

County of Wise, Virginia

Annual Financial Report



For the Fiscal Year Ended
June 30, 2025

COUNTY OF WISE, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY OF WISE, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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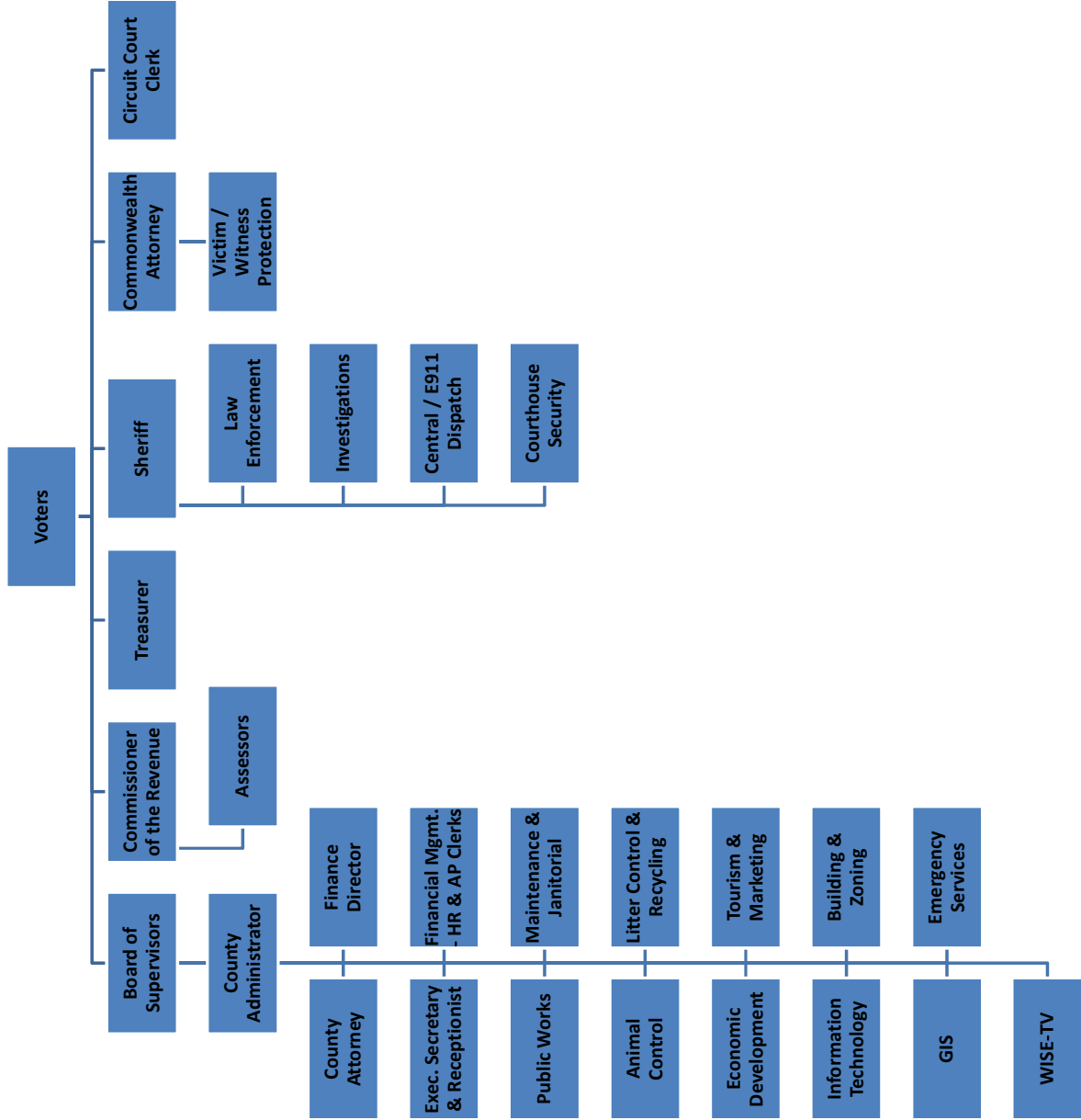
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INTRODUCTORY SECTION

Wise County, Virginia Organizational Structure Chart



COUNTY OF WISE, VIRGINIA

BOARD OF SUPERVISORS

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

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

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

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

COUNTY ADMINISTRATION

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

CONSTITUTIONAL OFFICERS

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

COURTS

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

COMPONENT UNITS

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

OTHER

Director of Social Services Susan Mullins

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the PSA and IDA, which represent 39.30% and 23.49%, respectively, of the assets of the discretely presented component units as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the PSA and IDA, are based solely on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 25 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 26 to the financial statements, in 2025, the County restated beginning balances to reflect the requirements of GASB Statement No. 101 and for the correction of an error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2026, on our consideration of County of Wise, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Wise, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Wise, Virginia's internal control over financial reporting and compliance.

Robinson Farmer, Cox, Associates
Blacksburg, Virginia
January 21, 2026

Basic Financial Statements

County of Wise, Virginia
Statement of Net Position
June 30, 2025

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Public Service Authority	Industrial Development Authority
ASSETS						
Cash and cash equivalents	\$ 12,692,899	\$ 2,058	\$ 12,694,957	\$ 21,000,169	\$ 1,706,551	\$ 997,025
Investments	8,197,181	10,676,573	18,873,754	-	-	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	20,488,933	-	20,488,933	-	-	-
Other local taxes receivable	446,636	-	446,636	-	-	-
Accounts receivable	46,324	71,871	118,195	321,673	980,640	317,096
Notes receivable	-	-	-	-	-	2,391,722
Interest receivable	17	-	17	-	-	5,133
Other receivables	2,675,174	-	2,675,174	-	-	-
Lease receivable	313,643	-	313,643	-	-	10,486,181
Due from component units	7,352,311	-	7,352,311	-	-	-
Due from other governmental units	5,667,907	-	5,667,907	3,329,870	100,718	-
Internal balances	212,898	(212,898)	-	-	-	-
Prepaid items	-	-	-	814,729	-	33,809
Restricted assets:						
Cash and cash equivalents	1,438,740	-	1,438,740	-	2,342,319	128,536
Property	-	-	-	-	-	231,754
Net pension asset	-	-	-	-	391,699	-
Other assets (net of amortization)	-	357,500	357,500	-	-	-
Capital assets not being depreciated/amortized	2,195,643	314,816	2,510,459	3,029,422	8,671,175	3,996,077
Capital assets, net of accumulated depreciation/amortization	61,848,527	7,129,371	68,977,898	51,072,748	69,855,998	31,634,070
Total assets	\$ 123,576,833	\$ 18,339,291	\$ 141,916,124	\$ 79,568,611	\$ 84,049,100	\$ 50,221,403
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 4,168,579	\$ 216,534	\$ 4,385,113	\$ 13,616,697	\$ 197,461	\$ -
OPEB related items	1,746,663	26,266	1,772,929	3,067,005	41,237	-
Total deferred outflows of resources	\$ 5,915,242	\$ 242,800	\$ 6,158,042	\$ 16,683,702	\$ 238,698	\$ -
LIABILITIES						
Accounts payable	\$ 989,300	\$ 126,053	\$ 1,115,353	\$ 759,948	\$ 214,426	\$ 22,095
Salaries payable	569,481	2,089	571,570	535,756	102,703	-
Grants payable	-	-	-	-	-	100,000
Customer deposits	-	-	-	-	551,815	-
Accrued interest payable	638,505	10,164	648,669	-	11,264	132,318
Due to primary government	-	-	-	7,352,311	-	-
Unearned revenue	-	-	-	2,900,000	136,340	-
Long-term liabilities:						
Due within one year	4,985,787	474,039	5,459,826	660,304	866,566	2,984,564
Due in more than one year	66,166,274	13,027,411	79,193,685	55,227,706	8,056,054	7,185,208
Total liabilities	\$ 73,349,347	\$ 13,639,756	\$ 86,989,103	\$ 67,436,025	\$ 9,939,168	\$ 10,424,185
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 19,621,480	\$ -	\$ 19,621,480	\$ -	\$ -	\$ -
Lease related	311,126	-	311,126	-	-	10,428,923
Deferred charge on refunding	114,220	-	114,220	-	-	-
Pension related items	1,747,542	150,398	1,897,940	5,995,869	104,785	-
OPEB related items	1,596,834	19,727	1,616,561	2,851,788	17,985	-
Total deferred inflows of resources	\$ 23,391,202	\$ 170,125	\$ 23,561,327	\$ 8,847,657	\$ 122,770	\$ 10,428,923
NET POSITION						
Net investment in capital assets	\$ 9,608,376	\$ 6,487,784	\$ 16,096,160	\$ 53,838,942	\$ 70,128,659	\$ 27,852,097
Restricted:						
Coal Road Improvement Fund	3,875,671	-	3,875,671	-	-	-
Forfeited Assets Fund	252,396	-	252,396	-	-	-
Law Library Fund	27,624	-	27,624	-	273,611	-
C Bascom Slemple Library	57,541	-	57,541	-	-	-
Opioid settlement	4,063,758	-	4,063,758	-	-	-
Unspent debt proceeds	1,438,740	-	1,438,740	-	-	-
Debt services reserves	-	-	-	-	1,005,449	-
American Rescue Plan Act	-	-	-	-	8,868	-
Mountain Empire Community College	-	-	-	-	125,000	-
Dominion replacement funds	-	-	-	-	377,575	-
Community development	-	-	-	-	-	360,290
School Cafeteria	-	-	-	6,243,694	-	-
Unrestricted (deficit)	13,427,420	(1,715,574)	11,711,846	(40,114,005)	2,306,698	1,155,908
Total net position	\$ 32,751,526	\$ 4,772,210	\$ 37,523,736	\$ 19,968,631	\$ 74,225,860	\$ 29,368,295

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, 2025

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Units	
				Governmental Activities	Business-type Activities	School Board	Public Service Authority Industrial Development Authority
PRIMARY GOVERNMENT:							
Governmental activities:							
Judicial administration	\$ 3,034,338	\$ 208,076	\$ 612,233	\$ -	\$ (2,214,029)	\$ -	\$ -
Public safety	4,041,653	8,241	1,818,610	-	(2,214,802)	-	-
Public works	19,581,482	166,906	10,798,925	-	(8,615,651)	-	-
Health and welfare	3,861,123	20,912	443,783	-	(3,396,428)	-	-
Education	16,287,799	-	12,874,549	-	(3,413,250)	-	-
Parks, recreation, and cultural	13,354,685	-	-	-	(13,354,685)	-	-
Community development	1,358,811	-	4,500	-	(1,354,311)	-	-
Interest on long-term debt	2,555,375	-	964,371	-	(1,591,004)	-	-
Total governmental activities	\$ 66,474,784	\$ 404,135	\$ 27,516,971	\$ -	\$ (38,553,678)	\$ -	\$ -
Business-type activities:							
Landfill	\$ 4,323,749	\$ 469,992	\$ 23,008	\$ -	\$ (3,830,749)	\$ -	\$ -
Sewer	638,231	-	-	-	(638,231)	-	-
Total business-type activities	\$ 4,961,980	\$ 469,992	\$ 23,008	\$ -	\$ (4,468,980)	\$ -	\$ -
Total primary government	\$ 71,436,764	\$ 874,127	\$ 27,539,979	\$ -	\$ (43,022,658)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 90,216,421	\$ 3,375,516	\$ 76,892,163	\$ -	\$ -	\$ (9,948,742)	\$ -
Public Service Authority	8,226,011	6,636,516	4,569,129	-	-	-	2,979,634
Industrial Development Authority	1,607,512	1,233,519	2,244,891	-	-	-	1,870,898
Total component units	\$ 100,049,944	\$ 11,245,551	\$ 79,137,054	\$ -	\$ -	\$ (9,948,742)	\$ 2,979,634
General revenues and transfers:							
General property taxes		\$ 29,511,797		\$ -	\$ 29,511,797	\$ -	\$ -
Other local taxes:							
Local sales and use taxes		3,585,936		-	3,585,936	-	-
Coal severance taxes		627,536		-	627,536	-	-
Consumers' utility taxes		463,237		-	463,237	-	-
Other local taxes		672,602		-	672,602	-	-
Unrestricted revenues from use of money		1,452,062		507,818	1,959,880	424,351	125,498
Miscellaneous		1,646,143		32,413	1,678,556	746,034	23,982
Payments from the County of Wise		-		-	-	-	-
Grants and contributions not restricted to specific programs		2,458,130		-	2,458,130	13,302,769	43,373
Gain/loss on asset disposal		-		-	-	-	-
Transfers		(4,548,561)		4,548,561	-	-	58,476
Total general revenues and transfers		\$ 35,868,882		\$ 5,088,792	\$ 40,957,674	\$ 14,473,154	\$ 227,347
Change in net position		\$ (2,684,796)		\$ 619,812	\$ (2,064,984)	\$ 4,524,412	\$ 3,206,981
Net position - beginning, as previously reported		35,177,609		4,152,398	39,330,007	15,775,554	71,380,230
Restatements		258,713		-	258,713	(331,335)	(361,351)
Net position - beginning, as restated		35,436,322		4,152,398	39,588,720	15,444,219	71,018,879
Net position - ending		32,751,526		4,772,210	37,523,736	19,968,631	74,225,860

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

County of Wise, Virginia
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Coal Road Improvement Fund	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 8,210,471	\$ 3,905,117	\$ 577,311	\$ 12,692,899
Investments	8,197,181	-	-	8,197,181
Receivables (net of allowance for uncollectibles):				
Taxes receivable	20,488,933	-	-	20,488,933
Other local taxes receivable	446,636	-	-	446,636
Accounts receivable	20,990	25,334	-	46,324
Interest receivable	-	17	-	17
Other receivables	2,675,174	-	-	2,675,174
Lease receivable	313,643	-	-	313,643
Due from other funds	156,927	55,971	-	212,898
Due from component units	7,352,311	-	-	7,352,311
Due from other governmental units	5,629,010	-	38,897	5,667,907
Restricted assets:				
Cash and cash equivalents	1,438,740	-	-	1,438,740
Total assets	\$ 54,930,016	\$ 3,986,439	\$ 616,208	\$ 59,532,663
LIABILITIES				
Accounts payable	\$ 857,562	\$ 110,768	\$ 20,970	\$ 989,300
Salaries payable	569,481	-	-	569,481
Total liabilities	\$ 1,427,043	\$ 110,768	\$ 20,970	\$ 1,558,781
DEFERRED INFLOWS OF RESOURCES				
Lease related	\$ 311,126	\$ -	\$ -	\$ 311,126
Unavailable revenue - property taxes	22,365,646	-	-	22,365,646
Unavailable revenue - opioid settlement	2,675,174	-	38,897	2,714,071
Total deferred inflows of resources	\$ 25,351,946	\$ -	\$ 38,897	\$ 25,390,843
FUND BALANCES				
Restricted:				
Coal Road Improvement Fund	\$ -	\$ 3,875,671	\$ -	\$ 3,875,671
Forfeited Assets Fund	-	-	252,396	252,396
Law Library Fund	27,624	-	-	27,624
C Bascom Slempp Library	57,541	-	-	57,541
Opioid settlement	899,231	-	450,456	1,349,687
Unspent debt proceeds	1,438,740	-	-	1,438,740
Committed:				
Debt Service	11,126,494	-	-	11,126,494
Blighted Properties	106,263	-	-	106,263
Assigned:				
Drug Court Fund	35,649	-	-	35,649
Software Engineering Fund	39,847	-	-	39,847
Dog and Cat Sterilization Fund	26,741	-	-	26,741
Transient Occupancy Fund	136,500	-	-	136,500
Supervisor Fees - SWVCC Fund	340,815	-	-	340,815
E-Summons Fund	23,370	-	-	23,370
Education	7,352,311	-	-	7,352,311
Unassigned (deficit)	6,539,901	-	(146,511)	6,393,390
Total fund balances	\$ 28,151,027	\$ 3,875,671	\$ 556,341	\$ 32,583,039
Total liabilities, deferred inflows of resources, and fund balances	\$ 54,930,016	\$ 3,986,439	\$ 616,208	\$ 59,532,663

