \$4,876 ending on October 22, 2056, interest payable at 1.375%.	1,508,631
\$896,038 VRA Pound Assumption. Water and Sewer Revenue Bond, Series 2022, Virginia Resource Authority issued January 25, 2022, due in semi-annual installments of \$18,286.47 ending on March 1, 2046, interest payable at 0.00%.	804,605
\$344,964 Roda/Osaka/Stonega Phase 1. Water and Sewer Revenue Bond, Series 2016, Virginia Resource Authority issued July 28, 2016, due in semi-annual installments of \$5,749.40 ending on August 1, 2047, interest payable at 0%.	205,288
\$276,000 Roda/Osaka. Sewer Revenue Bond, Series 2016, Rural Utilities Service (Rural Development) issued July 19, 2016, due in monthly installments of \$815.00 ending on June 19, 2056, interest payable at 1.625%.	243,152
\$118,966 Stonega Sewer. Water and Sewer Revenue Bond, Series 2017, Virginia Resource Authority issued March 30, 2017, due in semi-annual installments of \$1,982.95 ending on March 1, 2047, interest payable at 0%.	88,044
\$690,000 Carfax Raw Water Intake Rehabilitation.. Water and Sewer Revenue Bond, Series 2017, Virginia Resources Authority issued September 17, 2017, due in semi-annual installments of \$16,929.29 ending on March 1, 2048, interest payable at 2.65%.	562,949

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**7. BONDS AND NOTES OUTSTANDING (continued)**

\$122,538 Wells-Adams Sewer Project. Water/Sewer Subordinate Revenue Bond, Series 2019, Powell Valley National Bank issued September 24, 2019, due in monthly installments of \$727 ending on March 24, 2040, interest payable at 3.75%. 104,438

\$620,070 Trust Pound Assumption and Airport Hollow. Water & Sewer Revenue Bond, Virginia Resources Authority issued January 25, 2022, due in variable semi-annual installments of \$15,822 and ending on September 1, 2047, interest payable at 0.5%. 678,802

\$997,942 Upper Exeter Sewer. Sewer Revenue Bond, Series 2019, Virginia Resources Authority issued June 18, 2019, due in semi-annual installments of \$24,949 ending on July 1, 2040, interest payable at 0%. 823,302

\$625,000 . Water/Sewer, Shop Building Subordinate Revenue Bond, Series 2022, Powell Valley National Bank issued July 01, 2022, due in monthly installments of \$3,435 ending on June 30, 2042, interest payable at 2.9%. 581,558

\$76,500 Promissory Note with Rural Utilities Service (Rural Development) issued March 8, 2023, due in monthly installments of \$713.00 ending on March 7, 2033, interest payable at 2.25%. 67,840

\$76,500 Promissory Note with Rural Utilities Service (Rural Development) issued March 23, 2023, due in monthly installments of \$713.00 ending on March 22, 2033, interest payable at 2.25%. 67,825

\$140,000 Promissory Note with Rural Utilities Service (Rural Development), issued October 11, 2023, due in monthly installments of \$1,402 ending on October 11, 2033, interest payable at 3.75%. 132,165

\$1,202,000 Promissory Note for open-ended credit with Powell Valley National Bank (PVNB) issued February 14, 2024, ending on August 14, 2025, interest payable at 5.5%. 248,683

**TOTAL BONDS AND NOTES INDEBTEDNESS \$ 8,904,798**

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**7. BONDS AND NOTES OUTSTANDING (continued)**

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

PERIOD ENDED JUNE 30,	LONG-TERM BONDS & NOTES		
	PRINCIPAL	INTEREST	TOTAL
2025	795,326	114,989	910,315
2026	555,934	105,698	661,632
2027	565,596	96,036	661,632
2028	575,599	86,033	661,632
2029	586,102	75,530	661,632
2030-2034	1,967,637	284,022	2,251,659
2035-2039	1,590,963	195,834	1,786,797
2040-2044	1,188,099	113,093	1,301,192
2045-2049	627,243	53,254	680,497
2050-2054	319,479	21,980	341,459
2055-2059	132,820	2,352	135,172
TOTALS	<u>\$ 8,904,798</u>	<u>\$ 1,148,821</u>	<u>10,053,619</u>

