

# County of Wise, Virginia

## Annual Financial Report



For the Fiscal Year Ended  
June 30, 2024

**COUNTY OF WISE, VIRGINIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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COUNTY OF WISE, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2024

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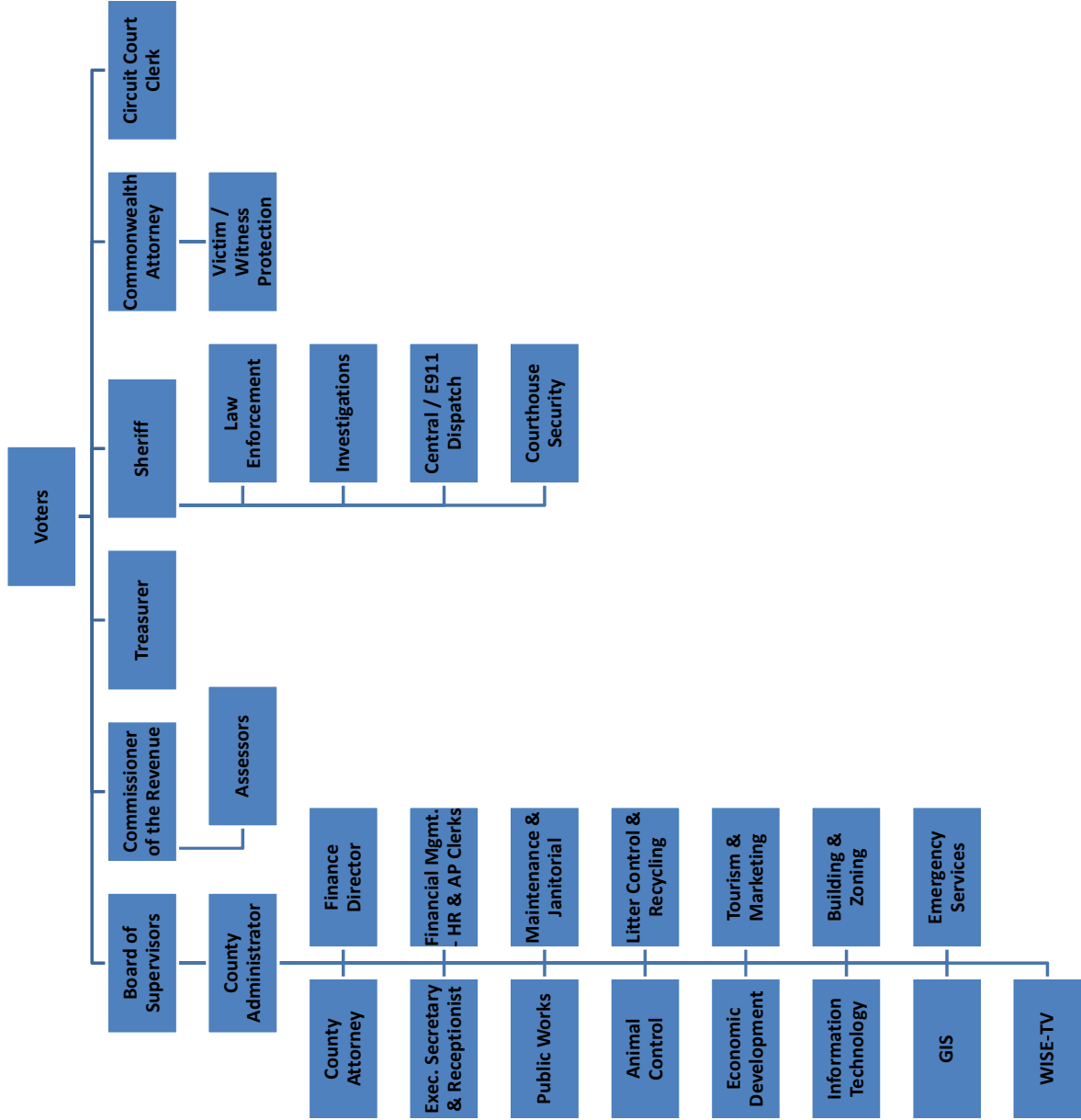
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## INTRODUCTORY SECTION

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# Wise County, Virginia Organizational Structure Chart



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COUNTY OF WISE, VIRGINIA

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BOARD OF SUPERVISORS

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Robert R. Adkins Clarence S. Peters James T. Boardwine	J.H. Rivers, Chairperson John Schoolcraft, Vice Chairperson	Steve Bates Fred Luntsford Randy Carter
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COUNTY SCHOOL BOARD

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Martha Jett Stephanie Kern Rosiland McAmis	Larry Greear, Chairperson Herbert Shortt, Vice Chairperson  Heather Fultz, Clerk of the School Board	Dr. Mark Raymond Sandra Adkins Vicki Williams
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PUBLIC SERVICE AUTHORITY

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J.H. Rivers, Treasurer Worley Smith Robert R. Adkins	Ralph Gilley, Chairperson Fred Luntsford, Vice Chairperson	Hibert Tackett Jr. Robby Robbins Clarence S. Peters
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SOCIAL SERVICES BOARD

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J. H. Rivers Duane Miller Dianne Abbott Randy Carter	James T. Boardwine, Chairperson Sandra Adkins, Vice Chairperson	Michael Mullins Wayne Wheatley Steve Bates
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OTHER OFFICIALS

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COUNTY ADMINISTRATION

County Administrator..... Michael W. Hatfield  
County Attorney..... Karen T. Mullins

CONSTITUTIONAL OFFICERS

Clerk of the Circuit Court.....Dezarah Hall  
Commonwealth's Attorney ..... Brett Hall  
Commissioner of the Revenue..... Douglas Mullins Jr.  
Treasurer..... Delores W. Smith  
Sheriff ..... Grant Kilgore

COURTS

Chief Judge of the Circuit Court.....Tammy S. McElyea  
Judge of the Circuit Court..... Ronald Kelley Elkins  
Judge of the Circuit Court..... Thomas W. Baker  
Judge of the Circuit Court ..... John C. Kilgore  
Chief Judge of the District Court ..... Shawn L. Hines  
Judge of the District Court ..... Andrew L. Johnson  
Chief Judge of Juvenile & Domestic Relations Court ..... Elizabeth Wills  
Judge of Juvenile & Domestic Relations Court ..... Marcus McClung  
Presiding Judge of Juvenile & Domestic Relations Court..... Elizabeth S. Wills  
Judge of Juvenile & Domestic Relations Court ..... Kimberly M. Jenkins

COMPONENT UNITS

Superintendent of Schools ..... Dr. Mike Goforth  
Director of Public Service Authority..... Cody McElroy

OTHER

Director of Social Services ..... Susan Mullins

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

## Independent Auditors' Report

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To the Honorable Members of  
the Board of Supervisors  
County of Wise, Virginia

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information 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 County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia, as of and for the year ended 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.

We did not audit the financial statements of the PSA and IDA, which represent 39.87% and 24.07%, respectively, of the assets of the discretely presented component units as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the PSA and IDA, are based solely on the report of the other auditors.

#### *Basis for Opinions*

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

#### *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 County of Wise, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025, on our consideration of County of Wise, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Wise, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Wise, Virginia's internal control over financial reporting and compliance.

*Robinson Jarmon, Cox, Associates*

Blacksburg, Virginia  
February 28, 2025

## **Basic Financial Statements**

County of Wise, Virginia  
Statement of Net Position  
June 30, 2024

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Public Service Authority	Industrial Development Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,913,052	\$ 3,480	\$ 2,916,532	\$ 17,358,319	\$ 1,243,016	\$ 871,189
Investments	24,500,262	9,732,423	34,232,685	-	-	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	21,611,200	-	21,611,200	-	-	-
Other local taxes receivable	126,237	-	126,237	-	-	-
Accounts receivable	47,523	73,219	120,742	212,281	911,671	1,024,114
Notes receivable	-	-	-	-	-	2,553,525
Interest receivable	963	-	963	-	-	20,268
Other receivables	2,915,216	-	2,915,216	-	-	-
Lease receivable	5,524	-	5,524	-	-	10,327,153
Due from component units	6,046,529	-	6,046,529	-	-	-
Due from other governmental units	4,571,759	-	4,571,759	4,621,368	1,556,987	-
Internal balances	212,898	(212,898)	-	-	-	-
Prepaid items	81,748	-	81,748	663,804	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	2,397,278	185,774
Property	-	-	-	-	-	231,754
Net pension asset	-	-	-	-	370,347	-
Other assets (net of amortization)	-	371,250	371,250	-	-	-
Capital assets (net of accumulated depreciation):						
Capital assets not being depreciated/amortized	2,195,643	314,816	2,510,459	5,728,079	9,348,295	3,996,077
Capital assets, net of accumulated depreciation/amortization	61,927,081	7,337,980	69,265,061	46,737,269	67,446,365	31,055,159
Total assets	\$ 127,155,635	\$ 17,620,270	\$ 144,775,905	\$ 75,321,120	\$ 83,273,959	\$ 50,265,013
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	\$ 2,465,629	\$ 121,733	\$ 2,587,362	\$ 12,906,299	\$ 199,795	\$ -
OPEB related items	1,509,406	25,047	1,534,453	3,394,244	46,426	-
Total deferred outflows of resources	\$ 3,975,035	\$ 146,780	\$ 4,121,815	\$ 16,300,543	\$ 246,221	\$ -
<b>LIABILITIES</b>						
Accounts payable	\$ 1,187,218	\$ 280,504	\$ 1,467,722	\$ 1,493,514	\$ 1,906,970	\$ 839,669
Salaries payable	499,891	-	499,891	513,155	93,275	-
Grants payable	-	-	-	-	-	150,000
Customer deposits	-	-	-	-	540,675	-
Accrued interest payable	694,035	13,205	707,240	-	11,924	91,596
Due to primary government	-	-	-	6,046,529	-	-
Due to other governmental units	676	-	676	-	-	-
Unearned revenue	-	-	-	2,900,000	165,220	-
Long-term liabilities:						
Due within one year	5,072,362	420,036	5,492,398	311,796	832,615	3,787,494
Due in more than one year	65,219,051	12,749,633	77,968,684	56,925,053	8,483,238	7,722,376
Total liabilities	\$ 72,673,233	\$ 13,463,378	\$ 86,136,611	\$ 68,190,047	\$ 12,033,917	\$ 12,591,135
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - property taxes	\$ 20,066,737	\$ -	\$ 20,066,737	\$ -	\$ -	\$ -
Lease related	10,739	-	10,739	-	-	10,286,943
Deferred charge on refunding	142,775	-	142,775	-	-	-
Pension related items	1,545,618	125,321	1,670,939	4,518,616	91,285	-
OPEB related items	1,513,959	25,953	1,539,912	3,137,446	14,747	-
Total deferred inflows of resources	\$ 23,279,828	\$ 151,274	\$ 23,431,102	\$ 7,656,062	\$ 106,032	\$ 10,286,943
<b>NET POSITION</b>						
Net investment in capital assets	\$ 7,885,752	\$ 6,388,991	\$ 14,274,743	\$ 51,757,728	\$ 67,727,196	\$ 26,094,891
Restricted:						
Asset forfeiture funds	256,860	-	256,860	-	-	-
Law library funds	20,175	-	20,175	-	-	-
Coal road funds	4,173,732	-	4,173,732	-	311,371	-
C Bascom Slemple Library	400,000	-	400,000	-	-	-
Opioid settlement	4,155,787	-	4,155,787	-	-	-
Debt services reserves	-	-	-	-	1,054,137	-
American Rescue Plan Act	-	-	-	-	29,668	-
Mountain Empire Community College	-	-	-	-	125,000	-
Dominion replacement funds	-	-	-	-	336,429	-
Community development	-	-	-	-	-	417,528
School Cafeteria	-	-	-	5,848,683	-	-
Unrestricted (deficit)	18,285,303	(2,236,593)	16,048,710	(41,830,857)	1,796,430	874,516
Total net position	\$ 35,177,609	\$ 4,152,398	\$ 39,330,007	\$ 15,775,554	\$ 71,380,231	\$ 27,386,935

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

County of Wise, Virginia  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Units	
				Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 3,688,686	\$ 83,406	\$ 614,992	\$ -	\$ (2,990,288)	\$ -	\$ (2,990,288)
Judicial administration	3,297,015	7,545	1,643,452	-	(1,646,018)	-	-
Public safety	17,678,176	117,157	6,946,059	-	(10,614,960)	-	-
Public works	1,394,914	21,536	319,747	-	(1,053,631)	-	-
Health and welfare	15,366,817	-	12,163,517	-	(3,203,300)	-	-
Education	12,403,231	-	-	-	(12,403,231)	-	-
Parks, recreation, and cultural	1,066,413	-	4,500	-	(1,061,913)	-	-
Community development	2,849,732	-	1,258,961	-	(1,590,771)	-	-
Interest on long-term debt	2,217,883	-	-	-	(2,217,883)	-	-
Total governmental activities	\$ 59,962,867	\$ 229,644	\$ 22,951,228	\$ -	\$ (36,781,995)	\$ -	\$ (36,781,995)
<b>Business-type activities:</b>							
Landfill	\$ 1,954,728	\$ 501,091	\$ 26,092	\$ -	\$ (1,427,545)	\$ -	\$ (1,427,545)
Sewer	621,048	-	-	-	(621,048)	-	-
Total business-type activities	\$ 2,575,776	\$ 501,091	\$ 26,092	\$ -	\$ (2,048,593)	\$ -	\$ (2,048,593)
Total primary government	\$ 62,538,643	\$ 730,735	\$ 22,977,320	\$ -	\$ (38,830,588)	\$ -	\$ (38,830,588)
<b>COMPONENT UNITS:</b>							
School Board	\$ 76,056,822	\$ 3,382,050	\$ 74,885,104	\$ -	\$ -	\$ 2,210,332	\$ 2,210,332
Public Service Authority	7,928,363	6,466,362	-	8,388,040	-	-	6,926,039
Industrial Development Authority	3,511,305	1,444,976	2,631,650	-	-	-	565,321
Total component units	\$ 87,496,490	\$ 11,293,388	\$ 77,516,754	\$ 8,388,040	\$ -	\$ 2,210,332	\$ 6,926,039
General revenues and transfers:							
General property taxes				\$ 30,879,625	\$ -	\$ -	\$ 30,879,625
Other local taxes:							
Local sales and use taxes				3,634,846	-	-	3,634,846
Coal severance taxes				971,990	-	-	971,990
Consumers' utility taxes				461,737	-	-	461,737
Other local taxes				672,736	-	-	672,736
Unrestricted revenues from use of money				435,874	-	411,401	153,481
Miscellaneous				33,333	3,439,806	489,335	76,735
Payments from the County of Wise				-	-	-	-
Grants and contributions not restricted to specific programs				2,407,657	-	-	2,407,657
Transfers				(3,509,270)	-	-	-
Total general revenues and transfers				\$ 40,347,580	\$ 44,326,057	\$ 13,189,872	\$ 97,863,509
Change in net position				\$ 3,565,585	\$ 5,495,469	\$ 15,400,204	\$ 24,461,258
Net position - beginning				31,612,024	33,834,538	375,350	64,223,976
Net position - ending				\$ 35,177,609	\$ 39,330,007	\$ 15,775,554	\$ 71,386,935

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

County of Wise, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2024

	General Fund	Coal Road Improvement Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,160,004	\$ 444,435	\$ 308,613	\$ 2,913,052
Investments	20,512,993	3,759,380	227,889	24,500,262
Receivables (net of allowance for uncollectibles):				
Taxes receivable	21,611,200	-	-	21,611,200
Other local taxes receivable	126,237	-	-	126,237
Accounts receivable	19,375	28,148	-	47,523
Interest receivable	-	963	-	963
Other receivables	2,915,216	-	-	2,915,216
Lease receivable	5,524	-	-	5,524
Due from other funds	33,892	22,280	156,726	212,898
Due from component units	6,046,529	-	-	6,046,529
Due from other governmental units	4,457,324	-	114,435	4,571,759
Prepaid items	81,748	-	-	81,748
Total assets	<u>\$ 57,970,042</u>	<u>\$ 4,255,206</u>	<u>\$ 807,663</u>	<u>\$ 63,032,911</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 824,738	\$ 81,474	\$ 281,006	\$ 1,187,218
Salaries payable	499,891	-	-	499,891
Due to other governmental units	-	-	676	676
Total liabilities	<u>\$ 1,324,629</u>	<u>\$ 81,474</u>	<u>\$ 281,682</u>	<u>\$ 1,687,785</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease related	\$ 10,739	\$ -	\$ -	\$ 10,739
Unavailable revenue - property taxes	22,716,412	-	-	22,716,412
Unavailable revenue - opioid settlement	2,915,216	-	62,814	2,978,030
Total deferred inflows of resources	<u>\$ 25,642,367</u>	<u>\$ -</u>	<u>\$ 62,814</u>	<u>\$ 25,705,181</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	\$ 81,748	\$ -	\$ -	\$ 81,748
Restricted:				
Coal Road Improvement Fund	-	4,173,732	-	4,173,732
Forfeited Assets Fund	-	-	256,860	256,860
Law Library Fund	20,175	-	-	20,175
C Bascom Slemple Library	400,000	-	-	400,000
Opioid settlement	880,911	-	296,846	1,177,757
Committed:				
Debt Service	13,584,679	-	-	13,584,679
Blighted Properties	106,263	-	-	106,263
Assigned:				
Drug Court Fund	32,664	-	-	32,664
IT Fund	1,391	-	-	1,391
Software Engineering Fund	39,847	-	-	39,847
Dog and Cat Sterilization Fund	25,326	-	-	25,326
Transient Occupancy Fund	249,748	-	-	249,748
Supervisor Fees - SWVCC Fund	319,490	-	-	319,490
Unassigned (deficit)	15,260,804	-	(90,539)	15,170,265
Total fund balances	<u>\$ 31,003,046</u>	<u>\$ 4,173,732</u>	<u>\$ 463,167</u>	<u>\$ 35,639,945</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,970,042</u>	<u>\$ 4,255,206</u>	<u>\$ 807,663</u>	<u>\$ 63,032,911</u>