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, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 32,583,039
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Jointly owned assets are included in the total capital assets.		
Capital assets not depreciated/amortized	\$ 2,195,643	
Capital assets being depreciated/amortized	<u>61,848,527</u>	64,044,170
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes	\$ 2,744,166	
Unavailable revenue - opioid settlement	<u>2,714,071</u>	5,458,237
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 4,168,579	
OPEB related items	<u>1,746,663</u>	5,915,242
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	\$ (34,173,897)	
Lease revenue bonds	(17,155,000)	
Loans payable	(776,885)	
Unamortized premiums	(1,001,787)	
Deferred charges on refundings	(114,220)	
Accrued interest payable	(638,505)	
Lease liabilities	(2,652,745)	
Net OPEB liabilities	(5,030,249)	
Net pension liability	(9,251,846)	
Compensated absences	<u>(1,109,652)</u>	(71,904,786)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (1,747,542)	
OPEB related items	<u>(1,596,834)</u>	(3,344,376)
Net position of governmental activities		<u><u>\$ 32,751,526</u></u>

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

County of Wise, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Coal Road Improvement Fund	Nonmajor Governmental Funds	Total
REVENUES				
General property taxes	\$ 29,417,306	\$ -	\$ -	\$ 29,417,306
Other local taxes	5,063,308	286,003	-	5,349,311
Permits, privilege fees, and regulatory licenses	36,669	-	-	36,669
Fines and forfeitures	75,823	-	-	75,823
Revenue from the use of money and property	1,453,696	192,553	813	1,647,062
Charges for services	81,753	-	14,890	96,643
Miscellaneous	1,796,026	-	114,076	1,910,102
Recovered costs	2,198,361	-	-	2,198,361
Intergovernmental	29,396,703	-	578,398	29,975,101
Total revenues	\$ 69,519,645	\$ 478,556	\$ 708,177	\$ 70,706,378
EXPENDITURES				
Current:				
General government administration	\$ 5,254,340	\$ -	\$ -	\$ 5,254,340
Judicial administration	4,544,614	-	-	4,544,614
Public safety	19,691,505	-	147,467	19,838,972
Public works	3,375,520	252,582	-	3,628,102
Health and welfare	16,614,961	-	-	16,614,961
Education	17,588,356	-	-	17,588,356
Parks, recreation, and cultural	1,326,494	-	-	1,326,494
Community development	1,563,804	524,035	-	2,087,839
Nondepartmental	843,931	-	-	843,931
Capital projects	-	-	467,536	467,536
Debt service:				
Principal retirement	970,086	-	-	970,086
Interest and other fiscal charges	160,409	-	-	160,409
Bond issuance costs	147,796	-	-	147,796
Total expenditures	\$ 72,081,816	\$ 776,617	\$ 615,003	\$ 73,473,436
Excess (deficiency) of revenues over (under) expenditures	\$ (2,562,171)	\$ (298,061)	\$ 93,174	\$ (2,767,058)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (4,548,561)	\$ -	\$ -	\$ (4,548,561)
Issuance of lease revenue bond	4,000,000	-	-	4,000,000
Total other financing sources (uses)	\$ (548,561)	\$ -	\$ -	\$ (548,561)
Net change in fund balances	\$ (3,110,732)	\$ (298,061)	\$ 93,174	\$ (3,315,619)
Fund balances - beginning, as previously report	31,003,046	4,173,732	463,167	35,639,945
Restatements	258,713	-	-	258,713
Fund balances - beginning, as restated	\$ 31,261,759	\$ 4,173,732	\$ 463,167	\$ 35,898,658
Fund balances - ending	\$ 28,151,027	\$ 3,875,671	\$ 556,341	\$ 32,583,039

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, 2025

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

Net change in fund balances - total governmental funds	\$	(3,315,619)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These are the details of items supporting this adjustment:

Capital outlays	\$	3,298,256	
Depreciation and amortization expenses		(3,376,810)	(78,554)

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

Property taxes	\$	94,491	
Opioid settlement		(263,959)	\$ (169,468)

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

Debt Issued or Incurred:			
Proceeds from lease revenue bonds	\$	(4,000,000)	
Principal Payments:			
General obligation bonds		3,118,607	
Lease revenue bonds		100,000	
Lease liabilities		330,828	
Loans payable		639,258	188,693

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	\$	(125,013)	
Change in accrued interest payable		55,530	
Changes to OPEB related items		(232,227)	
Changes to pension related items		818,117	
Amortization of bond premium		145,190	
Amortization of charges on refunding		28,555	690,152

Change in net position of governmental activities	\$	(2,684,796)
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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, 2025

	Enterprise Funds		
	Landfill Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,058	\$ -	\$ 2,058
Investments	10,676,573	-	10,676,573
Accounts receivable, net of allowances for uncollectibles	71,871	-	71,871
Total current assets	\$ 10,750,502	\$ -	\$ 10,750,502
Noncurrent assets:			
Other assets (net of amortization)	\$ -	\$ 357,500	\$ 357,500
Capital assets:			
Capital assets not being depreciated	314,816	-	314,816
Capital assets, net of accumulated depreciation	7,040,580	88,791	7,129,371
Total capital assets	\$ 7,355,396	\$ 88,791	\$ 7,444,187
Total noncurrent assets	\$ 7,355,396	\$ 446,291	\$ 7,801,687
Total assets	\$ 18,105,898	\$ 446,291	\$ 18,552,189
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 216,534	\$ -	\$ 216,534
OPEB related items	26,266	-	26,266
Total deferred outflows of resources	\$ 242,800	\$ -	\$ 242,800
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 75,250	\$ 50,803	\$ 126,053
Payroll liabilities	2,089	-	2,089
Due to other funds	-	212,898	212,898
Interest payable	10,164	-	10,164
Compensated absences - current portion	162,251	-	162,251
Bonds payable - current portion	311,788	-	311,788
Total current liabilities	\$ 561,542	\$ 263,701	\$ 825,243
Noncurrent liabilities:			
Landfill closure/postclosure liability	\$ 11,746,738	\$ -	\$ 11,746,738
Bonds payable - net of current portion	644,615	-	644,615
Compensated absences - net of current portion	54,084	-	54,084
Net OPEB liabilities	132,687	-	132,687
Net pension liability	449,287	-	449,287
Total noncurrent liabilities	\$ 13,027,411	\$ -	\$ 13,027,411
Total liabilities	\$ 13,588,953	\$ 263,701	\$ 13,852,654
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 150,398	\$ -	\$ 150,398
OPEB related items	19,727	-	19,727
Total deferred inflows of resources	\$ 170,125	\$ -	\$ 170,125
NET POSITION			
Net investment in capital assets	\$ 6,398,993	\$ 88,791	\$ 6,487,784
Unrestricted (deficit)	(1,809,373)	93,799	(1,715,574)
Total net position	\$ 4,589,620	\$ 182,590	\$ 4,772,210

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, 2025

	Enterprise Funds		
	Landfill Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Solid waste collections	\$ 469,992	\$ -	\$ 469,992
Miscellaneous	2,663	29,750	32,413
Total operating revenues	\$ 472,655	\$ 29,750	\$ 502,405
OPERATING EXPENSES			
Salaries and fringes	\$ 2,003,342	\$ -	\$ 2,003,342
Professional services	468,268	-	468,268
Repairs and maintenance	94,310	-	94,310
Operating materials and supplies	10,684	-	10,684
Vehicle supplies and fuel	464,281	-	464,281
Utilities	60,665	-	60,665
Office and insurance expenses	20,399	-	20,399
Improvements and closure costs	581,261	-	581,261
Miscellaneous	36,372	-	36,372
Sewer operation costs	-	609,636	609,636
Depreciation and amortization	562,873	28,595	591,468
Total operating expenses	\$ 4,302,455	\$ 638,231	\$ 4,940,686
Operating income (loss)	\$ (3,829,800)	\$ (608,481)	\$ (4,438,281)
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 507,818	\$ -	\$ 507,818
Grants	23,008	-	23,008
Interest expense	(21,294)	-	(21,294)
Total nonoperating revenues (expenses)	\$ 509,532	\$ -	\$ 509,532
Income (loss) before transfers	\$ (3,320,268)	\$ (608,481)	\$ (3,928,749)
Transfers in	3,925,118	623,443	4,548,561
Change in net position	\$ 604,850	\$ 14,962	\$ 619,812
Net position - beginning	\$ 3,984,770	\$ 167,628	\$ 4,152,398
Net position - ending	\$ 4,589,620	\$ 182,590	\$ 4,772,210

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, 2025

	Enterprise Funds		Total
	Landfill Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 474,003	\$ 29,750	\$ 503,753
Payments to suppliers	(1,265,872)	(653,193)	(1,919,065)
Payments to employees	(2,020,501)	-	(2,020,501)
Net cash provided by (used for) operating activities	\$ (2,812,370)	\$ (623,443)	\$ (3,435,813)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 3,925,118	\$ 623,443	\$ 4,548,561
Grants	23,008	-	23,008
Net cash provided by (used for) noncapital financing activities	\$ 3,948,126	\$ 623,443	\$ 4,571,569
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (369,109)	\$ -	\$ (369,109)
Principal payments on bonds	(285,000)	-	(285,000)
Interest expense	(46,737)	-	(46,737)
Net cash provided by (used for) capital and related financing activities	\$ (700,846)	\$ -	\$ (700,846)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 507,818	\$ -	\$ 507,818
Net increase (decrease) in cash and cash equivalents	\$ 942,728	\$ -	\$ 942,728
Cash and cash equivalents - beginning (including investments of \$9,732,423)	9,735,903	-	9,735,903
Cash and cash equivalents - ending (including investments of \$10,676,573)	\$ 10,678,631	\$ -	\$ 10,678,631
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (3,829,800)	\$ (608,481)	\$ (4,438,281)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	\$ 562,873	\$ 28,595	\$ 591,468
(Increase) decrease in accounts receivable	1,348	-	1,348
(Increase) decrease in deferred outflows related to net pension liability	(94,801)	-	(94,801)
(Increase) decrease in deferred outflows related to net OPEB liabilities	(1,219)	-	(1,219)
Increase (decrease) in landfill closure/postclosure liability	581,262	-	581,262
Increase (decrease) in accounts payable	(110,894)	(43,557)	(154,451)
Increase (decrease) in payroll liabilities	2,089	-	2,089
Increase (decrease) in compensated absences	66,157	-	66,157
Increase (decrease) in net OPEB liabilities	13,072	-	13,072
Increase (decrease) in net pension liability	(21,308)	-	(21,308)
Increase (decrease) in deferred inflows related to net pension liability	25,077	-	25,077
Increase (decrease) in deferred inflows related to net OPEB liabilities	(6,226)	-	(6,226)
Total adjustments	\$ 1,017,430	\$ (14,962)	\$ 1,002,468
Net cash provided by (used for) operating activities	\$ (2,812,370)	\$ (623,443)	\$ (3,435,813)

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, 2025

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 152,477
Total assets	<u>\$ 152,477</u>
LIABILITIES	
Due to other local governments	\$ 217,832
Total liabilities	<u>\$ 217,832</u>
NET POSITION	
Restricted:	
Special Welfare	\$ 6,515
Unrestricted	(71,870)
Total net position	<u>\$ (65,355)</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, 2025

	Custodial Funds
Additions	
Contributions:	
Expenditure reimbursement	\$ 84,770
Sales tax collection for other governments	735,944
Grants	66,250
Total contributions	<u>\$ 886,964</u>
Deductions	
Special welfare payments	\$ 92,169
Payments of sales tax to other governments	735,944
Salaries and fringes	72,055
Total deductions	<u>\$ 900,168</u>
Net increase (decrease) in fiduciary net position	\$ (13,204)
Net position, beginning	(52,151)
Net position, ending	<u>\$ (65,355)</u>

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

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

Blended component units - None

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

A. Financial Reporting Entity (continued)

Jointly Governed Organizations:

1. The County, along with the Counties of Buchanan, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, and the City of Norton, participates in supporting the Southwest Virginia Regional Jail Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2025, the County paid \$2,246,123 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, 2025, the County paid \$789,280 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, 2025, the County provided an appropriation to the Board of \$400,609.

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, 2025, the County provided an appropriation to the Library of \$832,858.

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, 2025, the County provided an appropriation to the Office of \$17,261. 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, 2025, the County provided an appropriation to the Airport of \$164,000.

7. The County, along with the Counties of Lee, Scott, and the City of Norton, participates in supporting LENOWISCO, a regional planning district. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2025, the County provided an appropriation to LENOWISCO of \$66,684.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

The County reports the following major governmental funds:

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

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

The nonmajor governmental funds of the County are:

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

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

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

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

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

Additionally, the County reports the following fund types:

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

The School Board reports the following major governmental funds:

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

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

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

Restricted amounts for the Primary Government represent unspent debt proceeds.

2. Inventory

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

3. Receivables and Payables

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

4. Property Taxes

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

5. Coal Severance Taxes

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

6. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$474,783 and \$97,351 for property taxes and landfill receivables, respectively, at June 30, 2025.

7. Use of Estimates

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

8. Prepaid Items

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

9. Capital Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

9. Capital Assets (continued)

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

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

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

10. Deferred Outflows/Inflows of Resources

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The County's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the County and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences

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, 2025

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

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

14. Fund Balance

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

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

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

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

The County will maintain an unassigned fund balance in the general fund equal to 15% of expenditures/revenues. The County considers a balance of less than 15% to be cause for concern, barring unusual, or deliberate circumstances.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

15. Net Position

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

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

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

16. Other Postemployment Benefits (OPEB)

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

E. Leases

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

Lessor

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

Key Estimates and Judgments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

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

A. Excess of expenditures over appropriations

At June 30, 2025, expenditures exceeded appropriations for the Asset Forfeiture Funds as well as several departments within the General Fund.

