

County of Wise, Virginia

Annual Comprehensive Financial Report



For the Fiscal Year Ended
June 30, 2021

COUNTY OF WISE, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

**COUNTY OF WISE, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Organizational Chart.....	1
List of Elected and Appointed Officials.....	2-3

FINANCIAL SECTION

Independent Auditors' Report	4-6
Management's Discussion and Analysis	7-14

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	15
Statement of Activities	2	16
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	20
Statement of Net Position - Proprietary Funds	7	21
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	22
Statement of Cash Flows - Proprietary Funds.....	9	23
Statement of Fiduciary Net Position - Fiduciary Funds	10	24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	25
Notes to the Financial Statements		26-104

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances -		
Budget and Actual - General Fund	12	105
Budget and Actual - Special Revenue Fund - Coal Road Improvement Fund	13	106

Pension Plans:

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset):		
Primary Government and Component Unit School Board (professional)	14	107
Schedule of Changes in Net Pension Liability and Related Ratios:		
Component Unit School Board (nonprofessional)	15	108
Schedule of Employer Contributions	16	109
Notes to Required Supplementary Information	17	110

COUNTY OF WISE, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Healthcare OPEB Plan:		
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios:		
Primary Government	18	111
School Board	19	112
Notes to Required Supplementary Information	20	113
Group Life Insurance (GLI) Plan:		
Schedule of County's Share of Net OPEB Liability	21	114
Schedule of Employer Contributions	22	115
Notes to Required Supplementary Information	23	116
Health Insurance Credit (HIC) Plan:		
Schedule of Changes in the School Board (nonprofessional)'s Net OPEB Liability and Related Ratios	24	117
Schedule of Employer Contributions - School Board (nonprofessional)	25	118
Notes to Required Supplementary Information	26	119
Teacher Employee Health Insurance Credit (HIC) Plan:		
Schedule of School Board's Share of Net OPEB Liability	27	120
Schedule of Employer Contributions	28	121
Notes to Required Supplementary Information	29	122
Line of Duty Act (LODA) Program:		
Schedule of Employer's Share of Net LODA OPEB Liability	30	123
Schedule of Employer Contributions	31	124
Notes to Required Supplementary Information:	32	125
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	33	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	34	127
Combining Statement of Fiduciary Net Position - Fiduciary Funds	35	128
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	36	129

**COUNTY OF WISE, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information: (Continued)		
Discretely Presented Component Unit - School Board:		
Combining Balance Sheet	37	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	38	131
Schedule of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Budget and Actual	39	132

	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	133-139
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	140-143

Other Statistical Information:

	<u>Table</u>	<u>Page</u>
Government-Wide Information:		
Government-Wide Expenses by Function	1	144
Government-Wide Revenues	2	145
Fund Information:		
General Governmental Expenditures by Function	3	146
General Governmental Revenues by Source	4	147
Property Tax Levies and Collections	5	148
Assessed Value of Taxable Property	6	149
Property Tax Rates	7	150
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	151
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	152
Schedule of Legal Debt Margin	10	153

COUNTY OF WISE, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

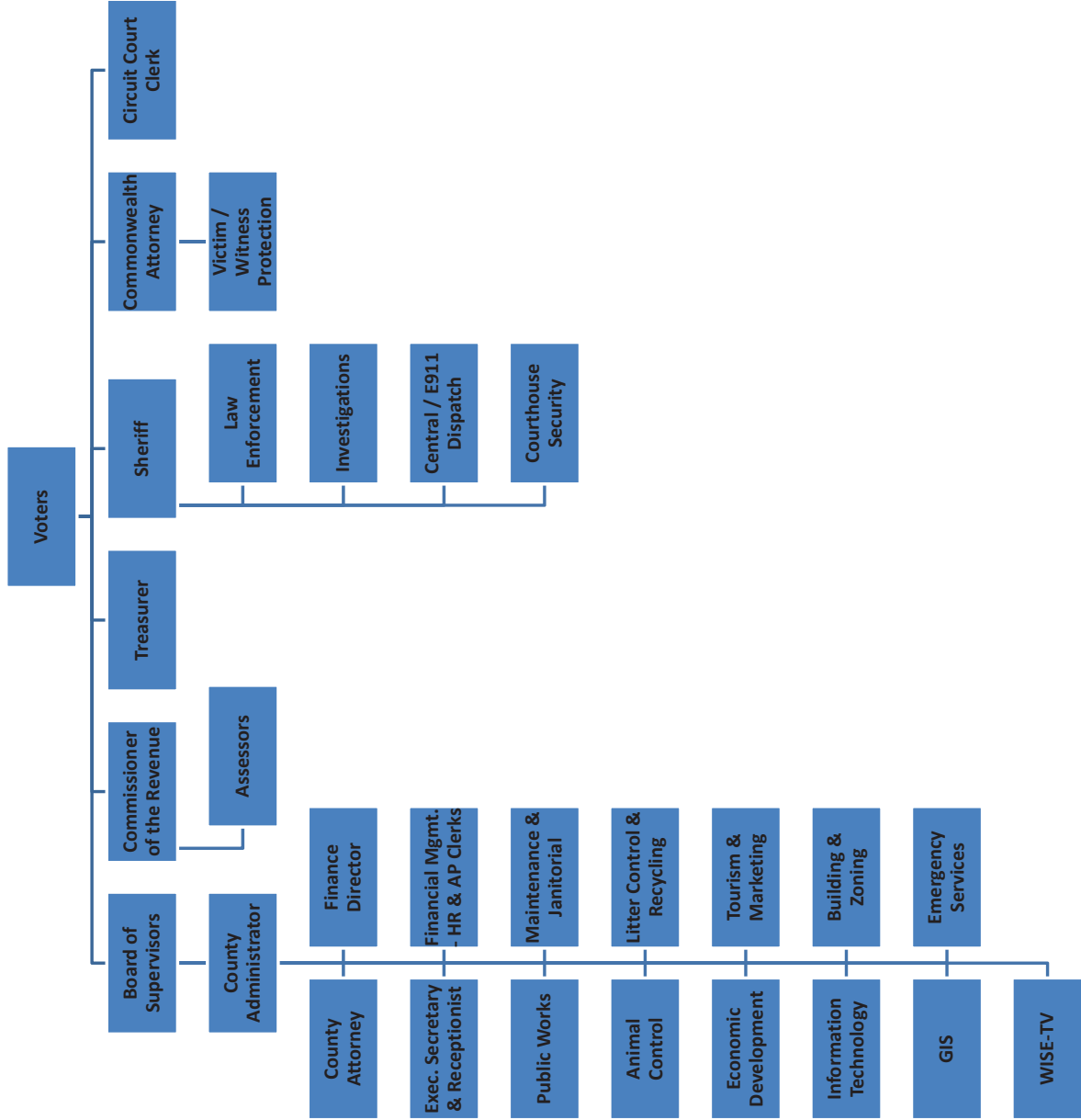
TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION

	<u>Page</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	154-155
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	156-157
Schedule of Expenditures of Federal Awards	158-159
Schedule of Findings and Questioned Costs	160-161
Summary Schedule of Prior Audit Findings	162

INTRODUCTORY SECTION

Wise County, Virginia Organizational Structure Chart



COUNTY OF WISE, VIRGINIA

BOARD OF SUPERVISORS

Robert R. Adkins	J. H. Rivers, Chairperson	John Schoolcraft
James Lawson	Steve Bates, Vice Chairperson	Fred Luntsford
Robert Robbins		Bobby Cassell

COUNTY SCHOOL BOARD

Martha Jett	Larry Greear, Chairperson	Dr. Mark Raymond
Herbert Shortt	Phillip Bates, Vice Chairperson	John Graham
Donnese Kern		Vicki Williams
	Judy Durham, Clerk of the School Board	

PUBLIC SERVICE AUTHORITY

J.H. Rivers, Treasurer	Ralph Gilley, Chairperson	Hibert Tackett Jr.
Worley Smith	Fred Luntsford, Vice Chairperson	Robert R. Adkins
Bob Adkins		Ruthie Rainey

SOCIAL SERVICES BOARD

Bobby Cassell	Steve Bates, Chairperson	Gilmer W. Blackburn
Duane Miller	Dianne Abbott, Vice Chairperson	Wayne Wheatley
Charles Miller		James Boardwine
Sandra Adkins		

COUNTY OF WISE, VIRGINIA

OTHER OFFICIALS

COUNTY ADMINISTRATION

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

CONSTITUTIONAL OFFICERS

Clerk of the Circuit Court Jack Kennedy
Commonwealth's Attorney Charles Slemp
Commissioner of the Revenue Douglas Mullins Jr.
Treasurer Delores W. Smith
Sheriff Grant Kilgore

COURTS

Chief Judge of the Circuit Court John C. Kilgore
Judge of the Circuit Court Ronald Kelley Elkins
Judge of the Circuit Court Jeffrey Hamilton
Judge of the Circuit Court Tammy McElvea
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
Judge of Juvenile & Domestic Relations Court Michelle Jenkins

COMPONENT UNITS

Superintendent of Schools Greg Mullins
Director of Public Service Authority Cody McElroy

OTHER

Director of Social Services Susan Mullins

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units (School Board and Public Service Authority (PSA)), each major fund, and the aggregate remaining fund information of the County of Wise, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements. We were not engaged to audit the financial statements of the discretely presented component unit - Industrial Development Authority. These financial statements collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the PSA which represents 63.69% of the total assets of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the PSA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the discretely presented component unit - Industrial Development Authority.

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

Except for the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - Industrial Development Authority" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Unit - School Board	Unmodified
Discretely Presented Component Unit - PSA	Unmodified
Discretely Presented Component Unit - IDA	Disclaimer
General Fund	Unmodified
Coal Road Improvement Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - Industrial Development Authority

The financial statements of the Industrial Development Authority of the County of Wise, VA (IDA) have been omitted, and we were not engaged to audit the IDA financial statements as part of our audit of the County's basic financial statements as the IDA is audited by another CPA firm. The amounts by which these omissions would affect the assets, deferred outflows of resources, liabilities, deferred inflow of resources, net position, revenues and expenses of the aggregate discretely presented component units have not been determined.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - Industrial Development Authority" paragraph, we have not been able to obtain sufficient appropriate audit evidence from other auditors to provide a basis for an audit opinion on the financial statements of the discretely presented component unit IDA. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units School Board and PSA, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 7-14, 105-106, and 107-125 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Wise, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the other supplementary information 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2021, on our consideration of the 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 the County of Wise, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
November 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of Wise County
County of Wise, Virginia 24293

As management of the County of Wise, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i-v of this report.

Financial Highlights

The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$23,592,903 (net position). Of this amount, \$9,518,913 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$28,299,334 a decrease of \$2,140,980 in comparison with the prior year. Approximately 54% of this total amount, \$15,240,464 is available for spending at the County's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$15,240,464, or 26% of total general fund expenditures.

The County of Wise, Virginia's total primary government long-term obligations increased by \$590,456. Although bonds were reduced by \$2,364,305, various capital equipment was reduced by \$956,910, there was a \$3,911,671 increase in payroll related liabilities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are composed of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains required other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information showing the County's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Overview of the Financial Statements (Continued)

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Wise, Virginia itself (known as the primary government), but also a legally separate school district, Public Service Authority, and an Industrial Development Authority for which the County of Wise, Virginia is financially accountable. Financial information for these component units is reported separately from financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Wise, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains an individual general fund and many special revenue funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Special Revenue funds.

The County adopts an annual appropriated budget for its General Fund, Emergency Numbers, Coal Road Improvement, School Board and Law Library Funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with its budget.

Overview of the Financial Statements (Continued)

Fiduciary funds - The County is the trustee, or fiduciary, for the County's custodial funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules, schedules related to pension and OPEB funding, and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of the County exceeded its liabilities and deferred inflows by \$23,592,903 at the close of the most recent fiscal year.

A portion of the County's net position (45%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The county uses these capital assets to provide service to citizens: consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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Government-wide Financial Analysis (Continued)

County of Wise, Virginia's Net Position		
	Primary Governmental Activities and Business-Type Activities	
	2020	2021
Current and other assets	\$ 64,208,243	\$ 62,885,869
Capital assets	76,068,080	76,094,921
Total assets	\$ 140,276,323	\$ 138,980,790
Deferred outflows of resources	\$ 3,695,608	\$ 6,054,935
Long-term liabilities	\$ 91,613,789	\$ 91,686,089
Current liabilities	8,797,956	10,827,120
Total liabilities	\$ 100,411,745	\$ 102,513,209
Deferred inflows of resources	\$ 19,805,133	\$ 18,929,613
Net investment in capital assets	\$ 8,976,559	\$ 10,582,489
Restricted - capital projects	282,165	158,061
Restricted - other purposes	3,489,123	3,333,440
Unrestricted	11,007,206	9,518,913
Total net position	\$ 23,755,053	\$ 23,592,903

At the end of the current fiscal year, the County is able to report positive net position, both for the County as a whole and as well as for its separate governmental and business-type activities.

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Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental and business-type activities decreased the County's net position by \$162,150.

Key elements of this increase are as follows:

County of Wise, Virginia's Change in Net Position		
	Primary Governmental Activities and Business-Type Activities	
	2020	2021
Revenues:		
Program revenues:		
Charges for services	\$ 576,553	\$ 568,772
Operating grants and contributions	18,237,114	23,886,130
General revenues:		
Property taxes	28,169,580	28,569,290
Other local taxes	5,555,965	4,952,761
Grants and contributions	2,567,104	2,439,649
Other	916,285	625,298
Total revenues	\$ 56,022,601	\$ 61,041,900
Expenses:		
General government	\$ 2,957,136	\$ 4,235,889
Judicial administration	3,514,730	3,785,132
Public safety	11,607,368	15,870,766
Public works	1,354,630	1,263,577
Health and welfare	12,722,714	12,859,194
Education	12,427,899	11,374,656
Parks, recreation, and cultural	963,477	978,329
Community development	2,735,920	4,418,959
Interest	2,736,556	2,327,066
Business-type activities	4,143,896	4,090,482
Total expenses	\$ 55,164,326	\$ 61,204,050
Increase (decrease) in net position	\$ 858,275	\$ (162,150)
Net position - beginning	22,896,778	23,755,053
Net position - ending	\$ 23,755,053	\$ 23,592,903

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$28,299,334 a decrease of \$2,140,980. Approximately 54% of this total amount, \$15,240,464 constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, and non-spendable to indicate that is not available for new spending because it has already been committed for:

- Future special revenue expenditures
- Future debt service
- Future EMS-Fire expenditures
- Future blighted properties expenditures
- Future employee benefits

The General Fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,240,464, while the total fund balance was \$24,818,213. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

Major and Non-Major special revenue and capital project funds have a total fund balance of \$3,481,121, all of which is restricted or committed for future projects. The fund balance decreased \$285,442 during the current year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$10,053,589 (increase in appropriations) and can be briefly summarized as follows:

- \$211,952 increase in general government administration
- \$121,990 increase in judicial administration
- \$8,247,363 increase in public safety expenditures
- \$125,924 increase in public works expenditures
- \$0 increase in health and welfare
- \$0 increase in education
- \$0 increase in parks, recreation, and cultural
- \$1,346,360 increase in community development
- \$0 increase in non-departmental

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$67,776,849 (net of accumulated depreciation). The County's investment in capital assets for its business-type activities as of June 30, 2021 amounts to \$8,318,072 (net of accumulated depreciation). This investment in capital assets includes land, buildings and equipment.

Change in Capital Assets

	Governmental Activities		Business-type Activities	
	2020	2021	2020	2021
Land	\$ 2,195,643	\$ 2,195,643	\$ 314,816	\$ 314,816
Buildings and infrastructure	91,803,662	91,990,819	15,749,016	15,749,016
Equipment	7,564,146	10,595,782	5,690,968	5,690,968
Total Capital Assets	\$ 101,563,451	\$ 104,782,244	\$ 21,754,800	\$ 21,754,800
Less: Accumulated Depreciation	\$ (34,402,164)	\$ (37,005,395)	\$ (12,848,007)	\$ (13,436,728)
Net Capital Assets	\$ 67,161,287	\$ 67,776,849	\$ 8,906,793	\$ 8,318,072

Additional information on the County's capital assets can be found in Note 10.

Long-term obligations - At the end of the current fiscal year, the County had total governmental activity obligations of \$82,063,252, including claims, judgments, pension liabilities, OPEB liabilities, and compensated absences of \$19,317,695. The County had total business-type activity obligations outstanding of \$14,207,474, including claims, judgments, landfill closure and post closure liabilities, pension liabilities, OPEB liabilities, and compensated absences of \$11,453,660.