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

County of Wise, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 35,639,945
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Jointly owned assets are included in the total capital assets.		
Capital assets not depreciated/amortized	\$ 2,195,643	
Capital assets being depreciated/amortized	<u>61,927,081</u>	64,122,724
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes	\$ 2,649,675	
Unavailable revenue - opioid settlement	<u>2,978,030</u>	5,627,705
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 2,465,629	
OPEB related items	<u>1,509,406</u>	3,975,035
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$ (37,292,504)	
Lease revenue bonds	(13,255,000)	
Loans payable	(1,416,143)	
Unamortized premiums	(1,146,977)	
Deferred charges on refundings	(142,775)	
Accrued interest payable	(694,035)	
Lease liabilities	(2,983,573)	
Net OPEB liabilities	(4,643,640)	
Net pension liability	(8,568,937)	
Compensated absences	<u>(984,639)</u>	(71,128,223)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (1,545,618)	
OPEB related items	<u>(1,513,959)</u>	(3,059,577)
Net position of governmental activities		<u><u>\$ 35,177,609</u></u>

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

County of Wise, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2024

	General Fund	Coal Road Improvement Fund	Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
General property taxes	\$ 31,049,350	\$ -	\$ -	\$ 31,049,350
Other local taxes	5,280,951	460,358	-	5,741,309
Permits, privilege fees, and regulatory licenses	34,913	-	-	34,913
Fines and forfeitures	56,453	-	-	56,453
Revenue from the use of money and property	1,276,810	218,842	379	1,496,031
Charges for services	49,127	-	14,906	64,033
Miscellaneous	1,895,601	-	156,218	2,051,819
Recovered costs	1,835,918	-	-	1,835,918
Intergovernmental	24,041,483	-	1,317,402	25,358,885
Total revenues	\$ 65,520,606	\$ 679,200	\$ 1,488,905	\$ 67,688,711
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 4,857,012	\$ -	\$ -	\$ 4,857,012
Judicial administration	3,956,800	-	-	3,956,800
Public safety	17,290,178	-	108,175	17,398,353
Public works	1,044,606	134,154	-	1,178,760
Health and welfare	15,477,215	-	-	15,477,215
Education	16,610,599	-	-	16,610,599
Parks, recreation, and cultural	1,022,836	-	-	1,022,836
Community development	1,439,483	281,363	-	1,720,846
Nondepartmental	437,291	-	-	437,291
Capital projects	-	-	1,128,886	1,128,886
Debt service:				
Principal retirement	734,524	-	-	734,524
Interest and other fiscal charges	57,774	-	-	57,774
Total expenditures	\$ 62,928,318	\$ 415,517	\$ 1,237,061	\$ 64,580,896
Excess (deficiency) of revenues over (under) expenditures	\$ 2,592,288	\$ 263,683	\$ 251,844	\$ 3,107,815
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (3,509,270)	\$ -	\$ -	\$ (3,509,270)
Issuance of loan payable	704,000	-	-	704,000
Total other financing sources (uses)	\$ (2,805,270)	\$ -	\$ -	\$ (2,805,270)
Net change in fund balances	\$ (212,982)	\$ 263,683	\$ 251,844	\$ 302,545
Fund balances - beginning	31,216,028	3,910,049	211,323	35,337,400
Fund balances - ending	\$ 31,003,046	\$ 4,173,732	\$ 463,167	\$ 35,639,945

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

County of Wise, Virginia  
Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$	302,545
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These are the details of items supporting this adjustment:

Capital outlays	\$ 1,478,202		
Depreciation and amortization expenses	(3,327,582)		(1,849,380)

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

Property taxes	\$ (169,725)		
Opioid settlement	1,354,654	\$	1,184,929

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

Debt Issued or Incurred:			
Proceeds from loans payable	\$ (704,000)		
Principal Payments:			
General obligation bonds	2,999,552		
Lease revenue bonds	100,000		
Lease liabilities	327,439		
Loans payable	407,085		3,130,076

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

Change in compensated absences	\$ (29,079)		
Change in accrued interest payable	48,352		
Changes to OPEB related items	(142,114)		
Changes to pension related items	711,799		
Amortization of bond premium	179,902		
Amortization of charges on refunding	28,555		797,415

Change in net position of governmental activities	\$	<u>3,565,585</u>
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The accompanying notes to the financial statements are an integral part of this statement.

County of Wise, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2024

	Enterprise Funds		
	Landfill Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,480	\$ -	\$ 3,480
Investments	9,732,423	-	9,732,423
Accounts receivable, net of allowances for uncollectibles	73,219	-	73,219
Total current assets	\$ 9,809,122	\$ -	\$ 9,809,122
Noncurrent assets:			
Other assets (net of amortization)	\$ -	\$ 371,250	\$ 371,250
Capital assets:			
Capital assets not being depreciated	314,816	-	314,816
Capital assets, net of accumulated depreciation	7,234,344	103,636	7,337,980
Total capital assets	\$ 7,549,160	\$ 103,636	\$ 7,652,796
Total noncurrent assets	\$ 7,549,160	\$ 474,886	\$ 8,024,046
Total assets	\$ 17,358,282	\$ 474,886	\$ 17,833,168
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 121,733	\$ -	\$ 121,733
OPEB related items	25,047	-	25,047
Total deferred outflows of resources	\$ 146,780	\$ -	\$ 146,780
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 186,144	\$ 94,360	\$ 280,504
Due to other funds	-	212,898	212,898
Interest payable	13,205	-	13,205
Compensated absences - current portion	112,634	-	112,634
Bonds payable - current portion	307,402	-	307,402
Total current liabilities	\$ 619,385	\$ 307,258	\$ 926,643
Noncurrent liabilities:			
Landfill closure/postclosure liability	\$ 11,165,476	\$ -	\$ 11,165,476
Bonds payable - net of current portion	956,403	-	956,403
Compensated absences - net of current portion	37,544	-	37,544
Net OPEB liabilities	119,615	-	119,615
Net pension liability	470,595	-	470,595
Total noncurrent liabilities	\$ 12,749,633	\$ -	\$ 12,749,633
Total liabilities	\$ 13,369,018	\$ 307,258	\$ 13,676,276
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 125,321	\$ -	\$ 125,321
OPEB related items	25,953	-	25,953
Total deferred inflows of resources	\$ 151,274	\$ -	\$ 151,274
<b>NET POSITION</b>			
Net investment in capital assets	\$ 6,285,355	\$ 103,636	\$ 6,388,991
Unrestricted (deficit)	(2,300,585)	63,992	(2,236,593)
Total net position	\$ 3,984,770	\$ 167,628	\$ 4,152,398

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

County of Wise, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2024

	Enterprise Funds		
	Landfill Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Solid waste collections	\$ 501,091	\$ -	\$ 501,091
Miscellaneous	13,895	19,438	33,333
Total operating revenues	<u>\$ 514,986</u>	<u>\$ 19,438</u>	<u>\$ 534,424</u>
<b>OPERATING EXPENSES</b>			
Salaries and fringes	\$ 1,717,504	\$ -	\$ 1,717,504
Professional services	121,558	-	121,558
Repairs and maintenance	88,242	-	88,242
Operating materials and supplies	29,304	-	29,304
Vehicle supplies and fuel	457,157	-	457,157
Utilities	67,860	-	67,860
Office and insurance expenses	24,793	-	24,793
Improvements and closure costs	(1,149,468)	-	(1,149,468)
Miscellaneous	39,029	-	39,029
Sewer operation costs	-	592,411	592,411
Depreciation and amortization	531,033	28,637	559,670
Total operating expenses	<u>\$ 1,927,012</u>	<u>\$ 621,048</u>	<u>\$ 2,548,060</u>
Operating income (loss)	<u>\$ (1,412,026)</u>	<u>\$ (601,610)</u>	<u>\$ (2,013,636)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 435,874	\$ -	\$ 435,874
Grants	26,092	-	26,092
Interest expense	(27,716)	-	(27,716)
Total nonoperating revenues (expenses)	<u>\$ 434,250</u>	<u>\$ -</u>	<u>\$ 434,250</u>
Income (loss) before transfers	<u>\$ (977,776)</u>	<u>\$ (601,610)</u>	<u>\$ (1,579,386)</u>
Transfers in	2,983,477	525,793	3,509,270
Change in net position	<u>\$ 2,005,701</u>	<u>\$ (75,817)</u>	<u>\$ 1,929,884</u>
Net position - beginning	<u>\$ 1,979,069</u>	<u>\$ 243,445</u>	<u>\$ 2,222,514</u>
Net position - ending	<u><u>\$ 3,984,770</u></u>	<u><u>\$ 167,628</u></u>	<u><u>\$ 4,152,398</u></u>

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

County of Wise, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2024

	Enterprise Funds		Total
	Landfill Fund	Sewer Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 493,893	\$ 19,438	\$ 513,331
Payments to suppliers	(678,580)	(545,231)	(1,223,811)
Payments to employees	(1,766,063)	-	(1,766,063)
Net cash provided by (used for) operating activities	\$ (1,950,750)	\$ (525,793)	\$ (2,476,543)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	\$ 2,983,477	\$ 525,793	\$ 3,509,270
Grants	26,092	-	26,092
Net cash provided by (used for) noncapital financing activities	\$ 3,009,569	\$ 525,793	\$ 3,535,362
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	\$ (299,015)	\$ -	\$ (299,015)
Principal payments on bonds	(270,000)	-	(270,000)
Interest expense	(59,338)	-	(59,338)
Net cash provided by (used for) capital and related financing activities	\$ (628,353)	\$ -	\$ (628,353)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 435,874	\$ -	\$ 435,874
Net increase (decrease) in cash and cash equivalents	\$ 866,340	\$ -	\$ 866,340
Cash and cash equivalents - beginning (including investments of \$8,862,881)	8,869,563	-	8,869,563
Cash and cash equivalents - ending (including investments of \$9,732,423)	\$ 9,735,903	\$ -	\$ 9,735,903
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (1,412,026)	\$ (601,610)	\$ (2,013,636)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	\$ 531,033	\$ 28,637	\$ 559,670
(Increase) decrease in accounts receivable	(21,093)	-	(21,093)
(Increase) decrease in deferred outflows related to net pension liability	24,537	-	24,537
(Increase) decrease in deferred outflows related to net OPEB liabilities	(2,271)	-	(2,271)
Increase (decrease) in landfill closure/postclosure liability	(1,149,468)	-	(1,149,468)
Increase (decrease) in accounts payable	149,363	47,180	196,543
Increase (decrease) in compensated absences	10,093	-	10,093
Increase (decrease) in net OPEB liabilities	32	-	32
Increase (decrease) in net pension liability	26,763	-	26,763
Increase (decrease) in deferred inflows related to net pension liability	(92,151)	-	(92,151)
Increase (decrease) in deferred inflows related to net OPEB liabilities	(15,562)	-	(15,562)
Total adjustments	\$ (538,724)	\$ 75,817	\$ (462,907)
Net cash provided by (used for) operating activities	\$ (1,950,750)	\$ (525,793)	\$ (2,476,543)

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

County of Wise, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2024

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 213,103
Total assets	<u>\$ 213,103</u>
<b>LIABILITIES</b>	
Due to other local governments	\$ 265,254
Total liabilities	<u>\$ 265,254</u>
<b>NET POSITION</b>	
Restricted:	
Special Welfare	\$ 13,914
Unrestricted	(66,065)
Total net position	<u>\$ (52,151)</u>

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

County of Wise, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2024

	<b>Custodial Funds</b>
<b>Additions</b>	
Contributions:	
Expenditure reimbursement	\$ 124,068
Sales tax collection for other governments	739,552
Grants	75,000
Total contributions	<u>\$ 938,620</u>
<b>Deductions</b>	
Special welfare payments	\$ 134,156
Payments of sales tax to other governments	739,552
Salaries and fringes	75,566
Total deductions	<u>\$ 949,274</u>
Net increase (decrease) in fiduciary net position	\$ (10,654)
Net position, beginning	(41,497)
Net position, ending	<u>\$ (52,151)</u>

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the County of Wise, Virginia conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

The County of Wise, Virginia was established by an act of the Virginia General Assembly in 1856. It is a political subdivision of the Commonwealth of Virginia operating under the board-administrator form of government. The Board of Supervisors consists of a chairman and seven other board members elected from four magisterial districts. The Board is responsible for appointing the County Administrator, County Attorney and County Finance Director. The County has taxing powers subject to statewide restrictions and tax limits.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is both legally and substantively separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units.

The County provides education through its own school system administered by the Wise County School Board (the School Board). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate, but financially dependent. The Board of Supervisors administers the School Board's appropriation of funds at the category level, approves transfers between categories and authorizes school debt issuances. The eight member school board is elected by Wise County voters with two members being elected per magisterial district. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.

The County is financially accountable for the Wise County Industrial Development Authority (the IDA), including the appointment of the IDA's governing body, and the issuance of debt in conjunction with the IDA. Separate financial statements may be obtained from the Wise County Industrial Development Authority.

The County is financially accountable for the Wise County Public Service Authority (the Authority), including the appointment of the Authority's governing body, the contribution of a material amount of funds to the Authority, providing support agreements for the Authority's debt, and serving as the agent for grant receipts for the Authority's capital projects. Separate financial statements may be obtained from the Wise County Public Service Authority.

Related Organizations - The Wise County Redevelopment and Housing Authority is a related organization because the County's officials are responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)**

A. Financial Reporting Entity (continued)

Jointly Governed Organizations:

1. The County, along with the Counties of Buchanan, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, and the City of Norton, participates in supporting the Southwest Virginia Regional Jail Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County paid \$2,988,453 for services provided by the Authority.
2. The County, along with the Counties of Dickenson, Buchanan, Tazewell, Smyth, Washington, Russell, Scott, Lee, and the Cities of Bristol, and Norton, participates in supporting the Appalachian Juvenile Detention Commission. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County paid \$683,160 for services provided by the Commission.
3. The County, along with the Counties of Lee, Scott, and the City of Norton, participates in supporting the Planning District One Behavioral Health Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County provided an appropriation to the Board of \$304,509.
4. The County, along with the Counties of Dickenson, Lee, Scott, and the City of Norton, participates in supporting the Lonesome Pine Regional Library. The governing body of this organization is appointed by the respective governing bodies of the jurisdictions. For the fiscal year ended June 30, 2024, the County provided an appropriation to the Library of \$819,900.
5. The County, along with the Counties of Lee, Scott, and the City of Norton, participates in supporting the Lonesome Pine Office on Youth. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County provided an appropriation to the Office of \$23,588. In addition, the County provides payroll services for the Office at no charge.
6. The County, along with the Counties of Dickenson, Lee, Scott, and the City of Norton, participates in supporting the Lonesome Pine Airport (Cumberland Airport Commission). The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024 the County provided an appropriation to the Airport of \$164,000.
7. The County, along with the Counties of Lee, Scott, and the City of Norton, participates in supporting LENOWISCO, a regional planning district. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County provided an appropriation to LENOWISCO of \$66,684.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)****B. Government-wide and Fund Financial Statements**

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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

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

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)****C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The *General Fund* as reported in the County financial statements includes the following merged County funds: Law Library Fund, Emergency Numbers Fund, Dog and Cat Sterilization Fund, Community Corrections Fund, Information Technology Fund, Software Engineering Initiative Fund, Transient Occupancy Tax Fund, and the Drug Court Fund.

The *Coal Road Improvement Fund* is the government's only major special revenue fund. Revenues in this fund are derived from coal road severance taxes and dedicated to road improvement projects.

The nonmajor governmental funds of the County are:

The *Forfeited Assets Fund* is a nonmajor special revenue fund of the County. Revenues in this fund are derived from federal, state, and local asset forfeitures and related grants and dedicated to law enforcement services. The *Forfeited Assets Fund* as reported includes the merged Drug Seizure and Forfeiture Fund and the Special Fund of the Commonwealth Attorney.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities. The *Capital Projects Fund* is reported as a nonmajor capital project fund.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. The County reports the following enterprise funds:

The *Sewer Fund* accounts for the operations of the Riverview Sewer Project.

The *Landfill Fund* accounts for the activities of the landfill, including charges for services, expenses, assets, and related debts.

Additionally, the County reports the following fund types:

*Fiduciary funds* (Custodial funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. Fiduciary funds include the Special Welfare Fund, Local Sales Tax Fund, and Lonesome Pine Youth Services Fund.

The School Board reports the following major governmental funds:

The *School Operating Fund* is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from appropriations from the County of Wise, Virginia and state and federal grants. The *School Operating Fund* also includes the merged School Textbook Fund.