B. Deficit fund balance

At June 30, 2025, no funds had a deficit fund balance.

Note 3-Deposits and Investments:

Deposits

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 3-Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

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

At June 30, 2025, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

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

County's Rated Debt Investments' Values

Rated Debt Investments	Unrated	Fair Quality Rating	
		Aa+f	AAAm
Primary Government:			
Certificates of Deposit - CDARs	\$ 15,945,309	\$ -	\$ -
VML/VACO - Liquidity Pool	-	-	24,136,572
VML/VACO - 1-3 Year High Quality Bond Fund	-	2,928,445	-
Total Primary Government	<u>\$ 15,945,309</u>	<u>\$ 2,928,445</u>	<u>\$ 24,136,572</u>

Fair Value Measurements

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

Redemption Restrictions

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 3-Deposits and Investments: (continued)

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1 Year	1 - 5 Years
Primary Government:			
Certificates of Deposit - CDARs	\$ 15,945,309	\$ 15,945,309	\$ -
VML/VACO - Liquidity Pool	24,136,572	24,136,572	-
VML/VACO - 1-3 Year High Quality Bond Fund	2,928,445	-	2,928,445
Total Primary Government	<u>\$ 43,010,326</u>	<u>\$ 40,081,881</u>	<u>\$ 2,928,445</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	\$ 609,912	\$ -
SWVA Regional Jail - shared expenses reimbursement	1,148,242	-
Other local governments	26,613	-
<u>Commonwealth of Virginia:</u>		
Communications tax	103,971	-
State sales tax	-	1,147,970
Local sales tax	743,253	-
Non-categorical aid	1,140,034	-
Categorical aid - shared expenses	430,814	-
Categorical aid - Virginia Public Assistance funds	320,132	-
Categorical aid - Comprehensive Services Act funds	446,899	-
Categorical aid - other	152,311	-
<u>Federal Government:</u>		
Categorical aid - Virginia Public Assistance funds	483,210	-
Categorical aid - other	62,516	2,181,900
Total Amount due from Other Governmental Units	<u>\$ 5,667,907</u>	<u>\$ 3,329,870</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 5-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 7,352,311
Component Unit - School Board		
School Operating Fund	\$ 7,352,311	\$ -

Interfund balances for the year ended June 30, 2025, consisted of the following:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Primary Government:		
<i>Major Governmental Funds:</i>		
General Fund	\$ -	\$ 156,927
Coal Road Fund	-	55,971
<i>Enterprise Funds:</i>		
Sewer Fund	212,898	-
Total Primary Government	\$ 212,898	\$ 212,898

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
Major Governmental Funds:		
General Fund	\$ -	\$ 4,548,561
Enterprise Funds:		
Sewer Fund	623,443	-
Landfill Fund	3,925,118	-
Total Primary Government	<u>\$ 4,548,561</u>	<u>\$ 4,548,561</u>
Component Unit - School Board:		
Major Governmental Funds:		
School Operating Fund	\$ -	\$ 1,242,811
School Activity Fund	1,242,811	-
Total Component Unit - School Board	<u>\$ 1,242,811</u>	<u>\$ 1,242,811</u>

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

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2025:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
Paid by School Board:				
General Obligation Bonds	\$ 37,292,504	\$ -	\$ (3,118,607)	\$ 34,173,897
Bond Premium	1,146,977	-	(145,190)	1,001,787
Lease Revenue Bonds	13,255,000	-	(100,000)	13,155,000
Lease Revenue Bond Anticipation Note	-	4,000,000	-	4,000,000
Paid by Primary Government:				
Loan payable	1,416,143	-	(639,258)	776,885
Lease liabilities	2,983,573	-	(330,828)	2,652,745
Net Pension Liability	8,568,937	8,928,615	(8,245,706)	9,251,846
Net OPEB Liabilities	4,643,640	3,040,659	(2,654,050)	5,030,249
Compensated Absences *	984,639	125,013	-	1,109,652
Total	<u>\$ 70,291,413</u>	<u>\$ 16,094,287</u>	<u>\$ (15,233,639)</u>	<u>\$ 71,152,061</u>

* The change in the compensated absences liability is presented as a net change.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness (continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 3,819,296	\$ 2,370,679	\$ 334,252	\$ 25,748
2027	3,867,265	2,263,742	337,711	22,289
2028	7,716,748	2,079,349	341,206	18,794
2029	3,444,664	1,902,470	344,737	15,263
2030	3,152,181	1,816,862	348,304	11,696
2031-2035	17,261,235	5,457,248	946,535	13,464
2036-2037	13,846,180	930,141	-	-
Totals	<u>\$ 53,107,569</u>	<u>\$ 16,820,491</u>	<u>\$ 2,652,745</u>	<u>\$ 107,254</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness (continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:							
General Obligation Bonds:							
VPSA General obligation bond	3.67%	11/9/2011	2037	\$1,045,000 - \$1,870,000 a+	\$ 29,265,000	\$ 18,145,000	\$ 1,205,000
VPSA General obligation bond	5.10%	5/15/2008	2029	\$310,947 - \$368,877 a+	5,834,463	1,413,897	338,137
Refunding bond	2.39-3.54%	5/15/2014	2037	\$680,000 - \$855,000 a+	13,910,000	9,620,000	845,000
VPSA QSCB bond	0.00%	12/15/2011	2031	\$300,000 - \$1,200,000 a+	15,000,000	4,995,000	835,000
Total GO Bonds						\$ 34,173,897	\$ 3,223,137
Lease Revenue Bonds:							
Refunding Bond - Series 2019	1.5-5%	10/30/2019	2040	\$100,000 - \$2,080,000 a+	\$ 13,655,000	\$ 13,155,000	\$ 100,000
Lease Revenue Bond Anticipation Note:							
Lease Revenue Bond - Series 2024	3.79%	9/12/2024	2028	\$4,000,000 a+	\$ 4,000,000	\$ 4,000,000	\$ -
Premiums							
\$29,265,000 VPSA GO bond						\$ (32,747)	\$ 399
\$13,910,000 refunding bond						105,561	3,597
\$13,655,000 refunding bond						928,973	116,808
Total Premiums						\$ 1,001,787	\$ 120,804
Loans payable:							
Banc Corp - equipment schedule 3	4.1165%	4/13/2020	2026	\$34,486 sa	\$ 192,793	\$ 66,900	\$ 66,900
Banc Corp - equipment schedule 4	3.7642%	4/13/2020	2028	\$40,962 sa	370,224	230,360	73,941
Banc Corp - equipment schedule 5	4.4278%	4/13/2020	2027	\$125,515 sa	704,000	479,625	234,514
Total Loans Payable						\$ 776,885	\$ 375,355
Total Direct Borrowings and Placements						\$ 53,107,569	\$ 3,819,296
Lease liabilities:							
DSS lease - IDA building	1.03%	4/1/2021	2031	\$15,000 m	\$ 3,515,560	\$ 2,652,745	\$ 334,252
Other Obligations:							
Net pension liability						\$ 9,251,846	\$ -
Net OPEB liabilities						5,030,249	-
Compensated absences						1,109,652	832,239
Total Other Obligations						\$ 15,391,747	\$ 832,239
Total Long-Term Obligations						\$ 71,152,061	\$ 4,985,787

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

(sa) - semi-annual principal and interest installments

(m) - monthly installments

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

The loans payables are collateralized by the underlying equipment.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025:

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 1,210,000	\$ -	\$ (285,000)	\$ 925,000
Bond Premium	53,805	-	(22,402)	31,403
Landfill Closure/				
Postclosure Liability	11,165,476	581,262	-	11,746,738
Net Pension Liability	470,595	432,278	(453,586)	449,287
Net OPEB Liabilities	119,615	37,818	(24,746)	132,687
Compensated Absences *	150,178	66,157		216,335
Total	<u>\$ 13,169,669</u>	<u>\$ 1,117,515</u>	<u>\$ (785,734)</u>	<u>\$ 13,501,450</u>

* The change in the compensated absences liability is presented as a net change.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2026	\$ 311,788	\$ 34,334
2027	320,647	18,256
2028	323,968	7,250
Totals	<u>\$ 956,403</u>	<u>\$ 59,840</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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	\$ 925,000	\$ 295,000
Total GO Bonds						\$ 925,000	\$ 295,000
Premiums:							
\$3,450,000 VRA GO bond						\$ 31,403	\$ 16,788
Total Premiums						\$ 31,403	\$ 16,788
Total Direct Borrowings and Placements						\$ 956,403	\$ 311,788
Other Obligations:							
Landfill closure/postclosure liability						\$ 11,746,738	\$ -
Net pension liability						449,287	-
Net OPEB liabilities						132,687	-
Compensated absences						216,335	162,251
Total Other Obligations						\$ 12,545,047	\$ 162,251
Total Long-Term Obligations						\$ 13,501,450	\$ 474,039

(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, 2025

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, 2025:

	Beginning Balance, restated	Increases	Decreases	Ending Balance
Lease liabilities	\$ 13,548	\$ 257,227	\$ (56,386)	\$ 214,389
Net pension liability	39,955,858	17,289,600	(19,602,740)	37,642,718
Net OPEB liabilities	16,865,983	3,134,244	(2,771,916)	17,228,311
Compensated absences *	732,795	69,797	-	802,592
Total	<u>\$ 57,568,184</u>	<u>\$ 20,750,868</u>	<u>\$ (22,431,042)</u>	<u>\$ 55,888,010</u>

* The change in the compensated absences liability is presented as a net change.

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2026	\$ 58,360	\$ 19,775
2027	61,484	13,756
2028	51,092	7,290
2029	36,097	2,973
2030	7,356	124
Totals	<u>\$ 214,389</u>	<u>\$ 43,918</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
Lease liabilities:							
Enterprise - VIN 7384	9.32%	6/30/2021	2026	\$547 m	\$ 26,146	\$ 1,615	\$ 1,615
Enterprise - VIN 3748	11.13%	6/30/2021	2026	\$418 m	19,189	1,233	1,232
Enterprise - VIN 3174						24,928	8,968
Enterprise - VIN 8444						10,220	3,700
Enterprise - VIN 8145						10,220	3,700
Enterprise - VIN 4858						15,952	5,499
Enterprise - VIN 4857						18,926	7,326
Enterprise - VIN 0825						23,889	4,342
Enterprise - VIN 2543						23,266	4,358
Enterprise - VIN 2544						30,430	7,160
Enterprise - VIN 2326						53,710	10,460
Total Lease liabilities						\$ 214,389	\$ 58,360
Net pension liability						\$ 37,642,718	\$ -
Net OPEB liabilities						17,228,311	-
Compensated absences						802,592	601,944
Total Other Obligations						\$ 55,673,621	\$ 601,944
Total Long-Term Obligations						\$ 55,888,010	\$ 660,304

(m) - monthly installments

Note 8-Lease Receivable:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2025:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Lease receivable	\$ 5,524	\$ 372,820	\$ (64,701)	\$ 313,643

Lease revenue total \$72,433 during fiscal year 2025 and lease related interest totaled \$7,541. There are no variable payments for leases receivable.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Lease Receivable: (continued)

Details of leases receivable:

Lease Description	Original Issuance Date	End Date	Payment Frequency	Discount Rate	Ending Balnce	Amount Due Within One Year
Health Department Lease	9/1/2024	2029	Monthly	2.93%	\$ 313,643	\$ 71,824

Note 9-Pension Plan:

Plan Description

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

Benefit Structures

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025 was 13.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$2,123,832 and \$1,912,465 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$66,161 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$69,875 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$6,616,143 for the year ended June 30, 2025.

Net Pension Liability

At June 30, 2025, the County reported a liability of \$9,701,133 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2024 and 2023 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2024 and 2023, the County's proportion was 99.2058% and 99.4937%, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023, 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, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Wise Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plan: (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. Through the fiscal year ended June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2024 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 19,450,031	\$ 9,701,133	\$ 1,760,521

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

For the year ended June 30, 2025, the County recognized pension expense of \$1,214,679. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plan: (continued)

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

At June 30, 2025, 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	\$ 2,226,876	\$ 111,343
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,405	52,607
Net difference between projected and actual earnings on pension plan investments	-	1,733,990
Employer contributions subsequent to the measurement date	2,123,832	-
Total	\$ 4,385,113	\$ 1,897,940

\$2,123,832 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government
2026	\$ (462,952)
2027	1,413,867
2028	(217,606)
2029	(369,968)

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025

Note 9-Pension Plan: (continued)**Component Unit School Board (Nonprofessional)*****Employees Covered by Benefit Terms***

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

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	175
Inactive members:	
Vested inactive members	13
Non-vested inactive members	24
Inactive members active elsewhere in VRS	18
Total inactive members	55
Active members	55
Total covered employees	285

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2025 was 20.82% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$449,624 and \$396,352 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$6,618 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$5,505 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$661,843 for the year ended June 30, 2025.