	Governmental Activities		Business-type Activities	
	2020	2021	2020	2021
Bonds	\$ 62,612,999	\$ 60,248,694	\$ 3,329,096	\$ 2,753,814
Capital Leases	3,453,773	2,496,863	-	-
Net Pension Liability	10,341,521	13,852,305	627,197	845,776
Net OPEB Liabilities	4,443,913	4,736,324	161,302	159,717
Landfill Closure/Post Closure Liability	-	-	9,875,022	10,326,640
Compensated Absences	620,590	729,066	122,886	121,527
Total Long-term Obligations	\$ 81,472,796	\$ 82,063,252	\$ 14,115,503	\$ 14,207,474

Of the total governmental and business-type obligations, \$63,002,508 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total primary government long-term obligations increased by \$590,456. Although bonds were reduced by \$2,364,305, various capital equipment was reduced by \$956,910, there was a \$3,911,671 increase in payroll related liabilities.

Additional information on the County of Wise, Virginia's long-term obligations can be found in Note 6 of this report.

Economic Factors

The unemployment rate is one of the factors considered in preparing the County's budget for the 2022 fiscal year. The October 2021 unemployment rate for the County is 4 percent, which is a decrease from the rate of 6.8 percent in 2020. This is higher than the state's unemployment rate of 3.6 percent and is below the national average rate of 4.6 percent as of October 2021.

All of these factors were considered in preparing the County's budget for the 2022 fiscal year.

Budget and Rates

The approved budget is \$57,174,108.90 for fiscal year 2021-2022. The tax rates for the 2021-2022 year are as follows: .69 per \$100 value for real estate, mobile home taxes, and public utilities real estate, 1.65 per \$100 of assessed value for personal property and public service personal property, 2.85 per \$100 of assessed value for merchants capital, and 1.41 per \$100 of assessed value for machinery and tools.

Acknowledgements

This financial report is designed to provide a general overview of the County of Wise, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Michael W. Hatfield, County Administrator, P.O. Box 570, Wise, Virginia 24293.

Basic Financial Statements

County of Wise, Virginia
Statement of Net Position
June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Public Service Authority
ASSETS					
Cash and cash equivalents	\$ 16,582,951	\$ 438,674	\$ 17,021,625	\$ 5,325,377	\$ 1,188,245
Investments	11,172,544	7,495,107	18,667,651	1,463,398	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	19,463,931	-	19,463,931	-	-
Other local taxes receivable	75,428	-	75,428	-	-
Accounts receivable	77,968	83,710	161,678	188,173	707,766
Due from component unit	2,356,806	-	2,356,806	-	-
Due from other governmental units	4,363,304	-	4,363,304	4,184,854	120,778
Internal balances	149,683	(149,683)	-	-	-
Prepaid items	147,566	-	147,566	882,535	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	2,638,126
Investments	215,380	-	215,380	-	-
Net pension asset	-	-	-	-	197,346
Other assets (net of amortization)	-	412,500	412,500	-	-
Capital assets (net of accumulated depreciation):					
Land	2,195,643	314,816	2,510,459	2,003,463	246,719
Buildings and improvements	61,408,030	-	61,408,030	23,927,265	763,994
Machinery and equipment	4,173,176	316,695	4,489,871	3,281,786	641,729
Infrastructure	-	7,686,561	7,686,561	-	65,671,588
Construction in progress	-	-	-	110,151	397,735
Total assets	<u>\$ 122,382,410</u>	<u>\$ 16,598,380</u>	<u>\$ 138,980,790</u>	<u>\$ 41,367,002</u>	<u>\$ 72,574,026</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 4,272,467	\$ 281,567	\$ 4,554,034	\$ 13,473,402	\$ 168,486
OPEB related items	1,472,108	28,793	1,500,901	2,379,584	18,246
Total deferred outflows of resources	<u>\$ 5,744,575</u>	<u>\$ 310,360</u>	<u>\$ 6,054,935</u>	<u>\$ 15,852,986</u>	<u>\$ 186,732</u>
LIABILITIES					
Accounts payable	\$ 1,278,050	\$ 168,098	\$ 1,446,148	\$ 995,814	\$ 663,080
Salaries payable	408,539	484	409,023	595,014	43,506
Customer deposits	-	-	-	-	491,840
Accrued interest payable	728,859	27,848	756,707	-	18,623
Due to primary government	-	-	-	2,356,806	-
Unearned revenue	3,630,605	-	3,630,605	-	-
Long-term liabilities:					
Due within one year	3,903,842	680,795	4,584,637	254,336	580,356
Due in more than one year	78,159,410	13,526,679	91,686,089	68,464,186	8,930,363
Total liabilities	<u>\$ 88,109,305</u>	<u>\$ 14,403,904</u>	<u>\$ 102,513,209</u>	<u>\$ 72,666,156</u>	<u>\$ 10,727,768</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 17,580,945	\$ -	\$ 17,580,945	\$ -	\$ -
Deferred charge on refunding	228,441	-	228,441	-	-
Unearned revenue	-	-	-	-	10,390
Pension related items	27,701	875	28,576	5,655,574	129,920
OPEB related items	1,053,415	38,236	1,091,651	2,875,373	7,526
Total deferred inflows of resources	<u>\$ 18,890,502</u>	<u>\$ 39,111</u>	<u>\$ 18,929,613</u>	<u>\$ 8,530,947</u>	<u>\$ 147,836</u>
NET POSITION					
Net investment in capital assets	\$ 5,018,231	\$ 5,564,258	\$ 10,582,489	\$ 29,322,665	\$ 58,385,560
Restricted:					
Construction	158,061	-	158,061	-	-
Asset forfeiture funds	146,527	-	146,527	-	-
Law library funds	10,380	-	10,380	-	-
Coal road funds	3,176,533	-	3,176,533	-	454,987
Debt services reserves	-	-	-	-	1,001,247
American Rescue Plan Act	-	-	-	-	169,560
Dominion replacement funds	-	-	-	-	234,617
Textbooks	-	-	-	1,719,037	-
School Cafeteria	-	-	-	3,506,306	-
Unrestricted	12,617,446	(3,098,533)	9,518,913	(58,525,123)	1,639,183
Total net position	<u>\$ 21,127,178</u>	<u>\$ 2,465,725</u>	<u>\$ 23,592,903</u>	<u>\$ (23,977,115)</u>	<u>\$ 61,885,154</u>

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, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position					Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total	School Board	Public Service Authority
					Governmental Activities	Business-type Activities				
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 4,235,889	\$ 1,837	\$ 424,475	\$ -	\$ (3,809,577)	\$ -	\$ (3,809,577)			
Judicial administration	3,785,132	9,653	1,485,639	-	(2,289,840)	-	(2,289,840)			
Public safety	15,870,766	111,402	10,060,625	-	(5,698,739)	-	(5,698,739)			
Public works	1,263,577	28,823	-	-	(1,234,754)	-	(1,234,754)			
Health and welfare	12,859,194	-	9,959,482	-	(2,899,712)	-	(2,899,712)			
Education	11,374,656	-	-	-	(11,374,656)	-	(11,374,656)			
Parks, recreation, and cultural	978,329	-	14,500	-	(963,829)	-	(963,829)			
Community development	4,418,959	-	1,929,426	-	(2,489,533)	-	(2,489,533)			
Interest on long-term debt	2,327,066	-	-	-	(2,327,066)	-	(2,327,066)			
Total governmental activities	\$ 57,113,568	\$ 151,715	\$ 23,874,147	\$ -	\$ (33,087,706)	\$ -	\$ (33,087,706)			
Business-type activities:										
Landfill	\$ 3,431,563	\$ 417,057	\$ 11,983	\$ -	\$ -	\$ (3,002,523)	\$ (3,002,523)			
Sewer	658,919	-	-	-	-	(658,919)	(658,919)			
Total business-type activities	\$ 4,090,482	\$ 417,057	\$ 11,983	\$ -	\$ -	\$ (3,661,442)	\$ (3,661,442)			
Total primary government	\$ 61,204,050	\$ 568,772	\$ 23,886,130	\$ -	\$ (33,087,706)	\$ (3,661,442)	\$ (36,749,148)			
COMPONENT UNITS:										
School Board	\$ 67,593,591	\$ 1,366,604	\$ 56,655,529	\$ -				\$ (9,571,458)	\$ -	\$ -
Public Service Authority	4,955,256	3,973,751	-	16,861,102				-	15,879,597	15,879,597
Total component units	\$ 72,548,847	\$ 5,340,355	\$ 56,655,529	\$ 16,861,102				\$ (9,571,458)	\$ 15,879,597	\$ 15,879,597
General revenues and transfers:										
General property taxes					\$ 28,569,290	\$ -	\$ 28,569,290	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes					3,072,015	-	3,072,015	-	-	-
Coal severance taxes					1,049,098	-	1,049,098	-	-	-
Consumers' utility taxes					468,338	-	468,338	-	-	-
Other local taxes					363,310	-	363,310	-	-	-
Unrestricted revenues from use of money and property					136,620	101,771	238,391	16,831	4,419	4,419
Miscellaneous					350,196	36,711	386,907	239,599	-	-
Payments from the County of Wise					-	-	-	11,321,058	73,699	73,699
Grants and contributions not restricted to specific programs					2,439,649	-	2,439,649	-	-	-
Gain on disposal of capital assets					-	-	-	-	16,767	16,767
Transfers					(3,551,034)	3,551,034	-	-	-	-
Total general revenues and transfers					\$ 32,897,482	\$ 3,689,516	\$ 36,586,998	\$ 11,577,488	\$ 94,885	\$ 94,885
Change in net position					\$ (190,224)	\$ 28,074	\$ (162,150)	\$ 2,006,030	\$ 15,974,482	\$ 15,974,482
Net position - beginning, as restated					\$ 21,317,402	\$ 2,437,651	\$ 23,755,053	\$ (25,983,145)	\$ 45,910,672	\$ 45,910,672
Net position - ending					\$ 21,127,178	\$ 2,465,725	\$ 23,592,903	\$ (23,977,115)	\$ 61,885,154	\$ 61,885,154

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

County of Wise, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	General <u>Fund</u>	Coal Road Improvement <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 14,448,372	1,914,022	\$ 220,557	\$ 16,582,951
Investments	9,625,582	1,319,073	227,889	11,172,544
Receivables (net of allowance for uncollectibles):				
Taxes receivable	19,463,931	-	-	19,463,931
Other local taxes receivable	75,428	-	-	75,428
Accounts receivable	68,138	9,830	-	77,968
Due from other funds	350,210	41,887	-	392,097
Due from component unit	2,356,806	-	-	2,356,806
Due from other governmental units	4,363,304	-	-	4,363,304
Prepaid items	147,566	-	-	147,566
Restricted assets:				
Investments	215,380	-	-	215,380
Total assets	<u>\$ 51,114,717</u>	<u>\$ 3,284,812</u>	<u>\$ 448,446</u>	<u>\$ 54,847,975</u>
LIABILITIES				
Accounts payable	\$ 1,163,225	\$ 108,279	\$ 6,546	\$ 1,278,050
Salaries payable	408,539	-	-	408,539
Due to other funds	105,102	-	137,312	242,414
Unearned revenue	3,630,605	-	-	3,630,605
Total liabilities	<u>\$ 5,307,471</u>	<u>\$ 108,279</u>	<u>\$ 143,858</u>	<u>\$ 5,559,608</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 20,989,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,989,033</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 147,566	\$ -	\$ -	\$ 147,566
Restricted:				
Capital Projects Fund	-	-	158,061	158,061
Coal Road Improvement Fund	-	3,176,533	-	3,176,533
Forfeited Assets Fund	-	-	146,527	146,527
Law Library Fund	10,380	-	-	10,380
Unspent capital lease proceeds	215,380	-	-	215,380
Committed:				
Debt Service	8,596,294	-	-	8,596,294
Blighted Properties	106,263	-	-	106,263
EMS-Fire	298,188	-	-	298,188
Assigned:				
Drug Court Fund	30,534	-	-	30,534
IT Fund	16,512	-	-	16,512
Software Engineering Fund	43,393	-	-	43,393
Dog and Cat Sterilization Fund	18,281	-	-	18,281
Transient Occupancy Fund	35,774	-	-	35,774
Supervisor Fees - SWVCC Fund	58,196	-	-	58,196
E-Summons Fund	988	-	-	988
Unassigned	15,240,464	-	-	15,240,464
Total fund balances	<u>\$ 24,818,213</u>	<u>\$ 3,176,533</u>	<u>\$ 304,588</u>	<u>\$ 28,299,334</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,114,717</u>	<u>\$ 3,284,812</u>	<u>\$ 448,446</u>	<u>\$ 54,847,975</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	28,299,334
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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.

Land	\$	2,195,643	
Buildings and improvements		61,408,030	
Machinery and equipment		4,173,176	67,776,849

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes		3,408,088
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	4,272,467	
OPEB related items		1,472,108	5,744,575

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	\$	(44,928,003)	
Lease revenue notes		(13,555,000)	
Capital leases		(2,496,863)	
Unamortized premiums		(1,765,691)	
Deferred charges on refundings		(228,441)	
Accrued interest payable		(728,859)	
Net OPEB liabilities		(4,736,324)	
Net pension liability		(13,852,305)	
Compensated absences		(729,066)	(83,020,552)

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

Pension related items	\$	(27,701)	
OPEB related items		(1,053,415)	(1,081,116)

Net position of governmental activities	\$	21,127,178
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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, 2021

	General <u>Fund</u>	Coal Road Improvement <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 29,222,240	\$ -	\$ -	\$ 29,222,240
Other local taxes	4,453,515	499,246	-	4,952,761
Permits, privilege fees, and regulatory licenses	36,538	-	-	36,538
Fines and forfeitures	49,007	-	-	49,007
Revenue from the use of money and property	127,901	8,693	26	136,620
Charges for services	52,962	-	13,208	66,170
Miscellaneous	279,367	-	70,829	350,196
Recovered costs	709,456	79,833	-	789,289
Intergovernmental	25,843,749	-	470,047	26,313,796
Total revenues	<u>\$ 60,774,735</u>	<u>\$ 587,772</u>	<u>\$ 554,110</u>	<u>\$ 61,916,617</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,020,178	\$ -	\$ -	\$ 4,020,178
Judicial administration	3,849,482	-	-	3,849,482
Public safety	17,520,298	-	97,838	17,618,136
Public works	990,843	235,139	-	1,225,982
Health and welfare	12,592,310	-	-	12,592,310
Education	14,770,364	-	-	14,770,364
Parks, recreation, and cultural	934,527	-	-	934,527
Community development	3,094,987	493,994	-	3,588,981
Nondepartmental	91,567	-	-	91,567
Capital projects	228,823	-	600,353	829,176
Debt service:				
Principal retirement	956,910	-	-	956,910
Interest and other fiscal charges	28,950	-	-	28,950
Total expenditures	<u>\$ 59,079,239</u>	<u>\$ 729,133</u>	<u>\$ 698,191</u>	<u>\$ 60,506,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,695,496</u>	<u>\$ (141,361)</u>	<u>\$ (144,081)</u>	<u>\$ 1,410,054</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (3,551,034)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,551,034)</u>
Net change in fund balances	\$ (1,855,538)	\$ (141,361)	\$ (144,081)	\$ (2,140,980)
Fund balances - beginning	26,673,751	3,317,894	448,669	30,440,314
Fund balances - ending	<u>\$ 24,818,213</u>	<u>\$ 3,176,533</u>	<u>\$ 304,588</u>	<u>\$ 28,299,334</u>

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, 2021

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

Net change in fund balances - total governmental funds	\$	(2,140,980)
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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. This is the amount by which the depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$	3,298,775	
Depreciation expense		(2,682,658)	616,117

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Disposal of assets			(555)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes			(652,950)
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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.