The *School Cafeteria Fund* is a Special Revenue Fund. It accounts for and reports the proceeds from charges for services and state and federal grants and reports the expenditures of those funds on school nutrition services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 1-Summary of Significant Accounting Policies: (continued)**

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The *School Activity Fund* is a Special Revenue Fund. It accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

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

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

## 1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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

Restricted amounts for the Primary Government represent unspent debt proceeds.

## 2. Inventory

Inventories of material and supplies are recorded at cost, using the first-in, first-out method of valuation.

## 3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on May 31<sup>st</sup> and October 31<sup>st</sup>. The County bills and collects its own property taxes.

5. Coal Severance Taxes

Coal severance tax is assessed monthly based on the gross receipts of the mining operation for the preceding month. Coal severance taxes attach as an enforceable lien on the mining operation in the month of assessment. Taxes are payable in the month of assessment. The County bills and collects its own coal severance taxes.

6. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$494,388 and \$82,431 for property taxes and landfill receivables, respectively, at June 30, 2024.

7. Use of Estimates

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

8. Prepaid Items

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

9. Capital Assets

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

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

## 9. Capital Assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit School Board, are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	35-50
Infrastructure	35-50
Machinery and equipment	2-15
Lease buildings and improvements	10
Lease machinery and equipment	3-5

## 10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivable is reported in the governmental funds balance sheet. The property tax amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, leases, and opioid settlement are reported as deferred inflows of resources. The final item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. For more detailed information on these items, reference the related notes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

11. Long-term Obligations

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

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

12. Compensated Absences

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

13. Pensions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

14. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

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

The Board of Supervisors is the County’s highest level of decision-making authority. This governing body has the authority to designate or rescind committed or assigned fund balance by a majority vote.

The County’s Board of Supervisors has authorized the County Finance Director and County Treasurer to assign fund balance in accordance with the County’s fund balance policy.

The County will maintain an unassigned fund balance in the general fund equal to 10% of expenditures/revenues. The County considers a balance of less than 10% to be cause for concern, barring unusual, or deliberate circumstances.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

15. Net Position

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

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

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

16. Other Postemployment Benefits (OPEB)

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

E. Leases

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 1-Summary of Significant Accounting Policies: (continued)****E. Leases (continued)***Lessee*

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

*Lessor*

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

*Key Estimates and Judgments*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary Information

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

1. Prior to March 30, the County Finance Director submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All Funds of the County have legally adopted budgets with the exception of Agency Funds.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund) and the General Capital Projects Funds. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

A. Excess of expenditures over appropriations

At June 30, 2024, expenditures exceeded appropriations for the Asset Forfeiture Funds as well as several departments within the General and Sewer Funds.

B. Deficit fund balance

At June 30, 2024, no funds had a deficit fund balance.

**Note 3-Deposits and Investments:**

Deposits

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 3-Deposits and Investments: (Continued)**

Investments

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

Credit Risk of Debt Securities

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

At June 30, 2024, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

At year-end, the Primary Government's and the Component Unit - School Board's deposit and investment balances were as follows:

County's Rated Debt Investments' Values

Rated Debt Investments	Unrated	Fair Quality Rating	
		Aa+f	AAAm
Primary Government:			
Demand and time deposits	\$ 14,732,422	\$ -	\$ -
VML/VACO - Liquidity Pool	-	-	16,724,233
VML/VACO - 1-3 Year High Quality Bond Fund	-	2,776,030	-
Total Primary Government	<u>\$ 14,732,422</u>	<u>\$ 2,776,030</u>	<u>\$ 16,724,233</u>

Fair Value Measurements

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 County has measured fair value of the above VML/VACO Pool investments at the net asset value (NAV).

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the County to have the option to have access to withdraw funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, etc.).

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 3-Deposits and Investments: (continued)**

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk.

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1 Year	1 - 5 Years
Primary Government:			
Demand and time deposits	\$ 14,732,422	\$ 14,732,422	\$ -
VML/VACO - Liquidity Pool	16,724,233	16,724,233	-
VML/VACO - 1-3 Year High Quality Bond Fund	2,776,030	-	2,776,030
Total Primary Government	<u>\$ 34,232,685</u>	<u>\$ 31,456,655</u>	<u>\$ 2,776,030</u>

**Note 4-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
<u>Local Governments:</u>		
City of Norton - shared expenses reimbursement	\$ 537,539	\$ -
SWVA Regional Jail - shared expenses reimbursement	20,647	-
<u>Commonwealth of Virginia:</u>		
Communications tax	102,983	-
State sales tax	-	1,092,904
Local sales tax	745,046	-
Non-categorical aid	970,471	-
Categorical aid - shared expenses	419,464	-
Categorical aid - Virginia Public Assistance funds	296,212	-
Categorical aid - Comprehensive Services Act funds	365,210	-
Categorical aid - other	266,687	-
<u>Federal Government:</u>		
Categorical aid - Virginia Public Assistance funds	408,473	-
Categorical aid - other	439,027	3,528,464
Total Amount due from Other Governmental Units	<u>\$ 4,571,759</u>	<u>\$ 4,621,368</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 5-Interfund/Component-Unit Obligations:**

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 6,046,529
Component Unit - School Board		
School Operating Fund	\$ 6,046,529	\$ -

Interfund balances for the year ended June 30, 2024, consisted of the following:

Fund	Due To	Due From
Primary Government:		
<i>Major Governmental Funds:</i>		
General Fund	\$ -	\$ 33,892
Coal Road Fund	-	22,280
<i>Nonmajor Governmental Funds:</i>		
Capital Projects Fund	-	156,726
<i>Enterprise Funds:</i>		
Sewer Fund	212,898	-
Total Primary Government	\$ 212,898	\$ 212,898

All balances are the results of time lag between dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The County expects all balances to be repaid within one year.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 5-Interfund/Component-Unit Obligations: (continued)**

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Major Governmental Funds:		
General Fund	\$ -	\$ 3,509,270
Enterprise Funds:		
Sewer Fund	525,793	-
Landfill Fund	2,983,477	-
Total Primary Government	<u>\$ 3,509,270</u>	<u>\$ 3,509,270</u>
Component Unit - School Board:		
Major Governmental Funds:		
School Operating Fund	\$ -	\$ 975,460
School Activity Fund	975,460	-
Total Component Unit - School Board	<u>\$ 975,460</u>	<u>\$ 975,460</u>

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

**Note 6-Long-Term Obligations:**

Primary Government - Governmental Activities Indebtedness

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
Paid by School Board:				
General Obligation Bonds	\$ 40,292,056	\$ -	\$ (2,999,552)	\$ 37,292,504
Bond Premium	1,326,879	-	(179,902)	1,146,977
Lease Revenue Bonds	13,355,000	-	(100,000)	13,255,000
Paid by Primary Government:				
Loan payable	1,119,228	704,000	(407,085)	1,416,143
Lease liabilities	3,311,012	-	(327,439)	2,983,573
Net Pension Liability	7,890,830	6,630,123	(5,952,016)	8,568,937
Net OPEB Liabilities	4,392,446	2,873,290	(2,622,096)	4,643,640
Compensated Absences	955,560	745,749	(716,670)	984,639
Total	<u>\$ 72,643,011</u>	<u>\$ 10,953,162</u>	<u>\$ (13,304,760)</u>	<u>\$ 70,291,413</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 6-Long-Term Obligations: (continued)**

Primary Government - Governmental Activities Indebtedness (continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 4,003,055	\$ 2,339,128	\$ 330,828	\$ 29,172
2026	3,819,296	2,219,080	334,252	25,748
2027	3,867,265	2,112,142	337,711	22,289
2028	3,716,748	2,003,549	341,206	18,794
2029	3,444,664	1,902,470	344,737	15,263
2030-2034	16,716,716	6,722,182	1,294,839	25,160
2035-2039	15,463,204	1,452,219	-	-
2040	2,079,676	29,850	-	-
Totals	<u>\$ 53,110,624</u>	<u>\$ 18,780,620</u>	<u>\$ 2,983,573</u>	<u>\$ 136,426</u>

**COUNTY OF WISE, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2024**

**Note 6-Long-Term Obligations: (continued)**

**Primary Government - Governmental Activities Indebtedness (continued)**

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:							
General Obligation Bonds:							
VPSA General obligation bond	3.67%	11/9/2011	2037	\$1,045,000 - \$1,870,000 a+	\$ 29,265,000	\$ 19,300,000	\$ 1,155,000
VPSA General obligation bond	5.10%	5/15/2008	2029	\$310,947 - \$368,877 a+	5,834,463	1,742,504	328,607
Refunding bond	2.39-3.54%	5/15/2014	2037	\$680,000 - \$855,000 a+	13,910,000	10,420,000	800,000
VPSA QSCB bond	0.00%	12/15/2011	2031	\$300,000 - \$1,200,000 a+	15,000,000	5,830,000	835,000
Total GO Bonds						<u>\$ 37,292,504</u>	<u>\$ 3,118,607</u>
Lease Revenue Bonds:							
Refunding Bond - Series 2019	1.5-5%	10/30/2019	2040	\$100,000 - \$2,080,000 a+	\$ 13,655,000	\$ 13,255,000	\$ 100,000
Premiums							
\$29,265,000 VPSA GO bond						\$ (16,720)	\$ 16,027
\$13,910,000 refunding bond						114,376	8,815
\$13,655,000 refunding bond						1,049,321	120,348
Total Premiums						<u>\$ 1,146,977</u>	<u>\$ 145,190</u>
Loans payable:							
Banc Corp - equipment schedule 2	0.9460%	4/13/2020	2025	\$140,701 sa	\$ 1,371,016	\$ 279,418	\$ 279,418
Banc Corp - equipment schedule 3	4.1165%	4/13/2020	2026	\$34,486 sa	192,793	131,129	64,229
Banc Corp - equipment schedule 4	3.7642%	4/13/2020	2028	\$40,962 sa	370,224	301,596	71,236
Banc Corp - equipment schedule 5	4.4278%	4/13/2020	2027	\$125,515 sa	704,000	704,000	224,375
Total Loans Payable						<u>\$ 1,416,143</u>	<u>\$ 639,258</u>
Total Direct Borrowings and Placements						<u>\$ 53,110,624</u>	<u>\$ 4,003,055</u>
Lease liabilities:							
DSS lease - IDA building	1.03%	4/1/2021	2031	\$15,000 m	\$ 3,515,560	\$ 2,983,573	\$ 330,828
Other Obligations:							
Net pension liability						\$ 8,568,937	\$ -
Net OPEB liabilities						4,643,640	-
Compensated absences						984,639	738,479
Total Other Obligations						<u>\$ 14,197,216</u>	<u>\$ 738,479</u>
Total Long-Term Obligations						<u>\$ 70,291,413</u>	<u>\$ 5,072,362</u>

(a+) - annual principal installments shown does not include semi-annual interest installments

(sa) - semi-annual principal and interest installments

(m) - monthly installments

In the event of default on the lease revenue bond, the lender may declare the entire unpaid principal and interest on the issuance as due and payable.

The loans payables are collateralized by the underlying equipment.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 6-Long-Term Obligations: (continued)**

**Primary Government - Business-type Activities Indebtedness**

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2024:

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 1,480,000	\$ -	\$ (270,000)	\$ 1,210,000
Bond Premium	82,168	-	(28,363)	53,805
Landfill Closure/				
Postclosure Liability	12,314,944	-	(1,056,740)	11,258,204
Net Pension Liability	443,832	363,509	(336,746)	470,595
Net OPEB Liabilities	119,583	32,740	(32,708)	119,615
Compensated Absences	140,085	115,157	(105,064)	150,178
Total	<u>\$ 14,580,612</u>	<u>\$ 511,406</u>	<u>\$ (1,829,621)</u>	<u>\$ 13,262,397</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2025	\$ 307,402	\$ 46,738
2026	311,788	34,334
2027	320,647	18,256
2028	323,968	7,250
Totals	<u>\$ 1,263,805</u>	<u>\$ 106,578</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 6-Long-Term Obligations: (continued)**

Primary Government - Business-type Activities Indebtedness (continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Direct Borrowings and Placements:							
General Obligation Bonds:							
VRA General obligation bond	2.48%	6/5/2013	4/1/2028	\$190,000 - \$320,000 a+	\$ 3,450,000	\$ 1,210,000	\$ 285,000
Total GO Bonds						\$ 1,210,000	\$ 285,000
Premiums:							
\$3,450,000 VRA GO bond						\$ 53,805	\$ 22,402
Total Premiums						\$ 53,805	\$ 22,402
Total Direct Borrowings and Placements						\$ 1,263,805	\$ 307,402
Other Obligations:							
Landfill closure/postclosure liability						\$ 11,258,204	\$ -
Net pension liability						470,595	-
Net OPEB liabilities						119,615	-
Compensated absences						150,178	112,634
Total Other Obligations						\$ 11,998,592	\$ 112,634
Total Long-Term Obligations						\$ 13,262,397	\$ 420,036

(a+) - annual principal installments shown does not include semi-annual interest installments

In the event of default on the general obligation bonds, the lender may declare the entire unpaid principal and interest on the issuance as due and payable.

**Note 7-Long-Term Obligations-Component Unit School Board:**

Discretely Presented Component Unit-School Board-Indebtedness

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Lease liabilities	\$ 30,555	\$ -	\$ (17,007)	\$ 13,548
Net pension liability	38,355,079	19,142,927	(17,542,148)	39,955,858
Net OPEB liabilities	15,864,087	3,895,398	(2,893,502)	16,865,983
Compensated absences	371,177	308,666	(278,383)	401,460
Total	\$ 54,620,898	\$ 23,346,991	\$ (20,731,040)	\$ 57,236,849

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 7-Long-Term Obligations-Component Unit School Board: (continued)**

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2025	\$ 10,701	\$ 882
2026	2,847	48
Totals	\$ 13,548	\$ 930

**Details of long-term indebtedness:**

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
Lease liabilities:							
Enterprise - VIN 7384	9.32%	6/30/2021	2026	\$547 m	\$ 26,146	\$ 7,714	\$ 6,099
Enterprise - VIN 3748	11.13%	6/30/2021	2026	\$418 m	19,189	5,834	4,602
Total Leases liabilities						\$ 13,548	\$ 10,701
Net pension liability						\$ 39,955,858	\$ -
Net OPEB liabilities						16,865,983	-
Compensated absences						401,460	301,095
Total Other Obligations						\$ 57,223,301	\$ 301,095
Total Long-Term Obligations						\$ 57,236,849	\$ 311,796

(m) - monthly installments

**Note 8-Lease Receivable:**

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Lease receivable	\$ 71,364	\$ -	\$ (65,840)	\$ 5,524

Lease revenue total \$63,397 during fiscal year 2024 and lease related interest totaled \$520. There are no variable payments for leases receivable.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 8-Lease Receivable: (continued)**

Details of leases receivable:

Lease Description	Original Issuance Date	End Date	Payment Frequency	Discount Rate	Ending Balnce	Amount Due Within One Year
Health Department Lease	9/1/2019	2025	Monthly	1.26%	\$ 5,524	\$ 5,524

**Note 9-Pension Plan:**

***Plan Description***

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through Wise County and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

***Benefit Structures***

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 9-Pension Plan: (continued)*****Benefit Structures (continued)***

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

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 9-Pension Plan: (continued)****Contributions**

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

The County's contractually required employer contribution rate for the year ended June 30, 2024 was 13.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,912,465 and \$1,767,386 for the years ended June 30, 2024 and June 30, 2023, respectively.

**Net Pension Liability**

At June 30, 2024, the County reported a liability of \$9,039,532 for its proportionate share of the net pension liability. The County's 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, and rolled forward to the measurement date of June 30, 2023. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2023 and 2022 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2023 and 2022, the County's proportion was 99.4937% and 99.4792%, respectively.

**Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the Wise County's Retirement Plan and the Component Unit School Board's (nonprofessional) 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	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)****Actuarial Assumptions - General Employees (continued)**

Mortality rates: (continued)

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:

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

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

**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits**

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Wise 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	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (continued)**

## Mortality rates:

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

## Pre-Retirement:

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

## Post-Retirement:

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

## Post-Disablement:

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

## Beneficiaries and Survivors:

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

## Mortality Improvement:

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

The actuarial assumptions used in the June 30, 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:

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)**

***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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 - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

\*The above allocation provides a one-year expected 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 return of 6.75%, which was 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%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)****Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative 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. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 18,702,867	\$ 9,039,532	\$ 1,026,744

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

For the year ended June 30, 2024, the County recognized pension expense of \$1,159,739. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)**

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

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 565,970	\$ 717,599
Change in assumptions	63,685	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,242	19,818
Net difference between projected and actual earnings on pension plan investments	-	933,522
Employer contributions subsequent to the measurement date	1,912,465	-
Total	\$ 2,587,362	\$ 1,670,939

\$1,912,465 reported as deferred outflows of resources related to pensions resulting from the County'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 in future reporting periods as follows:

Year ended June 30	Primary Government
2025	\$ (925,864)
2026	(989,720)
2027	887,098
2028	32,444

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 9-Pension Plan: (continued)****Component Unit School Board (Nonprofessional)**

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

***Employees Covered by Benefit Terms***

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	178
Inactive members:	
Vested inactive members	10
Non-vested inactive members	20
Inactive members active elsewhere in VRS	15
Total inactive members	45
Active members	56
Total covered employees	279

***Contributions***

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2024 was 20.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$396,352 and \$372,511 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. The Component Unit School Board's (nonprofessional) 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)**

**Component Unit School Board (Nonprofessional) (continued)**

**Changes in Net Pension Liability**

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 13,772,813	\$ 9,788,047	\$ 3,984,766
Changes for the year:			
Service cost	\$ 140,489	\$ -	\$ 140,489
Interest	903,889	-	903,889
Differences between expected and actual experience	116,269	-	116,269
Contributions - employer	-	372,196	(372,196)
Contributions - employee	-	84,110	(84,110)
Net investment income	-	607,873	(607,873)
Benefit payments, including refunds of employee contributions	(1,044,715)	(1,044,715)	-
Administrative expenses	-	(6,419)	6,419
Other changes	-	243	(243)
Net changes	\$ 115,932	\$ 13,288	\$ 102,644
Balances at June 30, 2023	\$ 13,888,745	\$ 9,801,335	\$ 4,087,410

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 5,559,285	\$ 4,087,410	\$ 2,846,015

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)**

**Component Unit School Board (Nonprofessional) (continued)**

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

For the year ended June 30, 2024, the Component Unit School Board (nonprofessional) recognized pension expense of \$333,821. At June 30, 2024, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,622	\$ -
Net difference between projected and actual earnings on pension plan investments	-	174,034
Employer contributions subsequent to the measurement date	396,352	-
Total	\$ 428,974	\$ 174,034

\$396,352 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) 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 in future reporting periods as follows:

Year ended June 30	Component Unit School Board (Nonprofessional)
2025	\$ (86,766)
2026	(204,979)
2027	143,784
2028	6,549

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 9-Pension Plan: (continued)****Component Unit School Board (Professional)*****Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description is included in the first section of this note.

