

AUDIT REPORT

JUNE 30, 2024

TOWN OF WISE, VIRGINIA
TABLE OF CONTENTS
AUDIT REPORT
JUNE 30, 2024

INTRODUCTORY SECTION

	<u>Exhibit</u>	<u>Pages</u>
Directory of Principal Officials	i	
Organizational Chart	ii	

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report	1-4
------------------------------	-----

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis	5-11
------------------------------------	------

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS

Statement of Net Position	1	12
Statement of Activities	2	13

FUND FINANCIAL STATEMENTS

Balance Sheet – Governmental Fund	3	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	4	15
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	5	16
Combined Statement of Net Position – Proprietary Fund	6	17
Combined Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	7	18
Combined Statement of Cash Flows – Proprietary Fund	8	19-20

TOWN OF WISE, VIRGINIA
TABLE OF CONTENTS (Continued)
AUDIT REPORT
JUNE 30, 2024

	<u>Exhibit</u>	<u>Pages</u>
<u>NOTES TO FINANCIAL STATEMENTS</u>		
Notes to Financial Statements		21-67
<u>SCHEDULES OF CAPITAL ASSETS</u>		
Schedule of Capital Assets by Source	9	68
Schedule of Capital Assets by Function	10	69
	<u>Schedule</u>	<u>Pages</u>
<u>SUPPLEMENTARY SCHEDULES</u>		
Governmental Fund – Statement of Revenues – Budget and Actual	1	70-72
Governmental Fund – Statement of Expenditures – Budget and Actual	2	73-75
General Governmental Revenues by Source – Last Ten Fiscal Years	3	76
General Governmental Expenditures by Function – Last Ten Fiscal Years	4	77
Assessed Value of Taxable Property – Last Ten Fiscal Years	5	78
Property Tax Levies and Collections – Last Ten Fiscal Years	6	79
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita-Last Ten Fiscal Years	7	80
Pledged Revenue Coverage—Last Ten Fiscal Years	8	81
Schedule of Legal Debt Margin	9	82
Schedule of Fund Balances-GASB 54	10	83
Required Supplementary Information-Pension Plan-GASB 68	11	84-87
Required Supplementary Information-OPEB-GASB 75	12	88-93
Schedule of Expenditures of Federal Awards	13	94
Notes to Schedule of Expenditures of Federal Awards		95
Schedule of Findings and Questioned Costs		96

TOWN OF WISE, VIRGINIA
TABLE OF CONTENTS (Continued)
AUDIT REPORT
JUNE 30, 2024

COMPLIANCE

Independent Auditors' Report 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	97-98
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	99-101
Independent Auditors' Comments on Resolution of Prior Year Audit Findings	102



INTRODUCTORY SECTION

MEMBERS OF COUNCIL

Teresa H. Adkins, Mayor

Robin Dotson

Caynor A. Smith, Jr.

Jeffery Dotson

Ben Conway

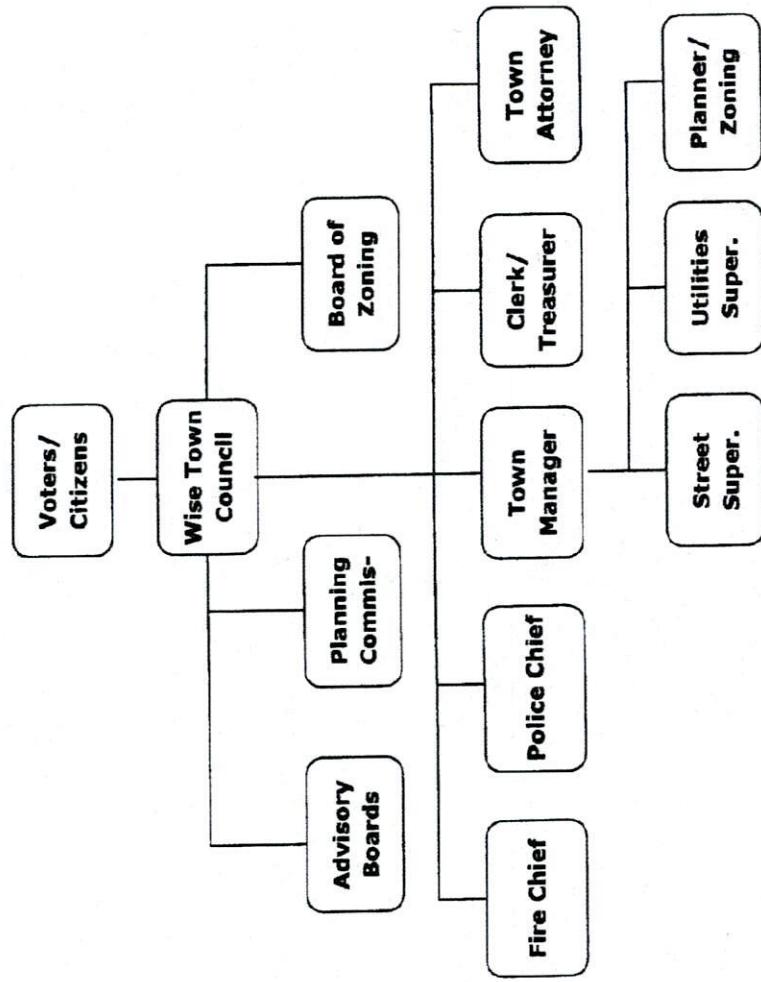
OTHER TOWN OFFICIALS

Laura Roberts, Town Manager

Sarina Collins, Town Treasurer

Kevin Yates, Chief of Police

Town of Wise Organizational Chart



LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
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INDEPENDENT AUDITORS' REPORT

The Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the business-type activities, of the Town of Wise, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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.



The Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293
Page 2

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

The Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293
Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town 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 management's discussion and analysis and budgetary comparison information on pages 5-11 and 70-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wise, Virginia's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Also, the accompanying pension and other post-employment benefit (OPEB) schedules 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

The Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293
Page 4

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the pension schedules, and OPEB schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, on our consideration of the Town 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 the Town 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 Town of Wise, Virginia's internal control over financial reporting and compliance.

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



Larry D. Sturgill, P.C.
Wise, Virginia
December 6, 2024



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Town of Wise, Virginia Management's Discussion and Analysis

As management of the Town, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. I encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the Introductory Section of this report, and the Town's financial statements which follow this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$38,439,018 (net position). Of this amount, \$11,909,682 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$4,405,104 of which the governmental activities increased by \$4,136,726 and business-type activities increased by \$268,378.
- As of the close of the current fiscal year, the Town's general fund reported an ending fund balance of \$12,249,932, an increase of \$2,560,608 in comparison with the prior year. \$11,126,900 of this total amount is available for spending at the Town's discretion (unassigned fund balance).
- Unassigned fund balance for the general fund was \$11,126,900, or 176% percent of total general fund expenditures and 125% of total general fund revenues.
- The Town's total debt decreased by \$94,324 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements. **Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's overall financial status, in a manner similar to a private-sector business.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both the government-wide financial statements distinguish functions of the Town which are principally supported by taxes, and other non-exchange revenues transactions (*governmental activities*) from other activities which are intended to recover all or a significant portion of their costs through user fees charged to external parties (*business-type activities*). The governmental activities of the Town include general government administration; public safety; public works; parks and recreation and cultural: community development. The business-type activities consist of public utilities.

The government-wide financial statements (Exhibit 1 and 2) include only the Town itself. The Town has no component units to report.

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

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

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

The Town adopts an annual appropriated budget for its General fund and proprietary fund, although not required for the proprietary fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The Town maintains one type of **Proprietary Fund**: The *Enterprise Fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its public utilities (water fund and sewer fund).

Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found at Exhibits 6 through 8 of this report.

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

Financial Analysis of the Town

Changes in net position may serve over time as a useful indicator of a Town's financial position. Of interest, the Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$38,439,018 at the close of fiscal year 2024.

The largest portion of the Town's net position (\$24,582,862; 64 percent of the total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide service to citizens: consequently, these assets are *not* available for future spending, as capital assets are generally not sold or otherwise disposed of during their useful life. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis

<u>Town of Wise, Virginia's Net Position</u>		<u>Primary Governmental Activities</u>	
<u>ASSETS AND DEFERRED OUTFLOWS:</u>		<u>2024</u>	<u>2023</u>
Current and other assets		\$15,380,415	\$ 15,407,873
Capital assets, net		25,837,852	23,568,075
Other Noncurrent assets		800,455	800,455
Deferred Outflows		811,325	572,120
Total assets and deferred outflows		<u>42,830,047</u>	<u>40,348,523</u>
<u>LIABILITIES AND DEFERRED INFLOWS:</u>			
Current liabilities		1,185,126	471,266
Long-term liabilities outstanding		2,775,720	2,377,012
Deferred Inflows		430,183	3,418,058
Total liabilities and deferred inflows		<u>4,391,029</u>	<u>6,266,336</u>
<u>NET POSITION:</u>			
Net investment in capital assets		24,582,862	22,218,761
Restricted		1,946,474	4,538,068
Unrestricted		11,909,682	7,277,085
Total net position		<u>38,439,018</u>	<u>34,033,914</u>
Total Liabilities, Deferred Inflows, And Net Position		<u>\$42,830,047</u>	<u>\$40,348,523</u>

Government-wide Financial Analysis (Continued)

At the end of the current fiscal year, the Town is able to report a positive balance in its net position, both for the Town as a whole, and as well as for its governmental activities.

Governmental Activities – Primary Governmental activities increased the Town's net position by \$4,136,726. Key elements of this increase are as follows:

Town of Wise, Virginia's Change in Net Position		
	Primary Governmental Activities	
	2024	2023
REVENUES:		
Program Revenues:		
Charges for services	\$ 3,576,607	\$ 3,668,444
Grants and contributions	3,885,207	2,796,529
General Revenues:		
Property taxes	911,746	898,130
Other Local taxes	2,997,817	3,008,133
Other	836,255	588,187
TOTAL REVENUES	\$12,207,632	\$10,959,423
EXPENSES:		
General government	\$ 621,927	\$ 583,050
Public safety	1,418,940	1,318,172
Public works	1,969,180	1,708,161
Health and welfare	4,265	5,003
Parks, recreation and culture	476,012	411,363
Community development	252,874	184,783
Interest Expense	-	-
Water and Sewer	3,059,330	3,264,157
TOTAL EXPENSES	\$ 7,802,528	\$ 7,474,689
Increase (decrease) in net position	\$ 4,405,104	\$ 3,484,734
Net position – June 30, 2023, as restated	<u>34,033,914</u>	<u>30,549,180</u>
Net position – June 30, 2024	<u>\$38,439,018</u>	<u>\$34,033,914</u>

Financial Analysis of the Town's Funds

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

Governmental Fund: The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In addition, the Town's fund balance classifications are useful to identify the extent to which the Town's fund balances are constrained and how binding those constraints are.

At the end of the current fiscal year, the Town's *governmental fund* reported an ending fund balance of \$12,272,919, an increase of \$2,569,596 in comparison with the prior year. \$622,987 (5%) is classified as restricted to indicate that it can only be spent for specific purposes as stipulated by external resource providers (for example, through debt covenants, grant agreements, or by laws or regulations of other governments. Ninety-five percent of this total amount, \$11,126,900, constitutes *unassigned fund balance*. Unassigned fund balances are technically available for any remaining purpose, but are maintained at targeted levels in accordance with sound financial management practices.

The General Fund is the operating fund of the Town (Exhibit 3). The General Fund's balance increased \$2,560,608 during fiscal year 2024 to \$12,249,932, of which \$11,126,900 is unassigned. As one measure of the General Fund's liquidity, it is useful to compare the total of the Town's assigned and unassigned fund balances to total revenues. At the end of fiscal year 2024, the General Fund's assigned and unassigned fund balances of \$12,249,932 represents (138%) of total General Fund revenues of \$8,883,895. In addition, General Fund's unassigned fund balance totaled \$11,126,900 and continues to exceed the 10% minimum set by the Town's fund balance policy. The \$2,560,608 fiscal year 2024 increase in the General Fund's fund balance resulted from General Fund revenues of \$8,883,895 less expenditures of \$6,323,287, including transfers of \$16,000 and was primarily the result of expenditure increase on public works/streets projects as shown on Exhibit 4 to the financial statements.