Principal Payments:			
General obligation bonds	\$	2,020,000	
Lease revenue bonds		100,000	
Capital leases		956,910	3,076,910

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	\$	(108,476)	
Change in accrued interest payable		10,257	
Changes to OPEB related items		(122,328)	
Changes to pension related items		(1,141,079)	
Amortization of bond premium		244,305	
Amortization of charges on refunding		28,555	(1,088,766)

Change in net position of governmental activities	\$	(190,224)
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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, 2021

	Enterprise Funds		
	Landfill	Sewer	Total
	Fund	Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 438,674	\$ -	\$ 438,674
Investments	7,495,107	-	7,495,107
Accounts receivables, net of allowances for uncollectibles	65,210	18,500	83,710
Due from other funds	63,215	-	63,215
Total current assets	<u>\$ 8,062,206</u>	<u>\$ 18,500</u>	<u>\$ 8,080,706</u>
Noncurrent assets:			
Other assets (net of amortization)	\$ -	\$ 412,500	\$ 412,500
Capital assets: (net of related depreciation)			
Land	314,816	-	314,816
Machinery and equipment	316,695	-	316,695
Infrastructure	7,538,346	148,215	7,686,561
Total capital assets	<u>\$ 8,169,857</u>	<u>\$ 148,215</u>	<u>\$ 8,318,072</u>
Total noncurrent assets	<u>\$ 8,169,857</u>	<u>\$ 560,715</u>	<u>\$ 8,730,572</u>
Total assets	<u>\$ 16,232,063</u>	<u>\$ 579,215</u>	<u>\$ 16,811,278</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 281,567	\$ -	\$ 281,567
OPEB related items	28,793	-	28,793
Total deferred outflows of resources	<u>\$ 310,360</u>	<u>\$ -</u>	<u>\$ 310,360</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 100,817	\$ 67,281	\$ 168,098
Accrued salaries	484	-	484
Due to other funds	-	212,898	212,898
Interest payable	27,848	-	27,848
Compensated absences - current portion	91,145	-	91,145
Bonds payable - current portion	589,650	-	589,650
Total current liabilities	<u>\$ 809,944</u>	<u>\$ 280,179</u>	<u>\$ 1,090,123</u>
Noncurrent liabilities:			
Landfill closure/postclosure liability	\$ 10,326,640	\$ -	\$ 10,326,640
Bonds payable - net of current portion	2,164,164	-	2,164,164
Compensated absences - net of current portion	30,382	-	30,382
Net OPEB liabilities	159,717	-	159,717
Net pension liability	845,776	-	845,776
Total noncurrent liabilities	<u>\$ 13,526,679</u>	<u>\$ -</u>	<u>\$ 13,526,679</u>
Total liabilities	<u>\$ 14,336,623</u>	<u>\$ 280,179</u>	<u>\$ 14,616,802</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 875	\$ -	\$ 875
OPEB related items	38,236	-	38,236
Total deferred inflows of resources	<u>\$ 39,111</u>	<u>\$ -</u>	<u>\$ 39,111</u>
NET POSITION			
Net investment in capital assets	\$ 5,416,043	\$ 148,215	\$ 5,564,258
Unrestricted	(3,249,354)	150,821	(3,098,533)
Total net position	<u>\$ 2,166,689</u>	<u>\$ 299,036</u>	<u>\$ 2,465,725</u>

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, 2021

	Enterprise Funds		
	Landfill	Sewer	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Solid waste collections	\$ 417,057	\$ -	\$ 417,057
Miscellaneous	12,586	24,125	36,711
Total operating revenues	<u>\$ 429,643</u>	<u>\$ 24,125</u>	<u>\$ 453,768</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 1,553,448	\$ -	\$ 1,553,448
Professional services	144,339	-	144,339
Repairs and maintenance	85,698	-	85,698
Operating materials and supplies	52,610	-	52,610
Vehicle supplies and fuel	372,531	-	372,531
Utilities	84,338	-	84,338
Office and insurance expenses	23,068	-	23,068
Improvements and closure costs	451,617	-	451,617
Miscellaneous	23,371	-	23,371
Sewer operation costs	-	630,323	630,323
Depreciation and amortization	573,875	28,596	602,471
Total operating expenses	<u>\$ 3,364,895</u>	<u>\$ 658,919</u>	<u>\$ 4,023,814</u>
Operating income (loss)	<u>\$ (2,935,252)</u>	<u>\$ (634,794)</u>	<u>\$ (3,570,046)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 101,771	\$ -	\$ 101,771
Grants	11,983	-	11,983
Interest expense	(66,668)	-	(66,668)
Total nonoperating revenues (expenses)	<u>\$ 47,086</u>	<u>\$ -</u>	<u>\$ 47,086</u>
Income (loss) before transfers	<u>\$ (2,888,166)</u>	<u>\$ (634,794)</u>	<u>\$ (3,522,960)</u>
Transfers in	2,951,480	599,554	3,551,034
Change in net position	<u>\$ 63,314</u>	<u>\$ (35,240)</u>	<u>\$ 28,074</u>
Net position - beginning	<u>\$ 2,103,375</u>	<u>\$ 334,276</u>	<u>\$ 2,437,651</u>
Net position - ending	<u>\$ 2,166,689</u>	<u>\$ 299,036</u>	<u>\$ 2,465,725</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, 2021

	Enterprise Funds		
	Landfill Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 407,749	\$ 5,625	\$ 413,374
Payments to suppliers	(730,194)	(608,540)	(1,338,734)
Payments to employees	(1,502,625)	-	(1,502,625)
Net cash provided by (used for) operating activities	\$ (1,825,070)	\$ (602,915)	\$ (2,427,985)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 2,888,265	\$ 599,554	\$ 3,487,819
Grants	11,983	-	11,983
Net cash provided by (used for) noncapital financing activities	\$ 2,900,248	\$ 599,554	\$ 3,499,802
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on bonds and capital leases	\$ (525,000)	\$ -	\$ (525,000)
Interest expense	(122,508)	-	(122,508)
Net cash provided by (used for) capital and related financing activities	\$ (647,508)	\$ -	\$ (647,508)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 101,771	\$ -	\$ 101,771
Net increase (decrease) in cash and cash equivalents	\$ 529,441	\$ (3,361)	\$ 526,080
Cash and cash equivalents - beginning (including investments of \$7,396,418)	7,404,340	3,361	7,407,701
Cash and cash equivalents - ending (including investments of \$7,495,107)	\$ 7,933,781	\$ -	\$ 7,933,781
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (2,935,252)	\$ (634,794)	\$ (3,570,046)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	\$ 573,875	\$ 28,596	\$ 602,471
(Increase) decrease in accounts receivable	(21,894)	(18,500)	(40,394)
(Increase) decrease in deferred outflows related to net pension liability	(127,203)	-	(127,203)
(Increase) decrease in deferred outflows related to net OPEB liabilities	(2,244)	-	(2,244)
Increase (decrease) in accrued salaries	(11)	-	(11)
Increase (decrease) in landfill closure/postclosure liability	451,618	-	451,618
Increase (decrease) in accounts payable	55,760	21,783	77,543
Increase (decrease) in compensated absences	(1,359)	-	(1,359)
Increase (decrease) in net OPEB liabilities	(1,585)	-	(1,585)
Increase (decrease) in net pension liability	218,579	-	218,579
Increase (decrease) in deferred inflows related to net pension liability	(40,298)	-	(40,298)
Increase (decrease) in deferred inflows related to net OPEB liabilities	4,944	-	4,944
Total adjustments	\$ 1,110,182	\$ 31,879	\$ 1,142,061
Net cash provided by (used for) operating activities	\$ (1,825,070)	\$ (602,915)	\$ (2,427,985)

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, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 158,097
Accounts receivable	115,587
Total assets	<u>\$ 273,684</u>
LIABILITIES	
Due to other local governments	\$ 251,016
Due to DSS clients	21,770
Total liabilities	<u>\$ 272,786</u>
NET POSITION	
Restricted:	
Special Welfare	\$ 15,107
Lonesome Pine Youth Services	(14,209)
Total net position	<u>\$ 898</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, 2021

	Custodial Funds
Additions	
Contributions:	
Expenditure reimbursement	\$ 77,690
Sales tax collection for other governments	115,587
Grants	86,077
Total contributions	<u>\$ 279,354</u>
Deductions	
Special welfare payments	\$ 109,624
Payments of sales tax to other governments	115,587
Salaries and fringes	78,661
Total deductions	<u>\$ 303,872</u>
 Net increase (decrease) in fiduciary net position	 \$ (24,518)
 Net position, beginning - as restated	 <u>25,416</u>
Net position, ending	<u>\$ 898</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 legally 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

A. Financial Reporting Entity (continued)

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.

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, 2021, the County paid \$2,328,751 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, 2021, the County paid \$573,156 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, 2021, the County provided an appropriation to the Board of \$260,150.

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, 2021, the County provided an appropriation to the Library of \$822,446.

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, 2021, the County provided an appropriation to the Office of \$23,014. 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, 2021, the County provided an appropriation to the Airport of \$107,500.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

A. Financial Reporting Entity (continued)

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, 2021, the County provided an appropriation to LENOWISCO of \$66,684.

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*.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

B. Government-wide and Fund Financial Statements (continued)

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 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 as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

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.

The *School Capital Projects Fund* accounts for all financial resources used for the acquisition or construction of major capital needs.

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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

Proprietary Funds distinguish *operating* revenues and expenses from *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."

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 31st and October 31st. The County bills and collects its own property taxes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

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 \$669,226 and \$33,910 for property taxes and landfill receivables, respectively, at June 30, 2021.

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, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized in fiscal year 2021.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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)

Property, plant, and equipment and infrastructure of the primary government, as well as the Component Unit - School Board, are depreciated 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

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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 receivable is reported in the governmental funds balance sheet. This 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 the measurement of the net pension liability and net OPEB liabilities 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, 2021

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, 2021

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 (Continued)

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.

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 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

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.

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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 2-Stewardship, Compliance, and Accountability: (continued)

A. Budgetary Information (continued)

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

B. Excess of expenditures over appropriations

At June 30, 2021, expenditures exceeded appropriations for several departments within the General and Asset Forfeiture Funds.

C. Deficit fund balance

At June 30, 2021, no funds had 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.

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 and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

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, 2021, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 3-Deposits and Investments: (Continued)

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/S1	AAAm
Primary Government:			
Demand and time deposits	\$ 7,710,487	\$ -	\$ -
VML/VACO - Liquidity Pool	-	-	8,414,353
VML/VACO - 1-3 Year High Quality Bond Fund	-	2,747,150	-
Virginia LGIP	-	-	11,041
Total Primary Government	<u>\$ 7,710,487</u>	<u>\$ 2,747,150</u>	<u>\$ 8,425,394</u>
Component Unit - School Board:			
VML/VACO Liquidity Pool	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,463,398</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).

External Investment Pools

The value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

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.).

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk and had no investments subject to interest rate risk at June 30, 2021.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 3-Deposits and Investments: (Continued)

Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1 Year	1 - 5 Years
Primary Government:			
Demand and time deposits	\$ 7,710,487	\$ 7,710,487	\$ -
VML/VACO - Liquidity Pool	8,414,353	8,414,353	-
VML/VACO - 1-3 Year High Quality Bond Fund	2,747,150	-	2,747,150
Virginia LGIP	11,041	11,041	-
Total Primary Government	<u>\$ 18,883,031</u>	<u>\$ 16,135,881</u>	<u>\$ 2,747,150</u>
Component Unit - School Board:			
VML/VACO - Liquidity Pool	<u>\$ 1,463,398</u>	<u>\$ 1,463,398</u>	<u>\$ -</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	\$ 271,913	\$ -
SWVA Regional Jail - shared expenses reimbursement	1,058,900	-
<u>Commonwealth of Virginia:</u>		
Communications tax	115,302	-
State sales tax	-	539,424
Local sales tax	656,598	-
Non-categorical aid	133,508	-
Categorical aid - shared expenses	334,036	-
Categorical aid - Virginia Public Assistance funds	303,176	-
Categorical aid - Comprehensive Services Act funds	424,414	-
Categorical aid - other	516,126	-
<u>Federal Government:</u>		
Categorical aid - Virginia Public Assistance funds	474,729	-
Categorical aid - other	74,602	3,645,430
Total Amount due from Other Governmental Units	<u>\$ 4,363,304</u>	<u>\$ 4,184,854</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 2,356,806
Component Unit - School Board		
School Operating Fund	\$ 2,356,806	\$ -

Interfund balances for the year ended June 30, 2021, consisted of the following:

Fund	Due To	Due From
Primary Government:		
<i>Major Governmental Funds:</i>		
General Fund	\$ 105,102	\$ 350,210
Coal Road Fund	-	41,887
<i>Nonmajor Governmental Funds:</i>		
Capital Projects Fund	137,312	-
<i>Enterprise Funds:</i>		
Landfill Fund	-	63,215
Sewer Fund	212,898	-
Total Primary Government	\$ 455,312	\$ 455,312

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.

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
<i>Major Governmental Funds:</i>		
General Fund	\$ -	\$ 3,551,034
<i>Enterprise Funds:</i>		
Sewer Fund	599,554	-
Landfill Fund	2,951,480	-
Total Primary Government	\$ 3,551,034	\$ 3,551,034
Component Unit - School Board:		
<i>Major Governmental Funds:</i>		
School Operating Fund	\$ -	\$ 675,022
School Activity Fund	675,022	-
Total Component Unit - School Board	\$ 675,022	\$ 675,022

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5-Interfund/Component-Unit Obligations: (Continued)

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, 2021:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 46,948,003	\$ -	\$ (2,020,000)	\$ 44,928,003
Bond Premium	2,009,996	-	(244,305)	1,765,691
Lease Revenue Bonds	13,655,000	-	(100,000)	13,555,000
Capital Leases	3,453,773	-	(956,910)	2,496,863
Net Pension Liability	10,341,521	6,071,678	(2,560,894)	13,852,305
Net OPEB Liabilities	4,443,913	1,785,716	(1,493,305)	4,736,324
Compensated Absences	620,590	573,919	(465,443)	729,066
Total	<u>\$ 81,472,796</u>	<u>\$ 8,431,313</u>	<u>\$ (7,840,857)</u>	<u>\$ 82,063,252</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2022	\$ 2,165,000	\$ 2,586,934
2023	2,670,947	2,516,182
2024	3,099,552	2,412,537
2025	3,218,607	2,295,059
2026	3,323,137	2,192,509
2027-2031	16,420,760	9,553,135
2032-2036	17,570,000	4,132,833
2037-2041	10,015,000	521,626
Totals	<u>\$ 58,483,003</u>	<u>\$ 26,210,815</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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:							
VP&A General obligation bond	3.67%	11/9/2011	7/15/2036	\$1,045,000 - \$1,870,000 a+	\$ 29,265,000	\$ 21,445,000	\$ -
VP&A General obligation bond	5.10%	5/15/2008	7/15/2028	\$310,947 - \$368,877 a+	5,834,463	2,373,003	-
Refunding bond	2.39-3.54%	5/15/2014	7/15/2036	\$680,000 - \$855,000 a+	13,910,000	12,410,000	865,000
VP&A QSCB bond	0.00%	12/15/2011	12/1/2030	\$300,000 - \$1,200,000 a+	15,000,000	8,700,000	1,200,000
Total GO Bonds						<u>\$ 44,928,003</u>	<u>\$ 2,065,000</u>
Lease Revenue Bonds:							
Refunding Bond - Series 2019	1.5-5%	10/30/2019	11/1/2039	\$100,000 - \$2,080,000 a+	\$ 13,655,000	\$ 13,555,000	\$ 100,000
Premiums							
\$29,265,000 VP&A GO bond						\$ 121,493	\$ 52,475
\$13,910,000 refunding bond						211,974	42,676
\$13,655,000 refunding bond						1,432,224	131,325
Total Premiums						<u>\$ 1,765,691</u>	<u>\$ 226,476</u>
Total Direct Borrowings and Placements						<u>\$ 60,248,694</u>	<u>\$ 2,391,476</u>
Capital Leases:							
Banc Corp - equipment schedule 1	0.8608%	4/13/2020	4/15/2023	\$352,229 sa	\$ 2,082,757	\$ 1,394,842	\$ 693,949
Banc Corp - equipment schedule 2	0.9460%	4/13/2020	4/15/2025	\$140,701 sa	1,371,016	1,102,021	271,617
Total Capital Leases						<u>\$ 2,496,863</u>	<u>\$ 965,566</u>
Other Obligations:							
Net pension liability						\$ 13,852,305	\$ -
Net OPEB liabilities						4,736,324	-
Compensated absences						729,066	546,800
Total Other Obligations						<u>\$ 19,317,695</u>	<u>\$ 546,800</u>
Total Long-Term Obligations						<u>\$ 82,063,252</u>	<u>\$ 3,903,842</u>

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

(sa) - semi-annual principal and interest installments

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2021:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 3,115,000	\$ -	\$ (525,000)	\$ 2,590,000
Bond Premium	214,096	-	(50,282)	163,814
Landfill Closure/				
Postclosure Liability	9,875,022	451,618	-	10,326,640
Net Pension Liability	627,197	374,939	(156,360)	845,776
Net OPEB Liabilities	161,302	31,437	(33,022)	159,717
Compensated Absences	122,886	90,806	(92,165)	121,527
Total	<u>\$ 14,115,503</u>	<u>\$ 948,800</u>	<u>\$ (856,829)</u>	<u>\$ 14,207,474</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2022	\$ 545,000	\$ 101,952
2023	565,000	79,185
2024	270,000	59,338
2025	285,000	46,738
2026	295,000	34,334
2027-2031	630,000	25,506
Totals	<u>\$ 2,590,000</u>	<u>\$ 347,053</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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	\$ 1,985,000	\$ 250,000
VRA General obligation bond	3.28%	5/25/2010	10/1/2022	\$230,000 - \$310,000 a+	2,985,000	605,000	295,000
Total GO Bonds						<u>\$ 2,590,000</u>	<u>\$ 545,000</u>
Premiums:							
\$3,450,000 VRA GO bond						\$ 154,580	\$ 37,822
\$2,985,000 VRA GO bond						9,234	6,828
Total Premiums						<u>\$ 163,814</u>	<u>\$ 44,650</u>
Total Direct Borrowings and Placements						<u>\$ 2,753,814</u>	<u>\$ 589,650</u>
Other Obligations:							
Landfill closure/postclosure liability						\$ 10,326,640	\$ -
Net pension liability						845,776	-
Net OPEB liabilities						159,717	-
Compensated absences						121,527	91,145
Total Other Obligations						<u>\$ 11,453,660</u>	<u>\$ 91,145</u>
Total Long-Term Obligations						<u>\$ 14,207,474</u>	<u>\$ 680,795</u>

(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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Net pension liability	\$ 48,259,315	\$ 20,837,909	\$ (16,186,095)	\$ 52,911,129
Net OPEB liabilities	15,749,760	3,036,209	(3,317,691)	15,468,278
Compensated absences	317,487	259,743	(238,115)	339,115
 Total	 <u>\$ 64,326,562</u>	 <u>\$ 24,133,861</u>	 <u>\$ (19,741,901)</u>	 <u>\$ 68,718,522</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Net pension liability	\$ 52,911,129	\$ -
Net OPEB liabilities	15,468,278	-
Compensated absences	339,115	254,336
 Total Long-Term Obligations	 <u>\$ 68,718,522</u>	 <u>\$ 254,336</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8-Capital Leases:

Primary Government

The County has entered into two lease agreements for the purchase of 70 vehicles for public safety and other departments within the primary government. As of June 30, 2021, the County had not purchased all of the vehicles and there is a balance of \$215,380 in unspent capital lease proceeds reported.