***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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which 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 earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$5,993,579 and \$5,603,464 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the School Board's operating grants and contributions on the Statement of Activities.

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

At June 30, 2024, the school division reported a liability of \$35,868,448 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension 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 school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan 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 school division's proportion was 0.3549% as compared to 0.3610% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$4,113,262. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)**

**Component Unit School Board (Professional) (continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,081,130	\$ 1,399,740
Change in assumptions	1,626,042	-
Net difference between projected and actual earnings on pension plan investments	-	2,332,173
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,776,574	612,669
Employer contributions subsequent to the measurement date	5,993,579	-
Total	<u>\$ 12,477,325</u>	<u>\$ 4,344,582</u>

\$5,993,579 reported as deferred outflows of resources related to pensions resulting from the school division'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 in future reporting periods as follows:

Year ended June 30	Component Unit School Board (Professional)
2025	\$ 16,816
2026	(1,434,273)
2027	2,959,192
2028	597,429

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 9-Pension Plan: (continued)****Component Unit School Board (Professional) (continued)*****Actuarial Assumptions***

The total pension liability for the VRS Teacher 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	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

**Mortality rates:****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:**

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)**

**Component Unit School Board (Professional) (continued)**

***Actuarial Assumptions (continued)***

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:

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

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 57,574,609
Plan Fiduciary Net Position	47,467,405
Employers' Net Pension Liability (Asset)	<u>\$ 10,107,204</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.45%

The total pension 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 pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 9-Pension Plan: (continued)**

**Component Unit School Board (Professional) (continued)**

***Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS			
Teacher Employee Retirement Plan Net			
Pension Liability (Asset)	\$ 63,581,966	\$ 35,868,448	\$ 13,085,658

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 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.

**Primary Government and Component Unit School Board**

***Aggregate Pension Information***

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 2,587,362	\$ 1,670,939	\$ 9,039,532	\$ 1,159,739	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	428,974	174,034	4,087,410	333,821
School Board Professional	-	-	-	-	12,477,325	4,344,582	35,868,448	4,113,262
Totals	\$ 2,587,362	\$ 1,670,939	\$ 9,039,532	\$ 1,159,739	\$ 12,906,299	\$ 4,518,616	\$ 39,955,858	\$ 4,447,083

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 10-Capital Assets:**

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,195,643	\$ -	\$ -	\$ 2,195,643
Capital assets, being depreciated:				
Buildings and improvements	\$ 92,260,764	\$ 76,688	\$ -	\$ 92,337,452
Right-to-use lease buildings and improvements	3,658,551	-	-	3,658,551
Machinery and equipment	11,141,733	1,401,514	-	12,543,247
Total capital assets being depreciated	\$ 107,061,048	\$ 1,478,202	\$ -	\$ 108,539,250
Accumulated depreciation:				
Buildings and improvements	\$ (34,192,944)	\$ (1,819,140)	\$ -	\$ (36,012,084)
Right-to-use lease buildings and improvements	(626,788)	(314,252)	-	(941,040)
Machinery and equipment	(8,464,855)	(1,194,190)	-	(9,659,045)
Total accumulated depreciation	\$ (43,284,587)	\$ (3,327,582)	\$ -	\$ (46,612,169)
Total capital assets being depreciated, net	\$ 63,776,461	\$ (1,849,380)	\$ -	\$ 61,927,081
Governmental activities capital assets, net	\$ 65,972,104	\$ (1,849,380)	\$ -	\$ 64,122,724
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 314,816	\$ -	\$ -	\$ 314,816
Capital assets, being depreciated:				
Buildings and improvements	\$ 15,749,016	\$ -	\$ -	\$ 15,749,016
Machinery and equipment	6,227,256	299,015	-	6,526,271
Total capital assets being depreciated	\$ 21,976,272	\$ 299,015	\$ -	\$ 22,275,287
Accumulated depreciation:				
Buildings and improvements	\$ (8,796,033)	\$ (367,605)	\$ -	\$ (9,163,638)
Machinery and equipment	(5,595,354)	(178,315)	-	(5,773,669)
Total accumulated depreciation	\$ (14,391,387)	\$ (545,920)	\$ -	\$ (14,937,307)
Total capital assets being depreciated, net	\$ 7,584,885	\$ (246,905)	\$ -	\$ 7,337,980
Business-type Activities capital assets, net	\$ 7,899,701	\$ (246,905)	\$ -	\$ 7,652,796

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 10-Capital Assets: (continued)**

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

**Governmental activities:**

General governmental administration	\$ 259,944
Judicial administration	26,496
Public safety	983,105
Public works	310,419
Health and welfare	394,939
Education	1,309,102
Parks, recreation, and cultural	43,577
Total depreciation expense - governmental activities	<u>\$ 3,327,582</u>

**Business-type activities:**

Public works	<u>\$ 545,920</u>
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*Business-type Other Assets:*

The Sewer Enterprise Fund contains a balance of \$371,250 in Other Assets. This amount is for a connectivity fee with the City of Norton for the flow of wastewater. This agreement states that a fee of \$550,000 is for a forty-year period and will be amortized over that period. Amortization in fiscal year 2024 was \$13,750 and accumulated amortization as of June 30, 2024 amounted to \$178,750.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 10-Capital Assets: (continued)**

Capital asset activity for the School Board for the year ended June 30, 2024 was as follows:

Discretely Presented Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,003,463	\$ -	\$ -	\$ 2,003,463
Construction in progress	8,446,201	4,484,737	(9,206,322)	3,724,616
Total capital assets not being depreciated	<u>\$ 10,449,664</u>	<u>\$ 4,484,737</u>	<u>\$ (9,206,322)</u>	<u>\$ 5,728,079</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 68,354,198	\$ 18,412,654	\$ -	\$ 86,766,852
Machinery and equipment	16,979,289	2,076,481	-	19,055,770
Right-to-use machinery and equipment	77,393	-	(37,497)	39,896
Total capital assets being depreciated	<u>\$ 85,410,880</u>	<u>\$ 20,489,135</u>	<u>\$ (37,497)</u>	<u>\$ 105,862,518</u>
Accumulated depreciation:				
Buildings and improvements	\$ (43,929,084)	\$ (2,047,848)	\$ -	\$ (45,976,932)
Machinery and equipment	(12,108,637)	(1,012,005)	-	(13,120,642)
Right-to-use machinery and equipment	(48,284)	(16,888)	37,497	(27,675)
Total accumulated depreciation	<u>\$ (56,086,005)</u>	<u>\$ (3,076,741)</u>	<u>\$ 37,497</u>	<u>\$ (59,125,249)</u>
Total capital assets being depreciated, net	<u>\$ 29,324,875</u>	<u>\$ 17,412,394</u>	<u>\$ -</u>	<u>\$ 46,737,269</u>
School board capital assets, net	<u>\$ 39,774,539</u>	<u>\$ 21,897,131</u>	<u>\$ (9,206,322)</u>	<u>\$ 52,465,348</u>

**Note 11-Risk Management:**

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 12-Surety Bonds:**

<u>Constitutional Officer Risk Management Plan - Surety:</u>	
Dezarah Hall, Clerk of the Circuit Court	\$ 500,000
Delores W. Smith, Treasurer	500,000
Douglas Mullins, Jr., Commissioner of the Revenue	3,000
Grant Kilgore, Sheriff	30,000
 <u>Travelers Casualty &amp; Surety Co:</u>	
Public Officials Bond - Board of Supervisors	\$ 3,000
 <u>United States Fidelity and Guaranty Company Surety:</u>	
Dr. Mike Goforth, Superintendent of Schools	\$ 10,000
 <u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>	
Heather Fultz, Clerk of the School Board	\$ 10,000
Elizabeth Shupe, Deputy Clerk of the School Board	10,000
All School Board Employees: Blanket Bond	5,000
All Social Services Employees: Blanket Bond	100,000

**Note 13-Landfill Closure and Post-closure Care Cost:**

According to laws and regulations the County must perform closure and post-closure care to the Landfill as specified in Part V, Section 5.1.E of the Virginia Solid Waste Management Regulations (VR 672-20-10). The regulations require the County to close its facility in a manner that minimizes the need for further maintenance and controls, minimizes or eliminates the post-closure escape of uncontrolled leachate, surface runoff, decomposition gas, migration or waste decomposition products to the groundwater, surface water or to the atmosphere. The regulations also require that the County conduct post-closure care for ten years after the date of completing closure or for as long as leachate is generated, whichever is later.

The total estimated closure and post-closure care costs for the County's landfill operation is \$18,061,800. The accrued liability for these costs reported as of June 30, 2024 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 61.82% and the remaining life of the landfill is approximately 21 years. The remaining cost to be accrued in the future is as follows:

Total Estimated Liability	\$ 18,061,800
Accrued Liability of June 30, 2024	<u>11,165,476</u>
Total Closure and Postclosure Care	
Costs Remaining to be Recognized	<u>\$ 6,896,324</u>

It should be noted that the total estimated liability for the closure and post-closure care costs is only an estimate based on current projections. The estimates are reviewed by our engineer, Thompson & Litton, on an annual basis. Inflation factors are provided by the Department of Environmental Quality to apply to the estimates. Uncontrollable factors such as inflation, changes in technology, and changes in applicable laws and regulations may affect these projections.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 13-Landfill Closure and Postclosure Care Cost: (continued)**

The County demonstrated financial assurance requirements for closure and post-closure costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with 9 VAC 20-70-10 of the Virginia Administrative Code. The regulation requires local government owners and operators to maintain a financial mechanism, or combination of mechanisms, demonstrating assurance for the closure, post-closure care, and, if applicable, corrective actions costs associated with their owned and operated solid waste facilities. The County has fulfilled the requirements as set forth in the financial ratio test mechanism.

The County has a reserve fund designated for the purpose of landfill closure. The closure and post closure costs are being funded by an annual transfer from the general fund to this fund. As of June 30, 2024, the County has a balance of \$9,732,423 in this fund which is the aggregate funding to date including interest earned.

**Note 14-Deferred/Unavailable Revenue:**

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Long-term portion of opioid settlement receivable that is not available for funding of current expenditures	\$ -	\$ 2,978,030
Taxes receivable-2nd half installment	18,161,834	18,161,834
Prepaid taxes	1,904,903	1,904,903
Delinquent taxes receivable due prior to June 30 not collected within 60 days	-	2,649,675
Total property taxes	\$ 20,066,737	\$ 22,716,412

**Note 15-Commitments and Contingencies:**

*Contingent Liabilities:*

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards*. Pursuant to the provisions of the Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 15-Commitments and Contingencies: (continued)**

The School Board had the following commitments:

Project	Contract Amount	Contract Amount	Accounts and
		Outstanding at Year End	Retainage Payable
Eastside Stadium/Outdoor Classroom	\$ 249,624	\$ 34,140	\$ 35,668
LF Addington Gym Addition	3,740,985	1,218,900	416,935
SPES HVAC	408,007	164,059	241,469

**Note 16-Other Postemployment Benefits-Health Insurance:**

The County and School Board each administer a single-employer defined benefit healthcare plan. The plans provide postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's and School Board's pension plans. The plans do not issue a publicly available financial report.

**Benefits Provided**

The Wise and Wise School Board Post-Retirement Medical Plans (the Plans) are single-employer defined benefit healthcare plans administered by the County and School Board. The Plans provide health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability. The benefit provisions, including employer and employee contributions, are governed by the County and School Board and can be amended through County and School Board action, respectively.

**Plan Membership**

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms:

	County	School Board
Total active employees	297	743
Total retirees with coverage	10	10
	307	753

**Contributions**

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2024 was \$111,155 and \$288,838, respectively.

**Total OPEB Liability**

The County and School Board's total OPEB liabilities were measured as of June 30, 2024 and are based on an actuarial valuation date of July 1, 2024 projected to June 30, 2024 on a "no loss/no gain" basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 16-Other Postemployment Benefits-Health Insurance: (continued)****Actuarial Assumptions**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Percentage of Salary
Healthcare Cost Trend Rates	Medical rates start at 8.00% and decrease by 0.50% to an ultimate rate of 4.50%
Salary Increases	3.50%
Discount Rate	4.21%
Inflation	2.50%

Mortality rates use SOA Pub-2010 General, Public Safety, Contingent Survivor, Teacher, as applicable, Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used in the June 30, 2024 report were based on July 1, 2024 with results actuarially projected on a “no gain/no loss” basis to get to the June 30, 2024 measurement date. Liabilities as of June 30, 2024 are based on an actuarial valuation date of July 1, 2024.

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the S&P Municipal Bond 20 Year High Grade Rate Index. The final equivalent single discount rate used for this year’s valuation is 4.21% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

**Changes in the Total OPEB Liability**

	County	School Board
Balances at June 30, 2023	\$ 1,559,985	\$ 9,352,418
Changes for the year:		
Service cost	\$ 87,787	\$ 601,025
Interest cost	65,781	405,173
Difference between expected and actual experience	154,831	(352,630)
Changes in assumptions	31,480	893,037
Benefit payments	(111,155)	(288,838)
Net changes	\$ 228,724	\$ 1,257,767
Balances at June 30, 2024	\$ 1,788,709	\$ 10,610,185

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 16-Other Postemployment Benefits-Health Insurance: (continued)**

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current discount rate:

Primary Government			Component Unit School Board		
Rate			Rate		
1% Decrease	Current Discount	1% Increase	1% Decrease	Current Discount	1% Increase
(3.21%)	(4.21%)	(5.21%)	(3.21%)	(4.21%)	(5.21%)
\$ 1,954,691	\$ 1,788,709	\$ 1,640,567	\$ 11,480,644	\$ 10,610,185	\$ 9,791,749

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

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Primary Government			Component Unit School Board		
Rate			Rate		
1% Decrease	Current Trend	1% Increase	1% Decrease	Current Trend	1% Increase
\$ 1,706,249	\$ 1,788,709	\$ 1,887,646	\$ 9,420,513	\$ 10,610,185	\$ 11,998,396

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

For the year ended June 30, 2024, the County and School Board recognized OPEB expense in the amount of \$43,448 and \$878,250, respectively. At June 30, 2024, the County and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,705	\$ 299,293	\$ 828,887	\$ 1,410,075
Changes in assumptions	145,064	137,095	1,130,715	990,758
Total	\$ 312,769	\$ 436,388	\$ 1,959,602	\$ 2,400,833

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 16-Other Postemployment Benefits-Health Insurance: (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board
2025	\$ (68,740)	\$ (132,575)
2026	(68,740)	(114,679)
2027	(53,479)	(114,679)
2028	36,289	(114,681)
2029	31,051	(6,835)
Thereafter	-	42,218

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

**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan):*****Plan Description***

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

***Eligible Employees***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. The amount is increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% 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 the final approved General Assembly rate, which 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 Plan from the County were \$83,308 and \$76,264 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (non-professional) were \$10,905 and \$10,181 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (professional) were \$202,474 and \$188,173 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. The entities did not record a proportionate share in the financial statements.

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

At June 30, 2024, the County reported a liability of \$719,047 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2024, the Component Unit-School Board (nonprofessional) reported a liability of \$95,945 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2024, the Component Unit-School Board (professional) reported a liability of \$1,774,264 for its proportionate share of the Net GLI OPEB Liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (continued)***

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 GLI 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 County's proportion was 0.05995% as compared to 0.06048% at June 30, 2022.

At June 30, 2023, the Component Unit-School Board (nonprofessional) proportion was 0.00800% as compared to 0.00820% at June 30, 2022.

At June 30, 2023, the Component Unit-School Board (professional) proportion was 0.14794% as compared to 0.15210% at June 30, 2022.

For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$37,516. 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.

For the year ended June 30, 2024, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$2,177. 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.