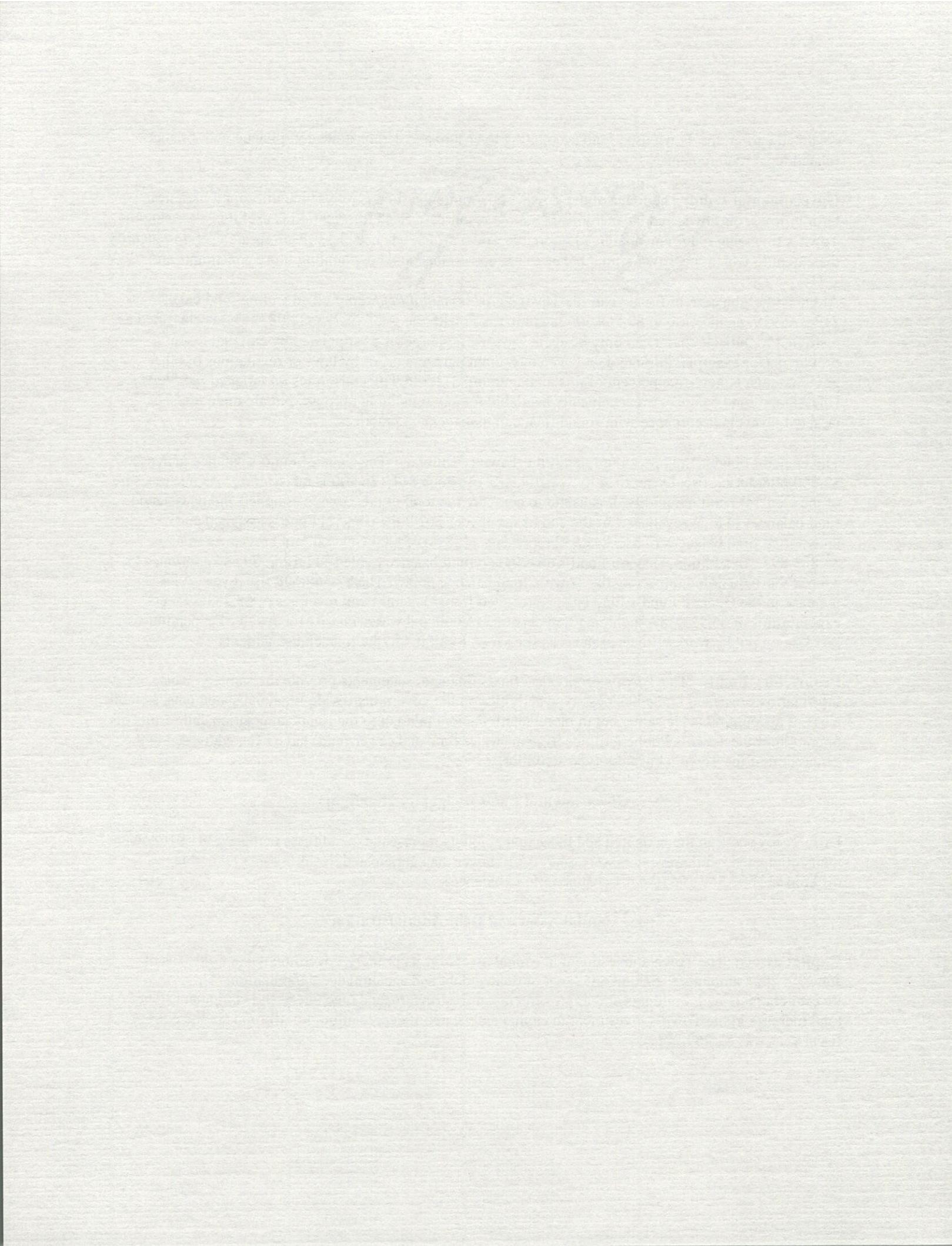
Proprietary Funds: The Town's proprietary funds financial statements provide the same type of information presented in the business-type activities on the government-wide financial statements, as their basis of accounting is the same, but in more detail. Factors relating to the financial position and results of operation of the Town's Public Utilities System (water fund and sewer fund) have been addressed in the discussion of the Town's business-type activities.

Governmental Fund Budgetary Highlights

Differences between the budgeted and the actual amounts represent expenditures being \$7,341,916 lower than anticipated, while revenues were \$4,772,320 lower than anticipated, resulting in a favorable difference of \$2,569,596 (the net change in fund balance).

Capital Asset and Debt Administration

Capital assets: The Town's investment in capital assets for its primary governmental activities as of June 30, 2024 amounts to \$25,837,852, net of related debt and accumulated depreciation. This investment is in land, buildings and improvements, infrastructure, and machinery and equipment. The total increase in the Town's investment in capital assets, net of depreciation, for all funds in the current fiscal year was \$2,269,777.



<u>Town of Wise, Virginia's Change in Capital Assets</u>		<u>Primary Governmental Activities</u>	
		<u>2024</u>	<u>2023</u>
Land		\$ 2,287,892	\$ 2,304,766
Buildings and Building Improvements		3,974,885	3,531,199
Infrastructure		35,605,447	33,666,953
Equipment		<u>6,667,657</u>	<u>5,919,338</u>
Total		48,535,881	45,422,256
Less: accumulated depreciation		(22,698,029)	(21,854,181)
Net capital assets		<u>\$25,837,852</u>	<u>\$ 23,568,075</u>

Additional information on the Town's capital assets can be found in Note 6.

Long-term debt: At the end of the current fiscal year, the Town had total primary government debt outstanding of \$1,254,990, in addition to claims, judgments, and compensated absences of \$92,898. Of this amount, \$1,347,888, comprises debt backed by the full faith and credit of the Town.

In the Commonwealth of Virginia there is no State statute that limits the amount of general obligation debt a Town may issue.

During the current fiscal year, the Town's total primary government debt decreased by \$94,324.

Additional information on the Town of Wise, Virginia's long-term debt can be found in Note 8 of this report.

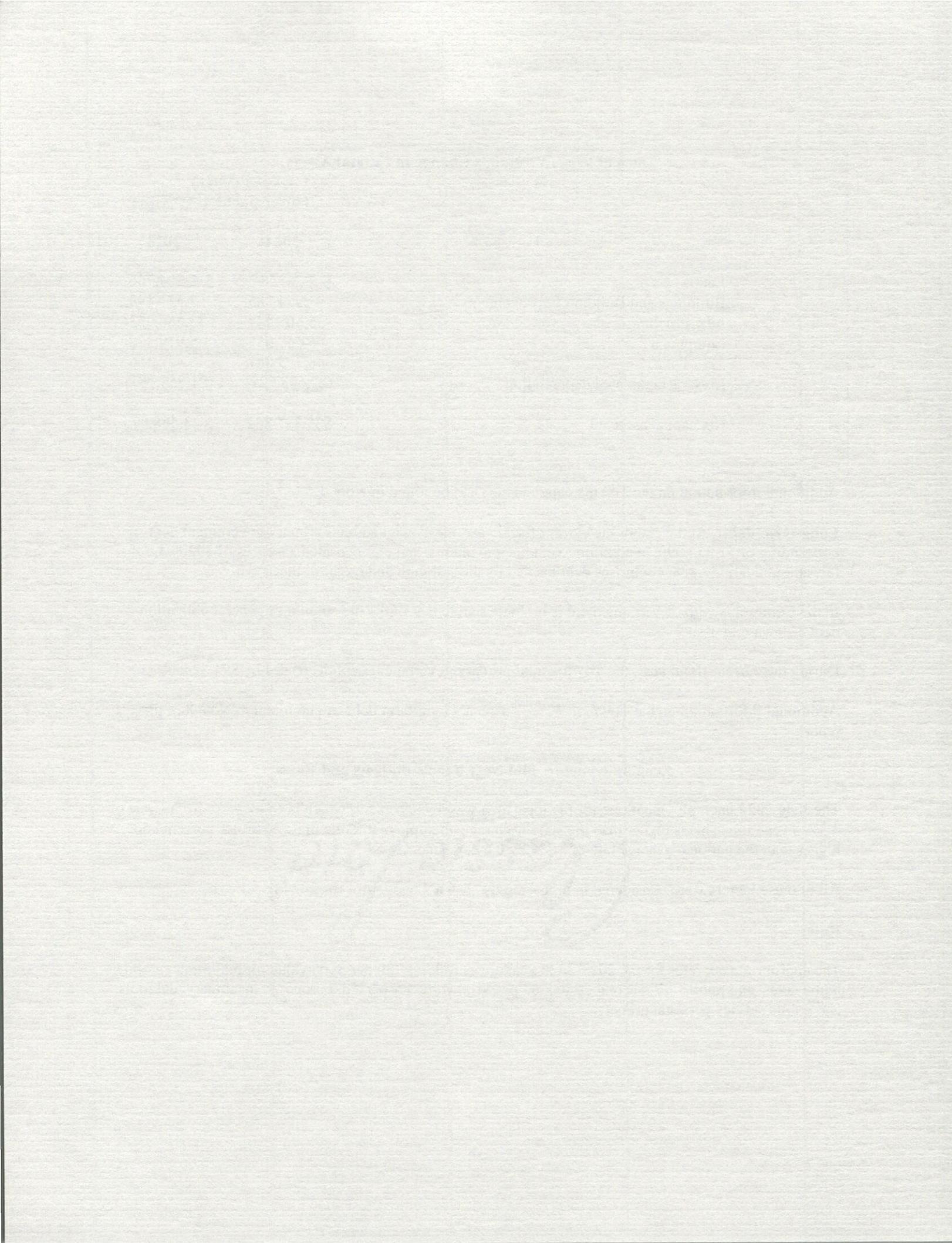
Economic Factors and Next Year's Budgets and Rates

The June 2024 unemployment rate for the local area was 4.7% percent, which is an increase from a rate of 4.3% a year ago. This is higher than the state's average unemployment rate of 3.2% by 1.5 percent and higher than the national average rate of 4.1% by 0.6 percent.

All of these factors were considered in preparing the Town's budget for the 2024 fiscal year.

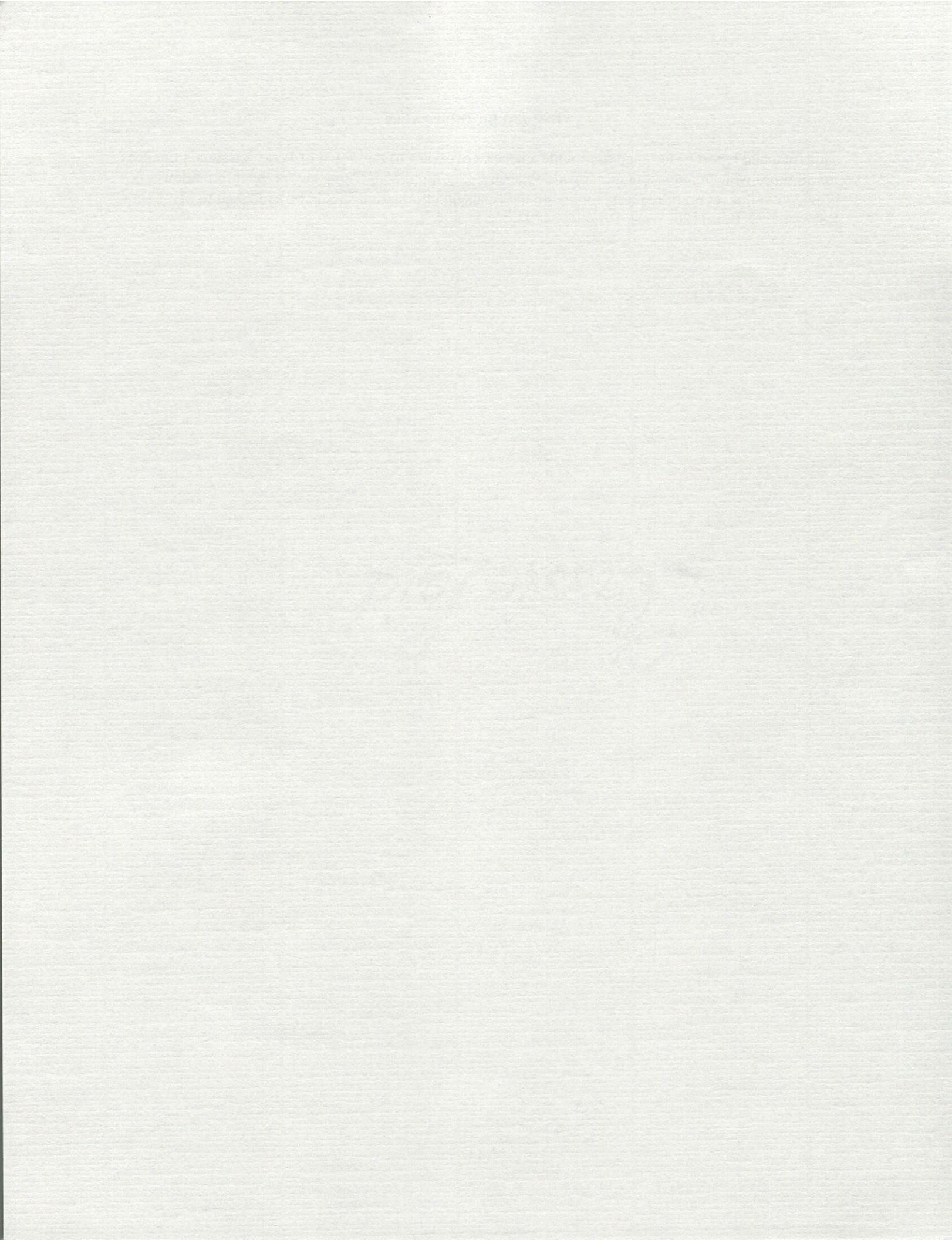
Rates

The appropriate tax rates for the 2023-2024 year are as follows: .30 per \$100 value for real estate, mobile home taxes, and public utilities real estate, .63 per \$100 value for personal property, machinery and tools, and public service personal property.