Total assets acquired through capital leases are as follows:

Vehicles	\$	3,425,918
Accumulated depreciation		(571,716)
Net book value of assets	\$	<u>2,854,202</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, were as follows:

Year Ending June 30,	Governmental Activities	
	Banc Corp equipment schedule 1	Banc Corp equipment schedule 2
2022	\$ 704,457	\$ 281,401
2023	705,414	281,401
2024	-	281,401
2025	-	281,398
Subtotal	\$ 1,409,871	\$ 1,125,601
Less: amount representing interest	(15,029)	(23,580)
Present Value of Lease Agreement	<u>\$ 1,394,842</u>	<u>\$ 1,102,021</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

- 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2021 was 13.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,470,649 and \$1,231,295 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

At June 30, 2021, the County reported a liability of \$14,698,081 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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. Contributions to the plan as of June 30, 2020 and 2019 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2020 and 2019, the County's proportion was 98.8143% and 98.6242%, respectively.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Wise Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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:

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

Long-Term Expected Rate of Return (continued)

<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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
 Total	 <u>100.00%</u>		 <u>4.64%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, 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 100% of the actuarially determined contribution rate. From July 1, 2020 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

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)	\$ 22,652,465	\$ 14,698,081	\$ 8,095,341

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

For the year ended June 30, 2021, the County recognized pension expense of \$2,663,819. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, 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	\$ 902,747	\$ 15,307
Change in assumptions	690,302	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,463	13,269
Net difference between projected and actual earnings on pension plan investments	1,471,873	-
Employer contributions subsequent to the measurement date	1,470,649	-
Total	\$ 4,554,034	\$ 28,576

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

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

\$1,470,649 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2022	\$ 983,537
2023	1,011,557
2024	587,523
2025	472,192

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	184
Inactive members:	
Vested inactive members	9
Non-vested inactive members	18
Inactive members active elsewhere in VRS	16
Total inactive members	43
Active members	60
Total covered employees	<u>287</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2021 was 20.05% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$314,988 and \$303,640 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Changes in Net Pension Liability

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 13,139,235	\$ 9,133,647	\$ 4,005,588
Changes for the year:			
Service cost	\$ 135,207	\$ -	\$ 135,207
Interest	853,794	-	853,794
Differences between expected and actual experience	19,528	-	19,528
Contributions - employer	-	303,541	(303,541)
Contributions - employee	-	76,187	(76,187)
Net investment income	-	168,053	(168,053)
Benefit payments, including refunds of employee contributions	(980,872)	(980,872)	-
Administrative expenses	-	(6,181)	6,181
Other changes	-	(196)	196
Net changes	\$ 27,657	\$ (439,468)	\$ 467,125
Balances at June 30, 2020	\$ 13,166,892	\$ 8,694,179	\$ 4,472,713

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 5,840,824	\$ 4,472,713	\$ 3,308,453

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

For the year ended June 30, 2021, the Component Unit School Board (nonprofessional) recognized pension expense of \$462,490. At June 30, 2021, 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	\$ 5,967	\$ -
Net difference between projected and actual earnings on pension plan investments	262,278	-
Employer contributions subsequent to the measurement date	314,988	-
Total	\$ 583,233	\$ -

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 (Continued)

\$314,988 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (Nonprofessional)</u>
2022	\$ 6,360
2023	84,233
2024	92,060
2025	85,592

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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits 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 \$4,984,281 and \$4,423,004 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

At June 30, 2021, the school division reported a liability of \$48,438,416 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.32800% as compared to 0.33626% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$3,967,837. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, 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	\$ -	\$ 2,839,237
Change in assumptions	3,306,529	-
Net difference between projected and actual earnings on pension plan investments	3,684,278	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	915,081	2,816,337
Employer contributions subsequent to the measurement date	4,984,281	-
Total	<u>\$ 12,890,169</u>	<u>\$ 5,655,574</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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)

\$4,984,281 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (Professional)</u>
2022	\$ (1,006,212)
2023	570,898
2024	1,472,419
2025	1,288,688
2026	(75,479)

Actuarial Assumptions

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

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

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

Component Unit School Board (professional) (continued)

Actuarial Assumptions (continued)

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

Component Unit School Board (professional) (continued)

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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	36,449,229
Employers' Net Pension Liability (Asset)	<u>\$ 14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

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.

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 71,070,035	48,438,416	29,719,206

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9—Pension Plan: (continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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	\$ 4,554,034	\$ 28,576	\$ 14,698,081	\$ 2,663,819	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	583,233	-	4,472,713	462,490
School Board Professional	-	-	-	-	12,890,169	5,655,574	48,438,416	3,967,837
Totals	\$ 4,554,034	\$ 28,576	\$ 14,698,081	\$ 2,663,819	\$ 13,473,402	\$ 5,655,574	\$ 52,911,129	\$ 4,430,327

Note 10—Capital Assets:

Capital asset activity for the year ended June 30, 2021 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	\$ 91,803,662	\$ 187,157	\$ -	\$ 91,990,819
Machinery and equipment	7,564,146	3,111,618	(79,982)	10,595,782
Total capital assets being depreciated	\$ 99,367,808	\$ 3,298,775	\$ (79,982)	\$ 102,586,601
Accumulated depreciation:				
Buildings and improvements	\$ (28,781,392)	\$ (1,801,397)	\$ -	\$ (30,582,789)
Machinery and equipment	(5,620,772)	(881,261)	79,427	(6,422,606)
Total accumulated depreciation	\$ (34,402,164)	\$ (2,682,658)	\$ 79,427	\$ (37,005,395)
Total capital assets being depreciated, net	\$ 64,965,644	\$ 616,117	\$ (555)	\$ 65,581,206
Governmental activities capital assets, net	\$ 67,161,287	\$ 616,117	\$ (555)	\$ 67,776,849

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-Capital Assets: (continued)

Primary Government: (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 314,816	\$ -	\$ -	\$ 314,816
Total capital assets not being depreciated	<u>\$ 314,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,816</u>
Capital assets, being depreciated:				
Infrastructure	\$ 15,749,016	\$ -	\$ -	\$ 15,749,016
Machinery and equipment	5,690,968	-	-	5,690,968
Total capital assets being depreciated	<u>\$ 21,439,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,439,984</u>
Accumulated depreciation:				
Infrastructure	\$ (7,654,361)	\$ (408,094)	\$ -	\$ (8,062,455)
Machinery and equipment	(5,193,646)	(180,627)	-	(5,374,273)
Total accumulated depreciation	<u>\$ (12,848,007)</u>	<u>\$ (588,721)</u>	<u>\$ -</u>	<u>\$ (13,436,728)</u>
Total capital assets being depreciated, net	<u>\$ 8,591,977</u>	<u>\$ (588,721)</u>	<u>\$ -</u>	<u>\$ 8,003,256</u>
Business-type Activities capital assets, net	<u>\$ 8,906,793</u>	<u>\$ (588,721)</u>	<u>\$ -</u>	<u>\$ 8,318,072</u>

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

Governmental activities:

General governmental administration	\$ 126,129
Judicial administration	24,509
Public safety	796,908
Public works	314,971
Health and welfare	70,814
Education	1,305,525
Parks, recreation, and cultural	43,802
Total depreciation expense - governmental activities	<u>\$2,682,658</u>

Business-type activities:

Public works	<u>\$ 588,721</u>
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COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-Capital Assets: (continued)

Business-type Other Assets:

The Sewer Enterprise Fund contains a balance of \$412,500 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 2021 was \$13,750 and accumulated amortization as of June 30, 2021 amounted to \$137,500.

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,973,463	\$ 30,000	\$ -	\$ 2,003,463
Construction in progress	-	110,151	-	110,151
Total capital assets not being depreciated	<u>\$ 1,973,463</u>	<u>\$ 140,151</u>	<u>\$ -</u>	<u>\$ 2,113,614</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 63,813,572	\$ 720,042	\$ -	\$ 64,533,614
Machinery and equipment	12,898,543	1,010,525	-	13,909,068
Total capital assets being depreciated	<u>\$ 76,712,115</u>	<u>\$ 1,730,567</u>	<u>\$ -</u>	<u>\$ 78,442,682</u>
Accumulated depreciation:				
Buildings and improvements	\$ (38,984,110)	\$ (1,622,239)	\$ -	\$ (40,606,349)
Machinery and equipment	(10,045,083)	(582,199)	-	(10,627,282)
Total accumulated depreciation	<u>\$ (49,029,193)</u>	<u>\$ (2,204,438)</u>	<u>\$ -</u>	<u>\$ (51,233,631)</u>
Total capital assets being depreciated, net	<u>\$ 27,682,922</u>	<u>\$ (473,871)</u>	<u>\$ -</u>	<u>\$ 27,209,051</u>
School board capital assets, net	<u>\$ 29,656,385</u>	<u>\$ (333,720)</u>	<u>\$ -</u>	<u>\$ 29,322,665</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, 2021

Note 12-Surety Bonds:

Primary Government:

<u>Constitutional Officer Risk Management Plan - Surety:</u>	
Jack Kennedy, 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 & Surety Co:</u>	
Public Officials Bond - Board of Supervisors	\$ 3,000
 <u>United States Fidelity and Guaranty Company Surety:</u>	
Greg Mullins, Superintendent of Schools	\$ 10,000
 <u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Judy Durham, 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 Postclosure Care Cost:

According to laws and regulations the County must perform closure and postclosure 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 postclosure 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 postclosure care costs for the County's landfill operation is \$18,321,459. The accrued liability for these costs reported as of June 30, 2021 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 56.36% and the remaining life of the landfill is approximately 24 years. The remaining cost to be accrued in the future is as follows:

Total Estimated Liability	\$ 18,321,459
Accrued Liability of June 30, 2021	<u>10,326,640</u>
Total Closure and Postclosure Care Costs Remaining to be Recognized	<u>\$ 7,994,819</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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.

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, 2021, the County has a balance of \$7,495,107 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
Taxes receivable-2nd half installment	\$ 15,828,827	\$ 15,828,827
Prepaid taxes	1,752,118	1,752,118
Delinquent taxes receivable due prior to June 30 not collected within 60 days	-	3,408,088
Total	\$ 17,580,945	\$ 20,989,033

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 this circular 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.

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, 2021 (measurement date), the following employees were covered by the benefit terms:

	County	School Board
Total active employees with coverage	235	505
Total active employees without coverage	40	216
Total retirees with coverage	14	52
Total retirees without coverage	-	1
	<u>289</u>	<u>774</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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, 2021 was \$75,408 and \$297,695, respectively.

Total OPEB Liability

The County and School Board's total OPEB liabilities were measured as of June 30, 2021 and are based on an actuarial valuation date of July 1, 2020 projected to June 30, 2021 on a "no loss/no gain" basis.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 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 7.50% and decrease by varying amounts to an ultimate rate of 4.50%
Salary Increases	3.50%
Discount Rate	2.19%
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-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on July 1, 2020 with results actuarially projected on a "no gain/no loss" basis to get to the June 30, 2021 measurement date. Liabilities as of June 30, 2021 are based on an actuarial valuation date of July 1, 2020.

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 2.19% 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Changes in the Total OPEB Liability

	County	School Board
Balances at June 30, 2020	\$ 1,932,685	\$ 8,911,073
Changes for the year:		
Service cost	\$ 112,165	\$ 647,736
Interest cost	53,397	250,331
Difference between expected and actual experience	(245,501)	(1,155,123)
Changes in assumptions	66,523	292,417
Benefit payments	(75,408)	(297,695)
Net changes	\$ (88,824)	\$ (262,334)
Balances at June 30, 2021	\$ 1,843,861	\$ 8,648,739

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 (1.19%) or one percentage point higher (3.19%) 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
(1.19%)	(2.19%)	(3.19%)	(1.19%)	(2.19%)	(3.19%)
\$ 1,994,456	\$ 1,843,861	\$ 1,705,569	\$ 9,289,134	\$ 8,648,739	\$ 8,034,134

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
\$ 1,740,394	\$ 1,843,861	\$ 1,968,382	\$ 7,551,368	\$ 8,648,739	\$ 9,941,913

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

For the year ended June 30, 2021, the County and School Board recognized OPEB expense in the amount of \$91,280 and \$711,939, respectively. At June 30, 2021, 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	\$ 35,764	\$ 594,275	\$ -	\$ 2,123,275
Changes in assumptions	256,168	3,947	1,190,062	9,397
Total	\$ 291,932	\$ 598,222	\$ 1,190,062	\$ 2,132,672

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
2022	\$ (74,282)	\$ (186,128)
2023	(74,282)	(186,125)
2024	(74,282)	(121,107)
2025	(32,902)	(125,734)
2026	(32,902)	(107,838)
Thereafter	(17,640)	(215,678)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

The specific information for 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.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. The amount is increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Contributions (continued)

Contributions to the Group Life Insurance Plan from the County were \$63,003 and \$59,342 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (non-professional) were \$8,807 and \$8,389 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (professional) were \$165,595 and \$149,220 for the years ended June 30, 2021 and June 30, 2020, respectively.

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, 2021, the County reported a liability of \$926,106 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (nonprofessional) reported a liability of \$130,837 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (professional) reported a liability of \$2,327,026 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2020, the County's proportion was 0.05553% as compared to 0.05536% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (nonprofessional) proportion was 0.00780% as compared to 0.00797% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (professional) proportion was 0.13940% as compared to 0.14180% at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$28,103. 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, 2021, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$1,667. 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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)

For the year ended June 30, 2021, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$45,696. 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, 2021, 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	\$ 59,401	\$ 8,318
Net difference between projected and actual earnings on GLI OPEB program investments	27,819	-
Change in assumptions	46,316	19,338
Changes in proportionate share	10,457	36,751
Employer contributions subsequent to the measurement date	63,003	-
Total	<u>\$ 206,996</u>	<u>\$ 64,407</u>

	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	\$ 8,392	\$ 1,175	\$ 149,257	\$ 20,900
Net difference between projected and actual earnings on GLI OPEB program investments	3,930	-	69,902	-
Change in assumptions	6,543	2,732	116,378	48,590
Changes in proportionate share	2,059	12,423	59,068	190,398
Employer contributions subsequent to the measurement date	8,807	-	165,595	-
Total	<u>\$ 29,731</u>	<u>\$ 16,330</u>	<u>\$ 560,200</u>	<u>\$ 259,888</u>

\$63,003, \$8,807, and \$165,595 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, 2022.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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)

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit-School Board (Non- professional)</u>	<u>Component Unit-School Board (Professional)</u>
2022	\$ 6,735	\$ (1,352)	\$ (7,993)
2023	14,592	(242)	11,747
2024	25,057	1,636	41,629
2025	26,483	3,659	71,842
2026	6,118	893	17,495
Thereafter	601	-	(3)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. 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*

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	\$ <u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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	\$ 1,217,437	\$ 926,106	\$ 689,517
Component Unit-School Board (Nonprofessional)	\$ 3,059,054	\$ 2,327,026	\$ 1,732,550
Component Unit-School Board (Professional)	\$ 171,995	\$ 130,837	\$ 97,412

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Component Unit School Board - Nonprofessional (Continued)

Plan Description (Continued)

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.