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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

Changes in Net Pension Liability

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 13,888,745	\$ 9,801,335	\$ 4,087,410
Changes for the year:			
Service cost	\$ 140,505	\$ -	\$ 140,505
Interest	911,646	-	911,646
Differences between expected and actual experience	550,031	-	550,031
Contributions - employer	-	395,970	(395,970)
Contributions - employee	-	88,972	(88,972)
Net investment income	-	925,697	(925,697)
Benefit payments, including refunds of employee contributions	(1,046,774)	(1,046,774)	-
Administrative expenses	-	(6,533)	6,533
Other changes	-	179	(179)
Net changes	\$ 555,408	\$ 357,511	\$ 197,897
Balances at June 30, 2024	\$ 14,444,153	\$ 10,158,846	\$ 4,285,307

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 5,752,562	\$ 4,285,307	\$ 3,043,055

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

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

For the year ended June 30, 2025, the Component Unit School Board (nonprofessional) recognized pension expense of \$597,253. At June 30, 2025, 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	\$ 136,474	\$ -
Net difference between projected and actual earnings on pension plan investments	-	281,272
Employer contributions subsequent to the measurement date	449,624	-
Total	\$ 586,098	\$ 281,272

\$449,624 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Component Unit School Board (Nonprofessional)
2026	\$ (125,162)
2027	87,127
2028	(50,108)
2029	(56,655)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$5,672,098 and \$5,993,579 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$72,890 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$77,392 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$7,288,948 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$33,357,411 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was 0.3554% as compared to 0.3549% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$3,977,802. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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

At June 30, 2025, 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	\$ 5,787,040	\$ 686,852
Change in assumptions	605,482	-
Net difference between projected and actual earnings on pension plan investments	-	4,591,668
Changes in proportion and differences between employer contributions and proportionate share of contributions	965,979	436,077
Employer contributions subsequent to the measurement date	5,672,098	-
Total	<u>\$ 13,030,599</u>	<u>\$ 5,714,597</u>

\$5,672,098 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Component Unit School Board (Professional)
2026	\$ (1,462,139)
2027	2,937,964
2028	573,227
2029	(405,148)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates:**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 60,622,260
Plan Fiduciary Net Position	51,235,326
Employers' Net Pension Liability (Asset)	<u>\$ 9,386,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 61,971,531	\$ 33,357,411	\$ 9,923,357

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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	\$ 4,385,113	\$ 1,897,940	\$ 9,701,133	\$ 1,214,679	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	586,098	281,272	4,285,307	597,253
School Board Professional	-	-	-	-	13,030,599	5,714,597	33,357,411	3,977,802
Totals	\$ 4,385,113	\$ 1,897,940	\$ 9,701,133	\$ 1,214,679	\$ 13,616,697	\$ 5,995,869	\$ 37,642,718	\$ 4,575,055

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 10-Capital Assets:

Capital asset activity for the year ended June 30, 2025 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,195,643	\$ -	\$ -	\$ 2,195,643
Capital assets, being depreciated:				
Buildings and improvements	\$ 92,337,452	\$ 2,775,235	\$ -	\$ 95,112,687
Right-to-use lease buildings and improvements	3,658,551	-	-	3,658,551
Machinery and equipment	12,543,247	523,021	-	13,066,268
Total capital assets being depreciated	\$ 108,539,250	\$ 3,298,256	\$ -	\$ 111,837,506
Accumulated depreciation:				
Buildings and improvements	\$ (36,012,084)	\$ (1,818,483)	\$ -	\$ (37,830,567)
Right-to-use lease buildings and improvements	(941,040)	(313,394)	-	(1,254,434)
Machinery and equipment	(9,659,045)	(1,244,933)	-	(10,903,978)
Total accumulated depreciation	\$ (46,612,169)	\$ (3,376,810)	\$ -	\$ (49,988,979)
Total capital assets being depreciated, net	\$ 61,927,081	\$ (78,554)	\$ -	\$ 61,848,527
Governmental activities capital assets, net	\$ 64,122,724	\$ (78,554)	\$ -	\$ 64,044,170
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 314,816	\$ -	\$ -	\$ 314,816
Capital assets, being depreciated:				
Buildings and improvements	\$ 15,749,016	\$ -	\$ -	\$ 15,749,016
Machinery and equipment	6,526,271	369,109	-	6,895,380
Total capital assets being depreciated	\$ 22,275,287	\$ 369,109	\$ -	\$ 22,644,396
Accumulated depreciation:				
Buildings and improvements	\$ (9,163,638)	\$ (365,462)	\$ -	\$ (9,529,100)
Machinery and equipment	(5,773,669)	(212,256)	-	(5,985,925)
Total accumulated depreciation	\$ (14,937,307)	\$ (577,718)	\$ -	\$ (15,515,025)
Total capital assets being depreciated, net	\$ 7,337,980	\$ (208,609)	\$ -	\$ 7,129,371
Business-type Activities capital assets, net	\$ 7,652,796	\$ (208,609)	\$ -	\$ 7,444,187

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 10-Capital Assets: (continued)

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

Governmental activities:

General governmental administration	\$ 454,684
Judicial administration	15,489
Public safety	871,451
Public works	306,933
Health and welfare	390,412
Education	1,305,525
Parks, recreation, and cultural	32,316
Total depreciation expense - governmental activities	<u>\$ 3,376,810</u>

Business-type activities:

Public works	<u>\$ 577,718</u>
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Business-type Other Assets:

The Sewer Enterprise Fund contains a balance of \$357,500 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 2025 was \$13,750 and accumulated amortization as of June 30, 2025 amounted to \$192,500.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 10-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2025 was as follows:

Discretely Presented Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,003,463	\$ -	\$ -	\$ 2,003,463
Construction in progress	3,724,616	3,602,351	(6,301,008)	1,025,959
Total capital assets not being depreciated	<u>\$ 5,728,079</u>	<u>\$ 3,602,351</u>	<u>\$ (6,301,008)</u>	<u>\$ 3,029,422</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 86,766,852	\$ 6,562,735	\$ -	\$ 93,329,587
Machinery and equipment	19,055,770	1,453,757	-	20,509,527
Right-to-use machinery and equipment	39,896	291,565	-	331,461
Total capital assets being depreciated	<u>\$ 105,862,518</u>	<u>\$ 8,308,057</u>	<u>\$ -</u>	<u>\$ 114,170,575</u>
Accumulated depreciation:				
Buildings and improvements	\$ (45,976,932)	\$ (2,689,638)	\$ -	\$ (48,666,570)
Machinery and equipment	(13,120,642)	(1,180,337)	-	(14,300,979)
Right-to-use machinery and equipment	(27,675)	(102,603)	-	(130,278)
Total accumulated depreciation	<u>\$ (59,125,249)</u>	<u>\$ (3,972,578)</u>	<u>\$ -</u>	<u>\$ (63,097,827)</u>
Total capital assets being depreciated, net	<u>\$ 46,737,269</u>	<u>\$ 4,335,479</u>	<u>\$ -</u>	<u>\$ 51,072,748</u>
School board capital assets, net	<u>\$ 52,465,348</u>	<u>\$ 7,937,830</u>	<u>\$ (6,301,008)</u>	<u>\$ 54,102,170</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, 2025

Note 12-Surety Bonds:

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

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

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

The total estimated closure and post-closure care costs for the County's landfill operation is \$18,459,160. The accrued liability for these costs reported as of June 30, 2025 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 63.64% and the remaining life of the landfill is approximately 20 years. The remaining cost to be accrued in the future is as follows:

Total Estimated Liability	\$ 18,459,160
Accrued Liability of June 30, 2025	<u>11,746,738</u>
Total Closure and Postclosure Care Costs Remaining to be Recognized	<u>\$ 6,712,422</u>

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

The County has a reserve fund designated for the purpose of landfill closure. The closure and post closure costs are being funded by an annual transfer from the general fund to this fund. As of June 30, 2025, the County has a balance of \$10,676,573 in this fund which is the aggregate funding to date including interest earned.

Note 14-Deferred/Unavailable Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Long-term portion of opioid settlement receivable that is not available for funding of current expenditures	\$ -	\$ 2,714,071
Taxes receivable-2nd half installment	17,240,819	17,240,819
Prepaid taxes	2,380,661	2,380,661
Delinquent taxes receivable due prior to June 30 not collected within 60 days	-	2,744,166
Total property taxes	\$ 19,621,480	\$ 22,365,646

Note 15-Commitments and Contingencies:

Contingent Liabilities:

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 15-Commitments and Contingencies: (continued)

The School Board had the following commitments:

Project	Contract Amount	Contract Amount	Accounts and
		Outstanding at Year End	Retainage Payable
EHS HVAC Phase II & III	\$ 2,828,986	\$ 650,302	\$ 48,839

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, 2025 (measurement date), the following employees were covered by the benefit terms:

	County	School Board
Total active employees	290	817
Total retirees with coverage	24	9
	314	826

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, 2025 was \$103,047 and \$195,642, respectively.

Total OPEB Liability

The County and School Board's total OPEB liabilities were measured as of June 30, 2025 and are based on an actuarial valuation date of July 1, 2024 projected to June 30, 2025 on a "no loss/no gain" basis.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Percentage of Salary
Healthcare Cost Trend Rates	Medical rates start at 8.00% and decrease by 0.25% to an ultimate rate of 4.50%
Salary Increases	3.50%
Discount Rate	5.20%
Inflation	2.50%

A version of the PUB-2010 Mortality Table (amount weighted) with fully generational mortality improvements projected using 75% of the MP-2020 projected scale.

The actuarial assumptions used in the June 30, 2025 report were based on July 1, 2024 with results actuarially projected on a “no gain/no loss” basis to get to the June 30, 2025 measurement date. Liabilities as of June 30, 2025 are based on an actuarial valuation date of July 1, 2024.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the S&P Municipal Bond 20 Year High Grade Rate Index. The final equivalent single discount rate used for this year’s valuation is 5.20% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in the Total OPEB Liability

	County	School Board
Balances at June 30, 2024	\$ 1,788,709	\$ 10,610,185
Changes for the year:		
Service cost	\$ 93,029	\$ 628,630
Interest cost	77,074	469,078
Difference between expected and actual experience	71,138	(505,053)
Changes in assumptions	19,377	313,754
Benefit payments	(103,047)	(195,642)
Net changes	\$ 157,571	\$ 710,767
Balances at June 30, 2025	\$ 1,946,280	\$ 11,320,952

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) 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
(4.20%)	(5.20%)	(6.20%)	(4.20%)	(5.20%)	(6.20%)
\$ 2,129,443	\$ 1,946,280	\$ 1,783,574	\$ 12,257,831	\$ 11,320,952	\$ 10,449,377

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
\$ 1,854,960	\$ 1,946,280	\$ 2,055,615	\$ 10,040,239	\$ 11,320,952	\$ 12,814,685

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

For the year ended June 30, 2025, the County and School Board recognized OPEB expense in the amount of \$116,448 and \$941,220, respectively. At June 30, 2025, 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	\$ 187,936	\$ 185,888	\$ 663,110	\$ 1,399,251
Changes in assumptions	110,186	91,683	1,053,969	793,870
Total	\$ 298,122	\$ 277,571	\$ 1,717,079	\$ 2,193,121

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

Year ended June 30	Primary Government	Component Unit School Board
2025	\$ (53,655)	\$ (138,592)
2026	(38,394)	(138,592)
2027	51,374	(138,594)
2028	46,136	(30,748)
2029	15,090	(2,806)
Thereafter	-	(26,710)

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

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

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

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

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

Eligible Employees

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. The amount is increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$76,624 and \$83,308 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (non-professional) were \$10,150 and \$10,905 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (professional) were \$187,670 and \$202,474 for the years ended June 30, 2025 and June 30, 2024, 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, 2025, the County reported a liability of \$670,435 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit-School Board (nonprofessional) reported a liability of \$87,711 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit-School Board (professional) reported a liability of \$1,629,581 for its proportionate share of the Net GLI OPEB Liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2024, the County's proportion was 0.06008% as compared to 0.05995% at June 30, 2023.

At June 30, 2024, the Component Unit-School Board (nonprofessional) proportion was 0.00786% as compared to 0.00800% at June 30, 2023.

At June 30, 2024, the Component Unit-School Board (professional) proportion was 0.14603% as compared to 0.14794% at June 30, 2023.

For the year ended June 30, 2025, the County recognized GLI OPEB expense of \$23,275. 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, 2025, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$1,692. 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, 2025, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$54,101. 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, 2025, 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	\$ 105,743	\$ 16,377
Net difference between projected and actual earnings on GLI OPEB program investments	-	56,511
Change in assumptions	3,821	33,225
Changes in proportionate share	34,415	6,817
Employer contributions subsequent to the measurement date	76,624	-
Total	\$ 220,603	\$ 112,930

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

	Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,834	\$ 2,142	\$ 257,022	\$ 39,805
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,393	-	137,357
Change in assumptions	500	4,347	9,289	80,759
Changes in proportionate share	2,421	3,423	74,492	63,964
Employer contributions subsequent to the measurement date	10,150	-	187,670	-
Total	\$ 26,905	\$ 17,305	\$ 528,473	\$ 321,885

\$76,624, \$10,150, and \$187,670 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-School Board (Non-professional)	Component Unit-School Board (Professional)
2026	\$ (20,171)	\$ (3,857)	\$ (54,497)
2027	22,942	1,686	46,573
2028	10,389	204	(360)
2029	6,935	309	5,347
2030	10,954	1,108	21,855

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
GLI Net OPEB Liability (Asset)	\$	1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Proportionate share of the GLI Plan Net OPEB Liability:			
County	\$ 1,042,614	\$ 670,435	\$ 369,764
Component Unit-School Board (Nonprofessional)	\$ 136,403	\$ 87,711	\$ 48,375
Component Unit-School Board (Professional)	\$ 2,534,210	\$ 1,629,581	\$ 898,760

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025

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

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Component Unit School Board - Nonprofessional (continued)*****Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	112
Vested inactive members	22
Active members	55
Total covered employees	<u>189</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board (Nonprofessional)'s contractually required employer contribution rate for the year ended June 30, 2025 was 1.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$23,107 and \$21,609 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The School Board (nonprofessional)'s net HIC OPEB liability was measured as of June 30, 2024. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Component Unit School Board - Nonprofessional (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 342,697	\$ 185,560	\$ 157,137
Changes for the year:			
Service cost	\$ 1,840	\$ -	\$ 1,840
Interest	22,276	-	22,276
Differences between expected and actual experience	6,321	-	6,321
Contributions - employer	-	21,609	(21,609)
Net investment income	-	17,081	(17,081)
Benefit payments	(29,041)	(29,041)	-
Administrative expenses	-	(228)	228
Other changes	-	(1)	1
Net changes	\$ 1,396	\$ 9,420	\$ (8,024)
Balances at June 30, 2024	\$ 344,093	\$ 194,980	\$ 149,113

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Component Unit School Board - Nonprofessional (continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board (Nonprofessional)'s			
Net HIC OPEB Liability	\$ 179,447	\$ 149,113	\$ 122,954

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, 2025, the School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$15,044. At June 30, 2025, 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	\$ 3,096	\$ 10,881
Net difference between projected and actual earnings on HIC OPEB plan investments	-	3,741
Change in assumptions	6,346	-
Employer contributions subsequent to the measurement date	23,107	-
Total	\$ 32,549	\$ 14,622

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Component Unit School Board - Nonprofessional (continued)

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

\$23,107 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (5,532)
2027	1,837
2028	(522)
2029	(963)

HIC Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$482,987 and \$453,305 for the years ended June 30, 2025 and June 30, 2024, 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, 2025, the school division reported a liability of \$4,040,954 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, 2024 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, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Plan was 0.34967% as compared to 0.34910% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$291,406. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025, 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	\$ -	\$ 191,451
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	14,374
Change in assumptions	69,614	-
Change in proportionate share and differences between actual and expected contributions	209,398	99,030
Employer contributions subsequent to the measurement date	482,987	-
Total	\$ <u>761,999</u>	\$ <u>304,855</u>

\$482,987 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, 2026. 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	
2026	\$ (4,803)
2027	24,560
2028	5,161
2029	(22,309)
2030	(22,418)
Thereafter	(6,034)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023, 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, 2024.

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

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

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,478,105
Plan Fiduciary Net Position	322,457
Teacher Employee net HIC OPEB Liability (Asset)	\$ <u>1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	21.82%

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
Expected arithmetic nominal return**			<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, 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, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 4,595,573	\$ 4,040,954	\$ 3,570,864

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025

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

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

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

Eligible Employees

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

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date (the benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025); or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023 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 \$115,964 and \$97,525 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$2,546,221 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was 0.64698% as compared to 0.56260% at June 30, 2023.