Request for Information

This financial report is designed to provide a general overview of the Town of Wise, Virginia's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Laura Roberts, P.O. Box 1100, Wise, Virginia 24293.



BASIC FINANCIAL STATEMENTS

TOWN OF WISE, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		Total Primary Governmental Activities
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 12,186,140	\$ 1,710,168	\$ 13,896,308
Receivables, net			
Taxes	243,652	-	243,652
Accounts	44,794	438,321	483,115
Other	1,612	-	1,612
Due from Other Governmental Units	109,209	-	109,209
Restricted Cash	<u>546,019</u>	<u>100,500</u>	<u>646,519</u>
Total current assets	13,131,426	2,248,989	15,380,415
Noncurrent assets:			
Restricted cash	-	800,455	800,455
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,991,892	296,000	2,287,892
Other capital assets, net of depreciation	<u>13,713,914</u>	<u>9,836,046</u>	<u>23,549,960</u>
Total capital assets	<u>15,705,806</u>	<u>10,132,046</u>	<u>25,837,852</u>
Total assets	<u>28,837,232</u>	<u>13,181,490</u>	<u>42,018,722</u>
DEFERRED OUTFLOWS			
Pension Plan	460,946	259,282	720,228
OPEB	<u>73,320</u>	<u>17,777</u>	<u>91,097</u>
Total deferred outflows	<u>534,266</u>	<u>277,059</u>	<u>811,325</u>
LIABILITIES			
Current liabilities:			
Accounts payable	798,927	100,412	899,339
Accrued liabilities and wages	52,399	27,087	79,486
Compensated Absences	5,772	3,518	9,290
Customer deposits	-	100,500	100,500
General Obligation Bonds Payable	-	96,511	96,511
Total current liabilities	857,098	328,028	1,185,126
Noncurrent liabilities:			
Noncurrent Portion of Compensated Absences	51,952	31,656	83,608
Other Post Employment Benefit Liability	622,281	51,497	673,778
Net Pension Liability	545,690	306,951	852,641
Accrued Interest	-	7,214	7,214
Noncurrent Portion of Long-term Obligation	-	<u>1,158,479</u>	<u>1,158,479</u>
Total noncurrent liabilities	<u>1,219,923</u>	<u>1,555,797</u>	<u>2,775,720</u>
Total liabilities	<u>2,077,021</u>	<u>1,883,825</u>	<u>3,960,846</u>
DEFERRED INFLOWS			
Pension Plan	215,083	120,984	336,067
OPEB	<u>82,868</u>	<u>11,248</u>	<u>94,116</u>
Total deferred inflows	<u>297,951</u>	<u>132,232</u>	<u>430,183</u>
NET POSITION			
Net investment in capital assets	15,705,806	8,877,056	24,582,862
Restricted-cemetery savings	523,032	-	523,032
Restricted-debt reserves	-	800,455	800,455
Restricted-VRS reserves	600,000	-	600,000
Restricted-asset forfeiture	22,987	-	22,987
Unrestricted	<u>10,144,701</u>	<u>1,764,981</u>	<u>11,909,682</u>
Total net position	<u>\$ 26,996,526</u>	<u>\$ 11,442,492</u>	<u>\$ 38,439,018</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WISE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
			Governmental Activities	Business-Type Activities			
Primary government:							
Governmental Activities:							
General government administration	\$ 621,927	\$ -	\$ -	\$ 2,671,172	\$ 2,049,245	\$ -	\$ 2,049,245
Public safety	1,418,940	4,233	129,597	153,821	(1,131,289)	-	(1,131,289)
Public works	1,969,180	271,071	746,126	-	(951,983)	-	(951,983)
Health and welfare	4,265	-	-	-	(4,265)	-	(4,265)
Parks, recreation and cultural	476,012	77,545	-	184,491	(213,976)	-	(213,976)
Community development	252,874	-	-	-	(252,874)	-	(252,874)
Interest and fiscal charges	-	-	-	-	-	-	-
Total governmental activities	<u>4,743,198</u>	<u>352,849</u>	<u>875,723</u>	<u>3,009,484</u>	<u>(505,142)</u>	<u>-</u>	<u>(505,142)</u>
Business-type Activities:							
Water	1,648,875	1,647,467	-	-	-	(1,408)	(1,408)
Sewer	<u>1,410,455</u>	<u>1,576,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,836</u>	<u>165,836</u>
Total business-type activities	<u>3,059,330</u>	<u>3,223,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,428</u>	<u>164,428</u>
Total primary government	<u>\$ 7,802,528</u>	<u>\$ 3,576,607</u>	<u>\$ 875,723</u>	<u>\$ 3,009,484</u>	<u>(505,142)</u>	<u>164,428</u>	<u>\$ (340,714)</u>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes				911,746	-		911,746
Utility Taxes				75,423	-		75,423
Mineral Taxes				16,114	-		16,114
Franchise Taxes				1,751	-		1,751
Local Sales & Use Taxes				172,450	-		172,450
Other Local Taxes				2,732,079	-		2,732,079
Investment Income				618,432	11,172		629,604
Operating transfers and adjustments				(16,000)	16,000		-
Gain/(Loss) from Property Disposal				-	-		-
Other				129,873	76,778		206,651
Total general revenues and transfers				<u>4,641,868</u>	<u>103,950</u>		<u>4,745,818</u>
Change in Net Position				4,136,726	268,378		4,405,104
Net position - beginning				<u>22,859,800</u>	<u>11,174,114</u>		<u>34,033,914</u>
Net position - ending				<u>\$ 26,996,526</u>	<u>\$ 11,442,492</u>		<u>\$ 38,439,018</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WISE, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2024

	General Fund	Special Revenue Funds	Total
ASSETS			
Cash and cash equivalents	\$ 12,186,140	\$ -	<u>\$ 12,186,140</u>
Receivables, net:			
Taxes	243,652	-	243,652
Accounts	44,794	-	44,794
Other	1,612	-	1,612
Due from other governments	109,209	-	109,209
Restricted cash	523,032	22,987	546,019
Total assets	<u>13,108,439</u>	<u>22,987</u>	<u>13,131,426</u>
LIABILITIES			
Accounts payable	798,927	-	798,927
Accrued payroll and related liabilities	52,399	-	52,399
Total liabilities	<u>851,326</u>	<u>-</u>	<u>851,326</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	7,181	-	7,181
Total deferred inflows of resources	<u>7,181</u>	<u>-</u>	<u>7,181</u>
FUND BALANCES			
Nonspendable for cemetery	523,032	-	523,032
Restricted for American Rescue Plan Act	-	-	-
Restricted for VRS reserves	600,000	-	600,000
Restricted for asset forfeiture	-	22,987	22,987
Unassigned funds	<u>11,126,900</u>	<u>-</u>	<u>11,126,900</u>
Total fund balances	<u>12,249,932</u>	<u>22,987</u>	<u>12,272,919</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,108,439</u>	<u>\$ 22,987</u>	<u>\$ 13,131,426</u>
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:			
Total Fund Balances	\$ 12,272,919		
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$26,919,369 and the accumulated depreciation is \$11,213,563		15,705,806	
Because the focus of governmental funds is on current resources, some inflows/outflows of resources are recognized in future periods and are not included in the governmental funds.		243,496	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.			
Long-term liabilities at year end consisted of the following:			
Other Post Employment Liability	(622,281)		
Compensated absences	(57,724)		
Net pension liability	(545,690)	<u>(1,225,695)</u>	
Net Position of Governmental Activities		<u>\$ 26,996,526</u>	

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

TOWN OF WISE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT 4

	General Fund	Special Revenue Funds	Total
REVENUES			
General property taxes	\$ 913,218	\$ -	\$ 913,218
Other local taxes	2,862,779	-	2,862,779
Permits, privilege fees and regulatory licenses	1,430	-	1,430
Fines and forfeitures	4,233	-	4,233
Revenue from the use of money and property	618,432	-	618,432
Charges for services	348,616	-	348,616
Miscellaneous	114,942	13,500	128,442
Intergovernmental	<u>4,020,245</u>	<u>-</u>	<u>4,020,245</u>
Total revenues	<u>8,883,895</u>	<u>13,500</u>	<u>8,897,395</u>
EXPENDITURES			
Current:			
General government administration	626,800	-	626,800
Public safety	1,591,642	4,512	1,596,154
Public works	2,830,369	-	2,830,369
Health and Welfare	4,265	-	4,265
Parks, recreation and cultural	1,053,797	-	1,053,797
Community development	200,414	-	200,414
Debt Service:			
Principal Retirement	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,307,287</u>	<u>4,512</u>	<u>6,311,799</u>
Excess (deficiency) of revenues over expenditures	<u>2,576,608</u>	<u>8,988</u>	<u>2,585,596</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	-
Operating transfers	<u>(16,000)</u>	<u>-</u>	<u>(16,000)</u>
Total other financing sources (uses)	<u>(16,000)</u>	<u>-</u>	<u>(16,000)</u>
Net change in fund balance	2,560,608	8,988	2,569,596
Fund balance - beginning, as restated	<u>9,689,324</u>	<u>13,999</u>	<u>9,703,323</u>
Fund balance - ending	<u>\$ 12,249,932</u>	<u>\$ 22,987</u>	<u>\$ 12,272,919</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WISE, VIRGINIA
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT 5

**General
Fund**

Amounts Presented for Governmental Activities in the statement of activities are different because:

Net Change in Fund Balance- total governmental fund \$ 2,569,596

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

1,526,905

Because some property taxes will not be collected for several months after the Town's year end, they are not considered as "available" revenues in the governmental funds. Deferred tax revenue increased by this amount this year.

(20,035)

In the statement of activities, revenues that do not provide current financial resources and expenses that are not paid by current resources are not reported in the fund statements.