**8. LEASE LIABILITY**

Wise County Public Service Authority has entered into operating lease agreements for the right to use office equipment. Per GASB 87, the right to use the equipment is being recognized as intangible assets. The balance of these intangible assets, net of amortization, the future minimum lease payments, and the present value of the minimum lease payments as of June 30, 2024 are as follows:

	Amount
Intangible Assets, at Cost	\$ 29,542
Accumulated Amortization	(10,305)
Total Intangible Assets, Net	<u>\$ 19,237</u>
	Future
	Minimum
	Lease Payments
Fiscal Year	
2025	\$ 8,817
2026	8,817
2027	6,203
2028	5,313
2029	1,771
Total Minimum Lease Payments	30,921
Less: Portion Representing Interest	(9,564)
Present Value of Minimum Lease Payments	<u>\$ 21,357</u>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**9. CONTRACTUAL LIABILITIES**

The Town of Appalachia transferred ownership of four different sewer systems to the Wise County PSA in 2013, one of which, the Upper Exeter Sewer System, has an assigned loan through the Virginia Resources Authority (VRA) for the construction of the project. The agreement between the Town of Appalachia and the Authority states that all loans obtained through the Virginia Department of Environmental Quality for the Upper Exeter sewer project will be assigned to the Authority. The PSA is responsible for \$332,492 of the VRA financed loan, payable in semi-annual installments of \$8,312 at 0% interest, with a maturity date of August 1, 2032.

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
<b>Contractual Liability-</b>					
VRA Loan #C-515446G-02	\$ 157,934	\$ -	\$ 16,624	\$ 141,310	\$ 16,625
Total	\$ 157,934	\$ -	\$ 16,624	\$ 141,310	\$ 16,625

**10. CLAIMS AND JUDGMENTS**

In regard to litigation involving the Wise County Public Service Authority on June 30, 2024, the Authority's legal counsel informed us that there are no unasserted claims or assessments against the Authority.

**11. INTEREST PAID**

Cash paid interest expense relating to debt for the period ending June 30, 2024, amounted to \$130,389.

**12. CAPITAL CONTRIBUTIONS**

Contributions received from organizations or other governmental units which are used to defray a part of all of the cost of installing a portion of the utility plant are credited investments in capital assets. Contributions from governmental entities and others were received in the form of cash, property, sanitary sewer lines, pumping stations, manholes, and equipment. These amounts are reflected as income on the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

The Board of Directors approved Amendment 1 to the Original Water Option Purchase Agreement with Virginia Electric and Power Company (Dominion Power Plant) in the 2012 fiscal year. This agreement requires the power plant to make monthly payments to reimburse the Wise County PSA for the debt payments, small fixed and variable operational costs, and equipment replacement reserve. Dominion Power Plant Income for the period ending June 30, 2024 was \$161,364 and is also reflected as income on the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

13. PENSION PLAN

Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. 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 Wise County Public Service Authority’s (Authority) Retirement Plan and the additions to/deductions from the Authority’s net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description – All full-time, salaried permanent employees of the Authority are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. 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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b></p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b></p> <p>Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b></p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"><li>• The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li><li>• In addition to the monthly benefit payment payable from the defined benefit</li></ul>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

			plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b></p> <p>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b></p> <p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"><li>• Wise County Public Service Authority employees</li><li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014.</li></ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"><li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li></ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>	
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary</p>	<p><b>Retirement Contributions</b> Same as Plan 1.</p>	<p><b>Retirement Contributions</b> A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to</p>	



**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

<p>reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>		<p>both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b>  Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Service Credit</b>  Same as Plan 1</p>	<p><b>Service Credit</b>  <b><u>Defined Benefit Component:</u></b>  Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b>  Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service</p>	<p><b>Vesting</b>  Same as Plan 1</p>	<p><b>Vesting</b>  <b><u>Defined Benefit Component:</u></b>  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the</p>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