For the year ended June 30, 2025, the entity recognized LODA OPEB expense of \$395,796. 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, 2025, 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	\$ 88,593	\$ 621,965
Net difference between projected and actual earnings on LODA OPEB program investments	-	8,417
Change in assumptions	469,371	512,821
Change in proportionate share	580,276	82,857
Employer contributions subsequent to the measurement date	115,964	-
Total	\$ <u>1,254,204</u>	\$ <u>1,226,060</u>

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 (continued)

\$115,964 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, 2026. 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	
2026	\$ 31,997
2027	24,955
2028	12,434
2029	(12,824)
2030	(43,643)
Thereafter	(100,739)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. 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	7.25%-4.25%
Ages 65 and older	6.50%-4.25%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Investment rate of return	3.97% including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 20—Line of Duty Act (LODA) Program: (continued)**Actuarial Assumptions (continued)****Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees****Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	\$ 398,395
Plan Fiduciary Net Position	4,841
LODA Net OPEB Liability (Asset)	<u>\$ 393,554</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. 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, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 Discount Rate

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	Discount Rate		
	1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
County's proportionate share of the LODA Net OPEB Liability	\$ 2,822,683	\$ 2,546,221	\$ 2,308,493

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 7.25% decreasing to 4.25%, 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 (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.25% decreasing to 3.25%)	Current (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 2,169,042	\$ 2,546,221	\$ 3,009,024

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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	\$ 220,603	\$ 112,930	\$ 670,435	\$ 23,275	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	26,905	17,305	87,711	1,692
School Board Professional	-	-	-	-	528,473	321,885	1,629,581	54,101
Teacher Health Insurance Credit Plan	-	-	-	-	761,999	304,855	4,040,954	291,406
Health Insurance Credit Plan	-	-	-	-	32,549	14,622	149,113	15,044
Line of Duty Act Program	1,254,204	1,226,060	2,546,221	395,796	-	-	-	-
County Stand-Alone Plan	298,122	277,571	1,946,280	116,448	-	-	-	-
School Stand-Alone Plan	-	-	-	-	1,717,079	2,193,121	11,320,952	941,220
Totals	\$ 1,772,929	\$ 1,616,561	\$ 5,162,936	\$ 535,519	\$ 3,067,005	\$ 2,851,788	\$ 17,228,311	\$ 1,303,463

Note 22-Litigation:

As of June 30, 2025, a claim has been filed against the County in regards to erroneous assessment of taxes for a total of \$2,000,000. The County is vigorously defending itself against the claim and does not believe that payout of same is probable or reasonably estimable as of the date of the report; therefore, no liability has been recognized in the financial statements.

Note 23-Concentration Risk:

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

Note 24-Subsequent Events:

On July 10, 2025, the County issued a taxable general obligation refunding bond totaling \$8,841,000. The bond carries an interest rate of 5.85% and matures on August 1, 2039.

Note 25-Adoption of Accounting Principles:

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the County now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

COUNTY OF WISE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 26—Restatement of Beginning Balances:

Beginning balances were restated for the adoption of GASB Statement No. 101 and the correction of an error as noted below:

	General Fund	
Fund Balance, as previously reported	\$	31,003,046
Error correction - unrecorded receivable		258,713
Fund Balance, as restated	\$	31,261,759

	Governmental Activities	Component Unit - School Board
Net Position, as previously reported	\$ 35,177,609	\$ 15,775,554
Error correction - unrecorded receivable	258,713	-
Increase in compensated absences	-	(331,335)
Net Position, as restated	\$ 35,436,322	\$ 15,444,219

Note 27—Upcoming Pronouncements:

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this State are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

Required Supplementary Information

County of Wise, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 30,888,003	\$ 30,888,003	\$ 29,417,306	\$	(1,470,697)
Other local taxes	5,660,766	5,660,766	5,063,308		(597,458)
Permits, privilege fees, and regulatory licenses	32,225	32,225	36,669		4,444
Fines and forfeitures	65,788	65,788	75,823		10,035
Revenue from the use of money and property	873,000	873,000	1,453,696		580,696
Charges for services	34,148	34,148	81,753		47,605
Miscellaneous	2,315,478	2,544,261	1,796,026		(748,235)
Recovered costs	1,646,485	1,772,903	2,198,361		425,458
Intergovernmental:					
Commonwealth	16,461,784	16,940,364	21,351,482		4,411,118
Federal	6,359,238	10,371,724	8,045,221		(2,326,503)
Total revenues	\$ 64,336,915	\$ 69,183,182	\$ 69,519,645	\$	336,463
EXPENDITURES					
Current:					
General government administration	\$ 5,337,137	\$ 5,385,100	\$ 5,254,340	\$	130,760
Judicial administration	4,130,850	4,212,346	4,544,614		(332,268)
Public safety	17,147,535	21,597,145	19,691,505		1,905,640
Public works	3,780,288	3,780,287	3,375,520		404,767
Health and welfare	15,514,655	15,813,294	16,614,961		(801,667)
Education	18,840,989	18,894,138	17,588,356		1,305,782
Parks, recreation, and cultural	1,391,097	1,410,409	1,326,494		83,915
Community development	1,651,189	1,738,503	1,563,804		174,699
Nondepartmental	233,920	564,263	843,931		(279,668)
Debt service:					
Principal retirement	638,201	623,512	970,086		(346,574)
Interest and other fiscal charges	43,995	130,152	160,409		(30,257)
Bond issuance costs	-	-	147,796		(147,796)
Total expenditures	\$ 68,709,856	\$ 74,149,149	\$ 72,081,816	\$	2,067,333
Excess (deficiency) of revenues over (under) expenditures	\$ (4,372,941)	\$ (4,965,967)	\$ (2,562,171)	\$	2,403,796
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (4,483,565)	\$ (4,483,565)	\$ (4,548,561)	\$	(64,996)
Issuance of lease revenue bond	-	-	4,000,000		4,000,000
Total other financing sources (uses)	\$ (4,483,565)	\$ (4,483,565)	\$ (548,561)	\$	3,935,004
Net change in fund balances	\$ (8,856,506)	\$ (9,449,532)	\$ (3,110,732)	\$	6,338,800
Fund balances - beginning, as previously report	8,856,506	9,449,532	31,003,046		21,553,514
Restatements	-	-	258,713		258,713
Fund balances - beginning, as restated	\$ 8,856,506	\$ 9,449,532	\$ 31,261,759	\$	21,812,227
Fund balances - ending	\$ -	\$ -	\$ 28,151,027	\$	28,151,027

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ 286,003	\$ 286,003
Revenue from the use of money and property	-	-	192,553	192,553
Total revenues	\$ -	\$ -	\$ 478,556	\$ 478,556
EXPENDITURES				
Current:				
Public works	\$ 270,000	\$ 1,120,000	\$ 252,582	\$ 867,418
Community development	330,000	695,000	524,035	170,965
Total expenditures	\$ 600,000	\$ 1,815,000	\$ 776,617	\$ 1,038,383
Excess (deficiency) of revenues over (under) expenditures	\$ (600,000)	\$ (1,815,000)	\$ (298,061)	\$ 1,516,939
Net change in fund balances	\$ (600,000)	\$ (1,815,000)	\$ (298,061)	\$ 1,516,939
Fund balances - beginning	600,000	1,815,000	4,173,732	2,358,732
Fund balances - ending	\$ -	\$ -	\$ 3,875,671	\$ 3,875,671

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, 2015 through June 30, 2024

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Employer's Proportionate Share of the NPLA (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
Primary Government - County Retirement Plan (A)					
2024	99.2058%	\$ 9,701,133	\$ 15,414,122	62.94%	87.37%
2023	99.4937%	9,039,532	14,116,406	64.04%	87.41%
2022	99.4792%	8,334,662	13,212,516	63.08%	87.82%
2021	99.4300%	6,540,168	11,667,036	56.06%	90.37%
2020	98.8143%	14,698,081	11,450,820	128.36%	76.94%
2019	98.6242%	10,968,718	10,794,432	101.61%	81.90%
2018	98.8547%	9,146,168	10,917,731	83.77%	84.11%
2017	98.8547%	8,641,811	10,346,115	83.53%	84.34%
2016	99.1244%	12,283,747	10,456,826	117.47%	77.87%
2015	99.2317%	9,438,135	10,518,844	89.73%	82.24%
Component Unit School Board (professional)					
2024	0.3554%	\$ 33,357,411	\$ 37,463,202	89.04%	84.52%
2023	0.3549%	35,868,448	34,803,506	103.06%	82.45%
2022	0.3610%	34,370,313	33,107,004	103.82%	82.61%
2021	0.3523%	27,350,169	30,648,076	89.24%	85.46%
2020	0.3328%	48,438,416	28,684,823	168.86%	71.47%
2019	0.3363%	44,253,727	27,789,528	159.25%	73.51%
2018	0.3250%	38,222,000	25,921,458	147.45%	74.81%
2017	0.3509%	43,158,000	27,395,796	157.54%	72.92%
2016	0.3689%	51,696,000	28,122,127	183.83%	68.28%
2015	0.3846%	48,405,000	28,625,391	169.10%	70.68%

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

County of Wise, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans

For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 140,505	\$ 140,489	\$ 118,369	\$ 130,620	\$ 135,207	\$ 128,781	\$ 135,411	\$ 144,679	\$ 150,120	\$ 158,445
Interest	911,646	903,889	898,174	858,313	853,794	869,715	841,768	838,566	863,535	854,409
Differences between expected and actual experience	550,031	116,269	128,192	81,380	19,528	313,383	234,486	(148,415)	(573,018)	(46,397)
Assumption changes	-	-	-	412,819	-	(187,100)	-	3,628	-	-
Benefit payments, including refunds of employee contributions	(1,046,774)	(1,044,715)	(1,119,665)	(902,281)	(980,872)	(820,095)	(804,736)	(780,696)	(813,973)	(858,196)
Net change in total pension liability	\$ 555,408	\$ 115,932	\$ 25,070	\$ 580,851	\$ 27,657	\$ 304,684	\$ 406,929	\$ 57,762	\$ (373,336)	\$ 108,261
Total pension liability - beginning	13,888,745	13,772,813	13,747,743	13,166,892	13,139,235	12,834,551	12,427,622	12,369,860	12,743,196	12,634,935
Total pension liability - ending (a)	\$ 14,444,153	\$ 13,888,745	\$ 13,772,813	\$ 13,747,743	\$ 13,166,892	\$ 13,139,235	\$ 12,834,551	\$ 12,427,622	\$ 12,369,860	\$ 12,743,196
Plan fiduciary net position										
Contributions - employer	\$ 395,970	\$ 372,196	\$ 343,141	\$ 314,844	\$ 303,541	\$ 293,796	\$ 248,631	\$ 267,012	\$ 262,641	\$ 272,831
Contributions - employee	88,972	84,110	80,511	78,080	76,187	74,964	72,079	77,810	79,498	83,286
Net investment income	925,697	607,873	(1,643)	2,313,277	168,053	582,288	642,004	985,712	139,335	385,024
Benefit payments, including refunds of employee contributions	(1,046,774)	(1,044,715)	(1,119,665)	(902,281)	(980,872)	(820,095)	(804,736)	(780,696)	(813,973)	(858,196)
Administrative expense	(6,533)	(6,419)	(6,756)	(6,085)	(6,181)	(6,110)	(5,825)	(5,994)	(5,576)	(5,702)
Other	179	243	230	215	(196)	(365)	(559)	(866)	(61)	(80)
Net change in plan fiduciary net position	\$ 357,511	\$ 13,288	\$ (704,182)	\$ 1,798,050	\$ (439,468)	\$ 124,478	\$ 151,594	\$ 542,978	\$ (338,136)	\$ (122,837)
Plan fiduciary net position - beginning	9,801,335	9,788,047	10,492,229	8,694,179	9,133,647	9,009,169	8,857,575	8,314,597	8,652,733	8,775,570
Plan fiduciary net position - ending (b)	\$ 10,158,846	\$ 9,801,335	\$ 9,788,047	\$ 10,492,229	\$ 8,694,179	\$ 9,133,647	\$ 9,009,169	\$ 8,857,575	\$ 8,314,597	\$ 8,652,733
School Division's net pension liability - ending (a) - (b)	\$ 4,285,307	\$ 4,087,410	\$ 3,984,766	\$ 3,255,514	\$ 4,472,713	\$ 4,005,588	\$ 3,825,382	\$ 3,570,047	\$ 4,055,263	\$ 4,090,463
Plan fiduciary net position as a percentage of the total pension liability	70.33%	70.57%	71.07%	76.32%	66.03%	69.51%	70.19%	71.27%	67.22%	67.90%
Covered payroll	\$ 2,019,535	\$ 1,882,498	\$ 1,780,105	\$ 1,624,655	\$ 1,609,045	\$ 1,542,918	\$ 1,479,309	\$ 1,584,431	\$ 1,629,068	\$ 1,669,474
School Division's net pension liability as a percentage of covered payroll	212.19%	217.13%	223.85%	200.38%	277.97%	259.61%	258.59%	225.32%	248.93%	245.02%

County of Wise, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2016 through June 30, 2025

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					
2025	\$ 2,123,832	\$ 2,123,832	\$ -	\$ 16,297,099	13.03%
2024	1,912,465	1,912,465	-	15,414,122	12.41%
2023	1,767,386	1,767,386	-	14,116,406	12.52%
2022	1,649,405	1,649,405	-	13,212,516	12.48%
2021	1,470,649	1,470,649	-	11,667,036	12.61%
2020	1,231,295	1,231,295	-	11,450,820	10.75%
2019	1,175,304	1,175,304	-	10,794,432	10.89%
2018	1,207,506	1,053,722	153,784	10,917,731	9.65%
2017	1,151,234	1,007,941	143,293	10,346,115	9.74%
2016	1,329,063	1,072,374	256,689	10,456,826	10.26%
Component Unit School Board (nonprofessional)					
2025	\$ 449,624	\$ 449,624	\$ -	\$ 2,159,578	20.82%
2024	396,352	396,352	-	2,019,535	19.63%
2023	372,511	372,511	-	1,882,498	19.79%
2022	343,327	343,327	-	1,780,105	19.29%
2021	314,988	314,988	-	1,624,655	19.39%
2020	303,640	303,640	-	1,609,045	18.87%
2019	293,796	293,796	-	1,542,918	19.04%
2018	248,630	248,630	-	1,479,309	16.81%
2017	267,012	267,012	-	1,584,431	16.85%
2016	331,027	264,897	66,130	1,629,068	16.26%
Component Unit School Board (professional)					
2025	\$ 5,672,098	\$ 5,672,098	\$ -	\$ 39,916,245	14.21%
2024	5,993,579	5,993,579	-	37,463,202	16.00%
2023	5,603,464	5,603,464	-	34,803,506	16.10%
2022	5,363,095	5,363,095	-	33,107,004	16.20%
2021	4,984,281	4,984,281	-	30,648,076	16.26%
2020	4,423,004	4,423,004	-	28,684,823	15.42%
2019	4,309,619	4,309,619	-	27,789,528	15.51%
2018	4,203,485	4,203,485	-	25,921,458	16.22%
2017	3,994,553	3,994,553	-	27,395,796	14.58%
2016	3,943,479	3,943,479	-	28,122,127	14.02%