63,737

In the statement of activities, compensated absences are measured by the amounts earned during the year. In governmental funds however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

(3,477)

Total change in net position of governmental activities

\$ 4,136,726

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

TOWN OF WISE, VIRGINIA
COMBINED STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	Water Fund	Sewer Fund	Combined Totals 2024
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 326,206	\$ 1,383,962	\$ 1,710,168
Receivables, net	229,700	208,621	438,321
Due from other Governmental Units	-	-	-
Restricted cash	100,500	-	100,500
Total current assets	<u>656,406</u>	<u>1,592,583</u>	<u>2,248,989</u>
Noncurrent Assets:			
Restricted cash	800,455	-	800,455
Capital assets, depreciable, net	9,026,044	810,002	9,836,046
Capital assets, non-depreciable	209,750	86,250	296,000
Total noncurrent assets	<u>10,036,249</u>	<u>896,252</u>	<u>10,932,501</u>
Total assets	<u><u>\$ 10,692,655</u></u>	<u><u>\$ 2,488,835</u></u>	<u><u>\$ 13,181,490</u></u>
DEFERRED OUTFLOWS			
Pension Plan	180,057	79,225	259,282
Other Postemployment Benefits	<u>13,219</u>	<u>4,558</u>	<u>17,777</u>
Total deferred outflows	<u>193,276</u>	<u>83,783</u>	<u>277,059</u>
LIABILITIES			
Current liabilities:			
Accounts payable	67,072	33,340	100,412
Accrued wages and liabilities	15,873	11,214	27,087
Customer deposits	100,500	-	100,500
Compensated absences-current	1,878	1,640	3,518
General obligation bonds payable-current	96,511	-	96,511
Total current liabilities	<u>281,834</u>	<u>46,194</u>	<u>328,028</u>
Noncurrent liabilities:			
Compensated Absences-noncurrent	16,899	14,757	31,656
Net OPEB Liability	38,293	13,204	51,497
Net Pension Liability	213,160	93,791	306,951
Accrued interest	7,214	-	7,214
General obligation bonds payable-noncurrent	1,158,479	-	1,158,479
Total noncurrent liabilities	<u>1,434,045</u>	<u>121,752</u>	<u>1,555,797</u>
Total liabilities	<u>1,715,879</u>	<u>167,946</u>	<u>1,883,825</u>
DEFERRED INFLOWS			
Advanced Utility Collections	-	-	-
Pension Plan	84,017	36,967	120,984
Other Postemployment Benefits	<u>8,364</u>	<u>2,884</u>	<u>11,248</u>
Total deferred inflows	<u>92,381</u>	<u>39,851</u>	<u>132,232</u>
NET POSITION			
Net investment in capital assets	7,980,804	896,252	8,877,056
Restricted-debt reserves	800,455	-	800,455
Unrestricted	<u>296,412</u>	<u>1,468,569</u>	<u>1,764,981</u>
Total net position	<u><u>\$ 9,077,671</u></u>	<u><u>\$ 2,364,821</u></u>	<u><u>\$ 11,442,492</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WISE, VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Water Fund	Sewer Fund	Combined Totals 2024
OPERATING REVENUES			
Charges for services	\$ 1,647,467	\$ 1,576,291	\$ 3,223,758
Connection charges	1,250	500	1,750
Miscellaneous	<u>72,234</u>	<u>2,794</u>	<u>75,028</u>
Total operating revenues	<u>1,720,951</u>	<u>1,579,585</u>	<u>3,300,536</u>
OPERATING EXPENSES			
Personnel services	723,119	377,586	1,100,705
Fringe benefits	350,809	136,717	487,526
Contractual services	47,209	41,541	88,750
Utilities and Telephone	79,792	14,537	94,329
Materials and Supplies	169,242	55,737	224,979
Other charges	78,512	667,477	745,989
Depreciation	<u>200,192</u>	<u>116,860</u>	<u>317,052</u>
Total operating expenses	<u>1,648,875</u>	<u>1,410,455</u>	<u>3,059,330</u>
Operating income (loss)	<u>72,076</u>	<u>169,130</u>	<u>241,206</u>
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous Income	-	-	-
Interest Income/(Expense)	11,172	-	11,172
Gain (Loss) on Sale of Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>11,172</u>	<u>-</u>	<u>11,172</u>
Income (loss) before contributions and transfers	83,248	169,130	252,378
Operating Transfer In/(Out)	16,000	-	16,000
Contribution from Other Governmental Units	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	99,248	169,130	268,378
Total net position, beginning	<u>8,978,423</u>	<u>2,195,691</u>	<u>11,174,114</u>
Total net position, ending	<u>\$ 9,077,671</u>	<u>\$ 2,364,821</u>	<u>\$ 11,442,492</u>

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

TOWN OF WISE, VIRGINIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Water Fund	Sewer Fund	Combined Total 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,708,121	\$ 1,628,608	\$ 3,336,729
Cash payments to suppliers	(337,217)	(807,857)	(1,145,074)
Cash payments to employees	(1,095,782)	(534,512)	(1,630,294)
Other operating revenues	72,234	2,794	75,028
Net cash provided (used) by operating activities	347,356	289,033	636,389
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Penalties and interest charges	-	-	-
Increase (decrease) in customer deposits	(780)	-	(780)
Net cash provided (used) by noncapital financing activities	(780)	-	(780)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(930,451)	(129,472)	(1,059,923)
Loan proceeds	-	-	-
Principal paid on revenue bond	(94,324)	-	(94,324)
Interest paid on revenue bonds	(31,973)	-	(31,973)
Interfund transfer	16,000	-	16,000
Sale of Equipment	-	-	-
Contributions and Grants	-	-	-
Net cash provided (used) by capital and related financing activities	(1,040,748)	(129,472)	(1,170,220)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	42,350	-	42,350
Net cash provided (used) by investing activities	42,350	-	42,350
Net increase (decrease) in cash and cash equivalents	(651,822)	159,561	(492,261)
Cash balances, beginning	1,878,983	1,224,401	3,103,384
Cash balances, ending	<u>\$ 1,227,161</u>	<u>\$ 1,383,962</u>	<u>\$ 2,611,123</u>

Disclosure of Accounting Policy

For purposes of the Statement of Cash Flows, the Water Fund and Sewer Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

TOWN OF WISE, VIRGINIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total 2024</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	<u>\$ 72,076</u>	<u>\$ 169,130</u>	<u>\$ 241,206</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	200,192	116,860	317,052
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	59,404	51,817	111,221
Increase (Decrease) in accounts payable	37,538	(28,565)	8,973
Increase (Decrease) in accrued wages & liabilities	5,550	5,891	11,441
Increase (Decrease) in accrued vacation	1,999	818	2,817
Increase (Decrease) in deferred Utility Revenue	-	-	-
Increase (Decrease) in net pension liability	127,517	50,969	178,486
Increase (Decrease) in net OPEB liability	6,016	(2,934)	3,082
Increase (Decrease) in pension plan deferrals	(157,446)	(72,961)	(230,407)
Increase (Decrease) in OPEB deferrals	(5,490)	(1,992)	(7,482)
Total adjustments	<u>275,280</u>	<u>119,903</u>	<u>395,183</u>
Net cash provided by operating activities	<u>\$ 347,356</u>	<u>\$ 289,033</u>	<u>\$ 636,389</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting Entity

The Town of Wise is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town as a primary government. Upon consideration of potential component units, it was determined that there were no component units for the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component units, if any. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including any fiduciary funds. Separate statements are presented for the *governmental and proprietary* fund categories; however, there were no *fiduciary* funds to be presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government reports the following major governmental funds:

(1) Governmental Funds account for the expendable financial resources, other than those accounted for in Fiduciary Funds. The Governmental Fund measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The only major Governmental Fund is:

General Fund - The General Fund is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

(2) Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise and Internal Service Funds.

Enterprise Funds - Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town of Wise is that the cost of providing services to the general public be financed or recovered through user charges. The Enterprise Fund consists of the Water Fund and Sewer Fund.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements, if any, are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 45 days after year-end.

D. Budgets and Budgetary Accounting

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

- (1) The Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain citizen comments.
- (3) Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- (4) The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
- (5) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (6) All budgets are adopted on a cash basis, but variances from modified accrual basis budgets are not considered to be material.
- (7) Appropriations lapse on June 30 for all Town units.
- (8) All budget data presented in the accompanying financial statements is the original budget, as no amendments were made during the year.

Budgetary Comparison Schedules: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under this reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

F. Property, Plant and Equipment

Property, plant and equipment purchased is stated at cost. Donated property is recorded at market value prevailing at date of donation. Depreciation has been provided in the proprietary fund over the following estimated useful lives using the Straight-Line Method:

<u>Water and Sewer Fund</u>	
Water/Sewer System	30 years
Improvements Other Than Buildings	30 – 40 years
Equipment	3 – 10 years

G. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$65,637 at June 30, 2024, and is composed of the following:

	<u>Amount</u>
<u>General Fund:</u>	
Property Tax Receivable	\$ 15,753
Garbage Receivable	4,146
<u>Water Fund:</u>	
Accounts Receivable	22,558
<u>Sewer Fund:</u>	
Accounts Receivable	23,180
TOTAL	<u>\$ 65,637</u>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: CASH AND INVESTMENTS

Deposits: All cash of the Town of Wise, Virginia is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400et.seq. of the Code of Virginia or covered by federal depository insurance.

Investments: Statutes authorize the Town 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, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP)

The Town had no investments required to be categorized in accordance with standards. All funds were on deposit.

NOTE 3: PROPERTY TAXES RECEIVABLE

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 one installment on December 5th. The Town bills and collects its own property taxes.

NOTE 4: DUE FROM OTHER GOVERNMENTAL UNITS

	Amount	Total
<u>Treasurer of Wise County:</u>		
Sales Tax	\$ 43,824	
Wise County Clerk of Court	503	
Coal Road Improvement	<u>3,317</u>	
Total Treasurer of Wise County	<u>\$ 47,644</u>	
<u>Commonwealth of Virginia:</u>		
Car Rental Tax	208	
Personal Property Tax Relief	<u>57,392</u>	
Total Commonwealth of Virginia	<u>57,600</u>	
<u>Federal Agencies:</u>		
Department of Transportation	<u>3,965</u>	
Total Federal Agencies	<u>3,965</u>	
TOTAL DUE	<u>\$ 109,209</u>	

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town currently has deferred outflows totaling \$811,325 as of June 30, 2024 which is comprised of \$720,228 for pensions and \$91,097 for other post-employment benefits (OPEB).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has deferred inflows totaling \$437,364 as of June 30, 2024. \$7,181 of that amount includes uncollected tax billings not available for funding of current expenditures, \$336,067 represents the amounts that will be recognized in future periods for pensions, and \$94,116 represents amounts that will be recognized in future periods for OPEB.

NOTE 6: CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in general fixed assets follows:

	BEGINNING	ADDITIONS	DELETIONS	ENDING
Land, non-depreciable	\$ 1,991,893	\$ -	\$ -	\$ 1,991,893
Buildings	2,855,654	316,221	-	3,171,875
Infrastructure	15,891,127	1,299,387	-	17,190,514
Equipment	4,105,147	533,728	73,788	4,565,087
TOTAL	24,843,821	2,149,336	73,788	26,919,369
Less: Accumulated Depreciation				(11,213,563)
NET				\$15,705,806

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

General government	\$ 11,533
Public Safety	92,353
Public Works	403,967
Parks, Recreation, and Cultural	29,756
Community Development	84,294
Total depreciation expense	\$ 621,903

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7: PROPRIETARY CAPITAL ASSETS

A summary of proprietary fund property, plant and equipment at June 30, 2024 follows:

	Water	Sewer
Land	\$ 209,750	\$ 86,250
Buildings	496,001	307,009
Improvements other than Buildings	13,516,782	4,898,149
Equipment	<u>1,375,034</u>	<u>727,537</u>
 TOTAL	 15,597,567	 6,018,945
Less: Accumulated Depreciation	<u>(6,361,773)</u>	<u>(5,122,693)</u>
 NET	 <u>\$ 9,235,794</u>	 <u>\$ 896,252</u>

NOTE 8: LONG-TERM DEBT

Details of Long-Term Indebtedness:

	<u>AMOUNT OUTSTANDING</u>
GOVERNMENTAL FUND:	
Total Compensated Absences	\$ 57,724
Total Governmental Long-term Obligation Debt	<u>\$ 57,724</u>
ENTERPRISE FUND:	
General Obligation Bonds:	
A \$1,204,200 General Obligation Refunding Bond was issued August 4, 2016 through Powell Valley National Bank at a rate of 2.25% per year. Semi-annual installments of combined principal and interest in the amount averaging \$47,500 shall be payable beginning on February 1, 2017.	\$ 652,300
A \$750,000 General Obligation Water Bond was issued April 26, 2011, through Rural Development Authority at a rate of 2.50% per year. Interest only shall be payable on August 9, 2012, and August 9, 2013. Monthly installments of combined principal and interest in the amount of \$2,550 shall be payable beginning on September 9, 2013.	<u>602,690</u>
Total General Obligation Bonds	1,254,990
Total Compensated Absences	<u>35,174</u>
Total Enterprise Long-term obligation Debt	<u>\$ 1,290,164</u>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: LONG-TERM DEBT (continued)

Changes in Long-Term Debt:

The following is a summary of long-term debt transactions of the Town for the Year ended June 30, 2024:

<u>Primary Government</u>	7/1/2023	Additions	Reductions	6/30/2024	One Year
<u>Governmental Activities:</u>					
N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities	- -	- -	- -	- -	- -
<u>Business-Type Activities:</u>					
General Obligation Refunding-Series 2016	731,300	-	79,000	652,300	80,800
General Obligation Bond-Series 2011B	618,014	-	15,324	602,690	15,711
Total Business-Type Activities	1,349,314	-	94,324	1,254,990	96,511
Total Primary Government	<u>\$ 1,349,314</u>	<u>\$ -</u>	<u>\$ 94,324</u>	<u>\$ 1,254,990</u>	<u>\$ 96,511</u>

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

<u>Bonds and Notes Payable</u>				
<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
<u>June 30,</u>				
2025	\$ 96,511	\$ 29,114	\$ 125,625	
2026	98,708	26,888	125,596	
2027	101,016	24,612	125,628	
2028	103,333	22,282	125,615	
2029	105,661	19,900	125,561	
2030-2034	323,319	67,193	390,512	
2035-2039	106,070	46,930	153,000	
2040-2044	120,178	32,822	153,000	
2045-2049	136,161	16,839	153,000	
2050-2054	64,033	1,807	65,840	
2055-2059	- -	- -	\$ - -	
TOTALS	<u>\$ 1,254,990</u>	<u>\$ 288,387</u>	<u>\$ 1,543,377</u>	

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN

Pensions

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

Plan Description – All full-time, salaried permanent employees of the Town are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are paying contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

		must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Service Credit Same as Plan 1	Service Credit <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

		<p><u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

		<ul style="list-style-type: none"> After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
<p>Calculating the Benefit The Basic Benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction factor is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p>Defined Contribution component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Multiplier Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%</p>	<p>Service Multiplier Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Multiplier Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

<p>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: Not Applicable</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p>Political Subdivisions hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political Subdivisions hazardous duty employees: Same as Plan 1</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90.</p> <p>Political Subdivisions hazardous duty employees: Not Applicable</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivisions hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1</p>	<p>Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not Applicable</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31)</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility: Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2</p> <p>Defined Contribution Component: Not applicable</p> <p>Eligibility: Same as Plan 1 and Plan 2</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2</p>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

<p>under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (Including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable
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TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN (continued)

Employees Covered by Benefit Terms – As of June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	44
Inactive Members:	
Vested Inactive Members	5
Non-vested Inactive Members	12
LTD	0
Active Elsewhere in VRS	19
Total Inactive Members	<u>80</u>
Active Members	48
Total Covered Employees	<u>128</u>

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

The Town's contractually required contribution rate for the year ended June 30, 2024 was 10.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with the employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$301,262 and \$276,635 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN (continued)

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

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service-related.

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN (continued)

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN (continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits– The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town of Wise Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates:

Largest 10 – Hazardous Duty: 70% 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 Disable 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

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.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN (continued)

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

Mortality Improvement:

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

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

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN (continued)

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

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

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

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$14,125,960	\$13,796,563	\$329,397
Changes for the year:			
Service Cost	267,435	-	267,435
Interest	946,648	-	946,648
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Differences between expected and actual experience	563,376	-	563,376
Contributions – Employer	-	261,270	(261,270)
Contributions – Employee	-	119,415	(119,415)
Net Investment Income	-	882,089	(882,089)
Benefit payments, including refunds of employee contributions	(737,961)	(737,961)	-
Administrative Expenses	-	(8,913)	8,913
Other Changes	-	354	(354)
Net Changes	1,039,498	516,254	523,244
Balances at June 30, 2023	\$15,165,458	\$14,312,817	\$852,641

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Town of Wise, Virginia using the discount rate of 6.75% as well as what the Town of Wise, Virginia's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Town of Wise, Virginia's Net Pension Liability	\$2,924,766	\$852,641	\$(864,232)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2024, the Town recognized pension expense of \$188,802. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 381,642	\$ 110,679
Changes in assumptions	37,324	-
Net differences between projected and actual earnings on plan investments	-	225,388
Employer contributions subsequent to the measurement date	<u>301,262</u>	-
Total	<u>\$ 720,228</u>	<u>\$ 336,067</u>

\$301,262 reported as deferred outflows of resources related to pensions resulting from the Town of Wise, VA's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2025	\$ (41,498)
2026	(99,348)
2027	216,377
2028	7,368
2029	-
Thereafter	-
TOTAL	<u>\$ 82,899</u>

Pension Plan Data—Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 10: CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES

In accordance with NCGA Statement 4 "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences", the Town has accrued the liability arising from outstanding claims and judgments and compensated absences. Town employees earn sick leave at the rate of one day per month and vacation time is accrued based on length of service. No benefits or pay are received for unused sick leave upon termination. Accumulated vacation, up to the specified maximum, is paid upon termination. The Town has outstanding

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES (continued)

accrued vacation pay totaling \$57,724 in the Governmental Activities of the Primary Government, \$18,777 in the Water Fund, and \$16,397 in the Sewer Fund, with \$5,772; \$1,878; and \$1,640 respectively, expected to be paid within one year.

NOTE 11: LITIGATION

According to the Town's Legal Counsel, there are no outstanding claims concerning the Town of Wise, Virginia.

NOTE 12: SURETY BONDS

Position Fidelity Schedule Bond:

	<u>Amount</u>
Mayor	\$ 200,000
Treasurer	200,000
Town Manager	200,000
Assistant Treasurer	200,000
Utility Clerk	200,000
Cashier	200,000

NOTE 13: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest Paid-Proprietary Fund – Cash paid interest expense relating to debt for the year ended June 30, 2024 amounted to \$30,678.

The Town considers all short-term investments with an original maturity date of three months or less to be cash equivalents.

NOTE 14: GASB 54 FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

Purpose

The Town Council of the Town of Wise is dedicated to maintaining an appropriate level of fund balance sufficient to mitigate current and future financial risks and to ensure stable tax rates; and, therefore, formally establishes this policy for the Town's Fund Balance. This policy also authorizes and directs the Treasurer to prepare financial reports which accurately categorize fund balance as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Components of Fund Balance

Fund balance is the difference between the assets and liabilities reported in a governmental fund. The following five fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 14: GASB 54 FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE
DEFINITIONS (continued)**

- Non-spendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; for all funds except the general fund, assigned fund balance is the residual fund balance classification;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

Committed Fund Balance Policy

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

Assigned Fund Balance Policy

The Town Manager in consultation with the Town Treasurer and discussions with the Town Council shall determine funds to be classified as assigned.

Minimum Unassigned Fund Balance Policy

The Town will maintain an unassigned fund balance in the general fund equal to an amount established by the Town Council for expenditures/operating revenues. The Town considers a balance of less than the amount established by the Town Council to be cause for concern, barring unusual or deliberate circumstances. The balance of "unassigned funds" shall be at least equal to 10% of the General Fund's Total Revenues measured during the budget process as Total General Fund Revenue net of any appropriation from prior year fund balance. Except in extraordinary circumstances, Unassigned Fund Balance should not be used to fund any portion of the ongoing and routine year-to-year operating expenditures of the Town. It should be used primarily to ensure adequate reserves, to respond to unforeseen emergencies, to provide cash flow, and to provide overall financial stability.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 14: GASB 54 FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE
DEFINITIONS (continued)**

Resource Flow Policy

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

NOTE 15: OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

Name of Plan: Town of Wise Plan

Identification of Plan: Sole-employer

Administering Entity: Town of Wise, Virginia

Health Plan Eligibility

Participants in the Town of Wise's OPEB Plan must meet the retirement eligibility requirements described below to be eligible for retiree health benefits upon retirement. Participants must also retire directly from active service to be eligible for benefits

- General Town Employees: Participants must have attained age 50 with 30 years of service, including 20 years of continuous service with the Town.
- Public Safety Employees: Participants must have attained age 50 with a minimum of 25 years of service including 20 years of continuous service with the Town.

Employer and Retiree Contributions

- Non-Medicare eligible retirees and spouses (Under Age 65)-The Town contributes 100% of the retiree only premiums for a maximum of 18 months following retirement or until the retiree reaches age 65, if earlier. The retiree is responsible for the remainder of their premium costs.
- Medicare-eligible Retirees (Age 65+) – The plan does not include health benefits for Medicare-eligible retirees and their spouses.

Disability Retirement Benefit

The Plan does not include a disability retirement benefit.

Death Benefit

The Plan does not include a pre-retirement death benefit. If a participant dies while in active employment and was eligible for retiree health benefits at the time of their death, their

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (continued)

surviving spouse or family member is eligible to continue their health coverage only under COBRA.

Withdrawal Benefit

The Plan does not include a withdrawal benefit.

Benefit Service

Benefit service is credited from the date of hire with the Town of Wise.

Summary of Participant Data— As of the January 1, 2024 valuation date, the number of active participants was 56. The number of inactive retirees and dependent spouses was 3.

Actuarial Assumptions and Methods— The retirement, withdrawal, mortality, and disability assumptions used are consistent with those used in the June 30, 2021 valuation of the Virginia Retirement System. In addition, the following assumptions specific to other post-employment benefits were used:

Discount Rate: A 3.93% discount rate was used as of January 1, 2024 for purposes of measuring the plan's June 30, 2024 Total OPEB Liability.

Inflation Rate: 2.50%.

Coverage Elections: It is assumed that 100% of retirees will elect coverage for the first 18 months following retirement (or age 65, if earlier) while eligible for the employer contribution. We then assume that 30% of retirees will elect to continue their health coverage after the employer contribution ends (if still younger than age 65).

We assume that 30% of future retirees electing health coverage will also elect to cover their spouse.

The retiree and spousal election assumptions continue to be based on guidance from Milliman's *Health Cost Guidelines*, taking into account the relative level of benefits offered by the Town's OPEB Plan.

Marital Status: It is assumed that 100% of active members are married at retirement with husbands three years older than their wives.

Option Elections: We assume the proportion of members in each option will remain constant.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in Total OPEB Liability	Increase/(Decrease)
Balance as of June 30, 2022	\$ 579,977
Changes during Year:	
Service Cost	20,496
Interest on Total OPEB Liability	21,100
Effect of Plan Changes	-
Effect of Economic/Demographic Gains or Losses	(150)
Effect of Assumptions Changes or Inputs	(34,500)
Benefit Payments	<u>(45,189)</u>
Balance as of June 30, 2023	<u>\$ 541,734</u>

Sensitivity Analysis

The following presents the Town's Total OPEB Liability, calculated using the discount rate of 3.93%. It also presents what the Town's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (2.93%) and one percentage point higher (4.93%) than the current rate.

	1% Decrease (2.93%)	Current Rate (3.93%)	1% Increase (4.93%)
Town of Wise, Virginia's Total OPEB Liability	\$591,813	\$541,734	\$496,359

The following presents the Town's Total OPEB Liability, calculated using the current healthcare trend rates. It also presents what the Town's Total OPEB Liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rates.

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase In Trend Rate
Town of Wise, Virginia's Total OPEB Liability	\$486,215	\$541,734	\$606,480

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (continued)

As of June 30, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,332	\$ (12,746)
Changes in assumptions	10,182	(52,528)
Total	<u>\$ 45,514</u>	<u>\$ (65,274)</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2025	(\$5,845)
2026	(3,745)
2027	(4,396)
2028	(5,774)
2029	-
Thereafter	-
TOTAL	<u>(\$19,760)</u>

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to § 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPOEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's 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.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PROVISIONS	
Eligible Employees	
The Group Life Insurance Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:	
<ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>	
Benefit Amounts	
The benefits payable under the Group Life Insurance Program have several components.	
<ul style="list-style-type: none">• <u>Natural Death Benefit</u>—The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u>—The accidental death benefit is double the natural death benefit.• <u>Other Benefit Provisions</u>—In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Seatbelt benefit	

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

<ul style="list-style-type: none">○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option

Reduction in benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and Section 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$15,247 and \$14,000 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

At June 30, 2024, the Town reported a liability of \$132,044 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

employer contributions to the Group Life Insurance Program for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.01101% as compared to 0.01031% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$5,080. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and Actual experience	\$ 13,188	\$ 4,008
Net difference between projected and Actual earnings on GLI OPEB Program investments	- 5,306	
Changes in assumptions	2,823	9,149
Changes in proportion	14,326	10,380
Employer contributions subsequent to the Measurement date	15,247	-
Total	<u>\$ 45,584</u>	<u>\$ 28,843</u>

\$15,247 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

FY 2025	\$ (1,783)
FY 2026	(6,062)
FY 2027	3,211
FY 2028	3,367
FY 2029	2,761
Thereafter	-
TOTAL	<u>\$ 1,494</u>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Actuarial Assumptions

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

Inflation	2.5 percent
Salary increases, including inflation—	
General state employees	3.5 percent - 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.0 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 Percent, net of investment expenses, Including inflation

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates-- SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – VaLORS Employees

Pre-retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates- JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

Mortality rates—Largest Ten Locality Employers-General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

Mortality rates—Largest Ten Locality Employers-Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16.

GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

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.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net OPEB Liability

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

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

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

Long-Term Expected Rate of Return

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

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

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (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 with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Town of Wise, Virginia's Share of the Group Life Insurance Program Net OPEB Liability	\$195,731	\$ 132,044	\$ 80,553

Group Life Insurance Program Fiduciary Net Position

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17. PRIOR PERIOD ADJUSTMENT

The beginning balance of Net Position for the Town of Wise was adjusted due to project funding that had been recorded as a receivable and revenue in fiscal year 2023, yet did not result in a revenue from the Virginia Department of Transportation. Total Net Position decreased by \$48,273 as shown below:

Net Position as of June 30, 2023	\$ 34,082,187
Prior Period Adjustment	<u>(48,273)</u>
Net Position as of July 1, 2023, as restated	<u>\$ 34,033,914</u>

SUPPLEMENTARY SCHEDULES

TOWN OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT 9

	<u>TOTAL</u>
CAPITAL ASSETS	
Land	\$ 2,287,892
Building and Building Improvements	3,974,885
Infrastructure	35,605,447
Equipment	6,667,657
Total Capital Assets	<u><u>\$ 48,535,881</u></u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE	
Enterprise Fund Revenues	\$ 20,361,522
Enterprise Fund Indebtedness	1,254,990
General Fund Revenues	26,919,369
General Fund Indebtedness	-
Total Investment in Capital Assets	<u><u>\$ 48,535,881</u></u>

TOWN OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT 10

	<u>LAND</u>	<u>BUILDING and BUILDING IMPROVEMENTS</u>	<u>INFRA- STRUCTURE</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
PRIMARY GOVERNMENT					
Governmental:					
General Government Adm	\$ 1,991,892	\$ 1,486,987	\$ -	\$ 105,758	\$ 3,584,637
Judicial Administration	-	-	-	-	-
Public Safety	-	941,239	-	1,939,360	2,880,599
Public Works	-	689,757	12,511,999	2,330,482	15,532,238
Health and Welfare	-	-	-	-	-
Education	-	-	-	-	-
Parks, Recreation and Cultural	-	53,892	2,754,281	150,740	2,958,913
Community Development	-	-	1,924,234	38,747	1,962,981
Total Governmental	<u>1,991,892</u>	<u>3,171,875</u>	<u>17,190,514</u>	<u>4,565,087</u>	<u>26,919,368</u>
Business-Type:					
Water	209,750	496,001	13,516,782	1,375,034	15,597,567
Sewer	<u>86,250</u>	<u>307,009</u>	<u>4,898,149</u>	<u>727,537</u>	<u>6,018,945</u>
Total Business-Type	<u>296,000</u>	<u>803,010</u>	<u>18,414,931</u>	<u>2,102,571</u>	<u>21,616,512</u>
TOTAL CAPITAL ASSETS BY FUNCTION (excluding depreciation)	<u>\$ 2,287,892</u>	<u>\$ 3,974,885</u>	<u>\$ 35,605,445</u>	<u>\$ 6,667,658</u>	<u>\$ 48,535,880</u>

SUPPLEMENTARY SCHEDULES

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULE 1
PAGE 1

FUND, MAJOR AND MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund:				
Revenue From Local Sources:				
General Property Taxes:				
Real Property Taxes	\$ 581,000	\$ 581,000	\$ 667,794	\$ 86,794
Real and Personal Public Service				
Corporation Property Taxes	15,000	15,000	19,513	4,513
Personal Property Taxes	138,165	138,165	205,179	67,014
Penalties and Interest	9,500	9,500	20,732	11,232
PROPERTY TAXES	743,665	743,665	913,218	169,553
Other Local Taxes:				
Local Sales and Use Taxes	90,000	90,000	172,450	82,450
Consumer Utility Taxes	75,000	75,000	75,423	423
Consumption Tax	10,000	10,000	12,240	2,240
Business License Taxes	286,725	286,725	544,563	257,838
Franchise License Taxes	2,500	2,500	1,751	(749)
Bank Stock Taxes	100,000	100,000	206,351	106,351
Transient Lodging Taxes	120,000	120,000	128,863	8,863
Coal Road Improvement Taxes	12,000	12,000	16,114	4,114
Cigarette Tax	60,000	60,000	61,110	1,110
Meal Tax	1,000,000	1,000,000	1,643,914	643,914
	1,756,225	1,756,225	2,862,779	1,106,554
Permits, Privilege Fees and				
Regulatory Licenses:				
Animal License	-	-	-	-
Permits	500	500	1,430	930
REGULATORY LICENSES	500	500	1,430	930
Fines and Forfeitures	1,000	1,000	4,233	3,233
Revenue From Use of Money and Property:				
Interest and Rent Revenue	22,000	22,000	618,432	596,432
TOTAL REVENUE FROM USE OF MONEY AND PROPERTY	22,000	22,000	618,432	596,432

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

**TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

**SCHEDULE 1
Page 2**

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund: (continued)				
Charges For Services:				
Charges For Parks and Recreation	\$ 36,100	\$ 36,100	\$ 77,545	\$ 41,445
Charges For Sanitation and Waste Removal	280,100	280,100	271,071	(9,029)
TOTAL CHARGES FOR SERVICES	<u>316,200</u>	<u>316,200</u>	<u>348,616</u>	<u>32,416</u>
Miscellaneous Revenue:				
Sale of Cemetery Plots	2,000	2,000	14,800	12,800
Sale of Property	100	100	7,521	7,421
County of Wise-Payment in Lieu of Taxes	-	-	-	-
Coal Severance Committee Appropriation	50,000	50,000	48,937	(1,063)
Donations	50,000	54,000	4,000	(50,000)
Other Grant Income	27,000	39,800	14,689	(25,111)
Miscellaneous	3,715	3,715	24,995	21,280
TOTAL MISCELLANEOUS REVENUE	<u>132,815</u>	<u>149,615</u>	<u>114,942</u>	<u>(34,673)</u>
TOTAL REVENUE FROM LOCAL SOURCES	<u>2,972,405</u>	<u>2,989,205</u>	<u>4,863,650</u>	<u>1,874,445</u>
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Mobile Home Titling Tax	3,000	3,000	15,164	12,164
Rolling Stock Tax	5	5	-	(5)
Car Rental Tax	2,000	2,000	3,274	1,274
Financial Assistance To Police Dept.	80,000	80,000	99,002	19,002
PPTRA Tax Relief	56,000	56,000	57,392	1,392
Gaming Tax	100	100	-	(100)
Communications Sales and Use Tax	50,000	50,000	59,208	9,208
TOTAL NON-CATEGORICAL AID	<u>191,105</u>	<u>191,105</u>	<u>234,040</u>	<u>42,935</u>
Categorical Aid:				
Street and Highway Maintenance	550,000	550,000	742,733	192,733
Litter Grant	2,000	2,000	3,393	1,393
Fire Programs	15,000	15,000	15,000	-
Virginia Commission for the Arts	-	-	-	-
Byrnes Justice Grants	-	-	-	-
VDOT-HSIP Grant	253,000	253,000	-	(253,000)
VDEM-HMGP	-	-	-	-
VDOT-Norton Road Sidewalk-Phase 1	-	-	-	-
DCJS LE Retention Funds	-	-	-	-
TOTAL CATEGORICAL AID	<u>820,000</u>	<u>820,000</u>	<u>761,126</u>	<u>(58,874)</u>
TOTAL REVENUE FROM THE COMMONWEALTH	<u>1,011,105</u>	<u>1,011,105</u>	<u>995,166</u>	<u>(15,939)</u>

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

**TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

**SCHEDULE 1
Page 3**

<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
General Fund: (continued)				
Revenue From The Federal Government:				
Categorical Aid:				
Byrnes Justice Grants	\$ 4,050	\$ 4,050	\$ 2,255	\$ (1,795)
ARPA-DHCD-Community Business Launch Grant	- -	50,000	50,000	-
VDOT-Norton Rd Sidewalk Phase 1	- -	- -	- -	- -
Virginia Commission for the Arts	4,500	4,500	4,500	-
RD-Strategic Plan Grant	- -	- -	- -	- -
VDOT Transportation Alternatives Grant	900,000	900,000	- -	(900,000)
American Rescue Plan Act (ARPA)	2,498,533	2,498,533	2,616,672	118,139
ARPA-Law Enforcement Grant	153,000	153,000	151,566	(1,434)
Selective Enforcement Grant	15,000	15,000	15,595	595
CDBG OPP Zone Grant	- -	- -	- -	- -
AML Sports Complex IMP Grant	371,000	371,000	184,491	(186,509)
TOTAL CATEGORICAL AID	<u>3,946,083</u>	<u>3,996,083</u>	<u>3,025,079</u>	<u>(971,004)</u>
TOTAL REVENUE FROM THE FEDERAL GOVT.	<u>3,946,083</u>	<u>3,996,083</u>	<u>3,025,079</u>	<u>(971,004)</u>
Suppl. Approp. From Prior Year Fund Bal.	5,645,777	5,645,777	- -	(5,645,777)
TOTAL GENERAL FUND	<u>\$ 13,575,370</u>	<u>\$ 13,642,170</u>	<u>\$ 8,883,895</u>	<u>\$ (4,758,275)</u>
SPECIAL REVENUE FUNDS:				
DCJS Asset Forfeiture-State Revenue	5,010	5,010	- -	(5,010)
DOJ Asset Forfeiture-Federal Revenue	<u>9,035</u>	<u>22,535</u>	<u>13,500</u>	<u>(9,035)</u>
TOTAL SPECIAL REVENUE FUND	<u>14,045</u>	<u>27,545</u>	<u>13,500</u>	<u>(14,045)</u>
GRAND TOTAL-REVENUES GOVERNMENTAL FUNDS	<u>\$ 13,589,415</u>	<u>\$ 13,669,715</u>	<u>\$ 8,897,395</u>	<u>\$ (4,772,320)</u>

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

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULE 2
Page 1

FUND, MAJOR AND MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Government Administration:				
Legislative:				
Town Council	\$ 55,920	\$ 55,920	\$ 28,530	\$ 27,390
TOTAL LEGISLATIVE	55,920	55,920	28,530	27,390
General and Financial Administration:				
Employee Benefits	160,100	160,100	44,508	115,592
Manager	118,820	118,820	109,257	9,563
Professional Services	75,225	75,225	50,081	25,144
Treasurer	229,770	229,770	203,846	25,924
Risk Management	201,705	201,705	138,540	63,165
Data Processing	77,070	77,070	52,038	25,032
TOTAL GENERAL AND FINANCIAL ADMINISTRATION	862,690	862,690	598,270	264,420
TOTAL GENERAL GOVERNMENT ADMINISTRATION	918,610	918,610	626,800	291,810
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	1,674,480	1,674,480	1,462,927	211,553
TOTAL LAW ENFORCEMENT AND TRAFFIC CONTROL	1,674,480	1,674,480	1,462,927	211,553
Fire and Rescue Services:				
Volunteer Fire Department	145,000	157,800	103,715	54,085
Ambulance and Rescue Service	25,000	25,000	25,000	-
TOTAL FIRE AND RESCUE SERVICES	170,000	182,800	128,715	54,085
Correction and Detention:				
Court Expense	1,000	1,000	-	1,000
TOTAL COURT EXPENSE	1,000	1,000	-	1,000