Employees Covered by Benefit Terms

As of the June 30, 2019 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	43
Active members	60
Total covered employees	<u>103</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Component Unit School Board - Nonprofessional (Continued)

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, 2021 was 0.53% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 \$8,611 and \$7,080 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The School Board (nonprofessional)'s net HIC OPEB liability was measured as of June 30, 2020. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Component Unit School Board - Nonprofessional (Continued)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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:

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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Component Unit School Board - Nonprofessional (Continued)

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, 2019	\$ 247,083	\$ 182,460	\$ 64,623
Changes for the year:			
Service cost	\$ 2,532	\$ -	\$ 2,532
Interest	15,703	-	15,703
Benefit changes	16,593	-	16,593
Differences between expected and actual experience	4,112	-	4,112
Contributions - employer	-	7,080	(7,080)
Net investment income	-	3,497	(3,497)
Benefit payments	(28,884)	(28,884)	-
Administrative expenses	-	(310)	310
Other changes	-	(2)	2
Net changes	\$ 10,056	\$ (18,619)	\$ 28,675
Balances at June 30, 2020	\$ 257,139	\$ 163,841	\$ 93,298

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board (Nonprofessional)'s Net HIC OPEB Liability	\$ 114,925	\$ 93,298	\$ 72,403

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

For the year ended June 30, 2021, the School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$27,254. At June 30, 2021, 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	\$ 7,172	\$ 2,929
Net difference between projected and actual earnings on HIC OPEB plan investments	5,436	-
Change in assumptions	2,441	333
Employer contributions subsequent to the measurement date	8,611	-
Total	\$ 23,660	\$ 3,262

\$8,611 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, 2022. 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:

Year Ended June 30	
2022	\$ 4,138
2023	3,132
2024	2,892
2025	1,625

HIC Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021

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.

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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$370,861 and \$344,216 for the years ended June 30, 2021 and June 30, 2020, respectively.

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, 2021, the school division reported a liability of \$4,268,378 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, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Plan was 0.32720% as compared to 0.33129% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$282,069. 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 proportion.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2021, 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	\$ -	\$ 57,003
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	18,916	-
Change in assumptions	84,380	23,321
Change in proportionate share	101,774	382,897
Employer contributions subsequent to the measurement date	370,861	-
Total	\$ <u>575,931</u>	\$ <u>463,221</u>

\$370,861 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, 2022. 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	
2022	\$ (67,484)
2023	(65,609)
2024	(66,237)
2025	(50,461)
2026	(7,163)
Thereafter	(1,197)

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Actuarial Assumptions (Continued)

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

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

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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,448,676
Plan Fiduciary Net Position	144,160
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%

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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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:

<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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020 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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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	\$ 4,778,004	\$ 4,268,378	\$ 3,835,233

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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:

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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 Line of Duty Act Program (LODA).

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, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$74,063 and \$68,989 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2021, the entity reported a liability of \$2,126,074 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was 0.50760% as compared to 0.49430% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of \$214,901. 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, 2021, 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	\$ 225,687	\$ 289,854
Net difference between projected and actual earnings on LODA OPEB program investments	-	3,023
Change in assumptions	569,166	132,487
Change in proportionate share	133,057	3,658
Employer contributions subsequent to the measurement date	74,063	-
Total	\$ 1,001,973	\$ 429,022

\$74,063 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, 2022. 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	
2022	\$ 70,073
2023	70,631
2024	71,227
2025	71,402
2026	71,589
Thereafter	143,966

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. 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	5.375%-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	2.21% including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	4,333
LODA Net OPEB Liability (Asset)	\$ <u>418,814</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. 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, 2020, 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 2.21%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
County's proportionate share of the LODA Net OPEB Liability	\$ 2,523,621	\$ 2,126,074	\$ 1,826,412

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:

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

	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	\$ 1,757,270	\$ 2,126,074	\$ 2,608,466

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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	\$ 206,996	\$ 64,407	\$ 926,106	\$ 28,103	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	29,731	16,330	130,837	1,667
School Board Professional	-	-	-	-	560,200	259,888	2,327,026	45,696
County Health Insurance Credit Plan	-	-	-	-	575,931	463,221	4,268,378	282,069
Teacher Health Insurance Credit Plan	-	-	-	-	23,660	3,262	93,298	27,254
Line of Duty Act Program	1,001,973	429,022	2,126,074	214,901	-	-	-	-
County Stand-Alone Plan	291,932	598,222	1,843,861	91,280	-	-	-	-
School Stand-Alone Plan	-	-	-	-	1,190,062	2,132,672	8,648,739	711,939
Totals	\$ 1,500,901	\$ 1,091,651	\$ 4,896,041	\$ 334,284	\$ 2,379,584	\$ 2,875,373	\$ 15,468,278	\$ 1,068,625

Note 22—Litigation:

As of June 30, 2021, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions pending matters not be favorable.

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.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 24— COVID-19 Pandemic Funding Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$6,699,207. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$916,685. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. There were no unspent CRF funds reported as unearned revenue as of June 30.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On May 20, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$3,630,605 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 25—Adoption of Accounting Principle:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purpose and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	Fund Balance	Net Position	
	Component unit - School Board	Component unit - School Board	Custodial Funds
Beginning balance, as previously stated	\$ 4,328,652	\$ (28,038,468)	\$ -
Implementation of GASB 84	2,055,323	2,055,323	25,416
Beginning balance, as restated	<u>\$ 6,383,975</u>	<u>\$ (25,983,145)</u>	<u>\$ 25,416</u>

Note 26—Upcoming Pronouncements:

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

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 26—Upcoming Pronouncements: (continued)

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

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

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

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

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

Required Supplementary Information

County of Wise, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 28,534,919	\$ 28,536,400	\$ 29,222,240	\$ 685,840
Other local taxes	4,928,249	4,928,249	4,453,515	(474,734)
Permits, privilege fees, and regulatory licenses	33,687	33,687	36,538	2,851
Fines and forfeitures	39,408	39,408	49,007	9,599
Revenue from the use of money and property	373,000	373,000	127,901	(245,099)
Charges for services	40,343	40,343	52,962	12,619
Miscellaneous	244,711	637,903	279,367	(358,536)
Recovered costs	783,988	783,988	709,456	(74,532)
Intergovernmental:				
Commonwealth	13,740,757	14,132,733	13,409,350	(723,383)
Federal	5,739,311	12,838,830	12,434,399	(404,431)
Total revenues	\$ 54,458,373	\$ 62,344,541	\$ 60,774,735	\$ (1,569,806)
EXPENDITURES				
Current:				
General government administration	\$ 3,950,385	\$ 4,162,337	\$ 4,020,178	\$ 142,159
Judicial administration	4,046,085	4,168,075	3,849,482	318,593
Public safety	13,167,536	21,414,899	17,520,298	3,894,601
Public works	1,034,987	1,160,911	990,843	170,068
Health and welfare	12,994,694	12,994,694	12,592,310	402,384
Education	16,183,025	16,183,025	14,770,364	1,412,661
Parks, recreation, and cultural	953,292	953,292	934,527	18,765
Community development	1,921,126	3,267,486	3,094,987	172,499
Nondepartmental	101,340	101,340	91,567	9,773
Capital projects	-	120,661	228,823	(108,162)
Debt service:				
Principal retirement	647,626	647,626	956,910	(309,284)
Interest and other fiscal charges	20,030	20,030	28,950	(8,920)
Total expenditures	\$ 55,020,126	\$ 65,194,376	\$ 59,079,239	\$ 6,115,137
Excess (deficiency) of revenues over (under) expenditures	\$ (561,753)	\$ (2,849,835)	\$ 1,695,496	\$ 4,545,331
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 189,300	\$ 189,300	\$ -	\$ (189,300)
Transfers out	(3,811,624)	(3,811,624)	(3,551,034)	260,590
Issuance of refunding bond	1,715	2,287,794	-	(2,287,794)
Total other financing sources (uses)	\$ (3,620,609)	\$ (1,334,530)	\$ (3,551,034)	\$ (2,216,504)
Net change in fund balances	\$ (4,182,362)	\$ (4,184,365)	\$ (1,855,538)	\$ 2,328,827
Fund balances - beginning	4,182,362	4,184,365	26,673,751	22,489,386
Fund balances - ending	\$ -	\$ -	\$ 24,818,213	\$ 24,818,213

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Other local taxes	\$ -	\$ -	\$ 499,246	\$ 499,246
Revenue from the use of money and property	-	-	8,693	8,693
Recovered costs	-	-	79,833	79,833
Total revenues	\$ -	\$ -	\$ 587,772	\$ 587,772
EXPENDITURES				
Current:				
Public works	\$ 315,000	\$ 315,000	\$ 235,139	\$ 79,861
Community development	385,000	385,000	493,994	(108,994)
Total expenditures	\$ 700,000	\$ 700,000	\$ 729,133	\$ (29,133)
Excess (deficiency) of revenues over (under) expenditures	\$ (700,000)	\$ (700,000)	\$ (141,361)	\$ 558,639
Net change in fund balances	\$ (700,000)	\$ (700,000)	\$ (141,361)	\$ 558,639
Fund balances - beginning	700,000	700,000	3,317,894	2,617,894
Fund balances - ending	\$ -	\$ -	\$ 3,176,533	\$ 3,176,533

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, 2020

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
Primary Government - County Retirement Plan (A)					
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%
Component Unit School Board (professional)					
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.

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

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, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 135,207	\$ 128,781	\$ 135,411	\$ 144,679	\$ 150,120	\$ 158,445	\$ 153,753
Interest	853,794	869,715	841,768	838,566	863,535	854,409	840,738
Differences between expected and actual experience	19,528	313,383	234,486	(148,415)	(573,018)	(46,397)	-
Changes in assumptions	-	(187,100)	-	3,628	-	-	-
Benefit payments, including refunds of employee contributions	(980,872)	(820,095)	(804,736)	(780,696)	(813,973)	(858,196)	(740,191)
Net change in total pension liability	\$ 27,657	\$ 304,684	\$ 406,929	\$ 57,762	\$ (373,336)	\$ 108,261	\$ 254,300
Total pension liability - beginning	13,139,235	12,834,551	12,427,622	12,369,860	12,743,196	12,634,935	12,380,635
Total pension liability - ending (a)	\$ 13,166,892	\$ 13,139,235	\$ 12,834,551	\$ 12,427,622	\$ 12,369,860	\$ 12,743,196	\$ 12,634,935
Plan fiduciary net position							
Contributions - employer	\$ 303,541	\$ 293,796	\$ 248,631	\$ 267,012	\$ 262,641	\$ 272,831	\$ 205,764
Contributions - employee	76,187	74,964	72,079	77,810	79,498	83,286	84,864
Net investment income	168,053	582,288	642,004	985,712	139,335	385,024	1,226,210
Benefit payments, including refunds of employee contributions	(980,872)	(820,095)	(804,736)	(780,696)	(813,973)	(858,196)	(740,191)
Administrative expense	(6,181)	(6,110)	(5,825)	(5,994)	(5,576)	(5,702)	(6,930)
Other	(196)	(365)	(559)	(866)	(61)	(80)	65
Net change in plan fiduciary net position	\$ (439,468)	\$ 124,478	\$ 151,594	\$ 542,978	\$ (338,136)	\$ (122,837)	\$ 769,782
Plan fiduciary net position - beginning	9,133,647	9,009,169	8,857,575	8,314,597	8,652,733	8,775,570	8,005,788
Plan fiduciary net position - ending (b)	\$ 8,694,179	\$ 9,133,647	\$ 9,009,169	\$ 8,857,575	\$ 8,314,597	\$ 8,652,733	\$ 8,775,570
School Division's net pension liability - ending (a) - (b)	\$ 4,472,713	\$ 4,005,588	\$ 3,825,382	\$ 3,570,047	\$ 4,055,263	\$ 4,090,463	\$ 3,859,365
Plan fiduciary net position as a percentage of the total pension liability	66.03%	69.51%	70.19%	71.27%	67.22%	67.90%	69.45%
Covered payroll	\$ 1,609,045	\$ 1,542,918	\$ 1,479,309	\$ 1,584,431	\$ 1,629,068	\$ 1,669,474	\$ 1,700,246
School Division's net pension liability as a percentage of covered payroll	277.97%	259.61%	258.59%	225.32%	248.93%	245.02%	226.99%

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

County of Wise, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2012 through June 30, 2021

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)
Primary Government					
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%
2014	1,130,659	791,968	338,691	10,140,435	7.81%
2013	1,054,605	738,696	315,909	9,458,338	7.81%
2012	666,270	666,270	-	9,215,355	7.23%
Component Unit School Board (nonprofessional)					
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%
2014	275,950	205,764	70,186	1,700,246	12.10%
2013	271,233	202,380	68,853	1,671,183	12.11%
2012	202,132	202,132	-	1,669,133	12.11%
Component Unit School Board (professional)					
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%
2014	4,914,272	4,914,272	-	29,497,431	16.66%
2013	5,360,684	5,360,684	-	28,273,650	18.96%
2012	3,638,140	3,638,140	-	29,796,396	12.21%

*The difference relates to the County and School Board using an agreed upon reduced rate from the VRS. This amount will impact the calculation of the net pension liability in the next fiscal year.

County of Wise, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

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

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

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

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

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

Component Unit School Board - Professional Employees

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

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, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 112,165	\$ 112,683	\$ 100,176	\$ 100,914
Interest	53,397	71,745	70,754	73,033
Changes in assumptions	66,523	218,163	59,374	(9,205)
Differences between expected and actual experience	(245,501)	(359,332)	57,222	(280,453)
Benefit payments	(75,408)	(83,086)	(85,382)	(105,155)
Net change in total OPEB liability	\$ (88,824)	\$ (39,827)	\$ 202,144	\$ (220,866)
Total OPEB liability - beginning	1,932,685	1,972,512	1,770,368	1,991,234
Total OPEB liability - ending	\$ 1,843,861	\$ 1,932,685	\$ 1,972,512	\$ 1,770,368
 County's covered payroll	 \$ 11,692,249	 \$ 11,224,552	 N/A	 N/A
 County's total OPEB liability (asset) as a percentage of covered payroll	 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, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 647,736	\$ 471,052	\$ 432,303	\$ 435,248
Interest	250,331	313,286	329,685	307,380
Changes in assumptions	292,417	1,218,609	243,583	(28,197)
Differences between expected and actual experience	(1,155,123)	(1,325,960)	(215,851)	(361,926)
Benefit payments	(297,695)	(437,012)	(406,775)	(426,552)
Net change in total OPEB liability	\$ (262,334)	\$ 239,975	\$ 382,945	\$ (74,047)
Total OPEB liability - beginning	8,911,073	8,671,098	8,288,153	8,362,200
Total OPEB liability - ending	\$ 8,648,739	\$ 8,911,073	\$ 8,671,098	\$ 8,288,153
 School Board's covered payroll	 \$ 36,418,070	 \$ 30,676,023	 \$ 30,775,590	 \$ 29,734,870
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 23.7%	 29.0%	 28.2%	 27.9%

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, 2021

Valuation Date: 7/1/2020
Measurement Date: 6/30/2021

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	2.19%
Inflation	2.50%
Healthcare Trend Rate	Medical rates start at 7.50% and decrease by varying amounts 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 2019.