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

County of Wise, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees

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

County of Wise, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Healthcare OPEB Plan - Primary Government
For the Years Ended June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 93,029	\$ 87,787	\$ 84,509	\$ 118,365	\$ 112,165	\$ 112,683	\$ 100,176	\$ 100,914
Interest	77,074	65,781	62,082	42,018	53,397	71,745	70,754	73,033
Changes in assumptions	19,377	31,480	(5,138)	(267,337)	66,523	218,163	59,374	(9,205)
Differences between expected and actual experience	71,138	154,831	36,560	(165,426)	(245,501)	(359,332)	57,222	(280,453)
Benefit payments	(103,047)	(111,155)	(101,805)	(87,704)	(75,408)	(83,086)	(85,382)	(105,155)
Net change in total OPEB liability	\$ 157,571	\$ 228,724	\$ 76,208	\$ (360,084)	\$ (88,824)	\$ (39,827)	\$ 202,144	\$ (220,866)
Total OPEB liability - beginning	1,788,709	1,559,985	1,483,777	1,843,861	1,932,685	1,972,512	1,770,368	1,991,234
Total OPEB liability - ending	\$ 1,946,280	\$ 1,788,709	\$ 1,559,985	\$ 1,483,777	\$ 1,843,861	\$ 1,932,685	\$ 1,972,512	\$ 1,770,368
County's covered payroll	\$ 17,322,200	\$ 16,733,060	\$ 15,235,568	\$ 13,070,991	\$ 11,692,249	\$ 11,224,552	N/A	N/A
County's total OPEB liability (asset) as a percentage of covered payroll	11%	11%	10%	11%	16%	17%	N/A	N/A

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

County of Wise, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Healthcare OPEB Plan - School Board
For the Years Ended June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 628,630	\$ 601,025	\$ 593,383	\$ 696,441	\$ 647,736	\$ 471,052	\$ 432,303	\$ 435,248
Interest	469,078	405,173	388,326	201,267	250,331	313,286	329,685	307,380
Changes in assumptions	313,754	893,037	(28,463)	(1,549,796)	292,417	1,218,609	243,583	(28,197)
Differences between expected and actual experience	(305,053)	(352,630)	(389,528)	1,326,218	(1,195,123)	(1,325,960)	(215,851)	(361,926)
Benefit payments	(195,642)	(288,838)	(222,658)	(311,511)	(297,695)	(437,012)	(406,775)	(426,552)
Net change in total OPEB liability	\$ 710,767	\$ 1,257,767	\$ 341,060	\$ 362,619	\$ (262,334)	\$ 239,975	\$ 382,945	\$ (74,047)
Total OPEB liability - beginning	10,610,185	9,352,418	9,011,358	8,648,739	8,911,073	8,671,098	8,288,153	8,362,200
Total OPEB liability - ending	\$ 11,320,952	\$ 10,610,185	\$ 9,352,418	\$ 9,011,358	\$ 8,648,739	\$ 8,911,073	\$ 8,671,098	\$ 8,288,153
School Board's covered payroll	\$ 50,034,304	\$ 47,714,042	\$ 45,074,145	\$ 36,898,552	\$ 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	22.6%	22.2%	20.7%	24.4%	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, 2025

Valuation Date: 7/1/2024
Measurement Date: 6/30/2025

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	5.20%
Inflation	2.50%
Healthcare Trend Rate	Medical rates start at 8.00% and decrease by 0.25% to an ultimate rate of 4.50%
Salary Scale	3.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	A version of the PUB-2010 Mortality Tables (amount weighted) with fully generational mortality improvements projected using 75% of the MP-2020 projection scale.

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, 2024

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:					
2024	0.06008%	\$ 670,435	\$ 15,427,383	4.35%	73.41%
2023	0.05995%	719,047	14,122,903	5.09%	69.30%
2022	0.06048%	728,278	13,157,496	5.54%	67.21%
2021	0.05648%	658,000	11,667,036	5.64%	67.45%
2020	0.05553%	926,106	11,433,566	8.10%	52.64%
2019	0.05536%	899,050	10,827,351	8.30%	52.00%
2018	0.05741%	871,898	10,917,731	7.99%	51.22%
2017	0.05660%	851,478	10,346,115	8.23%	48.86%
Component Unit School Board (nonprofessional):					
2024	0.00786%	\$ 87,711	\$ 2,019,535	4.34%	73.41%
2023	0.00800%	95,945	1,885,352	5.09%	69.30%
2022	0.00820%	98,495	1,780,105	5.53%	67.21%
2021	0.00790%	91,977	1,630,920	5.64%	67.45%
2020	0.00780%	130,837	1,613,028	8.11%	52.64%
2019	0.00797%	129,693	1,562,802	8.30%	52.00%
2018	0.00778%	118,000	1,479,309	7.98%	51.22%
2017	0.00859%	130,000	1,584,431	8.20%	48.86%
Component Unit School Board (professional):					
2024	0.14603%	\$ 1,629,581	\$ 37,495,196	4.35%	73.41%
2023	0.14794%	1,774,264	34,846,880	5.09%	69.30%
2022	0.15210%	1,831,792	33,091,297	5.54%	67.21%
2021	0.14850%	1,729,292	30,665,424	5.64%	67.45%
2020	0.13940%	2,327,026	28,702,275	8.11%	52.64%
2019	0.14180%	2,307,463	27,798,901	8.30%	52.00%
2018	0.13635%	2,071,000	25,921,458	7.99%	51.22%
2017	0.14852%	2,235,000	27,395,796	8.16%	48.86%

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

County of Wise, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2016 through June 30, 2025

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:					
2025	\$ 76,624	\$ 76,624	\$ -	\$ 16,303,082	0.47%
2024	83,308	83,308	-	15,427,383	0.54%
2023	76,264	76,264	-	14,122,903	0.54%
2022	71,051	71,051	-	13,157,496	0.54%
2021	63,003	63,003	-	11,667,036	0.54%
2020	59,342	59,342	-	11,433,566	0.52%
2019	56,302	56,302	-	10,827,351	0.52%
2018	56,773	56,773	-	10,917,731	0.52%
2017	54,287	54,287	-	10,346,115	0.52%
Component Unit School Board (nonprofessional):					
2025	\$ 10,150	\$ 10,150	\$ -	\$ 2,159,578	0.47%
2024	10,905	10,905	-	2,019,535	0.54%
2023	10,181	10,181	-	1,885,352	0.54%
2022	9,613	9,613	-	1,780,105	0.54%
2021	8,807	8,807	-	1,630,920	0.54%
2020	8,389	8,389	-	1,613,028	0.52%
2019	8,127	8,127	-	1,562,802	0.52%
2018	7,692	7,692	-	1,479,309	0.52%
2017	8,239	8,239	-	1,584,431	0.52%
2016	7,837	7,837	-	1,632,719	0.48%
Component Unit School Board (professional):					
2025	\$ 187,670	\$ 187,670	\$ -	\$ 39,929,795	0.47%
2024	202,474	202,474	-	37,495,196	0.54%
2023	188,173	188,173	-	34,846,880	0.54%
2022	178,693	178,693	-	33,091,297	0.54%
2021	165,595	165,595	-	30,665,424	0.54%
2020	149,220	149,220	-	28,702,275	0.52%
2019	144,554	144,554	-	27,798,901	0.52%
2018	134,827	134,827	-	25,921,458	0.52%
2017	142,456	142,456	-	27,395,796	0.52%
2016	135,002	135,002	-	28,125,471	0.48%

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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Wise, Virginia
 Schedule of Changes in the School Board (Nonprofessional)'s Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability								
Service cost	\$ 1,840	\$ 2,033	\$ 1,411	\$ 2,354	\$ 2,532	\$ 2,478	\$ 2,000	\$ 3,000
Interest	22,276	21,444	15,529	16,370	15,703	16,439	16,000	17,000
Changes of benefit terms			122,707					-
Differences between expected and actual experience			(54,987)	(5,954)	4,112	(5,857)	15,000	(3,000)
Changes in assumptions	6,321	17,681	32,074	3,585	16,593	4,881	-	(17,000)
Benefit payments	-	-	(31,237)	(29,225)	(28,884)	(22,858)	(25,000)	(1,000)
Other changes	(29,041)	(28,227)						(1,000)
Net change in total HIC OPEB liability	\$ 1,396	\$ 12,931	\$ 85,497	\$ (12,870)	\$ 10,056	\$ (4,917)	\$ 8,000	\$ (1,000)
Total HIC OPEB Liability - beginning	342,697	329,766	244,269	257,139	247,083	252,000	244,000	245,000
Total HIC OPEB Liability - ending (a)	\$ 344,093	\$ 342,697	\$ 329,766	\$ 244,269	\$ 257,139	\$ 247,083	\$ 252,000	\$ 244,000
Plan fiduciary net position								
Contributions - employer	\$ 21,609	\$ 20,143	\$ 15,665	\$ 8,611	\$ 7,080	\$ 6,789	\$ 5,000	\$ 5,000
Net investment income	17,081	9,896	539	40,009	3,497	11,293	13,000	21,000
Benefit payments	(29,041)	(28,227)	(31,237)	(29,225)	(28,884)	(22,858)	(25,000)	(17,000)
Administrator charges	(238)	(213)	(306)	(420)	(310)	(751)	-	-
Other	(1)	837	15,647	-	(2)	(13)	(1,000)	1,000
Net change in plan fiduciary net position	\$ 9,420	\$ 2,436	\$ 308	\$ 18,975	\$ (18,619)	\$ (5,540)	\$ (8,000)	\$ 10,000
Plan fiduciary net position - beginning	185,560	183,124	182,816	163,841	182,460	188,000	196,000	186,000
Plan fiduciary net position - ending (b)	\$ 194,980	\$ 185,560	\$ 183,124	\$ 182,816	\$ 163,841	\$ 182,460	\$ 188,000	\$ 196,000
School Board (Nonprofessional)'s net HIC OPEB liability - ending (a) - (b)	\$ 149,113	\$ 157,137	\$ 146,642	\$ 61,453	\$ 93,298	\$ 64,623	\$ 64,000	\$ 48,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	56.66%	54.15%	55.53%	74.84%	63.72%	73.85%	74.60%	80.33%
Covered payroll	\$ 2,019,535	\$ 1,882,498	\$ 1,780,105	\$ 1,624,655	\$ 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	7.38%	8.35%	8.24%	3.78%	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, 2016 through June 30, 2025

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)
2025	\$ 23,107	\$ 23,107	\$ -	\$ 2,159,578	1.07%
2024	21,609	21,609	-	2,019,535	1.07%
2023	12,048	12,048	-	1,882,498	0.64%
2022	9,435	9,435	-	1,780,105	0.53%
2021	8,611	8,611	-	1,624,655	0.53%
2020	7,080	7,080	-	1,609,045	0.44%
2019	6,789	6,789	-	1,542,918	0.44%
2018	4,882	4,882	-	1,479,309	0.33%
2017	5,228	5,228	-	1,584,431	0.33%
2016	5,864	5,864	-	1,629,068	0.36%

County of Wise, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

County of Wise, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 2024

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)
2024	0.34967% \$	4,040,954 \$	37,463,202	10.79%	21.82%
2023	0.34910%	4,228,452	34,804,556	12.15%	17.90%
2022	0.35505%	4,434,740	33,091,297	13.40%	15.08%
2021	0.34654%	4,448,080	30,648,076	14.51%	13.15%
2020	0.32720%	4,268,378	28,684,823	14.88%	9.95%
2019	0.33129%	4,336,908	27,789,528	15.61%	8.97%
2018	0.32052%	4,069,000	25,681,458	15.84%	8.08%
2017	0.34702%	4,403,000	27,395,796	16.07%	7.04%

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

County of Wise, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2016 through June 30, 2025

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)
2025	\$ 482,987	\$ 482,987	\$ -	\$ 39,916,245	1.21%
2024	453,305	453,305	-	37,463,202	1.21%
2023	421,135	421,135	-	34,804,556	1.21%
2022	400,405	400,405	-	33,091,297	1.21%
2021	370,861	370,861	-	30,648,076	1.21%
2020	344,216	344,216	-	28,684,823	1.20%
2019	333,474	333,474	-	27,789,528	1.20%
2018	318,834	318,834	-	25,681,458	1.24%
2017	303,993	303,993	-	27,395,796	1.11%
2016	298,130	298,130	-	28,125,471	1.06%

County of Wise, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Wise, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through 2024

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)
2024	0.64698% \$	2,546,221	n/a	n/a	1.22%
2023	0.56260%	2,255,499	n/a	n/a	1.31%
2022	0.58760%	2,223,766	n/a	n/a	1.87%
2021	0.53800%	2,372,314	n/a	n/a	1.68%
2020	0.50760%	2,126,074	n/a	n/a	1.02%
2019	0.49430%	1,773,480	n/a	n/a	0.79%
2018	0.49005%	1,537,000	n/a	n/a	0.60%
2017	0.49187%	1,293,000	n/a	n/a	1.30%

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

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

County of Wise, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2017 through June 30, 2025

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)
2025	\$ 115,964	\$ 115,964	\$ -	n/a	n/a
2024	97,525	97,525	-	n/a	n/a
2023	74,661	74,661	-	n/a	n/a
2022	80,926	80,926	-	n/a	n/a
2021	74,063	74,063	-	n/a	n/a
2020	68,989	68,989	-	n/a	n/a
2019	66,342	66,342	-	n/a	n/a
2018	52,198	52,198	-	n/a	n/a
2017	53,049	53,049	-	n/a	n/a

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

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

County of Wise, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Other Supplementary Information

County of Wise, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds		Capital Projects Fund	Total
	Forfeited Assets Fund			
ASSETS				
Cash and cash equivalents	\$ 254,547	\$ 322,764	\$ 577,311	
Due from other governmental units	-	38,897	38,897	
Total assets	<u>\$ 254,547</u>	<u>\$ 361,661</u>	<u>\$ 616,208</u>	
LIABILITIES				
Accounts payable	\$ 2,151	\$ 18,819	\$ 20,970	
Total liabilities	<u>\$ 2,151</u>	<u>\$ 18,819</u>	<u>\$ 20,970</u>	
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - opioid settlement	\$ -	\$ 38,897	\$ 38,897	
FUND BALANCES				
Restricted:				
Opioid settlement	\$ -	\$ 450,456	\$ 450,456	
Asset forfeiture funds	252,396	-	252,396	
Unassigned (deficit)	-	(146,511)	(146,511)	
Total fund balances	<u>\$ 252,396</u>	<u>\$ 303,945</u>	<u>\$ 556,341</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 254,547</u>	<u>\$ 361,661</u>	<u>\$ 616,208</u>	