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

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULE 2
Page 2

FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Public Safety: (continued)				
Animal Control:				
Animal Control	\$ -	\$ -	\$ -	\$ -
TOTAL ANIMAL CONTROL	- - -	- - -	- - -	- - -
TOTAL PUBLIC SAFETY	<u>1,845,480</u>	<u>1,858,280</u>	<u>1,591,642</u>	<u>266,638</u>
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Administration	477,785	477,785	452,854	24,931
Storm Drainage	1,800,000	1,800,000	42,615	1,757,385
Street Maintenance	3,302,955	3,302,955	1,401,242	1,901,713
Street Lights	175,000	175,000	71,103	103,897
Snow & Ice Removal	430,150	430,150	361,219	68,931
TOTAL MAINTENANCE OF HIGHWAYS, STREETS, BRIDGES, AND SIDEWALKS	<u>6,185,890</u>	<u>6,185,890</u>	<u>2,329,033</u>	<u>3,856,857</u>
Sanitation and Waste Removal:				
General Engineering/Administration:				
Solid Waste Removal	424,300	424,300	383,769	40,531
TOTAL SANITATION AND WASTE REMOVAL	<u>424,300</u>	<u>424,300</u>	<u>383,769</u>	<u>40,531</u>
Maintenance of General Buildings and Grounds:				
General Engineering/Administration:				
General Properties	152,500	152,500	117,567	34,933
TOTAL MAINTENANCE OF GENERAL BUILDINGS AND GROUNDS	<u>152,500</u>	<u>152,500</u>	<u>117,567</u>	<u>34,933</u>
TOTAL PUBLIC WORKS	<u>6,762,690</u>	<u>6,762,690</u>	<u>2,830,369</u>	<u>3,932,321</u>
Health and Welfare:				
Welfare Social Service:				
Property Tax Relief for Elderly	5,000	5,000	4,265	735
TOTAL HEALTH AND WELFARE	<u>5,000</u>	<u>5,000</u>	<u>4,265</u>	<u>735</u>

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULE 2
Page 3

FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Parks, Recreation and Cultural:				
Parks and Play Grounds	\$ 40,460	\$ 40,460	\$ 59,390	\$ (18,930)
Sports Complex	744,450	744,450	690,654	53,796
Swimming Pool	168,745	168,745	160,764	7,981
Special Events	145,700	145,700	142,974	2,726
Cemeteries	2,500	2,500	15	2,485
TOTAL PARKS, RECREATION, AND CULTURAL	<u>1,101,855</u>	<u>1,101,855</u>	<u>1,053,797</u>	<u>48,058</u>
Community Development:				
Planning and Community Development:				
Planning and Administration	214,100	268,100	164,043	104,057
Planning Commission/Bd of Zoning Apps	2,750	2,750	-	2,750
Miscellaneous	5,000	5,000	3,471	1,529
TOTAL PLANNING & COMMUNITY DEVELOPMENT	<u>221,850</u>	<u>275,850</u>	<u>167,514</u>	<u>108,336</u>
Contributions to Other Entities				
Pro Art Association	8,000	8,000	8,000	-
Cumberland Airport Commission	3,000	3,000	3,000	-
Library Art Gallery	1,900	1,900	1,900	-
Wise Explorer Post 312	2,000	2,000	2,000	-
WBA-Fall Fling	6,000	6,000	6,000	-
Friends of South West Virginia	500	500	500	-
Regional Library	9,500	9,500	9,500	-
Heart of Appalachia	2,000	2,000	2,000	-
Miscellaneous	-	-	-	-
TOTAL CONTRIBUTIONS TO OTHER ENTITIES	<u>32,900</u>	<u>32,900</u>	<u>32,900</u>	<u>-</u>
TOTAL COMMUNITY DEVELOPMENT	<u>254,750</u>	<u>308,750</u>	<u>200,414</u>	<u>108,336</u>
Debt Service:				
Principal Curtailments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DEBT SERVICE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to Water/Sewer Fund	2,586,985	2,586,985	16,000	2,570,985
Reserve for Contingencies	100,000	100,000	-	100,000
TOTAL GENERAL FUND	<u>\$ 13,575,370</u>	<u>\$ 13,642,170</u>	<u>\$ 6,323,287</u>	<u>\$ 7,318,883</u>
SPECIAL REVENUE FUNDS:				
DCJS Asset Forfeiture	5,010	5,010	-	5,010
DOJ Asset Forfeiture	9,035	22,535	4,512	18,023
TOTAL SPECIAL REVENUE FUND	<u>14,045</u>	<u>27,545</u>	<u>4,512</u>	<u>23,033</u>
GRAND TOTAL-EXPENDITURES GOVERNMENTAL FUNDS	<u>\$ 13,589,415</u>	<u>\$ 13,669,715</u>	<u>\$ 6,327,799</u>	<u>\$ 7,341,916</u>

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

TOWN OF WISE, VIRGINIA
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN FISCAL YEARS

SCHEDULE 3

FISCAL YEAR	GENERAL PROPERTY TAXES	OTHER LOCAL TAXES	FINES AND FORFEITURES	PERMITS, PRIVILEGE FEES & CHARGES FOR SERVICES			MISCELLANEOUS	PROPERTY	REVENUE FROM USE OF MONEY AND PROPERTY			INTER-GOVERNMENTAL	TOTAL
				REGULATORY LICENSES	CHARGES FOR SERVICES	MISCELLANEOUS			PROPERTY	PROPERTY	PROPERTY		
2024	\$ 913,218	\$ 2,862,779	\$ 4,233	\$ 1,430	\$ 348,616	\$ 114,942	\$ 618,432	\$ 4,020,245	\$ 8,883,895				
2023	888,851	2,844,467	3,992	775	317,205	196,918	392,231	2,857,481	7,501,920				
2022	784,652	2,451,761	2,810	275	353,841	105,962	35,166	1,685,443	5,419,910				
2021	786,796	2,208,825	2,881	525	342,731	47,605	9,915	1,828,205	5,227,483				
2020	778,776	2,039,581	3,391	550	315,389	158,924	108,191	1,305,143	4,709,945				
2019	786,881	2,250,187	13,325	375	332,585	93,148	146,058	879,817	4,502,376				
2018	797,412	2,170,923	12,440	825	328,622	120,016	59,010	908,180	4,397,428				
2017	791,340	2,196,980	14,371	1,025	329,840	62,110	39,866	826,380	4,261,912				
2016	808,460	2,182,802	19,889	525	332,696	61,178	39,773	932,629	4,377,952				
2015	659,443	2,042,875	17,340	547	363,970	80,249	27,567	1,273,487	3,859,006				

TOWN OF WISE, VIRGINIA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

SCHEDULE 4

FISCAL YEAR	GENERAL ADMINI- STRATION	PUBLIC SAFETY	PUBLIC WORKS	PARKS, RECREATION AND CULTURAL			HEALTH AND WELFARE	COMMUNITY DEVELOP- MENT	NON DEPART- MENTAL	DEBT SERVICE	TOTAL
				1,591,642	\$ 2,830,369	\$ 1,053,797	\$ 4,265	\$ 200,414	\$ 16,000	\$ 6,323,287	
2024	\$ 626,800	\$ 1,591,642	\$ 2,830,369	\$ 1,053,797	\$ 4,265	\$ 200,414	\$ 16,000	\$ 44,327	-	\$ 6,363,017	-
2023	599,933	1,311,133	3,757,143	498,546	5,003	146,932					5,783,471
2022	571,790	1,230,356	3,193,020	312,622	5,000	470,683					4,518,323
2021	597,635	1,257,913	2,298,991	257,203	5,659	100,922					4,204,233
2020	545,609	1,233,178	2,129,181	135,740	5,897	125,623					3,656,111
2019	528,045	1,214,371	1,464,594	162,216	-	149,487					3,798,318
2018	535,747	1,153,313	1,465,480	166,617	4,603	144,315					4,025,218
2017	513,477	1,061,477	1,387,571	347,498	11,494	114,089					3,196,038
2016	475,411	1,103,005	1,316,624	171,630	19,182	110,186					4,029,069
2015	451,939	1,071,881	1,747,530	161,155	2,221	104,539					-

TOWN OF WISE, VIRGINIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

SCHEDULE 5

FISCAL YEARS	REAL ESTATE	PERSONAL PROPERTY	MOBILE HOMES	PUBLIC UTILITY	TOTAL
2024	\$ 221,749,073	\$ 39,082,286	\$ 1,268,935	\$ 6,504,220	\$ 268,604,514
2023	227,165,360	42,184,720	1,757,697	6,977,985	278,085,762
2022	203,127,327	32,742,257	1,535,757	6,407,007	243,812,348
2021	206,988,560	21,154,570	1,510,848	6,260,180	235,914,158
2020	206,086,960	25,987,271	3,302,731	5,768,233	241,145,195
2019	201,276,333	20,809,365	1,446,031	5,634,083	229,165,812
2018	206,529,160	27,182,190	3,960,311	6,388,188	244,059,849
2017	209,938,260	28,179,654	4,250,151	6,278,177	248,646,242
2016	208,334,290	29,301,732	3,853,631	6,497,010	247,986,663
2015	202,017,551	36,203,962	1,756,226	5,915,448	245,893,188

PROPERTY TAX RATES
LAST TEN YEARS

FISCAL YEARS	REAL ESTATE	PERSONAL PROPERTY	MOBILE HOMES	PUBLIC UTILITY
2024	0.300	0.630	0.630	Various
2023	0.300	0.630	0.630	Various
2022	0.300	0.630	0.630	Various
2021	0.300	0.630	0.630	Various
2020	0.300	0.630	0.630	Various
2019	0.300	0.630	0.630	Various
2018	0.300	0.630	0.630	Various
2017	0.300	0.630	0.630	Various
2016	0.300	0.630	0.630	Various
2015	0.245	0.530	0.530	Various

TOWN OF WISE, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

SCHEDULE 6

FISCAL YEAR	TOTAL (1) TAX LEVY	CURRENT TAX (1) COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT (1) TAX (2) COLLECTIONS	TOTAL TAX COLLECTIONS	COLLECTIONS OF TAX LEVY	PERCENT OF OUTSTANDING (1) DELINQUENT TAXES TO TAX LEVY	
							PERCENT OF TOTAL TAX COLLECTIONS	PERCENT OF OUTSTANDING (1) DELINQUENT TAXES
2024	\$ 919,460	\$ 861,863	93.74%	\$ 33,021	\$ 894,884		97.33%	\$ 38,786
2023	957,204	838,526	87.60%	21,039	859,564		89.80%	59,821
2022	844,554	816,748	96.71%	12,167	828,915		98.15%	47,951
2021	809,122	794,047	98.14%	26,019	820,066		101.35%	43,942
2020	797,505	750,610	94.12%	14,763	765,373		95.97%	53,312
2019	762,024	747,449	98.09%	17,004	764,453		100.32%	39,730
2018	787,664	734,967	93.31%	20,520	755,487		95.91%	51,775
2017	793,050	764,051	96.34%	23,724	787,775		99.33%	43,254
2016	785,626	752,350	95.76%	33,246	785,596		100.00%	42,974
2015	696,132	610,699	87.73%	35,436	646,135		92.82%	23,526

Notes:

- (1) Exclusive of penalties and interest.
- (2) Does not include land redemptions.

TOWN OF WISE, VIRGINIA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

SCHEDULE 7

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (IN THOUSANDS)	LESS:			RATIO		
			GROSS BONDED DEBT (2)	DEBT SERVICE MONIES AVAIL.ABLE	DEBT PAYABLE FROM ENTERPRISE REVENUES	NET BONDED DEBT	ASSESSED VALUE	OF NET BONDED DEBT TO ASSESSED VALUE
2024	2,848	\$ 268,605	\$ 1,254,990	-	\$ 1,254,990	\$ -	-	\$ -
2023	2,848	278,086	1,349,314	-	1,349,314	-	-	-
2022	3,286	243,812	1,441,560	-	1,441,560	-	-	-
2021	3,286	235,914	1,531,737	-	1,531,737	-	-	-
2020	3,286	241,145	1,620,782	-	1,620,782	-	-	-
2019	3,286	229,166	1,705,922	-	1,705,922	-	-	-
2018	3,286	244,060	1,790,524	-	1,790,524	-	-	-
2017	3,286	248,646	1,981,992	-	1,981,992	-	-	-
2016	3,286	247,987	3,555,012	-	3,555,012	-	-	-
2015	3,286	245,893	2,954,345	-	2,954,345	-	-	-

Notes:

- (1) Bureau of Census.
- (2) Includes all long-term general obligation debt.