For the year ended June 30, 2024, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$68,660. 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:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 71,816	\$ 21,827
Net difference between projected and actual earnings on GLI OPEB program investments	-	28,895
Change in assumptions	15,370	49,819
Changes in proportionate share	43,795	12,843
Employer contributions subsequent to the measurement date	83,308	-
Total	\$ 214,289	\$ 113,384

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (continued)***

	Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,583	\$ 2,912	\$ 177,206	\$ 53,858
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,856	-	71,300
Change in assumptions	2,051	6,647	37,926	122,928
Changes in proportionate share	3,707	3,455	119,072	70,889
Employer contributions subsequent to the measurement date	10,905	-	202,474	-
Total	\$ 26,246	\$ 16,870	\$ 536,678	\$ 318,975

\$83,308, \$10,905, and \$202,474 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (nonprofessional), and Component-Unit School Board (professional), respectively, 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:

Year Ended June 30	Primary Government	Component Unit-School Board (Non-professional)	Component Unit-School Board (Professional)
2025	\$ 1,159	\$ (845)	\$ 5,612
2026	(21,022)	(3,678)	(52,228)
2027	22,009	1,962	50,168
2028	9,471	456	2,896
2029	5,980	576	8,781

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Actuarial Assumptions**

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

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

**Mortality Rates - 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Actuarial Assumptions (continued)****Mortality Rates - Teachers (continued)**

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:

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

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

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Actuarial Assumptions (continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (continued)**

The actuarial assumptions used in the June 30, 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:

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

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

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Actuarial Assumptions (continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (continued)**

The actuarial assumptions used in the June 30, 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:

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

**NET GLI OPEB Liability**

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

	<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	2,707,739
GLI Net OPEB Liability (Asset)	\$ <u>1,199,313</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%
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The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.20%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

\*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. These 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 return of 6.75% which was 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%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 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 benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Proportionate share of the GLI Plan Net OPEB Liability:			
County	\$ 1,065,853	\$ 719,047	\$ 438,653
Component Unit-School Board (Nonprofessional)	\$ 142,221	\$ 95,945	\$ 58,531
Component Unit-School Board (Professional)	\$ 2,630,014	\$ 1,774,264	\$ 1,082,385

**GLI Program Fiduciary Net Position**

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan):****Component Unit School Board - Nonprofessional*****Plan Description***

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

***Eligible Employees***

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

***Benefit Amounts***

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Component Unit School Board - Nonprofessional (continued)*****Employees Covered by Benefit Terms***

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	114
Vested inactive members	19
Active members	55
Total covered employees	<u><u>188</u></u>

***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board (Nonprofessional)'s contractually required employer contribution rate for the year ended June 30, 2024 was 0.64% 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 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 from the School Board (Nonprofessional) to the HIC Plan were \$21,609 and \$12,048 for the years ended June 30, 2024 and June 30, 2023, respectively.

***Net HIC OPEB Liability***

The School Board (nonprofessional)'s net HIC OPEB liability was measured as of June 30, 2023. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Component Unit School Board - Nonprofessional (continued)*****Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

**Component Unit School Board - Nonprofessional (continued)**

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:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Component Unit School Board - Nonprofessional (continued)*****Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset 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 - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	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>

\*The above allocation provides a one-year expected 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. These 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 return of 6.75% which was 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%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Component Unit School Board - Nonprofessional (continued)*****Discount Rate***

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% 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 HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

***Changes in Net HIC OPEB Liability***

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 329,766	\$ 183,124	\$ 146,642
Changes for the year:			
Service cost	\$ 2,033	\$ -	\$ 2,033
Interest	21,444	-	21,444
Differences between expected and actual experience	17,681	-	17,681
Contributions - employer	-	20,143	(20,143)
Net investment income	-	9,896	(9,896)
Benefit payments	(28,227)	(28,227)	-
Administrative expenses	-	(213)	213
Other changes	-	837	(837)
Net changes	\$ 12,931	\$ 2,436	\$ 10,495
Balances at June 30, 2023	\$ 342,697	\$ 185,560	\$ 157,137

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

**Component Unit School Board - Nonprofessional (continued)**

***Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board (Nonprofessional)'s			
Net HIC OPEB Liability	\$ 188,054	\$ 157,137	\$ 130,492

***HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB***

For the year ended June 30, 2024, the School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$12,600. At June 30, 2024, the School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the School Board (Nonprofessional)'s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,852	\$ 26,860
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,406
Change in assumptions	15,693	-
Employer contributions subsequent to the measurement date	21,609	-
Total	\$ 46,154	\$ 28,266

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

**Component Unit School Board - Nonprofessional (continued)**

***HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB (continued)***

\$21,609 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC 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 HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ 703
2026	(7,665)
2027	2,800
2028	441

***HIC Program Plan Data***

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2023 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.

**Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

***Eligible Employees***

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024**Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Benefit Amounts***

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 from the school division to the VRS Teacher Employee HIC Plan were \$453,305 and \$421,135 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC 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. The entity did not record a proportionate share in the financial statements.

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB***

At June 30, 2024, the school division reported a liability of \$4,228,452 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC 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 school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan 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 school division's proportion of the VRS Teacher Employee Health Insurance Credit Plan was 0.34910% as compared to 0.35505% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$296,722. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB (continued)***

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 186,115
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	2,122	-
Change in assumptions	98,431	4,261
Change in proportionate share and differences between actual and expected contributions	271,706	182,126
Employer contributions subsequent to the measurement date	453,305	-
Total	\$ <u>825,564</u>	\$ <u>372,502</u>

\$453,305 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC 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 Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2025	\$ (36,068)
2026	7,289
2027	36,629
2028	17,255
2029	(10,213)
Thereafter	(15,135)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit 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	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

**Mortality Rates - Teachers****Pre-Retirement:**

Pub-2010 Amount Weighted Teacher 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Actuarial Assumptions (continued)**

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:

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

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee HIC OPEB Plan</b>
	<hr/>
Total Teacher Employee HIC OPEB Liability	\$ 1,475,471
Plan Fiduciary Net Position	264,054
Teacher Employee net HIC OPEB Liability (Asset)	\$ <u>1,211,417</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	17.90%

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on the VRS 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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 - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

\*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. These 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 was 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%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

***Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 4,782,852	\$ 4,228,452	\$ 3,758,647

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2023 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 20—Line of Duty Act (LODA) Program:*****Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

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

***Contributions***

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2024 was \$830 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$97,525 and \$74,661 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 20—Line of Duty Act (LODA) Program: (continued)*****LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2024, the entity reported a liability of \$2,255,499 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity's proportion was 0.56260% as compared to 0.58760% at June 30, 2022.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$341,312. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 120,311	\$ 424,709
Net difference between projected and actual earnings on LODA OPEB program investments	-	6,598
Change in assumptions	500,973	465,096
Change in proportionate share	288,586	93,737
Employer contributions subsequent to the measurement date	97,525	-
Total	\$ 1,007,395	\$ 990,140

\$97,525 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30	
2025	\$ 27,848
2026	28,055
2027	20,028
2028	8,961
2029	(13,189)
Thereafter	(151,973)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 20—Line of Duty Act (LODA) Program: (continued)****Actuarial Assumptions**

The total LODA 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. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86% including inflation*

\*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

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

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 20—Line of Duty Act (LODA) Program: (continued)**

**Actuarial Assumptions (continued)**

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. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

**Net LODA OPEB Liability**

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

	<b>LODA Program</b>
Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	5,311
LODA Net OPEB Liability (Asset)	<u>\$ 400,900</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 20—Line of Duty Act (LODA) Program: (continued)*****Long-Term Expected Rate of Return***

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

***Discount Rate***

The discount rate used to measure the total LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.86%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current rate:

	Discount Rate		
	1% Decrease (2.86%)	Current (3.86%)	1% Increase (4.86%)
County's proportionate share of the LODA Net OPEB Liability	\$ 2,528,951	\$ 2,255,499	\$ 2,024,163

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

**Note 20—Line of Duty Act (LODA) Program: (continued)**

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

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

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 1,912,739	\$ 2,255,499	\$ 2,680,232

***LODA OPEB Fiduciary Net Position***

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2023 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.

**Note 21-Aggregate OPEB Information:**

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan:								
County	\$ 214,289	\$ 113,384	\$ 719,047	\$ 37,516	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	26,246	16,870	95,945	2,177
School Board Professional	-	-	-	-	536,678	318,975	1,774,264	68,660
Teacher Health Insurance Credit Plan	-	-	-	-	825,564	372,502	4,228,452	296,722
Health Insurance Credit Plan	-	-	-	-	46,154	28,266	157,137	12,600
Line of Duty Act Program	1,007,395	990,140	2,255,499	341,312	-	-	-	-
County Stand-Alone Plan	312,769	436,388	1,788,709	43,448	-	-	-	-
School Stand-Alone Plan	-	-	-	-	1,959,602	2,400,833	10,610,185	878,250
Totals	\$ 1,534,453	\$ 1,539,912	\$ 4,763,255	\$ 422,276	\$ 3,394,244	\$ 3,137,446	\$ 16,865,983	\$ 1,258,409

**Note 22-Litigation:**

As of June 30, 2024, a claim has been filed against the County in regards to erroneous assessment of taxes for a total of \$2,000,000. The County is vigorously defending itself against the claim and does not believe that payout of same is probable or reasonably estimable as of the date of the report; therefore, no liability has been recognized in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

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**Note 23-Concentration Risk:**

Historically, the County has relied on taxes generated by the Coal Industry. Direct taxes remitted from same include coal and gas severance and machinery and tools taxes. In the past five years, general fund net revenue generated from these sources has declined significantly. This decline in revenue has occurred due to changes in environmental policies of the United States Government. The County does not anticipate significant changes in these policies to occur in the near term. As such, the County does not anticipate continued reliance on the aforementioned revenues. In addition, the County anticipates that other revenue sources will be negatively impacted by a shrinking coal economy; however, estimates (projections) of these declines are not readily available. To date, the County has not identified alternative sources of revenue to maintain historical budget levels.

**Note 24—Upcoming Pronouncements:**

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

*Statement No. 102, Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

*Statement No. 103, Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

## **Required Supplementary Information**

County of Wise, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2024

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 30,476,534	\$ 30,488,699	\$ 31,049,350	\$	560,651
Other local taxes	6,055,044	5,456,241	5,280,951		(175,290)
Permits, privilege fees, and regulatory licenses	32,225	32,225	34,913		2,688
Fines and forfeitures	68,694	65,788	56,453		(9,335)
Revenue from the use of money and property	573,000	573,000	1,276,810		703,810
Charges for services	38,041	34,148	49,127		14,979
Miscellaneous	1,237,513	8,357,776	1,895,601		(6,462,175)
Recovered costs	5,673,682	1,618,029	1,835,918		217,889
Intergovernmental:					
Commonwealth	16,787,977	17,084,738	16,108,594		(976,144)
Federal	5,704,530	5,705,268	7,932,889		2,227,621
Total revenues	\$ 66,647,240	\$ 69,415,912	\$ 65,520,606	\$	(3,895,306)
EXPENDITURES					
Current:					
General government administration	\$ 4,864,030	\$ 5,090,379	\$ 4,857,012	\$	233,367
Judicial administration	3,856,879	4,016,476	3,956,800		59,676
Public safety	16,621,660	16,946,750	17,290,178		(343,428)
Public works	1,046,791	1,049,847	1,044,606		5,241
Health and welfare	15,485,628	15,485,628	15,477,215		8,413
Education	18,677,883	19,537,559	16,610,599		2,926,960
Parks, recreation, and cultural	1,391,097	1,391,097	1,022,836		368,261
Community development	1,703,590	2,430,686	1,439,483		991,203
Nondepartmental	273,852	473,852	437,291		36,561
Debt service:					
Principal retirement	-	-	734,524		(734,524)
Interest and other fiscal charges	-	-	57,774		(57,774)
Total expenditures	\$ 63,921,410	\$ 66,422,274	\$ 62,928,318	\$	3,493,956
Excess (deficiency) of revenues over (under) expenditures	\$ 2,725,830	\$ 2,993,638	\$ 2,592,288	\$	(401,350)
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (3,681,179)	\$ (3,697,802)	\$ (3,509,270)	\$	188,532
Issuance of loan payable	-	-	704,000		704,000
Total other financing sources (uses)	\$ (3,681,179)	\$ (3,697,802)	\$ (2,805,270)	\$	892,532
Net change in fund balances	\$ (955,349)	\$ (704,164)	\$ (212,982)	\$	491,182
Fund balances - beginning	275,582	24,397	31,216,028		31,191,631
Fund balances - ending	\$ (679,767)	\$ (679,767)	\$ 31,003,046	\$	31,682,813

County of Wise, Virginia  
Special Revenue Fund - Coal Road Improvement Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other local taxes	\$ -	\$ -	\$ 460,358	\$ 460,358
Revenue from the use of money and property	-	-	218,842	218,842
Total revenues	\$ -	\$ -	\$ 679,200	\$ 679,200
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 270,000	\$ 270,000	\$ 134,154	\$ 135,846
Community development	330,000	330,000	281,363	48,637
Total expenditures	\$ 600,000	\$ 600,000	\$ 415,517	\$ 184,483
Excess (deficiency) of revenues over (under) expenditures	\$ (600,000)	\$ (600,000)	\$ 263,683	\$ 863,683
Net change in fund balances	\$ (600,000)	\$ (600,000)	\$ 263,683	\$ 863,683
Fund balances - beginning	600,000	600,000	3,910,049	3,310,049
Fund balances - ending	\$ -	\$ -	\$ 4,173,732	\$ 4,173,732

County of Wise, Virginia  
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)  
Primary Government and Component Unit School Board (professional)  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2024

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Employer's Proportionate Share of the NPLA (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
<b>Primary Government - County Retirement Plan (A)</b>					
2023	99.4937%	\$ 9,039,532	\$ 14,116,406	64.04%	87.41%
2022	99.4792%	8,334,662	13,212,516	63.08%	87.82%
2021	99.4300%	6,540,168	11,667,036	56.06%	90.37%
2020	98.8143%	14,698,081	11,450,820	128.36%	76.94%
2019	98.6242%	10,968,718	10,794,432	101.61%	81.90%
2018	98.8547%	9,146,168	10,917,731	83.77%	84.11%
2017	98.8547%	8,641,811	10,346,115	83.53%	84.34%
2016	99.1244%	12,283,747	10,456,826	117.47%	77.87%
2015	99.2317%	9,438,135	10,518,844	89.73%	82.24%
<b>Component Unit School Board (professional)</b>					
2023	0.3549%	\$ 35,868,448	\$ 34,803,506	103.06%	82.45%
2022	0.3610%	34,370,313	33,107,004	103.82%	82.61%
2021	0.3523%	27,350,169	30,648,076	89.24%	85.46%
2020	0.3328%	48,438,416	28,684,823	168.86%	71.47%
2019	0.3363%	44,253,727	27,789,528	159.25%	73.51%
2018	0.3250%	38,222,000	25,921,458	147.45%	74.81%
2017	0.3509%	43,158,000	27,395,796	157.54%	72.92%
2016	0.3689%	51,696,000	28,122,127	183.83%	68.28%
2015	0.3846%	48,405,000	28,625,391	169.10%	70.68%
2014	0.4036%	48,771,000	29,497,431	165.34%	70.88%

(A) During fiscal year 2016, the County's presentation was changed to a cost-sharing presentation. Information prior to this period is not available.