County of Wise, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	<u>Forfeited Assets Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ 813	\$ -	\$ 813
Charges for services	-	14,890	14,890
Miscellaneous	114,076	-	114,076
Intergovernmental:			
Commonwealth	21,935	443,783	465,718
Federal	6,179	106,501	112,680
Total revenues	<u>\$ 143,003</u>	<u>\$ 565,174</u>	<u>\$ 708,177</u>
EXPENDITURES			
Current:			
Public safety	\$ 147,467	\$ -	\$ 147,467
Capital projects	-	467,536	467,536
Total expenditures	<u>\$ 147,467</u>	<u>\$ 467,536</u>	<u>\$ 615,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,464)</u>	<u>\$ 97,638</u>	<u>\$ 93,174</u>
Net change in fund balances	\$ (4,464)	\$ 97,638	\$ 93,174
Fund balances - beginning	256,860	206,307	463,167
Fund balances - ending	<u><u>\$ 252,396</u></u>	<u><u>\$ 303,945</u></u>	<u><u>\$ 556,341</u></u>

County of Wise, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds			<u>Total</u>
	<u>Special Welfare Fund</u>	<u>Local Sales Tax Fund</u>	<u>Lonesome Pine Youth Services Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 88,962	\$ 63,515	\$ -	\$ 152,477
Total assets	<u>\$ 88,962</u>	<u>\$ 63,515</u>	<u>\$ -</u>	<u>\$ 152,477</u>
LIABILITIES				
Due to other local governments	\$ 82,447	\$ 63,515	\$ 71,870	\$ 217,832
Total liabilities	<u>\$ 82,447</u>	<u>\$ 63,515</u>	<u>\$ 71,870</u>	<u>\$ 217,832</u>
NET POSITION				
Restricted:				
Special Welfare	\$ 6,515	\$ -	\$ -	\$ 6,515
Unrestricted	-	-	(71,870)	(71,870)
Total net position	<u>\$ 6,515</u>	<u>\$ -</u>	<u>\$ (71,870)</u>	<u>\$ (65,355)</u>

County of Wise, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds			
	Special Welfare Fund	Local Sales Tax Fund	Lonesome Pine Youth Services Fund	Total
Additions				
Contributions:				
Expenditure reimbursement	\$ 84,770	\$ -	\$ -	\$ 84,770
Sales tax collection for other governments	-	735,944	-	735,944
Grants	-	-	66,250	66,250
Total contributions	<u>\$ 84,770</u>	<u>\$ 735,944</u>	<u>\$ 66,250</u>	<u>\$ 886,964</u>
Deductions				
Special welfare payments	\$ 92,169	\$ -	\$ -	\$ 92,169
Payments of sales tax to other governments	-	735,944	-	735,944
Salaries and fringes	-	-	72,055	72,055
Total deductions	<u>\$ 92,169</u>	<u>\$ 735,944</u>	<u>\$ 72,055</u>	<u>\$ 900,168</u>
Net increase (decrease) in fiduciary net position	\$ (7,399)	\$ -	\$ (5,805)	\$ (13,204)
Net position, beginning	13,914	-	(66,065)	(52,151)
Net position, ending	<u>\$ 6,515</u>	<u>\$ -</u>	<u>\$ (71,870)</u>	<u>\$ (65,355)</u>

County of Wise, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2025

	School Operating Fund	School Activity Fund	School Cafeteria Fund	Total
ASSETS				
Cash and cash equivalents	\$ 11,656,686	\$ 3,241,625	\$ 6,101,858	\$ 21,000,169
Receivables (net of allowance for uncollectibles):				
Accounts receivable	312,479	-	9,194	321,673
Due from other funds	130,437	-	-	130,437
Due from other governmental units	2,977,622	-	352,248	3,329,870
Prepaid items	802,792	-	11,937	814,729
Total assets	<u>\$ 15,880,016</u>	<u>\$ 3,241,625</u>	<u>\$ 6,475,237</u>	<u>\$ 25,596,878</u>
LIABILITIES				
Accounts payable	\$ 704,468	\$ -	\$ 55,480	\$ 759,948
Salaries payable	502,067	-	33,689	535,756
Due to other funds	-	-	130,437	130,437
Due to primary government	7,352,311	-	-	7,352,311
Unearned revenue	2,900,000	-	-	2,900,000
Total liabilities	<u>\$ 11,458,846</u>	<u>\$ -</u>	<u>\$ 219,606</u>	<u>\$ 11,678,452</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 802,792	\$ -	\$ 11,937	\$ 814,729
Restricted:				
School cafeteria	-	-	6,243,694	6,243,694
Committed:				
Textbooks	3,618,378	-	-	3,618,378
School Activity Funds	-	3,241,625	-	3,241,625
Total fund balances	<u>\$ 4,421,170</u>	<u>\$ 3,241,625</u>	<u>\$ 6,255,631</u>	<u>\$ 13,918,426</u>
Total liabilities and fund balances	<u>\$ 15,880,016</u>	<u>\$ 3,241,625</u>	<u>\$ 6,475,237</u>	<u>\$ 25,596,878</u>

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

Total fund balances per above		\$ 13,918,426
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not being depreciated/amortized	\$ 3,029,422	
Capital assets being depreciated/amortized	<u>51,072,748</u>	54,102,170
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 13,616,697	
OPEB related items	<u>3,067,005</u>	16,683,702
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (37,642,718)	
Net OPEB liabilities	(17,228,311)	
Lease liabilities	(214,389)	
Compensated absences	<u>(802,592)</u>	(55,888,010)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (5,995,869)	
OPEB related items	<u>(2,851,788)</u>	(8,847,657)
Net position of governmental activities		<u>\$ 19,968,631</u>

County of Wise, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2025

	School Operating Fund	School Activity Fund	School Cafeteria Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 161,826	\$ -	\$ 262,525	\$ 424,351
Charges for services	134,928	3,161,173	79,415	3,375,516
Miscellaneous	711,438	-	34,596	746,034
Recovered costs	1,139,218	-	-	1,139,218
Intergovernmental:				
Local government	17,536,440	-	-	17,536,440
Commonwealth	64,813,132	-	87,055	64,900,187
Federal	8,212,387	-	3,779,589	11,991,976
Total revenues	<u>\$ 92,709,369</u>	<u>\$ 3,161,173</u>	<u>\$ 4,243,180</u>	<u>\$ 100,113,722</u>
EXPENDITURES				
Current:				
Education	\$ 85,001,378	\$ 3,921,905	\$ 3,836,232	\$ 92,759,515
Debt service:				
Principal retirement	3,274,994	-	-	3,274,994
Interest and other fiscal charges	2,320,588	-	-	2,320,588
Total expenditures	<u>\$ 90,596,960</u>	<u>\$ 3,921,905</u>	<u>\$ 3,836,232</u>	<u>\$ 98,355,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,112,409</u>	<u>\$ (760,732)</u>	<u>\$ 406,948</u>	<u>\$ 1,758,625</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 1,242,811	\$ -	\$ 1,242,811
Transfers out	(1,242,811)	-	-	(1,242,811)
Issuance of lease liabilities	257,227	-	-	257,227
Total other financing sources (uses)	<u>\$ (985,584)</u>	<u>\$ 1,242,811</u>	<u>\$ -</u>	<u>\$ 257,227</u>
Net change in fund balances	<u>\$ 1,126,825</u>	<u>\$ 482,079</u>	<u>\$ 406,948</u>	<u>\$ 2,015,852</u>
Fund balances - beginning	3,294,345	2,759,546	5,848,683	11,902,574
Fund balances - ending	<u>\$ 4,421,170</u>	<u>\$ 3,241,625</u>	<u>\$ 6,255,631</u>	<u>\$ 13,918,426</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				\$ 2,015,852
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These are the details of items supporting this adjustment:				
Capital outlays			\$ 5,609,400	
Depreciation and amortization expenses			<u>(3,972,578)</u>	1,636,822
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.				
Debt issued or incurred:				
Issuance of lease liabilities			\$ (257,227)	
Principal repayments:				
Lease liabilities			<u>56,386</u>	(200,841)
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			\$ (69,797)	
Changes in pension related items			1,546,285	
Changes in OPEB related items			<u>(403,909)</u>	1,072,579
Change in net position of governmental activities				<u>\$ 4,524,412</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, 2025

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 161,826	\$ 151,826	\$ -	\$ -	\$ 262,525	\$ 262,525
Charges for services	70,000	70,000	134,928	64,928	-	-	79,415	79,415
Miscellaneous	553,000	553,000	711,438	158,438	-	-	34,596	34,596
Recovered costs	1,100,000	1,100,000	1,139,218	39,218	-	-	-	-
Intergovernmental:								
Local government	13,880,100	18,905,100	17,536,440	(1,368,660)	-	-	-	-
Commonwealth	66,563,200	67,891,400	64,813,132	(3,078,268)	-	-	87,055	87,055
Federal	7,676,400	7,676,400	8,212,387	535,987	4,315,300	4,315,300	3,779,589	(535,711)
Total revenues	\$ 89,852,700	\$ 96,205,900	\$ 92,709,369	\$ (3,496,531)	\$ 4,315,300	\$ 4,315,300	\$ 4,243,180	\$ (72,120)
EXPENDITURES								
Current:								
Education	\$ 89,852,700	\$ 91,296,900	\$ 85,001,378	\$ 6,295,522	\$ 4,315,300	\$ 4,315,300	\$ 3,836,232	\$ 479,068
Debt service:								
Principal retirement	-	4,909,000	3,274,994	1,634,006	-	-	-	-
Interest and other fiscal charges	-	-	2,320,588	(2,320,588)	-	-	-	-
Total expenditures	\$ 89,852,700	\$ 96,205,900	\$ 90,596,960	\$ 5,608,940	\$ 4,315,300	\$ 4,315,300	\$ 3,836,232	\$ 479,068
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 2,112,409	\$ 2,112,409	\$ -	\$ -	\$ 406,948	\$ 406,948
OTHER FINANCING SOURCES (USES)								
Transfers out	\$ -	\$ -	\$ (1,242,811)	\$ (1,242,811)	\$ -	\$ -	\$ -	\$ -
Issuance of lease liabilities	-	-	257,227	257,227	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ (985,584)	\$ (985,584)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 1,126,825	\$ 1,126,825	\$ -	\$ -	\$ 406,948	\$ 406,948
Fund balances - beginning	-	-	3,294,345	3,294,345	-	-	5,848,683	5,848,683
Fund balances - ending	\$ -	\$ -	\$ 4,421,170	\$ 4,421,170	\$ -	\$ -	\$ 6,255,631	\$ 6,255,631

OTHER STATISTICAL INFORMATION

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Landfill	Sewer	Total
2024-25	\$ 3,034,338	\$ 4,041,653	\$ 19,581,482	\$ 3,861,123	\$ 16,287,799	\$ 13,354,685	\$ 1,358,811	\$ 2,555,375	\$ 2,399,518	\$ 4,323,749	\$ 638,231	\$ 71,436,764
2023-24	3,688,686	3,297,015	17,678,176	1,394,914	15,366,817	12,403,231	1,066,413	2,849,732	2,217,883	1,954,728	621,048	62,538,643
2022-23	3,674,120	3,364,448	14,569,299	1,626,516	14,272,598	9,702,632	947,159	6,106,279	2,280,415	4,188,407	594,756	61,326,629
2021-22	3,934,296	3,892,163	12,048,472	1,447,512	13,419,424	12,919,901	1,012,090	3,184,655	2,385,818	3,986,876	608,603	58,839,810
2020-21	4,235,889	3,785,132	15,870,766	1,263,577	12,859,194	11,374,656	978,329	4,418,959	2,327,066	3,431,563	658,919	61,204,050
2019-20	2,957,136	3,514,730	11,607,368	1,354,630	12,722,714	12,427,899	963,477	2,735,920	2,736,556	3,503,296	640,600	55,164,326
2018-19	3,177,209	3,059,783	10,602,502	1,347,697	11,600,611	12,523,405	956,101	3,151,793	2,310,715	3,448,988	640,255	52,819,059
2017-18	3,199,538	2,994,850	10,368,554	1,213,476	10,837,850	12,139,102	954,346	2,764,056	2,366,473	3,338,361	640,201	50,816,807
2016-17	3,515,659	2,864,928	9,877,567	1,270,770	10,836,164	12,365,676	958,367	4,470,285	2,430,958	1,633,053	642,461	50,865,888
2015-16	2,860,095	2,610,691	9,786,433	1,312,160	10,168,893	12,576,685	960,030	3,653,709	2,527,285	3,691,980	654,744	50,802,705

Table 2

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

PROGRAM REVENUES			GENERAL REVENUES						
Fiscal Year	Charges for Services	Operating Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		Total
2024-25	\$ 874,127	\$ 27,539,979	\$ 29,511,797	\$ 5,349,311	\$ 1,959,880	\$ 1,678,556	\$ 2,458,130	\$	69,371,780
2023-24	730,735	22,977,320	30,879,625	5,741,309	1,857,660	3,439,806	2,407,657		68,034,112
2022-23	745,331	26,396,592	31,543,417	6,924,015	964,734	1,510,630	2,513,686		70,598,405
2021-22	677,885	20,452,583	27,849,284	6,047,630	22,206	2,364,440	2,395,641		59,809,669
2020-21	568,772	23,886,130	28,569,290	4,952,761	238,391	386,907	2,439,649		61,041,900
2019-20	576,553	18,237,114	28,169,580	5,555,965	564,199	352,086	2,567,104		56,022,601
2018-19	565,377	18,426,885	28,312,695	5,840,209	586,953	449,369	2,596,777		56,778,265
2017-18	563,324	16,509,679	27,204,950	5,141,459	194,816	283,444	2,673,735		52,571,407
2016-17	595,556	16,720,043	26,728,694	5,037,746	213,113	373,884	2,672,630		52,341,666
2015-16	619,667	14,811,290	32,254,084	5,570,865	157,597	495,169	2,690,261		56,598,933