<p>credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b></p> <p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribute on component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law until age 73.</p>
<p><b>Calculating the Benefit</b>  The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to</p>	<p><b>Calculating the Benefit</b>  See definition under Plan 1</p>	<p><b>Calculating the Benefit</b>  <b><u>Defined Benefit Component:</u></b>  See definition under Plan 1</p> <p><b><u>Defined Contribution Component:</u></b></p>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

<p>this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>		<p>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b>  A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>  Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%</p>	<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> The same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p><b>Service Retirement Multiplier</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p>
<p><b>Sheriffs and regional jail superintendents:</b>  Not Applicable</p>	<p><b>Sheriffs and regional jail superintendents:</b>  Not Applicable</p>	<p><b>Sheriffs and regional jail superintendents:</b>  Not Applicable</p>
<p><b>Political Subdivision hazardous duty employees:</b>  Not Applicable</p>	<p><b>Political Subdivision hazardous duty employees:</b>  Not Applicable</p>	<p><b>Political Subdivision hazardous duty employees:</b>  Not Applicable</p>
<p><b>Normal Retirement Age</b>  <b>VRS:</b> Age 65</p>	<p><b>Normal Retirement Age</b>  <b>VRS:</b> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> Same as Plan 2.</p>
<p><b>Political subdivision hazardous duty employees:</b>  Age 60 (Not applicable)</p>	<p><b>Political subdivisions hazardous duty employees:</b>  Not applicable</p>	<p><b>Political subdivisions hazardous duty employees:</b>  Not applicable</p>
		<p><b>Defined Contribution Component:</b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of creditable service.</p> <p><b>Political Subdivisions hazardous duty employees:</b>  Not Applicable</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><b>Political Subdivisions hazardous duty employees:</b>  Not Applicable</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service credit equals 90.</p> <p><b>Political Subdivisions hazardous duty employees:</b>  Not Applicable</p> <p><b>Defined Contribution Component:</b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p><b>Political subdivisions hazardous duty employees:</b>  Not Applicable</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivisions hazardous duty employees:</b>  Not Applicable</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivisions hazardous duty employees:</b>  Not Applicable</p> <p><b>Defined Contribution Component:</b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b>Eligibility:</b>  For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b>Eligibility:</b>  Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <b>Defined Benefit Component:</b>  Same as Plan 2</p> <p><b>Defined Contribution Component:</b>  Not applicable</p> <p><b>Eligibility:</b>  Same as Plan 1 and Plan 2</p>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

<p>1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1 and Plan 2</p>
<p><b>Disability Coverage</b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement</p>	<p><b>Disability Coverage</b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement</p>	<p><b>Disability Coverage</b>  Employees of political subdivisions (Including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability</p>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.  Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
<b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	<b>Purchase of Prior Service</b> Same as Plan 1	<b>Purchase of Prior Service</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <b><u>Defined Contribution Component:</u></b> Not applicable

Employees Covered by Benefit Terms – As of June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>7</u>
Inactive Members:	
Vested Inactive Members	2
Non-vested Inactive Members	4
LTD	0
Active Elsewhere in VRS	<u>3</u>
Total Inactive Members	16
Active Members	<u>42</u>
Total Covered Employees	<u><u>58</u></u>

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 the Authority by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

13. **PENSION PLAN (continued)**

The Authority’s contractually required contribution rate for the year ended June 30, 2024 was 2.44% of covered employee compensation. This rate was based on a actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with the 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 Authority were \$44,239 and \$42,977 for the years ended June 30, 2024 and June 30, 2023, respectively.