County of Wise, Virginia  
Schedule of Changes in Net Pension Liability and Related Ratios  
Component Unit School Board (nonprofessional)  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 140,489	\$ 118,369	\$ 130,620	\$ 135,207	\$ 128,781	\$ 135,411	\$ 144,679	\$ 150,120	\$ 158,445	\$ 153,753
Interest	903,889	898,174	858,313	853,794	869,715	841,768	838,566	863,535	854,409	840,738
Differences between expected and actual experience	116,269	128,192	81,380	19,528	313,383	234,486	(148,415)	(573,018)	(46,397)	-
Changes in assumptions	-	-	412,819	-	(187,100)	-	3,628	-	-	-
Benefit payments, including refunds of employee contributions	(1,044,715)	(1,119,665)	(902,281)	(980,872)	(820,095)	(804,736)	(780,696)	(813,973)	(858,196)	(740,191)
Net change in total pension liability	\$ 115,932	\$ 25,070	\$ 580,851	\$ 27,657	\$ 304,684	\$ 406,929	\$ 57,762	\$ (373,336)	\$ 108,261	\$ 254,300
<b>Total pension liability - beginning</b>	<b>13,772,813</b>	<b>13,747,743</b>	<b>13,166,892</b>	<b>13,139,235</b>	<b>12,834,551</b>	<b>12,427,622</b>	<b>12,369,860</b>	<b>12,743,196</b>	<b>12,634,935</b>	<b>12,380,635</b>
<b>Total pension liability - ending (a)</b>	<b>13,888,745</b>	<b>13,772,813</b>	<b>13,747,743</b>	<b>13,166,892</b>	<b>13,139,235</b>	<b>12,834,551</b>	<b>12,427,622</b>	<b>12,369,860</b>	<b>12,743,196</b>	<b>12,634,935</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 372,196	\$ 343,141	\$ 314,844	\$ 303,541	\$ 293,796	\$ 248,631	\$ 267,012	\$ 262,641	\$ 272,831	\$ 205,764
Contributions - employee	84,110	80,511	78,080	76,187	74,964	72,079	77,810	79,498	83,286	84,864
Net investment income	607,873	(1,643)	2,313,277	168,053	582,288	642,004	985,712	139,335	385,024	1,226,210
Benefit payments, including refunds of employee contributions	(1,044,715)	(1,119,665)	(902,281)	(980,872)	(820,095)	(804,736)	(780,696)	(813,973)	(858,196)	(740,191)
Administrative expense	(6,419)	(6,756)	(6,085)	(6,181)	(6,110)	(5,825)	(5,994)	(5,576)	(5,702)	(6,930)
Other	243	230	215	(196)	(365)	(559)	(866)	(61)	(80)	65
Net change in plan fiduciary net position	\$ 13,288	\$ (704,182)	\$ 1,798,050	\$ (439,468)	\$ 124,478	\$ 151,594	\$ 542,978	\$ (338,136)	\$ (122,837)	\$ 769,782
<b>Plan fiduciary net position - beginning</b>	<b>9,788,047</b>	<b>10,492,229</b>	<b>8,694,179</b>	<b>9,133,647</b>	<b>9,009,169</b>	<b>8,857,575</b>	<b>8,314,597</b>	<b>8,652,733</b>	<b>8,775,570</b>	<b>8,005,788</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>9,801,335</b>	<b>9,788,047</b>	<b>10,492,229</b>	<b>8,694,179</b>	<b>9,133,647</b>	<b>9,009,169</b>	<b>8,857,575</b>	<b>8,314,597</b>	<b>8,652,733</b>	<b>8,775,570</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 4,087,410</b>	<b>\$ 3,984,766</b>	<b>\$ 3,255,514</b>	<b>\$ 4,472,713</b>	<b>\$ 4,005,588</b>	<b>\$ 3,825,382</b>	<b>\$ 3,570,047</b>	<b>\$ 4,055,263</b>	<b>\$ 4,090,463</b>	<b>\$ 3,859,365</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>70.57%</b>	<b>71.07%</b>	<b>76.32%</b>	<b>66.03%</b>	<b>69.51%</b>	<b>70.19%</b>	<b>71.27%</b>	<b>67.22%</b>	<b>67.90%</b>	<b>69.45%</b>
<b>Covered payroll</b>	<b>\$ 1,882,498</b>	<b>\$ 1,780,105</b>	<b>\$ 1,624,655</b>	<b>\$ 1,609,045</b>	<b>\$ 1,542,918</b>	<b>\$ 1,479,309</b>	<b>\$ 1,584,431</b>	<b>\$ 1,629,068</b>	<b>\$ 1,669,474</b>	<b>\$ 1,700,246</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>217.13%</b>	<b>223.85%</b>	<b>200.38%</b>	<b>277.97%</b>	<b>259.61%</b>	<b>258.59%</b>	<b>225.32%</b>	<b>248.93%</b>	<b>245.02%</b>	<b>226.99%</b>

County of Wise, Virginia  
Schedule of Employer Contributions  
Pension Plans  
For the Years Ended June 30, 2015 through June 30, 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)
<b>Primary Government</b>					
2024	\$ 1,912,465	\$ 1,912,465	\$ -	\$ 15,414,122	12.41%
2023	1,767,386	1,767,386	-	14,116,406	12.52%
2022	1,649,405	1,649,405	-	13,212,516	12.48%
2021	1,470,649	1,470,649	-	11,667,036	12.61%
2020	1,231,295	1,231,295	-	11,450,820	10.75%
2019	1,175,304	1,175,304	-	10,794,432	10.89%
2018	1,207,506	1,053,722	153,784	10,917,731	9.65%
2017	1,151,234	1,007,941	143,293	10,346,115	9.74%
2016	1,329,063	1,072,374	256,689	10,456,826	10.26%
2015	1,336,945	1,069,766	267,179	10,518,844	10.17%
<b>Component Unit School Board (nonprofessional)</b>					
2024	\$ 396,352	\$ 396,352	\$ -	\$ 2,019,535	19.63%
2023	372,511	372,511	-	1,882,498	19.79%
2022	343,327	343,327	-	1,780,105	19.29%
2021	314,988	314,988	-	1,624,655	19.39%
2020	303,640	303,640	-	1,609,045	18.87%
2019	293,796	293,796	-	1,542,918	19.04%
2018	248,630	248,630	-	1,479,309	16.81%
2017	267,012	267,012	-	1,584,431	16.85%
2016	331,027	264,897	66,130	1,629,068	16.26%
2015	339,237	272,831	66,406	1,669,474	16.34%
<b>Component Unit School Board (professional)</b>					
2024	\$ 5,993,579	\$ 5,993,579	\$ -	\$ 37,463,202	16.00%
2023	5,603,464	5,603,464	-	34,803,506	16.10%
2022	5,363,095	5,363,095	-	33,107,004	16.20%
2021	4,984,281	4,984,281	-	30,648,076	16.26%
2020	4,423,004	4,423,004	-	28,684,823	15.42%
2019	4,309,619	4,309,619	-	27,789,528	15.51%
2018	4,203,485	4,203,485	-	25,921,458	16.22%
2017	3,994,553	3,994,553	-	27,395,796	14.58%
2016	3,943,479	3,943,479	-	28,122,127	14.02%
2015	4,140,057	4,140,057	-	28,625,391	14.46%

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

County of Wise, Virginia  
Notes to Required Supplementary Information  
Pension Plans  
For the 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:

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

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

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

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

**Component Unit School Board - Professional Employees**

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

County of Wise, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Healthcare OPEB Plan - Primary Government  
For the Years Ended June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 87,787	\$ 84,509	\$ 118,365	\$ 112,165	\$ 112,683	\$ 100,176	\$ 100,914
Interest	65,781	62,082	42,018	53,397	71,745	70,754	73,033
Changes in assumptions	31,480	(5,138)	(267,337)	66,523	218,163	59,374	(9,205)
Differences between expected and actual experience	154,831	36,560	(165,426)	(245,501)	(359,332)	57,222	(280,453)
Benefit payments	(111,155)	(101,805)	(87,704)	(75,408)	(83,086)	(85,382)	(105,155)
Net change in total OPEB liability	\$ 228,724	\$ 76,208	\$ (360,084)	\$ (88,824)	\$ (39,827)	\$ 202,144	\$ (220,866)
Total OPEB liability - beginning	1,559,985	1,483,777	1,843,861	1,932,685	1,972,512	1,770,368	1,991,234
Total OPEB liability - ending	\$ 1,788,709	\$ 1,559,985	\$ 1,483,777	\$ 1,843,861	\$ 1,932,685	\$ 1,972,512	\$ 1,770,368
County's covered payroll	\$ 16,733,060	\$ 15,235,568	\$ 13,070,991	\$ 11,692,249	\$ 11,224,552	N/A	N/A
County's total OPEB liability (asset) as a percentage of covered payroll	11%	10%	11%	16%	17%	N/A	N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Wise, Virginia  
**Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios**  
**Healthcare OPEB Plan - School Board**  
**For the Years Ended June 30, 2018 through June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 601,025	\$ 593,383	\$ 696,441	\$ 647,736	\$ 471,052	\$ 432,303	\$ 435,248
Interest	405,173	388,326	201,267	250,331	313,286	329,685	307,380
Changes in assumptions	893,037	(28,463)	(1,549,796)	292,417	1,218,609	243,583	(28,197)
Differences between expected and actual experience	(352,630)	(389,528)	1,326,218	(1,155,123)	(1,325,960)	(215,851)	(361,926)
Benefit payments	(288,838)	(222,658)	(311,511)	(297,695)	(437,012)	(406,775)	(426,552)
<b>Net change in total OPEB liability</b>	<b>\$ 1,257,767</b>	<b>\$ 341,060</b>	<b>\$ 362,619</b>	<b>\$ (262,334)</b>	<b>\$ 239,975</b>	<b>\$ 382,945</b>	<b>\$ (74,047)</b>
<b>Total OPEB liability - beginning</b>	<b>9,352,418</b>	<b>9,011,358</b>	<b>8,648,739</b>	<b>8,911,073</b>	<b>8,671,098</b>	<b>8,288,153</b>	<b>8,362,200</b>
<b>Total OPEB liability - ending</b>	<b>\$ 10,610,185</b>	<b>\$ 9,352,418</b>	<b>\$ 9,011,358</b>	<b>\$ 8,648,739</b>	<b>\$ 8,911,073</b>	<b>\$ 8,671,098</b>	<b>\$ 8,288,153</b>
<b>School Board's covered payroll</b>	<b>\$ 47,714,042</b>	<b>\$ 45,074,145</b>	<b>\$ 36,898,552</b>	<b>\$ 36,418,070</b>	<b>\$ 30,676,023</b>	<b>\$ 30,775,590</b>	<b>\$ 29,734,870</b>
<b>School Board's total OPEB liability (asset) as a percentage of covered payroll</b>	<b>22.2%</b>	<b>20.7%</b>	<b>24.4%</b>	<b>23.7%</b>	<b>29.0%</b>	<b>28.2%</b>	<b>27.9%</b>

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

**County of Wise, Virginia**  
**Notes to Required Supplementary Information - Healthcare OPEB Plan**  
**For the Year Ended June 30, 2024**

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Valuation Date: 7/1/2024  
Measurement Date: 6/30/2024

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

**County and School Board**

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Normal Percentage of Salary
Discount Rate	4.21%
Inflation	2.50%
Healthcare Trend Rate	Medical rates start at 8.00% and decrease by 0.50% to an ultimate rate of 4.50%
Salary Scale	3.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality rates use SOA Pub-2010 General, Public Safety, Contingent Survivor, Teacher, as applicable, Headcount Weighted Mortality Table fully generational using Scale MP-2021

County of Wise, Virginia  
Schedule of County's Share of Net OPEB Liability  
Group Life Insurance (GLI) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government:</b>					
2023	0.05995%	\$ 719,047	\$ 14,122,903	5.09%	69.30%
2022	0.06048%	728,278	13,157,496	5.54%	67.21%
2021	0.05648%	658,000	11,667,036	5.64%	67.45%
2020	0.05553%	926,106	11,433,566	8.10%	52.64%
2019	0.05536%	899,050	10,827,351	8.30%	52.00%
2018	0.05741%	871,898	10,917,731	7.99%	51.22%
2017	0.05660%	851,478	10,346,115	8.23%	48.86%
<b>Component Unit School Board (nonprofessional):</b>					
2023	0.00800%	\$ 95,945	\$ 1,885,352	5.09%	69.30%
2022	0.00820%	98,495	1,780,105	5.53%	67.21%
2021	0.00790%	91,977	1,630,920	5.64%	67.45%
2020	0.00780%	130,837	1,613,028	8.11%	52.64%
2019	0.00797%	129,693	1,562,802	8.30%	52.00%
2018	0.00778%	118,000	1,479,309	7.98%	51.22%
2017	0.00859%	130,000	1,584,431	8.20%	48.86%
<b>Component Unit School Board (professional):</b>					
2023	0.14794%	\$ 1,774,264	\$ 34,846,880	5.09%	69.30%
2022	0.15210%	1,831,792	33,091,297	5.54%	67.21%
2021	0.14850%	1,729,292	30,665,424	5.64%	67.45%
2020	0.13940%	2,327,026	28,702,275	8.11%	52.64%
2019	0.14180%	2,307,463	27,798,901	8.30%	52.00%
2018	0.13635%	2,071,000	25,921,458	7.99%	51.22%
2017	0.14852%	2,235,000	27,395,796	8.16%	48.86%

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

County of Wise, Virginia  
Schedule of Employer Contributions  
Group Life Insurance (GLI) Plan  
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government:</b>					
2024	\$ 83,308	\$ 83,308	\$ -	\$ 15,427,383	0.54%
2023	76,264	76,264	-	14,122,903	0.54%
2022	71,051	71,051	-	13,157,496	0.54%
2021	63,003	63,003	-	11,667,036	0.54%
2020	59,342	59,342	-	11,433,566	0.52%
2019	56,302	56,302	-	10,827,351	0.52%
2018	56,773	56,773	-	10,917,731	0.52%
2017	54,287	54,287	-	10,346,115	0.52%
<b>Component Unit School Board (nonprofessional):</b>					
2024	\$ 10,905	\$ 10,905	\$ -	\$ 2,019,535	0.54%
2023	10,181	10,181	-	1,885,352	0.54%
2022	9,613	9,613	-	1,780,105	0.54%
2021	8,807	8,807	-	1,630,920	0.54%
2020	8,389	8,389	-	1,613,028	0.52%
2019	8,127	8,127	-	1,562,802	0.52%
2018	7,692	7,692	-	1,479,309	0.52%
2017	8,239	8,239	-	1,584,431	0.52%
2016	7,837	7,837	-	1,632,719	0.48%
2015	8,013	8,013	-	1,669,474	0.48%
<b>Component Unit School Board (professional):</b>					
2024	\$ 202,474	\$ 202,474	\$ -	\$ 37,495,196	0.54%
2023	188,173	188,173	-	34,846,880	0.54%
2022	178,693	178,693	-	33,091,297	0.54%
2021	165,595	165,595	-	30,665,424	0.54%
2020	149,220	149,220	-	28,702,275	0.52%
2019	144,554	144,554	-	27,798,901	0.52%
2018	134,827	134,827	-	25,921,458	0.52%
2017	142,456	142,456	-	27,395,796	0.52%
2016	135,002	135,002	-	28,125,471	0.48%
2015	137,246	137,246	-	28,593,019	0.48%

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

County of Wise, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance (GLI) Plan  
For the 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:

**Teachers**

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

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

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

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

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

County of Wise, Virginia  
 Schedule of Changes in the School Board (Nonprofessional)'s Net OPEB Liability and Related Ratios  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through 2023

	2023	2022	2021	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>							
Service cost	\$ 2,033	\$ 1,411	\$ 2,354	\$ 2,532	\$ 2,478	\$ 2,000	\$ 3,000
Interest	21,444	15,529	16,370	15,703	16,439	16,000	17,000
Changes of benefit terms	-	122,707	-	-	-	-	-
Differences between expected and actual experience	17,681	(54,987)	(5,954)	4,112	(5,857)	15,000	-
Changes in assumptions	-	32,074	3,585	16,593	4,881	-	(3,000)
Benefit payments	(28,227)	(31,237)	(29,225)	(28,884)	(22,858)	(25,000)	(17,000)
Other changes	-	-	-	-	-	-	(1,000)
<b>Net change in total HIC OPEB liability</b>	<b>\$ 12,931</b>	<b>\$ 85,497</b>	<b>\$ (12,870)</b>	<b>\$ 10,056</b>	<b>\$ (4,917)</b>	<b>\$ 8,000</b>	<b>\$ (1,000)</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>329,766</b>	<b>244,269</b>	<b>257,139</b>	<b>247,083</b>	<b>252,000</b>	<b>244,000</b>	<b>245,000</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 342,697</b>	<b>\$ 329,766</b>	<b>\$ 244,269</b>	<b>\$ 257,139</b>	<b>\$ 247,083</b>	<b>\$ 252,000</b>	<b>\$ 244,000</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 20,143	\$ 15,665	\$ 8,611	\$ 7,080	\$ 6,789	\$ 5,000	\$ 5,000
Net investment income	9,896	539	40,009	3,497	11,293	13,000	21,000
Benefit payments	(28,227)	(31,237)	(29,225)	(28,884)	(22,858)	(25,000)	(17,000)
Administrator charges	(213)	(306)	(420)	(310)	(751)	-	-
Other	837	15,647	-	(2)	(13)	(1,000)	1,000
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,436</b>	<b>\$ 308</b>	<b>\$ 18,975</b>	<b>\$ (18,619)</b>	<b>\$ (5,540)</b>	<b>\$ (8,000)</b>	<b>\$ 10,000</b>
<b>Plan fiduciary net position - beginning</b>	<b>183,124</b>	<b>182,816</b>	<b>163,841</b>	<b>182,460</b>	<b>188,000</b>	<b>196,000</b>	<b>186,000</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 185,560</b>	<b>\$ 183,124</b>	<b>\$ 182,816</b>	<b>\$ 163,841</b>	<b>\$ 182,460</b>	<b>\$ 188,000</b>	<b>\$ 196,000</b>
<b>School Board (Nonprofessional)'s net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 157,137</b>	<b>\$ 146,642</b>	<b>\$ 61,453</b>	<b>\$ 93,298</b>	<b>\$ 64,623</b>	<b>\$ 64,000</b>	<b>\$ 48,000</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>54.15%</b>	<b>55.53%</b>	<b>74.84%</b>	<b>63.72%</b>	<b>73.85%</b>	<b>74.60%</b>	<b>80.33%</b>
<b>Covered payroll</b>	<b>\$ 1,882,498</b>	<b>\$ 1,780,105</b>	<b>\$ 1,624,655</b>	<b>\$ 1,609,045</b>	<b>\$ 1,542,918</b>	<b>\$ 1,479,309</b>	<b>\$ 1,584,431</b>
<b>School Board (Nonprofessional)'s net HIC OPEB liability as a percentage of covered payroll</b>	<b>8.35%</b>	<b>8.24%</b>	<b>3.78%</b>	<b>5.80%</b>	<b>4.19%</b>	<b>4.33%</b>	<b>3.03%</b>

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

County of Wise, Virginia  
Schedule of Employer Contributions - School Board (Nonprofessional)  
Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2015 through June 30, 2024