TOWN OF WISE, VIRGINIA
Pledged Revenue Coverage
Last Ten Fiscal Years

SCHEDULE 8

Water and Sewer Revenue Bonds

Fiscal Year	Gross revenues	Less operating expenses	Net revenues available for debt service	Debt Service		Coverage
				Principal	Interest	
2024	12,207,632	(7,802,528)	\$ 4,405,104	94,324	31,473	3502%
2023	10,959,423	(7,474,689)	\$ 3,484,734	92,246	33,630	2768%
2022	8,430,165	(7,142,717)	\$ 1,287,448	90,177	35,470	1022%
2021	9,974,619	(6,946,899)	\$ 3,027,720	173,239	38,047	1433%
2020	7,789,174	(6,697,229)	\$ 1,091,945	86,067	39,815	867%
2019	7,635,388	(6,325,229)	\$ 1,310,159	118,141	41,980	818%
2018	7,457,800	(6,765,545)	\$ 692,255	191,946	43,807	294%
2017	7,214,728	(6,198,311)	\$ 1,016,417	2,916,008	57,335	34%
2016	7,762,873	(6,123,160)	\$ 1,639,713	39,320	112,617	1079%
2015	7,309,762	(6,171,658)	\$ 1,138,104	37,899	113,589	751%

TOWN OF WISE, VIRGINIA
SCHEDULE OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULE 9

Legal Debt Limit

10% of Assessed Value Of Taxable Real Estate
(Including Public Utility Real Estate)
(\$268,614,504 x .10) \$ 26,861,450

Deduct

Bonds Payable (1,254,990)

Legal Margin For Creation Of Additional Debt \$ 25,606,460

TOWN OF WISE, VIRGINIA
SCHEDULE OF FUND BALANCES - GASB 54
JUNE 30, 2024

SCHEDULE 10

Governmental Fund Balances:

Nonspendable:

Cemetery Saving	\$ 523,032
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Restricted for:

Asset forfeiture	22,987
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American Rescue Plan Act	-
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VRS Reserves	600,000
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Unassigned:	<u>11,126,900</u>
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Governmental Fund Balance June 30, 2024	<u><u>\$12,272,919</u></u>
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TOWN OF WISE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
RETIREMENT PLAN
JUNE 30, 2024

SCHEDULE 11
PAGE 1

**Schedule of Changes in the Town of Wise, Virginia's
 Net Pension Liability and Related Ratios**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 267,435	\$ 223,902	\$ 216,504	\$ 233,777	\$ 226,536	\$ 213,327	\$ 220,610	\$ 230,075	\$ 223,237	\$ 227,300
Interest	946,648	930,854	873,498	835,435	781,056	710,828	708,642	682,748	654,198	611,870
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	563,376	(236,849)	(314,727)	(7,917)	272,536	496,144	(338,765)	(34,038)	(178,761)	-
Changes in assumptions	-	-	485,206	-	386,070	-	(38,071)	-	-	-
Benefit Payments, including refunds of employee contributions	(737,961)	(716,941)	(552,403)	(442,402)	(452,234)	(381,844)	(660,550)	(357,183)	(224,440)	(244,530)
Net change in total pension liability	1,039,498	200,966	708,078	618,893	1,213,964	1,038,455	(108,134)	521,662	474,234	594,640
Total pension liability-beginning	14,125,960	13,924,994	13,216,916	12,598,023	11,384,059	10,345,604	10,453,738	9,932,136	9,457,902	8,863,262
Total pension liability-ending (a)	\$ 15,165,458	\$ 14,125,960	\$ 13,924,994	\$ 13,216,916	\$ 12,598,023	\$ 11,384,059	\$ 10,345,604	\$ 10,453,738	\$ 9,932,136	\$ 9,457,902

Plan fiduciary net position

Contributions-employer	\$ 261,270	\$ 219,446	\$ 196,204	\$ 158,728	\$ 161,688	\$ 160,282	\$ 150,412	\$ 192,824	\$ 192,583	\$ 184,911
Contributions-employee	119,415	105,905	95,365	103,480	105,451	106,867	100,363	103,463	103,496	111,612
Net investment income	882,089	(8,808)	3,098,783	216,328	719,268	753,383	1,119,050	163,417	413,438	1,218,703
Benefit Payments, including refunds of employee contributions	(737,961)	(716,941)	(552,403)	(442,402)	(452,234)	(381,844)	(660,550)	(357,183)	(224,440)	(244,530)
Administrative expense	(8,913)	(8,923)	(7,756)	(7,391)	(7,122)	(6,474)	(6,688)	(5,844)	(5,508)	(6,458)
Other	354	324	292	(256)	(453)	(672)	(996)	(69)	(88)	64
Net change in plan fiduciary net position	516,254	(408,997)	2,830,485	28,487	526,598	631,542	701,591	96,608	479,481	1,264,302
Plan fiduciary net position-beginning	13,796,563	14,205,560	11,375,075	11,346,588	10,819,990	10,188,448	9,486,857	9,390,249	8,910,768	7,646,466
Plan fiduciary net position-ending (b)	\$ 14,312,817	\$ 13,796,563	\$ 14,205,560	\$ 11,375,075	\$ 11,346,588	\$ 10,819,990	\$ 10,188,448	\$ 9,486,857	\$ 9,390,249	\$ 8,910,768

Town of Wise, Virginia's

Net pension liability-ending (a) - (b)	\$ 852,641	\$ 329,397	\$ (280,566)	\$ 1,841,841	\$ 1,251,435	\$ 564,069	\$ 157,156	\$ 966,881	\$ 541,887	\$ 547,134
Plan fiduciary net position as a percentage of the total										
Pension liability	94.4%	97.7%	102.0%	86.1%	90.1%	95.0%	98.5%	90.8%	94.5%	94.2%
Covered payroll	\$ 2,592,645	\$ 2,242,942	\$ 1,990,001	\$ 2,131,981	\$ 2,156,545	\$ 2,175,316	\$ 2,034,450	\$ 2,034,452	\$ 2,071,817	\$ 2,071,642
Town of Wise, Virginia's net pension liability	32.9%	14.7%	-14.1%	86.4%	58.0%	25.9%	7.7%	47.5%	26.2%	26.4%

TOWN OF WISE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
RETIREMENT PLAN
JUNE 30, 2024

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2024	301,262	301,262	0	2,823,447	10.67%
2023	276,635	276,635	0	2,592,645	10.67%
2022	227,883	227,883	0	2,242,942	10.16%
2021	202,184	202,184	0	1,990,001	10.16%
2020	162,457	162,457	0	2,131,981	7.62%
2019	162,496	164,322	0	2,156,454	7.62%
2018	162,496	162,496	0	2,175,316	7.47%
2017	151,974	151,974	0	2,034,450	7.47%
2016	193,770	193,770	0	2,034,452	9.3%
2015	192,679	192,679	0	2,071,817	9.3%

TOWN OF WISE, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
VRS RETIREMENT PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2010
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF WISE, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
VRS RETIREMENT PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF WISE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
GROUP LIFE INSURANCE PROGRAM
JUNE 30, 2024

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

	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.01101%	0.01031%	0.00964%	0.01036%	0.01104%	0.01144%	0.01103%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 132,044	\$ 124,142	\$ 112,236	\$ 179,650	\$ 179,650	\$ 174,000	\$ 166,000
Employer's Covered Payroll	\$ 2,592,645	\$ 2,242,942	\$ 1,990,001	\$ 2,131,981	\$ 2,156,454	\$ 2,175,316	\$ 2,034,450
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.53%	5.64%	8.43%	8.33%	8.00%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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

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

TOWN OF WISE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
GROUP LIFE INSURANCE PROGRAM
JUNE 30, 2024

**Schedule of Employer Contributions
For the Years Ended June 30, 2017 through 2024**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2024	15,247	15,247	0	2,823,447	0.54%
2023	14,000	14,000	0	2,592,645	0.54%
2022	12,112	12,112	0	2,242,942	0.54%
2021	10,746	10,746	0	1,990,001	0.54%
2020	11,086	11,086	0	2,131,981	0.52%
2019	11,258	11,258	0	2,156,454	0.52%
2018	11,312	11,312	0	2,175,316	0.52%
2017	10,579	10,579	0	2,034,450	0.52%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data is available. However, additional years will be included as they become available.

TOWN OF WISE, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
GROUP LIFE INSURANCE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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

General State Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

TOWN OF WISE, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
GROUP LIFE INSURANCE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SPORS Employees

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

VaLORS Employees

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

JRS Employees

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

TOWN OF WISE, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
GROUP LIFE INSURANCE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Largest Ten Locality Employers-General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each 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-General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each 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

TOWN OF WISE, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
GROUP LIFE INSURANCE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Largest Ten Locality Employers-Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers—Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF WISE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULE 13

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF THE TREASURY *</u>			
American Rescue Plan Act			
Coronavirus Local Fiscal Recovery Fund	21.027	N/A	2,616,672
Total U.S. Department of the Treasury			<u>2,616,672</u>
<u>U.S. DEPARTMENT OF THE TREASURY *</u>			
Passed through VA Department of Criminal Justice Services			
American Rescue Plan Act			
Coronavirus Local Fiscal Recovery Fund	21.027	N/A	151,566
Total U.S. Department of the Treasury			<u>151,566</u>
<u>U.S. DEPARTMENT OF THE TREASURY *</u>			
Passed through VA Department of Housing and Community Development			
American Rescue Plan Act			
Coronavirus Local Fiscal Recovery Fund	21.027	N/A	50,000
Total U.S. Department of the Treasury			<u>50,000</u>
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>			
Passed through VA Commission for the Arts			
Creative Communities Partnership Grant	45.025	N/A	4,500
Total National Endowment for the Arts			<u>4,500</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed through VA Department of Criminal Justice			
Byrne Justice Assistance Grant Program	16.738	N/A	2,255
Total U.S. Department of Justice			<u>2,255</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through VA Department of Motor Vehicles			
Alcohol Open Container Requirements	20.607	N/A	15,595
Total Department of Transportation			<u>15,595</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Passed through VA Department of Mines, Minerals, and Energy			
Abandoned Mine Land Reclamation	15.252	N/A	184,491
Total U.S. Department of the Interior			<u>184,491</u>
Total Federal Expenditures			\$ 3,025,079

*Major Program

See accompanying notes to schedule of expenditures of federal awards.

See accompanying independent auditors' report.

TOWN OF WISE, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

1. GENERAL

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

2. BASIS OF ACCOUNTING

The Schedule is presented in the accrual basis of accounting for the proprietary funds, as described in Note 1 to the Town's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the year ended June 30, 2024, the Town of Wise, Virginia did not participate in any federal programs in which non-cash benefits were provided through the State to eligible participants.

3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

Revenue from the Federal government – financial statements	\$ 3,025,079
Loan Proceeds from the Federal government – financial statements	-0-
Add (subtract) Federal Awards revenue recognized:	
In prior fiscal years, spent this fiscal year	-0-
In current fiscal years, but not spent	-0-
Expenditures of Federal awards	<u>\$ 3,025,079</u>

4. SUB-RECIPIENT PAYMENTS

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

5. INDIRECT COST RATE

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

TOWN OF WISE, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

A. Summary of Auditors' Results

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

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

NONE

C. Findings and Questioned Costs Relating to Federal Awards

NONE

COMPLIANCE



LARRY D. STURGILL, P. C.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Council Members of the
Town of Wise
Wise, VA 24293

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and with the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and the business-type activities of the Town of Wise, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 6, 2024.

Report on Internal Control Over Financial Reporting

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

The Honorable Council Members of the
Town of Wise
Wise, Virginia 24293
Page 2

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Larry D. Sturgill, P.C.
Wise, VA
December 6, 2024

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

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

The Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Town of Wise, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Town 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 the Town 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 the Town of Wise, Virginia's federal programs.

The Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293
Page 2

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Wise, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but it 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 with it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town 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 the Town 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 the Town 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 the Town 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



The Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293
Page 3

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

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



Larry D. Sturgill, P.C.
Wise, Virginia
December 6, 2024



LARRY D. STURGILL, P. C.

LARRY D. STURGILL

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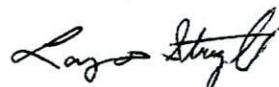
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INDEPENDENT AUDITORS' COMMENTS ON RESOLUTION OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2023

The Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293

Council Members:

I have reviewed the prior year report during the course of this audit to determine if the Town of Wise, Virginia has implemented adequate corrective action with respect to previously reported audit findings. Corrective actions were not necessary because no prior period audit findings existed.



Larry D. Sturgill, P.C.
December 6, 2024

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