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, 2020

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)
Primary Government:					
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%
Component Unit School Board (nonprofessional):					
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%
Component Unit School Board (professional):					
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, 2012 through June 30, 2021

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)
Primary Government:					
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%
Component Unit School Board (nonprofessional):					
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%
2014	8,161	8,161	-	1,700,245	0.48%
2013	8,022	8,022	-	1,671,251	0.48%
2012	4,712	4,712	-	1,682,775	0.28%
Component Unit School Board (professional):					
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%
2014	141,665	141,665	-	29,513,563	0.48%
2013	135,711	135,711	-	28,273,180	0.48%
2012	83,652	83,652	-	29,875,563	0.28%

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, 2021

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 2,532	\$ 2,478	\$ 2,000	\$ 3,000
Interest	15,703	16,439	16,000	17,000
Differences between expected and actual experience	4,112	(5,857)	15,000	-
Changes in assumptions	16,593	4,881	-	(3,000)
Benefit payments	(28,884)	(22,858)	(25,000)	(17,000)
Other changes	-	-	-	(1,000)
Net change in total HIC OPEB liability	\$ 10,056	\$ (4,917)	\$ 8,000	\$ (1,000)
Total HIC OPEB Liability - beginning	247,083	252,000	244,000	245,000
Total HIC OPEB Liability - ending (a)	\$ 257,139	\$ 247,083	\$ 252,000	\$ 244,000
Plan fiduciary net position				
Contributions - employer	\$ 7,080	\$ 6,789	\$ 5,000	\$ 5,000
Net investment income	3,497	11,293	13,000	21,000
Benefit payments	(28,884)	(22,858)	(25,000)	(17,000)
Administrator charges	(310)	(751)	-	-
Other	(2)	(13)	(1,000)	1,000
Net change in plan fiduciary net position	\$ (18,619)	\$ (5,540)	\$ (8,000)	\$ 10,000
Plan fiduciary net position - beginning	182,460	188,000	196,000	186,000
Plan fiduciary net position - ending (b)	\$ 163,841	\$ 182,460	\$ 188,000	\$ 196,000
School Board (Nonprofessional)'s net HIC OPEB liability - ending (a) - (b)	\$ 93,298	\$ 64,623	\$ 64,000	\$ 48,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	63.72%	73.85%	74.60%	80.33%
Covered payroll	\$ 1,609,045	\$ 1,542,918	\$ 1,479,309	\$ 1,584,431
School Board (Nonprofessional)'s net HIC OPEB liability as a percentage of covered payroll	5.80%	4.19%	4.33%	3.03%

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, 2012 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
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%
2014	6,800	6,800	-	1,700,245	0.40%
2013	6,690	6,690	-	1,672,583	0.40%
2012	7,177	7,177	-	1,669,133	0.43%

County of Wise, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Non-Largest Ten Locality Employers - General Employees

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

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 2020

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)
				(5)	
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, 2012 through June 30, 2021

Date	Contractually	Contributions in	Contribution	Employer's	Contributions
	Required	Relation to	Deficiency	Covered	as a % of
	Contribution	Contractually	(Excess)	Payroll	Covered
	(1)	Required	(3)	(4)	Payroll
		Contribution			(5)
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%
2014	327,600	327,600	-	29,513,563	1.11%
2013	313,527	313,527	-	28,245,719	1.11%
2012	178,624	178,624	-	29,770,762	0.60%

County of Wise, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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

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 2020

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)
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, 2021

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)
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, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Other Supplementary Information

County of Wise, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds		Capital Projects	
	Forfeited Assets Fund	Fund	Fund	Total
ASSETS				
Cash and cash equivalents	\$ 153,073	\$ 67,484	\$ 220,557	
Investments	-	227,889	227,889	
Total assets	\$ 153,073	\$ 295,373	\$ 448,446	
LIABILITIES				
Accounts payable	\$ 6,546	\$ -	\$ 6,546	
Due to other funds	-	137,312	137,312	
Total liabilities	\$ 6,546	\$ 137,312	\$ 143,858	
FUND BALANCES				
Restricted:				
Capital Projects	\$ -	\$ 158,061	\$ 158,061	
Asset forfeiture funds	146,527	-	146,527	
Total fund balances	\$ 146,527	\$ 158,061	\$ 304,588	
Total liabilities and fund balances	\$ 153,073	\$ 295,373	\$ 448,446	

County of Wise, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds		
	Forfeited Assets Fund	Capital Projects Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 26	\$ -	\$ 26
Charges for services	-	13,208	13,208
Miscellaneous	70,829	-	70,829
Intergovernmental:			
Commonwealth	7,006	-	7,006
Federal	-	463,041	463,041
Total revenues	<u>\$ 77,861</u>	<u>\$ 476,249</u>	<u>\$ 554,110</u>
EXPENDITURES			
Current:			
Public safety	\$ 97,838	\$ -	\$ 97,838
Capital projects	-	600,353	600,353
Total expenditures	<u>\$ 97,838</u>	<u>\$ 600,353</u>	<u>\$ 698,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,977)</u>	<u>\$ (124,104)</u>	<u>\$ (144,081)</u>
Net change in fund balances	\$ (19,977)	\$ (124,104)	\$ (144,081)
Fund balances - beginning	166,504	282,165	448,669
Fund balances - ending	<u>\$ 146,527</u>	<u>\$ 158,061</u>	<u>\$ 304,588</u>

County of Wise, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds			
	Special Welfare Fund	Local Sales Tax Fund	Lonesome Pine Youth Services Fund	Total
ASSETS				
Cash and cash equivalents	\$ 119,324	\$ -	\$ 38,773	\$ 158,097
Accounts receivable	-	115,587	-	115,587
Total assets	<u>\$ 119,324</u>	<u>\$ 115,587</u>	<u>\$ 38,773</u>	<u>\$ 273,684</u>
LIABILITIES				
Due to other local governments	\$ 82,447	\$ 115,587	\$ 52,982	\$ 251,016
Due to DSS clients	21,770	-	-	21,770
Total liabilities	<u>\$ 104,217</u>	<u>\$ 115,587</u>	<u>\$ 52,982</u>	<u>\$ 272,786</u>
NET POSITION				
Restricted:				
Special Welfare	\$ 15,107	\$ -	\$ -	\$ 15,107
Lonesome Pine Youth Services	-	-	(14,209)	(14,209)
Total net position	<u>\$ 15,107</u>	<u>\$ -</u>	<u>\$ (14,209)</u>	<u>\$ 898</u>

County of Wise, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds			
	Special Welfare <u>Fund</u>	Local Sales Tax <u>Fund</u>	Lonesome Pine Youth Services <u>Fund</u>	<u>Total</u>
Additions				
Contributions:				
Expenditure reimbursement	\$ 77,690	\$ -	\$ -	\$ 77,690
Sales tax collection for other governments	-	115,587	-	115,587
Grants	-	-	86,077	86,077
Total contributions	<u>\$ 77,690</u>	<u>\$ 115,587</u>	<u>\$ 86,077</u>	<u>\$ 279,354</u>
Deductions				
Special welfare payments	\$ 109,624	\$ -	\$ -	\$ 109,624
Payments of sales tax to other governments	-	115,587	-	115,587
Salaries and fringes	-	-	78,661	78,661
Total deductions	<u>\$ 109,624</u>	<u>\$ 115,587</u>	<u>\$ 78,661</u>	<u>\$ 303,872</u>
Net increase (decrease) in fiduciary net position	\$ (31,934)	\$ -	\$ 7,416	\$ (24,518)
Net position, beginning - as restated	47,041	-	(21,625)	25,416
Net position, ending	<u>\$ 15,107</u>	<u>\$ -</u>	<u>\$ (14,209)</u>	<u>\$ 898</u>

County of Wise, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating Fund	School Activity Fund	School Cafeteria Fund	School Capital Projects Fund	Total
ASSETS					
Cash and cash equivalents	\$ 1,016,266	\$ 1,985,443	\$ 2,046,059	\$ 277,609	\$ 5,325,377
Investments	723,538	-	739,860	-	1,463,398
Receivables (net of allowance for uncollectibles):					
Accounts receivable	180,145	3,382	4,646	-	188,173
Due from other governmental units	3,358,193	-	826,661	-	4,184,854
Prepaid items	877,760	4,775	-	-	882,535
Total assets	<u>\$ 6,155,902</u>	<u>\$ 1,993,600</u>	<u>\$ 3,617,226</u>	<u>\$ 277,609</u>	<u>\$ 12,044,337</u>
LIABILITIES					
Accounts payable	\$ 941,547	\$ -	54,267	\$ -	\$ 995,814
Salaries payable	538,361	-	56,653	-	595,014
Due to primary government	2,079,197	-	-	277,609	2,356,806
Total liabilities	<u>\$ 3,559,105</u>	<u>\$ -</u>	<u>\$ 110,920</u>	<u>\$ 277,609</u>	<u>\$ 3,947,634</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 877,760	\$ 4,775	\$ -	\$ -	\$ 882,535
Restricted:					
School cafeteria	-	-	3,506,306	-	3,506,306
Committed:					
Textbooks	1,719,037	-	-	-	1,719,037
School Activity Funds	-	1,988,825	-	-	1,988,825
Total fund balances	<u>\$ 2,596,797</u>	<u>\$ 1,993,600</u>	<u>\$ 3,506,306</u>	<u>\$ -</u>	<u>\$ 8,096,703</u>
Total liabilities and fund balances	<u>\$ 6,155,902</u>	<u>\$ 1,993,600</u>	<u>\$ 3,617,226</u>	<u>\$ 277,609</u>	<u>\$ 12,044,337</u>

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

Total fund balances per above \$ 8,096,703

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

Land	\$ 2,003,463	
Construction in progress	110,151	
Buildings and improvements	23,927,265	
Machinery and equipment	<u>3,281,786</u>	29,322,665

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

Pension related items	\$ 13,473,402	
OPEB related items	<u>2,379,584</u>	15,852,986

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

Net pension liability	\$ (52,911,129)	
Net OPEB liabilities	(15,468,278)	
Compensated absences	<u>(339,115)</u>	(68,718,522)

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

Pension related items	\$ (5,655,574)	
OPEB related items	<u>(2,875,373)</u>	(8,530,947)

Net position of governmental activities

\$ (23,977,115)

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, 2021

	School Operating Fund	School Activity Fund	School Cafeteria Fund	School Capital Projects Fund	Total
REVENUES					
Revenue from the use of money and property	\$ 9,995	\$ -	\$ 6,836	\$ -	\$ 16,831
Charges for services	321,367	1,008,063	37,174	-	1,366,604
Miscellaneous	211,099	-	28,500	-	239,599
Recovered costs	1,204,239	-	-	-	1,204,239
Intergovernmental:					
Local government	14,378,513	-	-	338,253	14,716,766
Commonwealth	42,584,478	-	41,340	362,000	42,987,818
Federal	9,500,426	-	4,167,285	-	13,667,711
Total revenues	<u>\$ 68,210,117</u>	<u>\$ 1,008,063</u>	<u>\$ 4,281,135</u>	<u>\$ 700,253</u>	<u>\$ 74,199,568</u>
EXPENDITURES					
Current:					
Education	\$ 62,164,023	\$ 1,744,808	\$ 3,176,523	\$ -	\$ 67,085,354
Capital projects	-	-	-	700,253	700,253
Debt service:					
Principal retirement	2,120,000	-	-	-	2,120,000
Interest and other fiscal charges	2,581,233	-	-	-	2,581,233
Total expenditures	<u>\$ 66,865,256</u>	<u>\$ 1,744,808</u>	<u>\$ 3,176,523</u>	<u>\$ 700,253</u>	<u>\$ 72,486,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,344,861</u>	<u>\$ (736,745)</u>	<u>\$ 1,104,612</u>	<u>\$ -</u>	<u>\$ 1,712,728</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 675,022	\$ -	\$ -	\$ 675,022
Transfers out	(675,022)	-	-	-	(675,022)
Total other financing sources (uses)	<u>\$ (675,022)</u>	<u>\$ 675,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 669,839	\$ (61,723)	\$ 1,104,612	\$ -	\$ 1,712,728
Fund balances - beginning, as restated	1,926,958	2,055,323	2,401,694	-	6,383,975
Fund balances - ending	<u>\$ 2,596,797</u>	<u>\$ 1,993,600</u>	<u>\$ 3,506,306</u>	<u>\$ -</u>	<u>\$ 8,096,703</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					\$ 1,712,728
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.					
Capital asset additions				\$ 1,870,718	
Depreciation in current year				<u>(2,204,438)</u>	(333,720)
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				\$ (21,628)	
Changes in pension related items				865,330	
Changes in OPEB related items				<u>(216,680)</u>	627,022
Change in net position of governmental activities					<u>\$ 2,006,030</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, 2021

	School Operating Fund				School Cafeteria Fund				School Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final		
REVENUES												
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 9,995	\$ (5)	\$ -	\$ -	\$ 6,836	\$ 6,836	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	321,367	321,367	484,874	484,874	37,174	(447,700)	-	-	-	-
Miscellaneous	180,000	180,000	211,099	31,099	-	-	28,500	28,500	-	-	-	-
Recovered costs	1,495,700	1,495,700	1,204,239	(291,461)	-	-	-	-	-	-	-	-
Intergovernmental:												
Local government	11,474,947	11,474,947	14,378,513	2,903,566	-	-	-	-	-	-	338,253	338,253
Commonwealth	43,088,569	43,088,569	42,584,478	(504,091)	32,056	32,056	41,340	9,284	-	-	362,000	362,000
Federal	8,170,354	8,170,354	9,500,426	1,330,072	2,400,000	2,400,000	4,167,285	1,767,285	-	-	-	-
Total revenues	\$ 64,419,570	\$ 64,419,570	\$ 68,210,117	\$ 3,790,547	\$ 2,916,930	\$ 2,916,930	\$ 4,281,135	\$ 1,364,205	\$ -	\$ -	\$ 700,253	\$ 700,253
EXPENDITURES												
Current:												
Education	\$ 65,043,500	\$ 65,043,500	\$ 62,164,023	\$ 2,879,477	\$ 2,943,000	\$ 2,943,000	\$ 3,176,523	\$ (233,523)	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-	-	-	-	700,253	(700,253)
Debt service:												
Principal retirement	-	-	2,120,000	(2,120,000)	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	2,581,233	(2,581,233)	-	-	-	-	-	-	-	-
Total expenditures	\$ 65,043,500	\$ 65,043,500	\$ 66,865,256	\$ (1,821,756)	\$ 2,943,000	\$ 2,943,000	\$ 3,176,523	\$ (233,523)	\$ -	\$ -	\$ 700,253	\$ (700,253)
Excess (deficiency) of revenues over (under) expenditures	\$ (623,930)	\$ (623,930)	\$ 1,344,861	\$ 1,968,791	\$ (26,070)	\$ (26,070)	\$ 1,104,612	\$ 1,130,682	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)												
Transfers out	\$ -	\$ -	\$ (675,022)	\$ (675,022)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (623,930)	\$ (623,930)	\$ 669,839	\$ 1,293,769	\$ (26,070)	\$ (26,070)	\$ 1,104,612	\$ 1,130,682	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	623,930	623,930	1,926,958	1,303,028	26,070	26,070	2,401,694	2,375,624	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 2,596,797	\$ 2,596,797	\$ -	\$ -	\$ 3,506,306	\$ 3,506,306	\$ -	\$ -	\$ -	\$ -

SUPPORTING SCHEDULES

County of Wise, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 12,485,161	\$ 12,485,161	\$ 12,585,175	\$ 100,014
Real and Personal PSC Tax	9,900,000	9,900,000	10,012,266	112,266
Personal Property Tax	4,093,757	4,093,757	4,525,828	432,071
Mobile Home Tax	166,637	166,637	190,923	24,286
Machinery and Tools Tax	578,994	578,994	540,934	(38,060)
Merchants Capital Tax	775,456	775,456	725,808	(49,648)
DMV stops/administration fees	213,882	215,363	265,915	50,552
Penalties	217,695	217,695	230,505	12,810
Interest	103,337	103,337	144,886	41,549
Total general property taxes	<u>\$ 28,534,919</u>	<u>\$ 28,536,400</u>	<u>\$ 29,222,240</u>	<u>\$ 685,840</u>
Other local taxes:				
Local Sales and Use Tax	\$ 2,908,922	\$ 2,908,922	\$ 3,072,015	\$ 163,093
Consumers' Utility Tax	471,782	471,782	468,338	(3,444)
Consumption Tax	95,284	95,284	89,110	(6,174)
Coal Severance Tax	1,165,237	1,165,237	549,852	(615,385)
Utility License Tax	26,327	26,327	19,113	(7,214)
Transient Occupancy Tax	28,859	28,859	56,303	27,444
Bank Stock Tax	18,580	18,580	20,972	2,392
Moped Sales Tax	20,212	20,212	22,441	2,229
Taxes on Recordation and Wills	193,046	193,046	155,371	(37,675)
Total other local taxes	<u>\$ 4,928,249</u>	<u>\$ 4,928,249</u>	<u>\$ 4,453,515</u>	<u>\$ (474,734)</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 20,527	\$ 20,527	\$ 27,488	\$ 6,961
Zoning permits	2,800	2,800	1,075	(1,725)
Animal licenses	8,410	8,410	5,524	(2,886)
Land use application fees	-	-	2,251	2,251
Erosion and sediment permits	1,950	1,950	200	(1,750)
Total permits, privilege fees, and regulatory licenses	<u>\$ 33,687</u>	<u>\$ 33,687</u>	<u>\$ 36,538</u>	<u>\$ 2,851</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 39,408	\$ 39,408	\$ 49,007	\$ 9,599
Revenue from use of money and property:				
Revenue from use of money	\$ 300,000	\$ 300,000	\$ 55,391	\$ (244,609)
Revenue from use of property	73,000	73,000	72,510	(490)
Total revenue from use of money and property	<u>\$ 373,000</u>	<u>\$ 373,000</u>	<u>\$ 127,901</u>	<u>\$ (245,099)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 3,395	\$ 3,395	\$ 5,820	\$ 2,425
Excess Fees of Clerk	948	948	1,112	164
Charges for electronic summons	-	-	7,902	7,902
Charges for Community Corrections	12,135	12,135	12,135	-
Courthouse maintenance fees	11,249	11,249	15,615	4,366
Court recording fees	7,869	7,869	5,299	(2,570)
Court appointed attorney	82	82	-	(82)
Charges for Commonwealth's Attorney	3,990	3,990	3,242	(748)
Other Charges for Services	675	675	1,837	1,162
Total charges for services	<u>\$ 40,343</u>	<u>\$ 40,343</u>	<u>\$ 52,962</u>	<u>\$ 12,619</u>