**Net Pension Liability** – The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

**Actuarial Assumptions – General Employees** – The total pension liability for General Employees in the Authority’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35%
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation*

Mortality rates:

**Largest 10 – Non-Hazardous Duty: 20% 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.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**13. PENSION PLAN (continued)**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

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

**Largest 10 – Non-Hazardous Duty**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change



**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**13. PENSION PLAN (continued)**

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS	4.00%	4.50%	0.18%
PIP	3.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
	Inflation		<u>2.50%</u>
	*Expected Arithmetic Nominal Return		<u>8.25%</u>

\*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**13. 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; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to 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.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Plan Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	\$ 2,375,305	\$ 2,827,372	\$ (452,067)
Changes for The Year:			
Service Cost	132,000	-	132,000
Interest	167,571	-	167,571
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	77,095		77,095
Contributions – Employer	-	30,913	(30,913)
Contributions – Employee	-	78,284	(78,284)
Net Investment Income	-	187,445	(187,445)
Benefit Payments, Including Refunds of Employee Contributions	(49,542)	(49,542)	-
Administrative Expenses		(1,772)	1,772
Other Changes	-	76	(76)
Net Changes	327,124	245,404	81,720
Balances at June 30, 2023	\$ 2,702,429	\$ 3,072,776	\$ (370,347)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Authority using the discount rate of 6.75% as well as what the Authority's 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:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Wise County Public Service Authority's Net Pension Liability	\$ 86,570	\$ (370,347)	\$ (727,514)

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**13. PENSION PLAN (continued)**

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

For the year ended June 30, 2024, the Authority recognized pension expense of \$16,160. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 121,289	\$ 53,778
Changes in assumptions	34,267	0
Net differences between projected and actual earnings on plan investments	0	37,508
Employer contributions subsequent to the measurement date	<u>44,239</u>	<u>0</u>
Total	<u>\$ 199,795</u>	<u>\$ 91,286</u>

\$44,239 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2025	\$ (7,917)
2026	(19,343)
2027	71,477
2028	20,053
2029	0
Thereafter	<u>0</u>
	\$ 64,270

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Payables to the Pension Plan***

As of June 30, 2024, the Authority reported no payable for any outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

14. **GROUP LIFE INSURANCE OPEB PROGRAM**

*Plan Description*

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City School Board</li> </ul> <p>Basic group life insurance 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.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b>—The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b>—The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b>—In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Seatbelt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> </ul> </li> </ul>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

<ul style="list-style-type: none"> <li>○ Accelerated death benefit option</li> </ul>
<p><b>Reduction in benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program 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.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.</p>

***Contributions***

The contribution requirements for the Group Life Insurance Program 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 Group Life Insurance Program 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% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$9,791 and \$9,511 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in Exhibit 5 and the operating expenses of our financial statements.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB***

At June 30, 2024, the Authority reported a liability of \$89,709 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00748% as compared to 0.00667% at June 30, 2022.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$9,354. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 8,960	\$ 2,723
Net Difference Between Projected and Actual Earnings on GLI OPEB Program Investments	-	3,605
Changes in Assumptions	1,918	6,215
Changes in Proportion	25,758	2,204
Employer Contributions Subsequent to the Measurement Date	<u>9,791</u>	<u>-</u>
Total	<u>\$ 46,427</u>	<u>\$ 14,747</u>

\$9,791 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	<u>Amount</u>
FY 2025	\$ 4,476
FY 2026	1,402
FY 2027	7,348
FY 2028	6,087
FY 2029	2,576
Thereafter	0

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary Increases, Including Inflation—	
General State Employees	3.5 percent - 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS Employees	3.5 percent – 4.75 percent
VaLORS Employees	3.5 percent – 4.75 percent
JRS Employees	4.0 percent
Locality – General Employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty Employees	3.5 percent – 4.75 percent
Investment Rate of Return	6.75 Percent, net of investment expenses, Including inflation

***Mortality rates – General State Employees***

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service 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 – Teachers***

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

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



**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

***Mortality rates-- SPORS Employees***

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***Mortality rates – VaLORS Employees***

Pre-retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service 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- JRS Employees***

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***Mortality rates—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.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***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.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***Mortality rates—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.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***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.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**14. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***Net OPEB Liability***

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	<u>Group Life Insurance OPEB Program</u>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	<u>2,707,739</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,199,313</u>
Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability	69.30%