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 21,609	\$ 21,609	\$ -	\$ 2,019,535	1.07%
2023	12,048	12,048	-	1,882,498	0.64%
2022	9,435	9,435	-	1,780,105	0.53%
2021	8,611	8,611	-	1,624,655	0.53%
2020	7,080	7,080	-	1,609,045	0.44%
2019	6,789	6,789	-	1,542,918	0.44%
2018	4,882	4,882	-	1,479,309	0.33%
2017	5,228	5,228	-	1,584,431	0.33%
2016	5,864	5,864	-	1,629,068	0.36%
2015	6,010	6,010	-	1,669,474	0.36%

County of Wise, Virginia  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2024

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 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:

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

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

County of Wise, Virginia  
Schedule of School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through 2023

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2023	0.34910% \$	4,228,452 \$	34,804,556	12.15%	17.90%
2022	0.35505%	4,434,740	33,091,297	13.40%	15.08%
2021	0.34654%	4,448,080	30,648,076	14.51%	13.15%
2020	0.32720%	4,268,378	28,684,823	14.88%	9.95%
2019	0.33129%	4,336,908	27,789,528	15.61%	8.97%
2018	0.32052%	4,069,000	25,681,458	15.84%	8.08%
2017	0.34702%	4,403,000	27,395,796	16.07%	7.04%

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

County of Wise, Virginia  
Schedule of Employer Contributions  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 453,305	\$ 453,305	\$ -	\$ 37,463,202	1.21%
2023	421,135	421,135	-	34,804,556	1.21%
2022	400,405	400,405	-	33,091,297	1.21%
2021	370,861	370,861	-	30,648,076	1.21%
2020	344,216	344,216	-	28,684,823	1.20%
2019	333,474	333,474	-	27,789,528	1.20%
2018	318,834	318,834	-	25,681,458	1.24%
2017	303,993	303,993	-	27,395,796	1.11%
2016	298,130	298,130	-	28,125,471	1.06%
2015	303,086	303,086	-	28,593,019	1.06%

County of Wise, Virginia  
Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2024

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 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:

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

County of Wise, Virginia  
Schedule of Employer's Share of Net LODA OPEB Liability  
Line of Duty Act (LODA) Program  
For the Measurement Dates of June 30, 2017 through 2023

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2023	0.56260% \$	2,255,499	n/a	n/a	1.31%
2022	0.58760%	2,223,766	n/a	n/a	1.87%
2021	0.53800%	2,372,314	n/a	n/a	1.68%
2020	0.50760%	2,126,074	n/a	n/a	1.02%
2019	0.49430%	1,773,480	n/a	n/a	0.79%
2018	0.49005%	1,537,000	n/a	n/a	0.60%
2017	0.49187%	1,293,000	n/a	n/a	1.30%

\* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

County of Wise, Virginia  
Schedule of Employer Contributions  
Line of Duty Act (LODA) Program  
For the Years Ended June 30, 2017 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2024	\$ 97,525	\$ 97,525	\$ -	n/a	n/a
2023	74,661	74,661	-	n/a	n/a
2022	80,926	80,926	-	n/a	n/a
2021	74,063	74,063	-	n/a	n/a
2020	68,989	68,989	-	n/a	n/a
2019	66,342	66,342	-	n/a	n/a
2018	52,198	52,198	-	n/a	n/a
2017	53,049	53,049	-	n/a	n/a

\* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

County of Wise, Virginia  
Notes to Required Supplementary Information  
Line of Duty Act (LODA) Program  
For the Year Ended June 30, 2024

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

## **Other Supplementary Information**

County of Wise, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2024

	Special Revenue Funds		Capital Projects	
	Forfeited Assets Fund	Fund	Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 259,628	\$ 48,985	\$	308,613
Investments	-	227,889		227,889
Due from other funds	-	156,726		156,726
Due from other governmental units	-	114,435		114,435
Total assets	<u>\$ 259,628</u>	<u>\$ 548,035</u>	<u>\$</u>	<u>807,663</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,092	\$ 278,914	\$	281,006
Due to state	676	-		676
Total liabilities	<u>\$ 2,768</u>	<u>\$ 278,914</u>	<u>\$</u>	<u>281,682</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - opioid settlement	\$ -	\$ 62,814	\$	62,814
<b>FUND BALANCES</b>				
Restricted:				
Opioid settlement	\$ -	\$ 296,846	\$	296,846
Asset forfeiture funds	256,860	-		256,860
Unassigned (deficit)	-	(90,539)		(90,539)
Total fund balances	<u>\$ 256,860</u>	<u>\$ 206,307</u>	<u>\$</u>	<u>463,167</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 259,628</u>	<u>\$ 548,035</u>	<u>\$</u>	<u>807,663</u>

County of Wise, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2024

	Special Revenue Funds		
	Forfeited Assets Fund	Capital Projects Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 379	\$ -	\$ 379
Charges for services	-	14,906	14,906
Miscellaneous	156,218	-	156,218
Intergovernmental:			
Commonwealth	5,167	319,747	324,914
Federal	2,859	989,629	992,488
Total revenues	<u>\$ 164,623</u>	<u>\$ 1,324,282</u>	<u>\$ 1,488,905</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	\$ 108,175	\$ -	\$ 108,175
Capital projects	-	1,128,886	1,128,886
Total expenditures	<u>\$ 108,175</u>	<u>\$ 1,128,886</u>	<u>\$ 1,237,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 56,448</u>	<u>\$ 195,396</u>	<u>\$ 251,844</u>
Net change in fund balances	\$ 56,448	\$ 195,396	\$ 251,844
Fund balances - beginning	200,412	10,911	211,323
Fund balances - ending	<u>\$ 256,860</u>	<u>\$ 206,307</u>	<u>\$ 463,167</u>

County of Wise, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2024

	Custodial Funds			
	Special Welfare <u>Fund</u>	Local Sales Tax <u>Fund</u>	Lonesome Pine Youth Services <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 96,361	\$ 116,742	\$ -	\$ 213,103
Total assets	<u>\$ 96,361</u>	<u>\$ 116,742</u>	<u>\$ -</u>	<u>\$ 213,103</u>
<b>LIABILITIES</b>				
Due to other local governments	\$ 82,447	\$ 116,742	\$ 66,065	\$ 265,254
Total liabilities	<u>\$ 82,447</u>	<u>\$ 116,742</u>	<u>\$ 66,065</u>	<u>\$ 265,254</u>
<b>NET POSITION</b>				
Restricted:				
Special Welfare	\$ 13,914	\$ -	\$ -	\$ 13,914
Unrestricted	-	-	(66,065)	(66,065)
Total net position	<u>\$ 13,914</u>	<u>\$ -</u>	<u>\$ (66,065)</u>	<u>\$ (52,151)</u>

County of Wise, Virginia  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2024

	Custodial Funds			
	Special Welfare Fund	Local Sales Tax Fund	Lonesome Pine Youth Services Fund	Total
<b>Additions</b>				
Contributions:				
Expenditure reimbursement	\$ 124,068	\$ -	\$ -	\$ 124,068
Sales tax collection for other governments	-	739,552	-	739,552
Grants	-	-	75,000	75,000
Total contributions	<u>\$ 124,068</u>	<u>\$ 739,552</u>	<u>\$ 75,000</u>	<u>\$ 938,620</u>
<b>Deductions</b>				
Special welfare payments	\$ 134,156	\$ -	\$ -	\$ 134,156
Payments of sales tax to other governments	-	739,552	-	739,552
Salaries and fringes	-	-	75,566	75,566
Total deductions	<u>\$ 134,156</u>	<u>\$ 739,552</u>	<u>\$ 75,566</u>	<u>\$ 949,274</u>
Net increase (decrease) in fiduciary net position	\$ (10,088)	\$ -	\$ (566)	\$ (10,654)
Net position, beginning	24,002	-	(65,499)	(41,497)
Net position, ending	<u>\$ 13,914</u>	<u>\$ -</u>	<u>\$ (66,065)</u>	<u>\$ (52,151)</u>

County of Wise, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2024

	School Operating Fund	School Activity Fund	School Cafeteria Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,620,075	\$ 2,759,546	\$ 5,978,698	\$ 17,358,319
Receivables (net of allowance for uncollectibles):				
Accounts receivable	212,005	-	276	212,281
Due from other funds	128,043	-	-	128,043
Due from other governmental units	4,583,476	-	37,892	4,621,368
Prepaid items	663,804	-	-	663,804
Total assets	<u>\$ 14,207,403</u>	<u>\$ 2,759,546</u>	<u>\$ 6,016,866</u>	<u>\$ 22,983,815</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,479,566	\$ -	\$ 13,948	\$ 1,493,514
Salaries payable	486,963	-	26,192	513,155
Due to other funds	-	-	128,043	128,043
Due to primary government	6,046,529	-	-	6,046,529
Unearned revenue	2,900,000	-	-	2,900,000
Total liabilities	<u>\$ 10,913,058</u>	<u>\$ -</u>	<u>\$ 168,183</u>	<u>\$ 11,081,241</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	\$ 663,804	\$ -	\$ -	\$ 663,804
Restricted:				
School cafeteria	-	-	5,848,683	5,848,683
Committed:				
Textbooks	3,121,405	-	-	3,121,405
School Activity Funds	-	2,759,546	-	2,759,546
Unassigned (deficit)	(490,864)	-	-	(490,864)
Total fund balances	<u>\$ 3,294,345</u>	<u>\$ 2,759,546</u>	<u>\$ 5,848,683</u>	<u>\$ 11,902,574</u>
Total liabilities and fund balances	<u>\$ 14,207,403</u>	<u>\$ 2,759,546</u>	<u>\$ 6,016,866</u>	<u>\$ 22,983,815</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above			\$ 11,902,574
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets not being depreciated/amortized		\$ 5,728,079	
Capital assets being depreciated/amortized		<u>46,737,269</u>	52,465,348
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 12,906,299	
OPEB related items		<u>3,394,244</u>	16,300,543
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net pension liability		\$ (39,955,858)	
Net OPEB liabilities		(16,865,983)	
Lease liabilities		(13,548)	
Compensated absences		<u>(401,460)</u>	(57,236,849)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (4,518,616)	
OPEB related items		<u>(3,137,446)</u>	(7,656,062)
Net position of governmental activities			<u>\$ 15,775,554</u>

County of Wise, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2024

	School Operating Fund	School Activity Fund	School Cafeteria Fund	Total
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 140,518	\$ -	\$ 270,883	\$ 411,401
Charges for services	30,429	3,253,658	97,963	3,382,050
Miscellaneous	465,387	-	23,948	489,335
Recovered costs	1,585,283	-	-	1,585,283
Intergovernmental:				
Local government	16,496,504	-	-	16,496,504
Commonwealth	56,995,672	-	84,929	57,080,601
Federal	13,263,069	-	4,018,138	17,281,207
Total revenues	<u>\$ 88,976,862</u>	<u>\$ 3,253,658</u>	<u>\$ 4,495,861</u>	<u>\$ 96,726,381</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 82,391,030	\$ 4,254,093	\$ 4,046,153	\$ 90,691,276
Debt service:				
Principal retirement	3,116,559	-	-	3,116,559
Interest and other fiscal charges	2,416,918	-	-	2,416,918
Total expenditures	<u>\$ 87,924,507</u>	<u>\$ 4,254,093</u>	<u>\$ 4,046,153</u>	<u>\$ 96,224,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,052,355</u>	<u>\$ (1,000,435)</u>	<u>\$ 449,708</u>	<u>\$ 501,628</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 975,460	\$ -	\$ 975,460
Transfers out	(975,460)	-	-	(975,460)
Total other financing sources (uses)	<u>\$ (975,460)</u>	<u>\$ 975,460</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 76,895	\$ (24,975)	\$ 449,708	\$ 501,628
Fund balances - beginning	3,217,450	2,784,521	5,398,975	11,400,946
Fund balances - ending	<u>\$ 3,294,345</u>	<u>\$ 2,759,546</u>	<u>\$ 5,848,683</u>	<u>\$ 11,902,574</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:				
Net change in fund balances - total governmental funds - per above				\$ 501,628
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These are the details of items supporting this adjustment:				
Capital outlays			\$ 15,767,550	
Depreciation and amortization expenses			<u>(3,076,741)</u>	12,690,809
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.				
Principal repayments:				
Lease liabilities				17,007
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
State non-employer contribution to the pension plan				523,296
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.				
(Increase) decrease in compensated absences			\$ (30,283)	
Changes in pension related items			1,941,128	
Changes in OPEB related items			<u>(243,381)</u>	1,667,464
Change in net position of governmental activities				<u>\$ 15,400,204</u>

County of Wise, Virginia  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Discretely Presented Component Unit - School Board**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 140,518	\$ 130,518	\$ -	\$ -	\$ 270,883	\$ 270,883
Charges for services	-	-	30,429	30,429	500,000	500,000	97,963	(402,037)
Miscellaneous	313,900	313,900	465,387	151,487	-	-	23,948	23,948
Recovered costs	1,450,000	1,450,000	1,585,283	135,283	-	-	-	-
Intergovernmental:								
Local government	14,518,100	14,518,100	16,496,504	1,978,404	-	-	-	-
Commonwealth	56,306,000	56,306,000	56,995,672	689,672	79,600	79,600	84,929	5,329
Federal	12,898,000	12,898,000	13,263,069	365,069	3,000,000	3,000,000	4,018,138	1,018,138
Total revenues	\$ 85,496,000	\$ 85,496,000	\$ 88,976,862	\$ 3,480,862	\$ 3,579,600	\$ 3,579,600	\$ 4,495,861	\$ 916,261
<b>EXPENDITURES</b>								
Current:								
Education	\$ 85,496,000	\$ 85,496,000	\$ 82,391,030	\$ 3,104,970	\$ 3,579,600	\$ 3,579,600	\$ 4,046,153	\$ (466,553)
Debt service:								
Principal retirement	-	-	3,116,559	(3,116,559)	-	-	-	-
Interest and other fiscal charges	-	-	2,416,918	(2,416,918)	-	-	-	-
Total expenditures	\$ 85,496,000	\$ 85,496,000	\$ 87,924,507	\$ (2,428,507)	\$ 3,579,600	\$ 3,579,600	\$ 4,046,153	\$ (466,553)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,052,355	\$ 1,052,355	\$ -	\$ -	\$ 449,708	\$ 449,708
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	\$ -	\$ -	\$ (975,460)	\$ (975,460)	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ (975,460)	\$ (975,460)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 76,895	\$ 76,895	\$ -	\$ -	\$ 449,708	\$ 449,708
Fund balances - beginning	-	-	3,217,450	3,217,450	-	-	5,398,975	5,398,975
Fund balances - ending	\$ -	\$ -	\$ 3,294,345	\$ 3,294,345	\$ -	\$ -	\$ 5,848,683	\$ 5,848,683

## **OTHER STATISTICAL INFORMATION**

Table 1

County of Wise, Virginia  
Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Landfill	Sewer	Total
2023-24	\$ 3,688,686	\$ 3,297,015	\$ 17,678,176	\$ 1,394,914	\$ 15,366,817	\$ 12,403,231	\$ 1,066,413	\$ 2,849,732	\$ 2,217,883	\$ 1,954,728	\$ 621,048	\$ 62,538,643
2022-23	3,674,120	3,364,448	14,569,299	1,626,516	14,272,598	9,702,632	947,159	6,106,279	2,280,415	4,188,407	594,756	61,326,629
2021-22	3,934,296	3,892,163	12,048,472	1,447,512	13,419,424	12,919,901	1,012,090	3,184,655	2,385,818	3,986,876	608,603	58,839,810
2020-21	4,235,889	3,785,132	15,870,766	1,263,577	12,859,194	11,374,656	978,329	4,418,959	2,327,066	3,431,563	658,919	61,204,050
2019-20	2,957,136	3,514,730	11,607,368	1,354,630	12,722,714	12,427,899	963,477	2,735,920	2,736,556	3,503,296	640,600	55,164,326
2018-19	3,177,209	3,059,783	10,602,502	1,347,697	11,600,611	12,523,405	956,101	3,151,793	2,310,715	3,448,988	640,255	52,819,059
2017-18	3,199,538	2,994,850	10,368,554	1,213,476	10,837,850	12,139,102	954,346	2,764,056	2,366,473	3,338,361	640,201	50,816,807
2016-17	3,515,659	2,864,928	9,877,567	1,270,770	10,836,164	12,365,676	958,367	4,470,285	2,430,958	1,633,053	642,461	50,865,888
2015-16	2,860,095	2,610,691	9,786,433	1,312,160	10,168,893	12,576,685	960,030	3,653,709	2,527,285	3,691,980	654,744	50,802,705
2014-15	2,751,264	2,865,850	10,012,966	2,124,587	10,961,298	13,878,690	958,043	4,693,677	2,317,504	3,730,221	583,948	54,878,048

Table 2

County of Wise, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years

PROGRAM REVENUES			GENERAL REVENUES						
Fiscal Year	Charges for Services	Operating Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		Total
2023-24	\$ 730,735	\$ 22,977,320	\$ 30,879,625	\$ 5,741,309	\$ 1,857,660	\$ 3,439,806	\$ 2,407,657	\$ 68,034,112	
2022-23	745,331	26,396,592	31,543,417	6,924,015	964,734	1,510,630	2,513,686	70,598,405	
2021-22	677,885	20,452,583	27,849,284	6,047,630	22,206	2,364,440	2,395,641	59,809,669	
2020-21	568,772	23,886,130	28,569,290	4,952,761	238,391	386,907	2,439,649	61,041,900	
2019-20	576,553	18,237,114	28,169,580	5,555,965	564,199	352,086	2,567,104	56,022,601	
2018-19	565,377	18,426,885	28,312,695	5,840,209	586,953	449,369	2,596,777	56,778,265	
2017-18	563,324	16,509,679	27,204,950	5,141,459	194,816	283,444	2,673,735	52,571,407	
2016-17	595,556	16,720,043	26,728,694	5,037,746	213,113	373,884	2,672,630	52,341,666	
2015-16	619,667	14,811,290	32,254,084	5,570,865	157,597	495,169	2,690,261	56,598,933	
2014-15	601,008	14,144,688	28,854,059	6,883,053	128,728	223,044	2,714,740	53,549,320	

Table 3

County of Wise, Virginia  
General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Non-departmental	Debt Service	Total
2023-24	\$ 4,857,012	\$ 3,956,800	\$ 17,398,353	\$ 1,178,760	\$ 15,477,215	\$ 90,805,371	\$ 1,022,836	\$ 1,720,846	\$ -	\$ 437,291	\$ 6,325,775	\$ 143,180,259
2022-23	4,442,004	3,690,863	14,395,451	1,365,486	16,173,097	89,106,845	903,357	4,156,878	-	66,577	6,435,804	140,756,362
2021-22	3,952,634	4,215,062	11,781,531	1,141,892	13,720,918	79,739,133	968,288	2,483,121	161,272	168,656	5,921,634	124,254,141
2020-21	4,020,178	3,849,482	17,618,136	1,225,982	12,592,310	67,477,205	934,527	3,588,981	228,823	91,567	5,687,093	117,314,284
2019-20	3,475,972	3,665,584	12,802,229	1,106,949	12,728,280	60,216,163	919,109	1,226,607	-	87,243	19,480,048	115,708,184
2018-19	3,285,105	3,441,676	11,137,520	1,105,460	11,875,631	59,578,059	911,401	1,420,980	-	79,223	3,842,504	96,677,559
2017-18	3,778,223	3,416,029	10,751,727	1,034,137	11,201,751	56,929,904	909,574	1,901,280	-	53,370	7,666,922	97,642,917
2016-17	3,519,972	3,097,648	10,213,833	983,523	10,954,895	56,309,363	912,816	3,064,163	-	37,956	3,436,914	92,531,083
2015-16	3,146,419	3,019,965	9,877,258	1,055,334	10,569,884	57,410,224	914,479	3,503,080	-	60,434	3,676,266	93,233,343
2014-15	3,285,764	3,074,056	9,576,684	2,077,283	11,029,381	57,715,704	912,492	3,682,521	-	57,579	3,486,386	94,897,850

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

(2) Excludes contribution from Primary Government to Discretely Presented Component Units.