County of Wise, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous revenue	\$ 244,711	\$ 637,903	\$ 279,367	\$ (358,536)
Recovered costs:				
Recovered costs - City of Norton shared services	\$ 250,035	\$ 250,035	\$ 271,913	\$ 21,878
Recovered costs - Pre-trial services	240,000	240,000	240,000	-
Recovered costs - Social Services	190,345	190,345	103,349	(86,996)
Recovered costs - Health Department	-	-	52,970	52,970
Recovered costs - other	103,608	103,608	41,224	(62,384)
Total recovered costs	\$ 783,988	\$ 783,988	\$ 709,456	\$ (74,532)
Total revenue from local sources	\$ 34,978,305	\$ 35,372,978	\$ 34,930,986	\$ (441,992)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 138,363	\$ 138,363	\$ 132,168	\$ (6,195)
Mobile home titling tax	107,834	107,834	80,386	(27,448)
Motor vehicle rental tax	5,355	5,355	8,613	3,258
Payment in Lieu Taxes	21,741	21,741	14,568	(7,173)
State recordation tax	31,251	31,251	(170)	(31,421)
Communications tax	795,843	795,843	727,998	(67,845)
Personal property tax relief act funds	1,380,233	1,380,233	1,380,233	-
Total noncategorical aid	\$ 2,480,620	\$ 2,480,620	\$ 2,343,796	\$ (136,824)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 790,106	\$ 790,106	\$ 788,597	\$ (1,509)
Sheriff	2,253,465	2,253,465	2,266,873	13,408
Commissioner of revenue	207,257	207,257	207,207	(50)
Treasurer	168,379	168,379	171,515	3,136
Registrar/electoral board	42,436	42,436	45,753	3,317
Clerk of the Circuit Court	526,085	638,459	582,662	(55,797)
Total Shared Expenses	\$ 3,987,728	\$ 4,100,102	\$ 4,062,607	\$ (37,495)
Other categorical aid:				
Victim witness grant	\$ 22,611	\$ 22,611	\$ 28,588	\$ 5,977
Domestic Violence Grant	11,250	11,250	22,500	11,250
Pre-trial services grant	-	40,463	20,384	(20,079)
SW VA Corrections grant	1,259,410	1,259,410	1,259,410	-
Law enforcement grants	-	26,995	186,167	159,172
Drug court grant	65,000	65,000	52,256	(12,744)
Four for life grant	32,608	32,608	33,273	665
Emergency services grants	43,000	43,000	-	(43,000)
Hazmat mitigation	45,183	45,183	90,992	45,809
Fire Program Funds	97,071	97,071	101,571	4,500
Library grants	14,500	24,500	14,500	(10,000)
Public assistance and welfare administration	3,542,032	3,542,032	3,353,143	(188,889)
Comprehensive services act	1,924,707	1,924,707	1,216,937	(707,770)

County of Wise, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Games of skill distribution	\$ -	\$ -	\$ 6,624	\$ 6,624
School resource officer	-	-	358,043	358,043
CDBG state grants	668	193,197	-	(193,197)
Juror reimbursement	905	905	-	(905)
CCRP circuit court	-	9,615	9,615	-
VDH grant	-	-	9,158	9,158
Sheriff grants	213,464	213,464	239,786	26,322
Total other categorical aid	\$ 7,272,409	\$ 7,552,011	\$ 7,002,947	\$ (549,064)
Total categorical aid	\$ 11,260,137	\$ 11,652,113	\$ 11,065,554	\$ (586,559)
Total revenue from the Commonwealth	\$ 13,740,757	\$ 14,132,733	\$ 13,409,350	\$ (723,383)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of tax	\$ 93,423	\$ 93,423	\$ 95,853	\$ 2,430
Categorical aid:				
DMV ground transportation safety grant	\$ 267,965	\$ 554,779	\$ 378,999	\$ (175,780)
Law enforcement grants	400,000	553,817	22,593	(531,224)
Crime victim assistance	67,833	67,833	76,177	8,344
Violence against women grant	18,713	18,713	18,713	-
COVID-19 CARES Funds	-	6,598,158	6,275,036	(323,122)
EPA grants	-	-	12,385	12,385
Public assistance	4,891,377	4,891,377	5,380,244	488,867
HAVA - Election Security	-	60,730	31,568	(29,162)
CESF grant	-	-	57,783	57,783
HITDA	-	-	34,833	34,833
VOCA	-	-	50,215	50,215
Total categorical aid	\$ 5,645,888	\$ 12,745,407	\$ 12,338,546	\$ (406,861)
Total revenue from the federal government	\$ 5,739,311	\$ 12,838,830	\$ 12,434,399	\$ (404,431)
Total General Fund	\$ 54,458,373	\$ 62,344,541	\$ 60,774,735	\$ (1,569,806)
Special Revenue Funds:				
Coal Road Improvement Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road taxes	\$ -	\$ -	\$ 499,246	\$ 499,246
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8,693	\$ 8,693
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 79,833	\$ 79,833
Total revenue from local sources	\$ -	\$ -	\$ 587,772	\$ 587,772
Total Coal Road Improvement Fund	\$ -	\$ -	\$ 587,772	\$ 587,772

County of Wise, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 26	\$ 26
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 70,829	\$ 70,829
Total revenue from local sources	\$ -	\$ -	\$ 70,855	\$ 70,855
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ -	\$ 7,006	\$ 7,006
Total Forfeited Assets Fund	\$ -	\$ -	\$ 77,861	\$ 77,861
Nonmajor Capital Projects Funds:				
Capital Projects Fund:				
Revenue from local sources:				
Charges for services:				
Charges for courthouse mainenance	\$ -	\$ -	\$ 13,208	\$ 13,208
Revenue from the federal government:				
Categorical aid:				
CDBG	\$ -	\$ -	\$ 221,179	\$ 221,179
EPA	-	-	241,862	241,862
Total categorical aid	\$ -	\$ -	\$ 463,041	\$ 463,041
Total revenue from the federal government	\$ -	\$ -	\$ 463,041	\$ 463,041
Total Capital Projects Fund	\$ -	\$ -	\$ 476,249	\$ 476,249
Total Primary Government	\$ 54,458,373	\$ 62,344,541	\$ 61,916,617	\$ (427,924)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,000	\$ 10,000	\$ 8,305	\$ (1,695)
Revenue from the use of property	-	-	1,690	1,690
Total revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 9,995	\$ (5)
Charges for services:				
Tuition and payments from other divisions	\$ -	\$ -	\$ 321,367	\$ 321,367
Miscellaneous revenue:				
Other miscellaneous	\$ 180,000	\$ 180,000	\$ 211,099	\$ 31,099
Recovered costs:				
ERATE reimbursements	\$ 200,000	\$ 200,000	\$ 198,639	\$ (1,361)
Other recovered costs	1,295,700	1,295,700	1,005,600	(290,100)
Total recovered costs	\$ 1,495,700	\$ 1,495,700	\$ 1,204,239	\$ (291,461)
Total revenue from local sources	\$ 1,685,700	\$ 1,685,700	\$ 1,746,700	\$ 61,000

County of Wise, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Wise, Virginia	\$ 11,474,947	\$ 11,474,947	\$ 14,378,513	\$ 2,903,566
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,367,374	\$ 6,367,374	\$ 6,808,201	\$ 440,827
Basic Aid	20,633,070	20,633,070	20,267,683	(365,387)
Remedial summer education	78,156	78,156	117,650	39,494
Regular foster care	-	-	8,241	8,241
Special education	1,997,163	1,997,163	1,968,705	(28,458)
Alternative education	365,544	365,544	354,866	(10,678)
Algebra readiness	120,274	120,274	131,610	11,336
Mentor teacher program	-	-	2,451	2,451
Social security fringe benefits	1,261,366	1,261,366	1,239,408	(21,958)
Group life fringe benefits	88,942	88,942	87,675	(1,267)
Retirement fringe benefits	2,943,188	2,943,188	2,889,294	(53,894)
Governor's School	34,000	34,000	33,930	(70)
Early reading intervention	197,958	197,958	195,246	(2,712)
Adult education	52,539	52,539	86,632	34,093
Homebound education	86,360	86,360	18,982	(67,378)
Vocation education	945,416	945,416	939,498	(5,918)
At risk payments	1,999,512	1,999,512	1,705,514	(293,998)
Primary class size	1,242,676	1,242,676	1,231,221	(11,455)
VPSA technology	362,000	362,000	37,786	(324,214)
At risk 4 year olds	806,865	806,865	855,813	48,948
English as a second language	-	-	8,530	8,530
Textbook/lottery payments	434,484	434,484	428,293	(6,191)
GED prep program	-	-	25,159	25,159
Gifted and talented	214,271	214,271	211,217	(3,054)
Remedial education	836,868	836,868	824,943	(11,925)
Teacher salary incentive	-	-	322,762	322,762
Project graduation	4,012	4,012	4,012	-
Salary supplement	538,728	538,728	-	(538,728)
Other state funds	4,012	4,012	95,470	91,458
Lottery support for schools	1,473,791	1,473,791	1,661,915	188,124
Special Education- jail program	-	-	16,585	16,585
School security equipment grant	-	-	5,186	5,186
Total categorical aid	\$ 43,088,569	\$ 43,088,569	\$ 42,584,478	\$ (504,091)
Total revenue from the Commonwealth	\$ 43,088,569	\$ 43,088,569	\$ 42,584,478	\$ (504,091)

County of Wise, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
QSCB federal interest subsidy	\$ -	\$ -	\$ 601,160	\$ 601,160
Categorical aid:				
Title I	\$ 2,920,000	\$ 2,920,000	\$ 2,034,212	\$ (885,788)
Special education	1,320,354	1,320,354	1,254,796	(65,558)
Title VI-B, preschool	30,000	30,000	39,422	9,422
Vocational education	120,000	120,000	163,547	43,547
Improving teacher quality	400,000	400,000	419,594	19,594
Title VI rural education	-	-	70,800	70,800
ESSER	3,000,000	3,000,000	4,196,830	1,196,830
Adult literacy	375,000	375,000	291,909	(83,091)
Title IV Part A 84.424	-	-	117,844	117,844
TANF	-	-	263,697	263,697
Forest reserve	5,000	5,000	46,615	41,615
Total categorical aid	\$ 8,170,354	\$ 8,170,354	\$ 8,899,266	\$ 728,912
Total revenue from the federal government	\$ 8,170,354	\$ 8,170,354	\$ 9,500,426	\$ 1,330,072
Total School Operating Fund	\$ 64,419,570	\$ 64,419,570	\$ 68,210,117	\$ 3,790,547
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 6,836	\$ 6,836
Charges for services:				
Cafeteria sales	\$ 484,874	\$ 484,874	\$ 37,174	\$ (447,700)
Miscellaneous revenue:				
Rebates and refunds	\$ -	\$ -	\$ 28,500	\$ 28,500
Total revenue from local sources	\$ 484,874	\$ 484,874	\$ 72,510	\$ (412,364)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 32,056	\$ 32,056	\$ 41,340	\$ 9,284
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,400,000	\$ 2,400,000	\$ 4,167,285	\$ 1,767,285
Total revenue from the federal government	\$ 2,400,000	\$ 2,400,000	\$ 4,167,285	\$ 1,767,285
Total School Cafeteria Fund	\$ 2,916,930	\$ 2,916,930	\$ 4,281,135	\$ 1,364,205

County of Wise, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Capital Projects Fund:				
School Capital Projects Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Wise, Virginia	\$ -	\$ -	\$ 338,253	\$ 338,253
Revenue from the Commonwealth:				
Categorical aid:				
VPSA technology grant	\$ -	\$ -	\$ 362,000	\$ 362,000
Total School Capital Projects Fund	\$ -	\$ -	\$ 700,253	\$ 700,253
Total Discretely Presented Component Unit - School Board	\$ 67,336,500	\$ 67,336,500	\$ 73,191,505	\$ 5,855,005

County of Wise, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 346,650	\$ 346,650	\$ 371,725	\$ (25,075)
General and financial administration:				
County Administrator	\$ 799,295	\$ 799,295	\$ 773,937	\$ 25,358
Legal services	182,957	182,957	203,884	(20,927)
Commissioner of Revenue	781,365	781,365	775,277	6,088
Assessor	130,696	130,696	139,781	(9,085)
Treasurer	721,300	744,852	744,033	819
Data Processing	245,926	245,927	232,339	13,588
GIS	364,825	492,494	400,663	91,831
Total general and financial administration	\$ 3,226,364	\$ 3,377,586	\$ 3,269,914	\$ 107,672
Board of elections:				
Electoral Board	\$ 16,496	\$ 16,496	\$ 10,284	\$ 6,212
Registrar	360,875	421,605	368,255	53,350
Total board of elections	\$ 377,371	\$ 438,101	\$ 378,539	\$ 59,562
Total general government administration	\$ 3,950,385	\$ 4,162,337	\$ 4,020,178	\$ 142,159
Judicial administration:				
Courts:				
Circuit court	\$ 184,662	\$ 117,351	\$ 131,542	\$ (14,191)
General district court	16,850	16,850	10,941	5,909
Juvenile and domestic court clerk	8,575	8,575	6,711	1,864
Juvenile and domestic relations court	652,370	652,370	576,504	75,866
Clerk of the circuit court	975,814	1,097,804	1,090,486	7,318
Sheriff - court services	770,148	770,148	501,618	268,530
Magistrate	3,506	3,506	3,629	(123)
Victim witness	98,663	98,663	103,129	(4,466)
Drug court	15,000	82,311	68,760	13,551
Law library	10,000	10,000	2,498	7,502
Total courts	\$ 2,735,588	\$ 2,857,578	\$ 2,495,818	\$ 361,760
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 1,310,497	\$ 1,310,497	\$ 1,353,664	\$ (43,167)
Total judicial administration	\$ 4,046,085	\$ 4,168,075	\$ 3,849,482	\$ 318,593
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 5,068,921	\$ 7,426,301	\$ 5,712,298	\$ 1,714,003
Dispatcher/E911	1,196,781	1,196,781	1,074,671	122,110
Total law enforcement and traffic control	\$ 6,265,702	\$ 8,623,082	\$ 6,786,969	\$ 1,836,113
Fire and rescue services:				
Volunteer fire departments	\$ 516,230	\$ 516,230	\$ 383,116	\$ 133,114
Ambulance and rescue services	247,500	247,500	248,241	(741)
Total fire and rescue services	\$ 763,730	\$ 763,730	\$ 631,357	\$ 132,373
Correction and detention:				
Southwest Virginia Regional Jail	\$ 3,147,651	\$ 3,147,651	\$ 2,328,751	\$ 818,900
Pre-trial services	869,646	910,109	978,333	(68,224)
SWVA Community Corrections Center	719,964	719,964	743,772	(23,808)
Total correction and detention	\$ 4,737,261	\$ 4,777,724	\$ 4,050,856	\$ 726,868

County of Wise, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building inspector	\$ 172,459	\$ 174,459	\$ 162,211	\$ 12,248
Other protection:				
Animal control	\$ 213,060	\$ 218,060	\$ 190,718	\$ 27,342
Pandemic Response	682,506.00	6,161,702	4,951,151	1,210,551
Emergency services	332,818	696,142	747,036	(50,894)
Total other protection	\$ 1,228,384	\$ 7,075,904	\$ 5,888,905	\$ 1,186,999
Total public safety	\$ 13,167,536	\$ 21,414,899	\$ 17,520,298	\$ 3,894,601
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 1,034,987	\$ 1,160,911	\$ 990,843	\$ 170,068
Health and welfare:				
Health:				
Local health department	\$ 542,623	\$ 542,623	\$ 542,623	\$ -
Behavioral Health and Development Services:				
Mental health	\$ 260,150	\$ 260,150	\$ 260,150	\$ -
Welfare:				
Welfare administration	\$ 9,710,400	\$ 9,710,400	\$ 9,809,215	\$ (98,815)
Comprehensive Services Act	2,374,707	2,374,707	1,873,508	501,199
Youth Service Board	83,800	83,800	83,800	-
Lonesome Pine Office on Youth	23,014	23,014	23,014	-
Total welfare	\$ 12,191,921	\$ 12,191,921	\$ 11,789,537	\$ 402,384
Total health and welfare	\$ 12,994,694	\$ 12,994,694	\$ 12,592,310	\$ 402,384
Education:				
Other instructional costs:				
Contribution to School Board	\$ 16,129,427	\$ 16,129,427	\$ 14,716,766	\$ 1,412,661
Contribution to Community College	53,598	53,598	53,598	-
Total education	\$ 16,183,025	\$ 16,183,025	\$ 14,770,364	\$ 1,412,661
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation Authority	\$ 49,000	\$ 49,000	\$ 44,700	\$ 4,300
Cultural enrichment:				
Cultural organizations	\$ 95,731	\$ 95,731	\$ 67,381	\$ 28,350
Library:				
Regional library	\$ 808,561	\$ 808,561	\$ 822,446	\$ (13,885)
Total parks, recreation, and cultural	\$ 953,292	\$ 953,292	\$ 934,527	\$ 18,765
Community development:				
Planning and community development:				
Economic development	\$ 1,474,155	\$ 1,474,155	\$ 1,544,363	\$ (70,208)
Pandemic response - contributions to Towns	-	1,311,491	1,272,800	38,691
Community development	38,405	58,405	33,986	24,419
Contribution to Housing Authority	10,000	10,000	10,000	-
Contribution to Cumberland Airport Commission	107,500	107,500	107,500	-
Contribution to LENOWISCO	66,684	66,684	66,684	-
Planning Commission	6,500	6,500	5,630	870
Community Project- Transient Occupancy	47,500	47,500	40,951	6,549
Software Engineering Initiative	13,000	13,000	2,000	11,000
Technology Initiative	15,000	15,000	-	15,000
Total planning and community development	\$ 1,778,744	\$ 3,110,235	\$ 3,083,914	\$ 26,321