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

***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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS	4.00%	4.50%	0.18%
PIP	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
	Inflation		<u>2.50%</u>
	*Expected Arithmetic Nominal Return		<u>8.25%</u>



14. **GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

***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 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 ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue 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 benefits 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:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Wise County Public Service Authority’s Share of the Group Life Insurance Program Net OPEB Liability	\$ 132,976	\$ 89,709	\$ 54,727

***Group Life Insurance Program Fiduciary Net Position***

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

***Payables to the VRS Group Life Insurance OPEB Plan***

As of June 30, 2024, the Authority reported no payable for any outstanding amount of contributions to the group life insurance OPEB plan required for the year ended June 30, 2024.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**RETIREMENT PLAN**  
**JUNE 30, 2024**

EXHIBIT 4  
PAGE 1

**Schedule of Changes in the Wise County Public Service Authority's  
Net Pension Liability and Related Ratios**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 132,000	\$ 92,051	\$ 95,381	\$ 113,541	\$ 106,421	\$ 102,120	\$ 103,034	\$ 99,613	\$ 101,437	\$ 91,624
Interest	167,571	145,615	128,031	113,849	105,555	98,951	89,674	81,776	75,845	65,477
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	77,095	87,236	(74,540)	15,974	(56,332)	(78,223)	24,713	(31,760)	(76,900)	-
Changes in assumptions	-	-	45,390	-	63,649	-	(46,952)	-	-	-
Benefit Payments, including refunds of employee contributions	(49,542)	(29,620)	(21,994)	(44,509)	(36,649)	(20,346)	(55,552)	(18,040)	(13,280)	(4,688)
<b>Net change in total pension liability</b>	<b>327,124</b>	<b>295,282</b>	<b>172,268</b>	<b>198,855</b>	<b>182,644</b>	<b>102,502</b>	<b>114,917</b>	<b>131,589</b>	<b>87,102</b>	<b>152,413</b>
<b>Total pension liability-beginning</b>	<b>2,375,305</b>	<b>2,080,023</b>	<b>1,907,755</b>	<b>1,708,900</b>	<b>1,526,256</b>	<b>1,423,754</b>	<b>1,308,837</b>	<b>1,177,248</b>	<b>1,090,146</b>	<b>937,733</b>
<b>Total pension liability-ending (a)</b>	<b>\$2,702,429</b>	<b>\$2,375,305</b>	<b>\$2,080,023</b>	<b>\$1,907,755</b>	<b>\$1,708,900</b>	<b>\$1,526,256</b>	<b>\$1,423,754</b>	<b>\$1,308,837</b>	<b>\$1,177,248</b>	<b>\$1,090,146</b>
<b>Plan fiduciary net position</b>										
Contributions-employer	\$ 30,913	\$ 45,884	\$ 34,284	\$ 31,813	\$ 33,250	\$ 47,097	\$ 46,075	\$ 53,506	\$ 50,849	\$ 62,966
Contributions-employee	78,284	65,723	47,357	47,585	49,423	48,299	47,241	45,043	42,875	42,432
Net investment income	187,445	(5,896)	589,447	39,768	127,759	125,214	178,585	25,962	57,662	157,575
Benefit Payments, including refunds of employee contributions	(49,542)	(29,620)	(21,994)	(44,509)	(36,649)	(20,346)	(55,552)	(18,040)	(13,280)	(4,688)
Administrative expense	(1,772)	(1,667)	(1,370)	(1,279)	(1,165)	(997)	(968)	(776)	(696)	(754)
Other	76	66	57	(47)	(81)	(115)	(162)	(11)	(14)	8
<b>Net change in plan fiduciary net position</b>	<b>245,404</b>	<b>74,490</b>	<b>647,781</b>	<b>73,331</b>	<b>172,537</b>	<b>199,152</b>	<b>215,219</b>	<b>105,684</b>	<b>137,396</b>	<b>257,539</b>
<b>Plan fiduciary net position-beginning</b>	<b>2,827,372</b>	<b>2,752,882</b>	<b>2,105,101</b>	<b>2,031,770</b>	<b>1,859,233</b>	<b>1,660,081</b>	<b>1,444,862</b>	<b>1,339,178</b>	<b>1,201,782</b>	<b>944,243</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$3,072,776</b>	<b>\$2,827,372</b>	<b>\$2,752,882</b>	<b>\$2,105,101</b>	<b>\$2,031,770</b>	<b>\$1,859,233</b>	<b>\$1,660,081</b>	<b>\$1,444,862</b>	<b>\$1,339,178</b>	<b>\$1,201,782</b>
<b>Wise County Public Service Authority's</b>										
<b>Net pension liability-ending (a) - (b)</b>	<b>\$ (370,347)</b>	<b>\$ (452,067)</b>	<b>\$ (672,859)</b>	<b>\$ (197,346)</b>	<b>\$ (322,870)</b>	<b>\$ (332,977)</b>	<b>\$ (236,327)</b>	<b>\$ (136,025)</b>	<b>\$ (161,930)</b>	<b>\$ (111,636)</b>
<b>Plan fiduciary net position as a percentage of the total</b>										
<b>Pension liability</b>	<b>113.7%</b>	<b>119.0%</b>	<b>132.3%</b>	<b>110.3%</b>	<b>118.9%</b>	<b>121.8%</b>	<b>116.6%</b>	<b>110.4%</b>	<b>113.8%</b>	<b>110.2%</b>
<b>Covered payroll</b>	<b>\$1,761,335</b>	<b>\$1,449,931</b>	<b>\$1,009,265</b>	<b>\$ 999,939</b>	<b>\$1,030,122</b>	<b>\$1,014,644</b>	<b>\$1,000,400</b>	<b>\$ 910,027</b>	<b>\$ 857,486</b>	<b>\$1,025,323</b>
<b>Wise County PSA's net pension liability</b>										
<b>As a percentage of covered payroll</b>	<b>-21.0%</b>	<b>-31.2%</b>	<b>-66.7%</b>	<b>-19.7%</b>	<b>-31.3%</b>	<b>-32.8%</b>	<b>-23.6%</b>	<b>-14.9%</b>	<b>-18.9%</b>	<b>-10.9%</b>