Table 4

County of Wise, Virginia  
General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2023-24	\$ 31,049,350	\$ 5,741,309	\$ 34,913	\$ 56,453	\$ 1,907,432	\$ 3,431,177	\$ 2,541,154	\$ 3,421,201	\$ 98,411,317	\$ 146,594,306
2022-23	30,883,971	6,924,015	32,803	76,960	1,268,521	3,349,900	2,241,229	3,063,375	104,048,593	151,889,367
2021-22	29,097,418	6,047,630	33,660	75,218	69,400	2,670,956	651,437	2,680,316	87,315,537	128,641,572
2020-21	29,222,240	4,952,761	36,538	49,007	153,451	1,419,566	589,795	1,993,528	82,144,284	120,561,170
2019-20	28,400,564	5,555,965	25,580	53,859	497,324	571,893	307,406	2,885,749	66,995,081	105,293,421
2018-19	27,719,402	5,840,209	33,062	50,648	582,617	675,521	560,815	1,866,631	66,183,927	103,512,832
2017-18	28,257,744	5,141,459	32,224	51,381	168,213	742,898	445,541	2,342,583	63,020,132	100,202,175
2016-17	25,809,760	5,037,746	40,627	33,510	185,173	916,476	287,399	2,280,388	61,379,322	95,970,401
2015-16	30,520,943	5,570,865	67,852	45,052	138,691	1,026,242	528,163	3,878,644	60,314,143	102,090,595
2014-15	28,731,239	6,883,053	35,717	51,141	126,847	1,079,470	2,363,457	3,113,965	59,886,528	102,271,417

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects funds.

(2) Excludes contribution from Primary Government to Discretely Presented Component Units.

Table 5

County of Wise, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1), (3)	Percent of Delinquent Taxes to Tax Levy
2023-24	\$ 30,521,703	\$ 29,673,068	97.22%	\$ 2,230,235	\$ 31,903,303	104.53%	\$ 3,875,750	12.70%
2022-23	31,923,087	29,990,016	93.94%	1,680,119	31,670,135	99.21%	4,034,260	12.64%
2021-22	30,152,299	28,589,917	94.82%	1,521,480	30,111,397	99.86%	3,098,945	10.28%
2020-21	30,293,412	28,310,001	93.45%	1,917,081	30,227,082	99.78%	4,304,330	14.21%
2019-20	30,654,989	28,047,167	91.49%	1,443,922	29,491,089	96.20%	5,057,333	16.50%
2018-19	29,777,017	27,207,956	91.37%	1,539,804	28,747,760	96.54%	5,478,012	18.40%
2017-18	28,208,775	25,812,255	91.50%	3,243,919	29,056,174	103.00%	4,713,100	16.71%
2016-17	27,902,652	25,405,674	91.05%	1,456,012	26,861,686	96.27%	5,589,033	20.03%
2015-16	32,710,717	30,332,337	92.73%	1,192,584	31,524,921	96.37%	4,770,122	14.58%
2014-15	29,575,091	28,696,533	97.03%	925,793	29,622,326	100.16%	3,196,436	10.81%

(1) Exclusive of penalties and interest.

(2) Includes amount received under the Personal Property Tax Relief Act.

Table 6

County of Wise, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Merchant's Capital	Mobile Homes	Data Center	Public Service (2)	Total
2023-24	\$ 1,908,445,389	\$ 408,654,109	\$ 45,903,230	\$ 26,215,771	\$ 27,477,287	\$ 9,901,550	\$ 1,353,227,469	\$ 3,779,824,805
2022-23	1,907,397,618	475,709,669	30,114,025	23,031,885	26,902,426	9,901,550	1,444,631,864	3,917,689,037
2021-22	1,886,083,821	360,076,025	39,412,210	22,872,678	29,631,083	9,901,550	1,466,422,806	3,814,400,173
2020-21	1,874,427,872	391,849,868	45,790,500	26,351,361	29,267,123	-	1,398,197,828	3,765,884,552
2019-20	1,891,090,438	395,654,918	41,853,105	28,878,600	28,930,713	-	1,403,610,614	3,790,018,388
2018-19	1,886,469,691	397,045,693	51,983,545	28,338,431	28,252,703	-	1,431,399,061	3,823,489,124
2017-18	1,881,275,247	419,166,849	53,805,715	28,638,275	34,457,077	-	1,439,558,790	3,856,901,953
2016-17	1,866,684,682	403,135,802	75,302,775	29,753,723	34,442,807	-	1,461,492,404	3,870,812,193
2015-16	1,856,050,530	408,020,785	122,528,345	32,109,973	34,320,660	-	2,180,583,683	4,633,613,976
2014-15	1,882,864,270	427,550,149	184,405,660	34,551,733	33,849,030	-	1,358,254,710	3,921,475,552

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission-includes all property types.

Table 7

County of Wise, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Merchant's Capital	Mobile Homes	Data Center
2023-24	\$	0.69	\$	1.41	\$	0.69
2022-23	0.69	1.65	1.41	2.85	0.69	0.24
2021-22	0.69	1.65	1.41	2.85	0.69	0.24
2020-21	0.69	1.65	1.41	2.85	0.69	-
2019-20	0.69	1.65	1.41	2.85	0.69	-
2018-19	0.62/0.69	1.58	1.41	2.85	0.62	-
2017-18	0.60/0.62	1.56	1.41	2.85	0.60	-
2016-17	0.60	1.56	1.41	2.85	0.60	-
2015-16	0.60	1.56	1.41	2.85	0.60	-
2014-15	0.60	1.56	1.41	2.85	0.60	-

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2023-24	35,174	\$ 3,779,825	\$ 39,703,286	\$ -	\$ 39,703,286	1.05%	\$ 1,129
2022-23	35,421	3,917,689	43,181,103	-	41,772,056	1.07%	1,179
2021-22	36,130	3,814,400	46,566,384	-	44,908,003	1.18%	1,243
2020-21	36,130	3,765,885	49,447,508	-	47,518,003	1.26%	1,315
2019-20	41,452	3,790,018	52,287,095	-	50,063,003	1.32%	1,208
2018-19	41,452	3,823,489	53,280,022	-	53,280,022	1.39%	1,285
2017-18	41,452	3,856,902	55,147,832	-	55,147,832	1.43%	1,330
2016-17	41,452	3,870,812	57,001,603	-	57,001,603	1.47%	1,375
2015-16	41,452	4,633,614	57,938,877	-	57,938,877	1.25%	1,398
2014-15	41,452	4,099,096	57,354,743	-	57,354,743	1.40%	1,384

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, leases, loans, and compensated absences.

Table 9

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

Fiscal Year	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2023-24	\$ 6,325,775	\$ 143,180,259	4.42%
2022-23	6,455,804	140,756,362	4.59%
2021-22	5,921,634	124,254,141	4.77%
2020-21	5,687,093	117,314,284	4.85%
2019-20 (2)	4,680,048	115,708,184	4.04%
2018-19	3,842,504	96,677,559	3.97%
2017-18	7,666,922	97,642,917	7.85%
2016-17	3,436,914	92,531,083	3.71%
2015-16 (2)	3,676,266	93,233,343	3.94%
2014-15	3,486,386	94,897,850	3.67%

(1) Includes all governmental funds of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit-School Board.

(2) Excludes refunding debt service.

Table 10

County of Wise, Virginia  
Schedule of Legal Debt Margin  
For the Year Ended June 30, 2024

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Legal Debt Limit		
10% of Assessed Value of Taxable Real Estate	\$	326,157,507
(Including public utility real estate)		
Less: Net bonded debt		<u>(39,703,286)</u>
Legal margin for creation of additional debt	\$	<u><u>286,454,221</u></u>

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## COMPLIANCE SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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

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**To the Honorable Members of  
the Board of Supervisors  
County of Wise, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information 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 County of Wise, Virginia's basic financial statements and have issued our report thereon dated February 28, 2025. Our report includes a reference to other audits who audited the financial statements of the Public Service Authority and Industrial Development Authority, as described in our report on the County of Wise, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Wise, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

*Robinson, Jarmon, Cox, Associates*

Blacksburg, Virginia  
February 28, 2025



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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

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**To the Honorable Members of  
the Board of Supervisors  
County of Wise, Virginia**

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

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

We have audited County of Wise, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Wise, Virginia's major federal programs for the year ended June 30, 2024. County of Wise, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Wise, Virginia's basic financial statements include the operations of the PSA, which expended \$6,018,036 in federal awards which is not included in the County of Wise, Virginia's schedule of expenditures of federal awards during the year ended June 30, 2024. Our audit, described below, did not include the operations of the PSA because the component unit engaged other auditors to perform an audit of compliance.

In our opinion, County of Wise, Virginia complied, in all material respects, with the 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Robinson, Farmer, Cox, Associates*

Blacksburg, Virginia

February 28, 2025

County of Wise, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Temporary Assistance for Needy Families	93.558	0400123/0400124	\$ 684,342
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950122/0950123	95,950
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500123/0500124	3,204
Low-Income Home Energy Assistance	93.568	0600423/0600424	161,808
CCDF Cluster:			
Child Care and Development Block Grant	93.575	0770122	(1,482)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760123/0760126	148,378
Adoption and Legal Guardianship Incentive Payments	93.603	1130122	3,734
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122/0900123	574
Foster Care Title IV-E	93.658	1100123/1100124	698,517
Adoption Assistance	93.659	1120123/1120124	1,347,801
Social Services Block Grant	93.667	1000123/1000124	910,227
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122/9150123	13,059
Children's Health Insurance Program	93.767	0540123/0540124	11,272
Title IV-E Prevention Program	93.472	1140123/1140124	13,253
Guardianship Assistance	93.090	1110123/1110124	923
Elder Abuse Prevention Interventions Program	93.747	8000321	5,538
Medicaid Cluster:			
Medical Assistance Program	93.778	1200123/1200124	966,128
Total Department of Health and Human Services			\$ 5,063,226
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture & Consumer Services:			
Food Distribution-Schools (Note D)	10.555	Unknown	\$ 212,230
Virginia Department of Education:			
National School Lunch Program	10.555	40254/41108	2,676,547
Virginia Department of Agriculture & Consumer Services:			
Summer Food Service Program for Children (Note D)	10.559	60302/60303	89,461
Virginia Department of Education:			
School Breakfast Program	10.553	40253	1,016,298
Virginia Department of Agriculture & Consumer Services:			
Child and Adult Care Food Program	10.558	70027	16,547
Virginia Department of Education:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	43841	51,353
Team Nutrition Training Grants	10.574	86556	875
COVID-19 - Pandemic EBT Administrative Costs	10.649	42801/61111	6,180
Virginia Department of Forestry			
Cooperative Forestry Assistance	10.664	Unknown	9,999
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010123/0030124/0010124 0040124	1,213,210
Total Department of Agriculture			\$ 5,292,700
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Unknown	\$ 460,017
Economic Development Initiative, Community Project Funding, and Miscellaneous grants	14.251	Unknown	185,250
Total Department of Housing and Urban Development			\$ 645,267
Appalachian Regional Commission:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Appalachian Area Development	23.002	Unknown	\$ 522,387
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	15JOVW22GG00455STOP 15JOVW23GG00605STOP	\$ 37,475
Crime Victim Assistance	16.575	2020V2GX0048	56,980
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15POVC22GG00681ASSI 15PBJA22GG00616MUMU	2,859
Total Department of Justice			\$ 97,314

County of Wise, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	
Department of Treasury:				
Direct payments:				
Local Assistance and Tribal Consistency Fund	21.032	Unknown	\$	126,210
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	\$	715,698
Virginia Department of Social Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222		54,648
Virginia Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	45277	524,172	1,294,518
Total Department of Treasury			\$	1,420,728
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54033-24033 ENF_AL-2023-53113-23113	\$	62,001
Highway Safety Cluster:				
State and Community Highway Safety	20.600	BOP-2024-54295-24295		12,497
Total Department of Transportation			\$	74,498
Environmental Protection Agency:				
Direct Payments:				
Brownsfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	Not applicable	\$	7,225
Clean School Bus Program	66.045	Not applicable		1,875,000
Total Environmental Protection Agency			\$	1,882,225
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Adult Education - Basic Grants to States	84.002	42901	\$	335,929
Title I Grants to Local Educational Agencies	84.010	42901		2,689,121
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	40287/43071/61111	\$	1,223,584
Special Education Preschool Grants	84.173	62521/40286	63,611	1,287,195
Career and Technical Education -- Basic Grants to States	84.048	60031/600311005		135,159
Student Support and Academic Enrichment Program	84.424	60281/60155		292,193
Rural Education	84.358	43481		183,360
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	61480		304,152
Education Stabilization Fund:				
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	50195	\$	280,648
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	50183/50189/50193	4,632,145	4,912,793
Total Department of Education			\$	10,139,902
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4512 DRVAP000000001	\$	5,745
Emergency Management Performance Grants	97.042	EMP-2023-EP-00006		7,500
Homeland Security Grant Program	97.067	EMW-2022-55-0082 EMW-2023-55-00109		250,724
Total Department of Homeland Security			\$	263,969
Executive Office of the President:				
Pass Through Payments:				
Appalachia HIDTA				
High Intensity Drug Trafficking Areas Program	95.001	Unknown	\$	20,217
Total Expenditures of Federal Awards			\$	25,422,433

County of Wise, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

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Notes to Schedule of Expenditures of Federal Awards:

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Wise County, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Wise, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Wise, Virginia.

Note B -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note C -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2024.

Note D -- Food Donation:

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the Wise County School Board had no food commodities in inventory.

Note E -- Donated Items:

The County did not receive any donated items during the year.

Note F -- Outstanding Balance of Federal Loans:

The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.

Note G -- Relationship to Financial Statements:

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

Primary government:

General Fund - Intergovernmental	\$ 24,041,483
Less: Revenue from the Commonwealth	(16,108,594)
Less: Payment in lieu of taxes	(111,509)
Nonmajor Governmental Funds - Intergovernmental	1,317,402
Less: Revenue from the Commonwealth	(324,914)
Total primary government	<u>\$ 8,813,868</u>

Component Unit School Board:

School Operating Fund - Federal	\$ 13,263,069
Less: QSCB interest subsidy	(672,642)
School Cafeteria Fund - Federal	4,018,138
Total component unit school board	<u>16,608,565</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 25,422,433</u></u>

County of Wise, Virginia

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516(a)? No

Identification of major programs:

<u>Federal Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
66.045	Clean School Bus Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.558	Temporary Assistance for Needy Families
84.425	Education Stabilization Fund
93.658	Foster Care Title IV-E
93.659	Adoption Assistance

Dollar threshold used to distinguish between Type A and Type B programs \$ 762,673

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

There are no financial statement findings.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs.

County of Wise, Virginia

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2024

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2023-001

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Condition: The School Fund overspent the appropriated budget.

Recommendation: The School Board's final budget should include appropriations for all expenditures.

Current Status: Finding 2023-001 was resolved in the current year.