County of Wise, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Virginia Tech Extension Office	\$ 142,382	\$ 157,251	\$ 11,073	\$ 146,178
Total community development	\$ 1,921,126	\$ 3,267,486	\$ 3,094,987	\$ 172,499
Nondepartmental:				
Nondepartmental	\$ 101,340	\$ 101,340	\$ 91,567	\$ 9,773
Capital projects:				
Capital outlay	\$ -	\$ 120,661	\$ 228,823	\$ (108,162)
Debt service:				
Principal retirement	\$ 647,626	\$ 647,626	\$ 956,910	\$ (309,284)
Interest and other fiscal charges	20,030	20,030	28,950	(8,920)
Total debt service	\$ 667,656	\$ 667,656	\$ 985,860	\$ (318,204)
Total General Fund	\$ 55,020,126	\$ 65,194,376	\$ 59,079,239	\$ 6,115,137
Special Revenue Funds:				
Coal Road Improvement Fund:				
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
Coal road projects	\$ 315,000	\$ 315,000	\$ 235,139	\$ 79,861
Community Development:				
Planning and community development:				
Distribution to Towns	\$ 140,000	\$ 140,000	\$ 90,387	\$ 49,613
Community development	245,000	245,000	403,607	(158,607)
Total planning and community development	\$ 385,000	\$ 385,000	\$ 493,994	\$ (108,994)
Total community development	\$ 385,000	\$ 385,000	\$ 493,994	\$ (108,994)
Total Coal Road Improvement Fund	\$ 700,000	\$ 700,000	\$ 729,133	\$ (29,133)
Forfeited Assets Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ -	\$ -	\$ 97,838	\$ (97,838)
Total Forfeited Asset Fund	\$ -	\$ -	\$ 97,838	\$ (97,838)
Nonmajor Capital Projects Funds:				
Capital Projects Fund:				
Capital Projects:				
Capital projects:				
Community Development	\$ -	\$ -	\$ 600,353	\$ (600,353)
Total Capital Projects Fund	\$ -	\$ -	\$ 600,353	\$ (600,353)
Total Primary Government	\$ 55,720,126	\$ 65,894,376	\$ 60,506,563	\$ 5,387,813

County of Wise, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 3,051,100	\$ 3,051,100	\$ 2,845,171	\$ 205,929
Instruction costs:				
Instructional costs	\$ 48,113,800	\$ 48,113,800	\$ 47,855,602	\$ 258,198
Technology	3,068,000	3,068,000	2,132,321	935,679
Total instruction costs	\$ 51,181,800	\$ 51,181,800	\$ 49,987,923	\$ 1,193,877
Operating costs:				
Pupil transportation	\$ 3,899,100	\$ 3,899,100	\$ 3,130,268	\$ 768,832
Operation and maintenance of school plant	6,411,500	6,411,500	6,200,661	210,839
Facilities	500,000	500,000	-	500,000
Total operating costs	\$ 10,810,600	\$ 10,810,600	\$ 9,330,929	\$ 1,479,671
Total education	\$ 65,043,500	\$ 65,043,500	\$ 62,164,023	\$ 2,879,477
Debt service:				
Principal retirement	\$ -	\$ -	\$ 2,120,000	\$ (2,120,000)
Interest and other fiscal charges	-	-	2,581,233	(2,581,233)
Total debt service	\$ -	\$ -	\$ 4,701,233	\$ (4,701,233)
Total School Operating Fund	\$ 65,043,500	\$ 65,043,500	\$ 66,865,256	\$ (1,821,756)
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 2,943,000	\$ 2,943,000	\$ 3,176,523	\$ (233,523)
Total School Cafeteria Fund	\$ 2,943,000	\$ 2,943,000	\$ 3,176,523	\$ (233,523)
School Capital Projects Fund:				
Capital projects:				
School improvements	\$ -	\$ -	\$ 700,253	\$ (700,253)
Total School Capital Projects Fund	\$ -	\$ -	\$ 700,253	\$ (700,253)
Total Discretely Presented Component Unit - School Board	\$ 67,986,500	\$ 67,986,500	\$ 70,742,032	\$ (2,755,532)

OTHER STATISTICAL INFORMATION

Table 1

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

Fiscal Year	General 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
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
2013-14	3,000,826	2,769,871	9,700,296	2,619,880	10,961,298	18,185,662	1,024,785	4,455,867	793,150	3,998,594	597,251	58,107,480
2012-13	2,513,670	2,917,968	9,558,466	1,379,473	13,967,744	17,014,461	1,050,295	7,652,569	723,949	3,856,656	299,792	60,935,043
2011-12	3,189,330	2,955,941	8,033,901	1,380,443	14,372,186	16,628,227	1,030,994	10,917,533	183,724	3,856,963	277,990	62,827,232

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	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			
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			
2013-14	1,239,369	14,643,641	27,604,620	8,173,503	194,916	171,736	2,749,240	54,777,025			
2012-13	1,114,258	13,711,562	25,491,426	10,143,685	356,140	171,280	6,167,096	57,155,447			
2011-12	1,182,154	13,268,121	26,638,980	16,737,347	423,101	633,049	7,215,291	66,098,043			

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
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
2013-14	3,081,896	2,940,326	9,426,268	2,519,806	10,837,444	80,413,534	990,679	4,439,420	3,888	-	19,059,349	133,712,610
2012-13	3,085,457	2,879,973	9,419,726	3,269,650	13,910,634	63,144,019	1,017,808	7,033,875	27,096	-	19,732,283	123,520,521
2011-12	3,049,267	2,958,240	8,224,502	1,593,160	14,389,802	68,732,735	1,003,598	10,912,901	67,857	-	687,471	111,619,533

(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 Unit.

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
2020-21	\$ 29,222,240	\$ 4,952,761	\$ 36,538	\$ 49,007	\$ 153,451	\$ 1,432,774	\$ 589,795	\$ 1,993,528	\$ 82,144,284	\$ 120,574,378
2019-20	28,400,564	5,555,965	25,580	53,859	497,324	571,893	320,606	2,885,749	66,995,081	105,306,621
2018-19	27,719,402	5,840,209	33,062	50,648	582,617	675,521	723,384	1,866,631	67,091,845	104,583,319
2017-18	28,257,744	5,141,459	32,224	51,381	168,213	742,898	481,650	2,342,583	63,408,132	100,626,284
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
2013-14	27,259,792	8,173,503	52,913	106,243	237,308	1,357,273	819,939	478,379	61,156,088	99,641,438
2012-13	24,182,703	10,143,685	34,091	116,480	372,688	1,299,770	488,317	816,163	64,383,078	101,836,975
2011-12	25,862,730	16,753,643	58,453	66,934	444,372	1,708,891	1,046,635	312,202	65,331,850	111,585,710

(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 Unit.

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
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%
2013-14	27,668,374	26,671,809	96.40%	203,205	26,875,014	97.13%	3,125,435	11.30%
2012-13	25,969,822	25,101,645	96.66%	357,581	25,459,226	98.03%	2,604,089	10.03%
2011-12	25,696,491	24,973,016	97.18%	421,499	25,394,515	98.82%	-	0.00%

(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				Public Service (2)	Total
			Tools	Merchant's Capital	Mobile Homes			
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	
2013-14	1,947,361,669	400,495,555	244,969,850	34,979,151	40,491,360	1,430,798,105	4,099,095,690	
2012-13	2,035,910,348	416,493,632	279,241,765	35,960,355	40,456,220	582,525,325	3,390,587,645	
2011-12	1,783,287,784	414,733,423	305,819,130	35,346,281	41,181,520	590,253,866	3,170,622,004	

(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
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
2013-14		0.60		1.56		1.41		2.85		0.60
2012-13		0.57		1.49		1.41		2.85		0.57
2011-12		0.57		1.49		1.41		2.85		0.57

(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:	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available			
2020-21	36,130	\$ 3,765,885	\$ 47,518,003	\$ -	\$ 47,518,003	1.26%	\$ 1,315
2019-20	41,452	3,790,018	50,063,003	-	50,063,003	1.32%	1,208
2018-19	41,452	3,823,489	52,443,003	-	52,443,003	1.37%	1,265
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	56,508,003	-	56,508,003	1.22%	1,363
2014-15	41,452	4,099,096	57,354,743	-	57,354,743	1.40%	1,384
2013-14	41,452	3,390,588	60,458,615	-	60,458,615	1.78%	1,459
2012-13	41,452	3,390,588	61,891,570	-	61,891,570	1.83%	1,493
2011-12	41,452	3,170,622	60,166,155	-	60,166,155	1.90%	1,451

(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, capital leases, 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
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%
2013-14 (2)	4,359,349	133,712,610	3.26%
2012-13 (2)	5,732,283	123,520,521	4.64%
2011-12	687,471	111,619,533	0.62%

(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, 2021

Legal Debt Limit		
10% of Assessed Value of Taxable Real Estate (Including public utility real estate)	\$	327,232,636
Less: Net bonded debt		<u>(47,518,003)</u>
Legal margin for creation of additional debt	\$	279,714,633

COMPLIANCE SECTION



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***

**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 (School Board and PSA), each major fund, and the aggregate remaining fund information of the County of Wise, Virginia, as of and for the year ended June 30, 2021, 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 November 26, 2021, modified due to exclusion of the Industrial Development Authority (IDA), a discretely presented component unit of the County. Our report includes a reference to other auditors who audited the financial statements of the Public Service Authority (PSA), 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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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*.

County of Wise, Virginia's Response to Finding

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

Purpose of this Report

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

Robinson, Farmer, Cox, Associates
Blacksburg, Virginia
November 26, 2021



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**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Wise, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Wise, Virginia's major federal programs for the year ended June 30, 2021. The 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 Wise County Public Service Authority, which expended \$787,885 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, 2021. Our audit, described below, did not include the operations of the Wise County Public Service Authority because the component unit engaged other auditors to perform an audit of compliance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Wise, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Wise, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Wise, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Wise, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the County of Wise, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Wise, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Wise, Virginia's internal control over compliance.

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

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

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, Jarmon, Cox, Associates
Blacksburg, Virginia
November 26, 2021

County of Wise, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:					
Pass Through Payments:					
Department of Education:					
Temporary Assistance for Needy Families	93.558	40274	\$ 263,697		
Department of Social Services:					
Temporary Assistance for Needy Families	93.558	0400120/0400121	650,226	\$ 913,923	
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119/0950120		46,872	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500121		1,448	
Low-Income Home Energy Assistance	93.568	0600421		101,034	
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120/0760121		128,377	
Chafee Education and Training Vouchers Program (ETV)	93.599	9160119/9160120		773	
Adoption and Legal Guardianship Incentive Payments	93.603	1130119, 1130120		1,182	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121		314	
Foster Care - Title IV-E	93.658	1100120/1100121		652,092	
Adoption Assistance	93.659	1120120/1120121		1,382,642	
Social Services Block Grant	93.667	1000120/1000121		685,960	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120		12,471	
Children's Health Insurance Program	93.767	0540121		8,966	
Medicaid Cluster:					
Medical Assistance Program	93.778	1200120/1200121		726,609	
Total Department of Health and Human Services				\$ 4,662,663	
Department of Agriculture:					
Pass Through Payments:					
Child Nutrition Cluster:					
Virginia Department of Agriculture & Consumer Services:					
Food Distribution-Schools (Note C)	10.555	Not applicable	\$ 124,118		
Department of Education:					
COVID-19 - National School Lunch Program	10.555	40264	56,367		
National School Lunch Program	10.555	40254	3,715	\$ 184,200	
COVID-19 - Summer Food Service Program for Children	10.559	60175, 60176	\$ 1,141,447		
Summer Food Service Program for Children	10.559	60302, 60303	2,806,123	3,947,570	
COVID-19 - School Breakfast Program	10.553	40263	35,515	\$ 4,167,285	
Department of Education:					
Forest Service Schools and Roads Cluster:					
Schools and Roads - Grants to States	10.665	43841		46,615	
Department of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010120/0010121 0040120/0040121		981,278	
Total Department of Agriculture				\$ 5,195,178	
Department of Housing and Urban Development:					
Pass Through Payments:					
Department of Housing and Community Development:					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Not available		\$ 218,679	
Department of Justice:					
Pass Through Payments:					
Department of Criminal Justice Services:					
Violence Against Women Formula Grants	16.588	20WFAX0011		\$ 18,713	
Crime Victim Assistance	16.575	20VAZGX0048		76,177	
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	20VDBX0141		57,783	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18DJBX0728		50,215	
Total Department of Justice				\$ 202,888	
Department of Transportation:					
Pass Through Payments:					
Department of Motor Vehicles:					
Highway Safety Cluster:					
National Priority Safety Programs	20.616	M6OT 19 59229		\$ 22,593	
Department of Treasury:					
Pass Through Payments:					
Department of Accounts:					
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 6,275,036	\$ 2,510,365	
Department of Education:					
COVID-19 - Coronavirus Relief Fund	21.019	70056	916,685	\$ 7,191,721	

County of Wise, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Environmental Protection Agency: Direct Payments: Department of Conservation and Recreation Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	Not applicable	\$ 254,247	
Department of Education: Pass Through Payments: Department of Education: Adult Education - Basic Grants to States Title I Grants to Local Educational Agencies Special Education Cluster (IDEA): Special Education Grants to States Special Education Preschool Grants Career and Technical Education Basic Grants to States Student Support and Academic Enrichment Program Rural Education Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) Education Stabilization Fund: COVID-19 - Elementary and Secondary School Emergency Relief Fund COVID-19 - Governor's Emergency Education Relief Fund	84.002 84.010 84.027 84.173 84.048 84.424 84.358 84.367 84.425D 84.425C	42801, 61111 42901 43071/61110 62521 60031/61095 60281 43481 61480 60177/60041/60042/60172 70037	\$ 291,909 2,034,212 \$ 1,254,796 39,422 1,294,218 163,547 117,844 70,800 419,594 \$ 3,179,525 100,620	 3,280,145
Total Department of Education			\$ 7,672,269	
Department of Homeland Security: Pass Through Payments: Department of Emergency Management: Disaster Grants - Public Assistance (Presidentially Declared Disasters) Homeland Security Grant Program	97.036 97.067	4512 DRVAP000000001 EMV2019-SS-00079-501	\$ 84,859 294,140	
Total Department of Homeland Security			\$ 378,999	
Department of Elections: Pass Through Payments: Department of Elections COVID-19 - HAVA Election Security Grants	90.404	Not available	\$ 31,568	
Executive Office of the President: Pass Through Payments: Appalachia HIDTA High Intensity Drug Trafficking Areas Program	95.001	Unknown	\$ 34,833	
Appalachian Regional Commission: Pass Through Payments: Department of Housing and Community Development Appalachian Area Development	23.002	Not available	\$ 2,500	
Total Expenditures of Federal Awards			\$ 25,868,138	\$ 2,510,365

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, 2021. 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 -- Food Donation:

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, The Wise County School Board had no food commodities in inventory.

Note D -- Donated Items:

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

Note E -- 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 F -- 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	\$ 12,434,399
Capital Projects Fund	463,041
Less: Payment in lieu of taxes	(95,853)
Total primary government:	\$ 12,801,587
Component Unit School Board:	
School Operating Fund	\$ 9,500,426
School Cafeteria Fund	4,167,285
Less: QSCB interest subsidy	(601,160)
Total component unit school board:	\$ 13,066,551
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 25,868,138

County of Wise, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified: Governmental activities, business-type activities, discretely presented component units -
School Board and PSA, each major fund and aggregate remaining fund information.
Disclaimer: Discretely presented component unit - IDA

Internal control over financial reporting:

Material weakness(es) identified? Yes

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>
21.019	Coronavirus Relief Fund
84.425	Education Stabilization Fund
93.558	Temporary Assistance for Needy Families
93.659	Adoption Assistance

Dollar threshold used to distinguish between Type A
and Type B programs \$ 776,044

Auditee qualified as low-risk auditee? No

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

2021-001

Criteria:	Per auditing standards, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards.
Condition:	Trial balances as presented for audit did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, there were proposed adjustments that were material to the financial statements.
Cause of Condition:	There was an inadequate review of source documents, and as a result, management failed to identify and record the necessary adjustments. Staff availability is limited and there is not adequate time to devote to compiling modified and full accrual financial statement information.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the internal controls over financial reporting.
Recommendation:	The County and School Board should review the proposed audit adjustments and incorporate same in the next year's financial statements presented for audit.
Management's Response:	Management agrees with this finding and will continue to work toward having the trial balances more complete and ready for the audit process.

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, 2021

2020-001

Condition:	Per auditing standards, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards.
Recommendation:	The County and School Board should review the proposed audit adjustments and incorporate same in the next year's financial statements presented for audit.
Current Status:	Finding 2020-001 was repeated in the current year as 2021-001.