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**RETIREMENT PLAN**  
**JUNE 30, 2024**

**Schedule of Employer Contributions**  
**For the Years Ended June 30, 2015 through 2024**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2024	44,239	44,239	0	1,813,087	2.44%
2023	42,977	42,977	0	1,761,335	2.44%
2022	53,937	53,937	0	1,449,931	3.72%
2021	37,545	37,545	0	1,009,265	3.72%
2020	34,298	34,298	0	999,939	3.43%
2019	35,333	35,333	0	1,030,122	3.43%
2018	48,862	48,862	0	1,014,644	4.88%
2017	47,445	47,445	0	1,000,400	4.88%
2016	53,965	53,965	0	910,027	5.93%
2015	50,849	50,849	0	1,040,652	4.80%

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**VRS RETIREMENT PLAN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service 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) – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**VRS RETIREMENT PLAN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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
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 PUB2010 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

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**GROUP LIFE INSURANCE PROGRAM**  
**JUNE 30, 2024**

**Schedule of Wise County Public Service Authority's Share of**  
**Net OPEB Liability**  
**Group Life Insurance Program**  
**For the Measurement Dates of June 30, 2017 through 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.00667%	0.00667%	0.00489%	0.00486%	0.00526%	0.00526%	0.00528%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 89,709	\$ 80,313	\$ 56,933	\$ 81,105	\$ 85,595	\$ 80,000	\$ 79,000
Employer's Covered Payroll	\$1,761,335	\$1,449,931	\$1,009,265	\$ 999,939	\$1,030,122	\$1,014,644	\$1,001,274
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.54%	5.64%	8.11%	8.31%	7.88%	7.89%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.*