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
2024-25	\$ 5,254,340	\$ 4,544,614	\$ 19,838,972	\$ 3,628,102	\$ 16,614,961	\$ 92,811,431	\$ 1,326,494	\$ 2,087,839	\$ -	\$ 843,931	\$ 6,873,873	\$ 153,824,557
2023-24	4,857,012	3,956,800	17,398,353	1,178,760	15,477,215	90,805,371	1,022,836	1,720,846	-	437,291	6,325,775	143,180,259
2022-23	4,442,004	3,690,863	14,395,451	1,365,486	16,173,097	89,106,845	903,357	4,156,878	-	66,577	6,455,804	140,756,362
2021-22	3,952,634	4,215,062	11,781,531	1,141,892	13,720,918	79,739,133	968,288	2,483,121	161,272	168,656	5,921,634	124,254,141
2020-21	4,020,178	3,849,482	17,618,136	1,225,982	12,592,310	67,477,205	934,527	3,588,981	228,823	91,567	5,687,093	117,314,284
2019-20	3,475,972	3,665,584	12,802,229	1,106,949	12,728,280	60,216,163	919,109	1,226,607	-	87,243	19,480,048	115,708,184
2018-19	3,285,105	3,441,676	11,137,520	1,105,460	11,875,631	59,578,059	911,401	1,420,980	-	79,223	3,842,504	96,677,559
2017-18	3,778,223	3,416,029	10,751,727	1,034,137	11,201,751	56,929,904	909,574	1,901,280	-	53,370	7,666,922	97,642,917
2016-17	3,519,972	3,097,648	10,213,833	983,523	10,954,895	56,309,363	912,816	3,064,163	-	37,956	3,436,914	92,531,083
2015-16	3,146,419	3,019,965	9,877,258	1,055,334	10,569,884	57,410,224	914,479	3,503,080	-	60,434	3,676,266	93,233,343

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2024-25	\$ 29,417,306	\$ 5,349,311	\$ 36,669	\$ 75,823	\$ 2,071,413	\$ 3,457,269	\$ 2,656,136	\$ 3,337,579	\$ 106,316,980	\$ 152,718,486
2023-24	31,049,350	5,741,309	34,913	56,453	1,907,432	3,431,177	2,541,154	3,421,201	98,411,317	146,594,306
2022-23	30,883,971	6,924,015	32,803	76,960	1,268,521	3,349,900	2,241,229	3,063,375	104,048,593	151,889,367
2021-22	29,097,418	6,047,630	33,660	75,218	69,400	2,670,956	651,437	2,680,316	87,315,537	128,641,572
2020-21	29,222,240	4,952,761	36,538	49,007	153,451	1,419,566	589,795	1,993,528	82,144,284	120,561,170
2019-20	28,400,564	5,555,965	25,580	53,859	497,324	571,893	307,406	2,885,749	66,995,081	105,293,421
2018-19	27,719,402	5,840,209	33,062	50,648	582,617	675,521	560,815	1,866,631	66,183,927	103,512,832
2017-18	28,257,744	5,141,459	32,224	51,381	168,213	742,898	445,541	2,342,583	63,020,132	100,202,175
2016-17	25,809,760	5,037,746	40,627	33,510	185,173	916,476	287,399	2,280,388	61,379,322	95,970,401
2015-16	30,520,943	5,570,865	67,852	45,052	138,691	1,026,242	528,163	3,878,644	60,314,143	102,090,595

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2024-25	\$ 31,403,457	\$ 28,606,621	91.09%	\$ 1,802,812	\$ 30,409,433	96.83%	\$ 3,621,376	11.53%
2023-24	30,521,703	29,673,068	97.22%	2,230,235	31,903,303	104.53%	3,875,750	12.70%
2022-23	31,923,087	29,990,016	93.94%	1,680,119	31,670,135	99.21%	4,034,260	12.64%
2021-22	30,152,299	28,589,917	94.82%	1,521,480	30,111,397	99.86%	3,098,945	10.28%
2020-21	30,293,412	28,310,001	93.45%	1,917,081	30,227,082	99.78%	4,304,330	14.21%
2019-20	30,654,989	28,047,167	91.49%	1,443,922	29,491,089	96.20%	5,057,333	16.50%
2018-19	29,777,017	27,207,956	91.37%	1,539,804	28,747,760	96.54%	5,478,012	18.40%
2017-18	28,208,775	25,812,255	91.50%	3,243,919	29,056,174	103.00%	4,713,100	16.71%
2016-17	27,902,652	25,405,674	91.05%	1,456,012	26,861,686	96.27%	5,589,033	20.03%
2015-16	32,710,717	30,332,337	92.73%	1,192,584	31,524,921	96.37%	4,770,122	14.58%

(1) Exclusive of penalties and interest.

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Merchant's Capital	Mobile Homes	Data Center	Public Service (2)	Total
2024-25	\$ 1,921,573,264	\$ 436,913,718	\$ 37,271,465	\$ 29,619,485	\$ 27,812,317	\$ -	\$ 1,407,423,021	\$ 3,860,613,270
2023-24	1,908,445,389	408,654,109	45,903,230	26,215,771	27,477,287	9,901,550	1,353,227,469	3,779,824,805
2022-23	1,907,397,618	475,709,669	30,114,025	23,031,885	26,902,426	9,901,550	1,444,631,864	3,917,689,037
2021-22	1,886,083,821	360,076,025	39,412,210	22,872,678	29,631,083	9,901,550	1,466,422,806	3,814,400,173
2020-21	1,874,427,872	391,849,868	45,790,500	26,351,361	29,267,123	-	1,398,197,828	3,765,884,552
2019-20	1,891,090,438	395,654,918	41,853,105	28,878,600	28,930,713	-	1,403,610,614	3,790,018,388
2018-19	1,886,469,691	397,045,693	51,983,545	28,338,431	28,252,703	-	1,431,399,061	3,823,489,124
2017-18	1,881,275,247	419,166,849	53,805,715	28,638,275	34,457,077	-	1,439,558,790	3,856,901,953
2016-17	1,866,684,682	403,135,802	75,302,775	29,753,723	34,442,807	-	1,461,492,404	3,870,812,193
2015-16	1,856,050,530	408,020,785	122,528,345	32,109,973	34,320,660	-	2,180,583,683	4,633,613,976

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Merchant's Capital	Mobile Homes	Data Center
2024-25	\$	0.69	\$	1.41	\$	0.69
2023-24	0.69	1.65	1.41	2.85	0.69	0.24
2022-23	0.69	1.65	1.41	2.85	0.69	0.24
2021-22	0.69	1.65	1.41	2.85	0.69	0.24
2020-21	0.69	1.65	1.41	2.85	0.69	-
2019-20	0.69	1.65	1.41	2.85	0.69	-
2018-19	0.62/0.69	1.58	1.41	2.85	0.62	-
2017-18	0.60/0.62	1.56	1.41	2.85	0.60	-
2016-17	0.60	1.56	1.41	2.85	0.60	-
2015-16	0.60	1.56	1.41	2.85	0.60	-

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2024-25	35,727	\$ 3,860,613	\$ 36,132,087	\$ -	\$ 36,132,087	0.94%	\$ 1,011
2023-24	35,174	3,779,825	39,703,286	-	39,703,286	1.05%	1,129
2022-23	35,421	3,917,689	43,181,103	-	41,772,056	1.07%	1,179
2021-22	36,130	3,814,400	46,566,384	-	44,908,003	1.18%	1,243
2020-21	36,130	3,765,885	49,447,508	-	47,518,003	1.26%	1,315
2019-20	41,452	3,790,018	52,287,095	-	50,063,003	1.32%	1,208
2018-19	41,452	3,823,489	53,280,022	-	53,280,022	1.39%	1,285
2017-18	41,452	3,856,902	55,147,832	-	55,147,832	1.43%	1,330
2016-17	41,452	3,870,812	57,001,603	-	57,001,603	1.47%	1,375
2015-16	41,452	4,633,614	57,938,877	-	57,938,877	1.25%	1,398

(1) Bureau of the Census.

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

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

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

Table 9

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

Fiscal Year	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2024-25	\$ 6,873,873	\$ 153,824,557	4.47%
2023-24	6,325,775	143,180,259	4.42%
2022-23	6,455,804	140,756,362	4.59%
2021-22	5,921,634	124,254,141	4.77%
2020-21	5,687,093	117,314,284	4.85%
2019-20 (2)	4,680,048	115,708,184	4.04%
2018-19	3,842,504	96,677,559	3.97%
2017-18	7,666,922	97,642,917	7.85%
2016-17	3,436,914	92,531,083	3.71%
2015-16 (2)	3,676,266	93,233,343	3.94%

(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, 2025

Legal Debt Limit		
10% of Assessed Value of Taxable Real Estate (Including public utility real estate)	\$	332,884,483
Less: Net bonded debt		<u>(36,132,087)</u>
Legal margin for creation of additional debt	<u>\$</u>	<u>296,752,396</u>

COMPLIANCE SECTION



**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, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia as of and for the year ended June 30, 2025, 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 January 21, 2026. Our report includes a reference to other audits who audited the financial statements of the Public Service Authority and Industrial Development Authority, as described in our report on the County of Wise, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
January 21, 2026



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

Opinion on Each Major Federal Program

We have audited County of Wise, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Wise, Virginia's major federal programs for the year ended June 30, 2025. County of Wise, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Wise, Virginia's basic financial statements include the operations of the PSA and EDA, which expended \$4,739,139 and \$996,917, respectively, 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, 2025. Our audit, described below, did not include the operations of the PSA because the component unit engaged other auditors to perform an audit of compliance.

In our opinion, County of Wise, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
January 21, 2026

County of Wise, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

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:				
Office of Children's Services:				
Social Services Block Grant	93.667	Unknown	\$ 185,759	
Virginia Department of Social Services:				
Social Services Block Grant	93.667	1000124/1000125	740,356	\$ 926,115
Temporary Assistance for Needy Families	93.558	0400124/0400125		727,357
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950123/0950124/0980120		70,893
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500125		2,160
Low-Income Home Energy Assistance	93.568	0600424/0600425		149,321
Chafee Education and Training Vouchers Program (ETV)	93.599	9160123		1,044
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760124/0760125		146,906
Adoption and Legal Guardianship Incentive Payments	93.603	1130123		3,216
Stephanie Tubbs Jones' Child Welfare Services Program	93.645	0900123/0900124		2,539
Foster Care Title IV-E	93.658	1100124/1100125		614,325
Adoption Assistance	93.659	1120124/1120125		1,358,768
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150123/9150124		11,083
Children's Health Insurance Program	93.767	0540124/0540125		13,654
Title IV-E Prevention Program	93.472	1140124/1140125		21,671
Guardianship Assistance	93.090	1110124/1110125		1,004
Elder Abuse Prevention Interventions Program	93.747	8000321		539
Medicaid Cluster:				
Medical Assistance Program	93.778	1200124/1200125		1,061,339
Total Department of Health and Human Services			\$ 5,111,934	
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Virginia Department of Agriculture & Consumer Services:				
Food Distribution-Schools (Note D)	10.555	Unknown	\$ 283,130	
Virginia Department of Education:				
National School Lunch Program	10.555	APE402540000	2,510,493	\$ 2,793,623
Virginia Department of Agriculture & Consumer Services:				
Summer Food Service Program for Children	10.559	APE603020000/APE603030000	9,733	
Virginia Department of Education:				
School Breakfast Program	10.553	APE402530000	966,335	\$ 3,769,691
Virginia Department of Agriculture & Consumer Services:				
Child and Adult Care Food Program	10.558	APE700270000		9,898
Virginia Department of Education:				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE438410000		6,351
Virginia Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010125/0030125/0040124/0040125/ 0050124/0050125		1,211,983
Total Department of Agriculture			\$ 4,997,923	
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Unknown	\$ 106,501	
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	B-23-CP-VA-1473	674,350	\$ 674,350
Total Department of Housing and Urban Development			\$ 780,851	
Department of Justice:				
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Violence Against Women Formula Grants	16.588	15JOVW24GG00546STOP 15JOVW23GG00605STOP	\$ 50,000	
Crime Victim Assistance	16.575	15POVC22GG00681ASSI	64,135	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020MUBX0035/15PBJA23GG03038MUMU/ 2020MUBX0035	79,903	
Total Department of Justice			\$ 194,038	
Department of Treasury:				
Virginia Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE452770000	\$ 18,082	
Total Department of Treasury			\$ 18,082	
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54033-24033 ENF_AL-2024-54033-24033	\$ 37,531	
Highway Safety Cluster:				
State and Community Highway Safety	20.600	BOP-2025-55223-25223 BOP-2024-54295-24295	11,973	
Total Department of Transportation			\$ 49,504	

County of Wise, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2025

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 Education:				
Pass Through Payments:				
Virginia Department of Education:				
Adult Education - Basic Grants to States	84.002	APE611110000/APE428010000	\$ 357,998	
Title I Grants to Local Educational Agencies	84.010	APE429010000	2,129,678	
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	APE430710000/APE611100000	\$ 1,625,412	
Special Education Preschool Grants	84.173	APE625210000	45,198	1,670,610
Career and Technical Education -- Basic Grants to States	84.048	APE600310000/APE600311005		136,052
Student Support and Academic Enrichment Program	84.424	APE602810000/APE601550000		179,838
Rural Education	84.358	APE434810000		203,770
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	APE614800000		223,441
Education Stabilization Fund:				
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	APE501930000/APE501890000 APE501830000/APE411120000	2,616,448	
Total Department of Education			\$ 7,517,835	
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4831 DRVAP00000001	\$ 528,838	
Homeland Security Grant Program	97.067	EMW-2022-SS-0082/EMW-2023-SS-00109 EMW-2024-SS-05162	120,340	
Total Department of Homeland Security			\$ 649,178	
Executive Office of the President:				
Pass Through Payments:				
Appalachia HIDTA				
High Intensity Drug Trafficking Areas Program	95.001	Unknown	\$ 43,965	
Total Expenditures of Federal Awards			\$ 19,363,310	\$ 674,350

Notes to Schedule of Expenditures of Federal Awards:

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Wise County, Virginia under programs of the federal government for the year ended June 30, 2025. 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

- 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.
- Pass-through entity identifying numbers are presented where available.
- The County did not elect to use the 15-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note C -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2025.

Note D -- Food Donation:

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the Wise County School Board had no food commodities in inventory.

Note E -- Donated Items:

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

Note F -- Outstanding Balance of Federal Loans:

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

Note G -- Relationship to Financial Statements:

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

Primary government:	
General Fund - Intergovernmental	\$ 29,396,703
Less: Revenue from the Commonwealth	(21,351,482)
Less: Payment in lieu of taxes	(116,448)
Nonmajor Governmental Funds - Intergovernmental	578,398
Less: Revenue from the Commonwealth	(465,718)
Total primary government	\$ 8,041,453
Component Unit School Board:	
School Operating Fund - Federal	\$ 8,212,387
Less: QSCB interest subsidy	(670,119)
School Cafeteria Fund - Federal	3,779,589
Total component unit school board	11,321,857
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 19,363,310

County of Wise, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516(a)? No

Identification of major programs:

<u>Federal Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title I Grants to Local Educational Agencies
93.667	Social Services Block Grant
93.778	Grants to States for Medicaid

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs.

County of Wise, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

There were no prior audit findings.