**For Reference Only:** The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 and 131 of the VRS 2023 Annual Report.

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**GROUP LIFE INSURANCE PROGRAM**  
**JUNE 30, 2024**

**Schedule of Employer Contributions**  
**Group Life Insurance OPEB Plan**  
**For the Years Ended June 30, 2018 through 2024**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2024	9,791	9,791	0	1,813,087	0.54%
2023	9,511	9,511	0	1,761,335	0.54%
2022	7,830	7,830	0	1,449,931	0.54%
2021	5,450	5,450	0	1,009,265	0.54%
2020	5,200	5,200	0	999,939	0.52%
2019	5,398	5,398	0	1,030,122	0.52%
2018	5,247	5,247	0	1,014,644	0.52%

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**GROUP LIFE INSURANCE PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

**General State Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**SPORS Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change



**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**GROUP LIFE INSURANCE PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**VaLORS Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**JRS Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

**Largest Ten Locality Employers-General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**WISE COUNTY PUBLIC SERVICE AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**GROUP LIFE INSURANCE PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Largest Ten Locality Employers—Hazardous Duty Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
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 PUB2010 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 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

**WISE COUNTY PUBLIC SERVICE AUTHORITY  
SCHEDULE OF PLEDGED REVENUE COVERAGE  
FOR THE YEAR ENDED JUNE 30, 2024**

**EXHIBIT 6**

**PAGE 1**

**Water and Sewer Revenue Bonds**

Fiscal Year	Gross revenues	Less operating expenses	Net revenues available for debt service	Debt Service		Coverage
				Principal	Interest	
2024	6,395,350	(5,125,440)	\$ 1,269,910	739,746	122,892	147%
2023	6,024,455	(4,808,734)	\$ 1,215,721	505,784	128,755	192%
2022	5,716,136	(4,410,176)	\$ 1,305,960	442,444	137,422	225%
2021	4,208,814	(3,246,749)	\$ 962,065	590,343	130,841	133%
2020	4,011,969	(3,103,586)	\$ 908,383	495,853	134,126	144%
2019	3,793,867	(3,231,829)	\$ 562,038	313,626	135,121	125%
2018	3,473,072	(2,997,736)	\$ 475,336	278,543	127,663	117%
2017	3,369,546	(2,748,884)	\$ 620,662	241,166	104,043	180%
2016	3,000,848	(2,678,169)	\$ 322,679	226,045	85,419	104%
2015	2,837,304	(2,735,414)	\$ 101,890	671,989	89,542	13%

# LARRY D. STURGILL, P. C.

## LARRY D. STURGILL

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### **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**

The Honorable Board Members of the  
Wise County Public Service Authority  
Wise, VA 24293

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and with the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities, of the Wise County Public Service Authority (a component unit of the County of Wise, Virginia) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 18, 2024.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

The Honorable Members of the Board  
Wise County Public Service Authority  
Wise, Virginia 24293  
Page 2

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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



Larry D. Sturgill, P.C.  
Wise, VA  
November 18, 2024

# LARRY D. STURGILL, P. C.

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Board Members of the  
Wise County Public Service Authority  
Wise, VA 24293

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

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

We have audited the Wise County Public Service Authority's (a component unit of the County of Wise, Virginia) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal program for the year ended June 30, 2024. The Wise County Public Service Authority'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, the Wise County Public Service Authority 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, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Wise County Public Service Authority and to meet our 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 the Wise County Public Service Authority'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 the Wise County Public Service Authority's federal programs.

### ***Auditor's 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 the Wise County Public Service Authority'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 the Wise County Public Service Authority'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 judgement 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 the Wise County Public Service Authority'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 the Wise County Public Service Authority'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 the Wise County Public Service Authority'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.

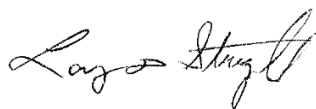
### **Report on Internal Control Over Compliance**

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 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 Auditor's 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 may exist that have not been 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.



Larry D. Sturgill, P.C.  
Wise, VA  
November 18, 2024



**WISE COUNTY PUBLIC SERVICE AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTING AGENCY/ RECIPIENT STATE AGENCY/ GRANT PROGRAM	FEDERAL CATALOG NUMBER	PROGRAM CLUSTERS	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE Direct Payments: Rural Development Community Facilities Program \$25,000 Grant, \$140,000 Loan	10.766	N/A	\$ 165,000
U.S. DEPARTMENT OF THE TREASURY Passed Through The Town of Pound American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund	21.027	N/A	186,070
U.S. DEPARTMENT OF THE TREASURY* American Rescue Plan Act (ARPA) Passed Through Commonwealth of VA: Office of Drinking Water State and Local Fiscal Recovery Funds (SLFRF)	21.027	N/A	1,295,747
U.S. DEPARTMENT OF THE TREASURY* American Rescue Plan Act (ARPA) Passed Through Commonwealth of VA: Department of Environmental Quality State and Local Fiscal Recovery Funds (SLFRF)	21.027	N/A	3,578,677
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed Through the Commonwealth of VA Department of Housing and Community Development Community Development Block Grant (CDBG)	14.228	N/A	163,153
APPALACHIAN REGIONAL COMMISSION Passed Through the Commonwealth of VA Department of Housing and Community Development Appalachian Area Development	23.002	N/A	509,389
U.S. ENVIRONMENTAL PROTECTION AGENCY Passed Through the Commonwealth of VA Virginia Department of Health-Office of Drinking Water Virginia Water Supply Revolving Fund	66.468	N/A	<u>120,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,018,036</u>

\*Major program

See accompanying notes to schedule of expenditures of federal awards.

See accompanying independent auditors' report.

WISE COUNTY PUBLIC SERVICE AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

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**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule of SEFA) includes all federal grant activity of the Wise County Public Service Authority. The Wise County Public Service Authority's reporting entity is defined in Note 1 of the Wise County Public Service Authority's basic financial statements. All federal financial assistance that passed through other government agencies or not-for-profit organizations is included on the Schedule.

**2. BASIS OF ACCOUNTING**

The Schedule is presented in the accrual basis of accounting for the proprietary funds, as described in Note 1 to the Wise County Public Service Authority's basic financial statements. 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). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the year ended June 30, 2024, the Wise County Public Service Authority did not participate in any federal programs in which non-cash benefits were provided through the State to eligible participants.

**3. RELATIONSHIP TO THE FINANCIAL STATEMENTS**

Federal expenditures are reported in the reporting entity financial statements as follows:

Revenue from the Federal government – financial statements	\$	5,878,036
Loan Proceeds from the Federal government – financial statements		140,000
Add (subtract) Federal Awards revenue recognized:		
In prior fiscal years, spent this fiscal year		-0-
In current fiscal years, but not spent		-0-
Expenditures of Federal awards	\$	<u>6,018,036</u>

**4. SUB-RECIPIENT PAYMENTS**

The Authority did not expend any funds to a subrecipient during the fiscal year ended June 30, 2024.

**5. INDIRECT COST RATE**

The Authority has not elected to use the 10% de minimus indirect cost rate discussed in UG Section 200.414.

# WISE COUNTY PUBLIC SERVICE AUTHORITY

## Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

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### A. Summary of Auditor's Results

1. The type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles. **UNMODIFIED**
2. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses: **NO**
  - Significant deficiencies: **NONE REPORTED**
3. Noncompliance, which is material to the financial statements: **NO**
4. Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses: **NO**
  - Significant deficiencies: **NONE REPORTED**
5. The type of report issued on compliance for major programs: **UNMODIFIED**
6. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **NO**
7. Major program:
  - DEPARTMENT OF THE TREASURY: Coronavirus State and Local Fiscal Recovery Funds—CFDA No. 21.027
8. Dollar threshold to distinguish between Type A and B Programs: **\$750,000**
9. Auditee qualified as a low-risk auditee: **NO**

### B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

NONE

### C. Findings and Questioned Costs Relating to Federal Awards

NONE

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