

AUDIT REPORT

JUNE 30, 2025

TOWN OF WISE, VIRGINIA
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AUDIT REPORT
JUNE 30, 2025

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INTRODUCTORY SECTION

MEMBERS OF COUNCIL

Caynor Smith, Jr., Mayor

Robin Dotson

Teresa Adkins

S. Duane Phillips

Laura Taylor

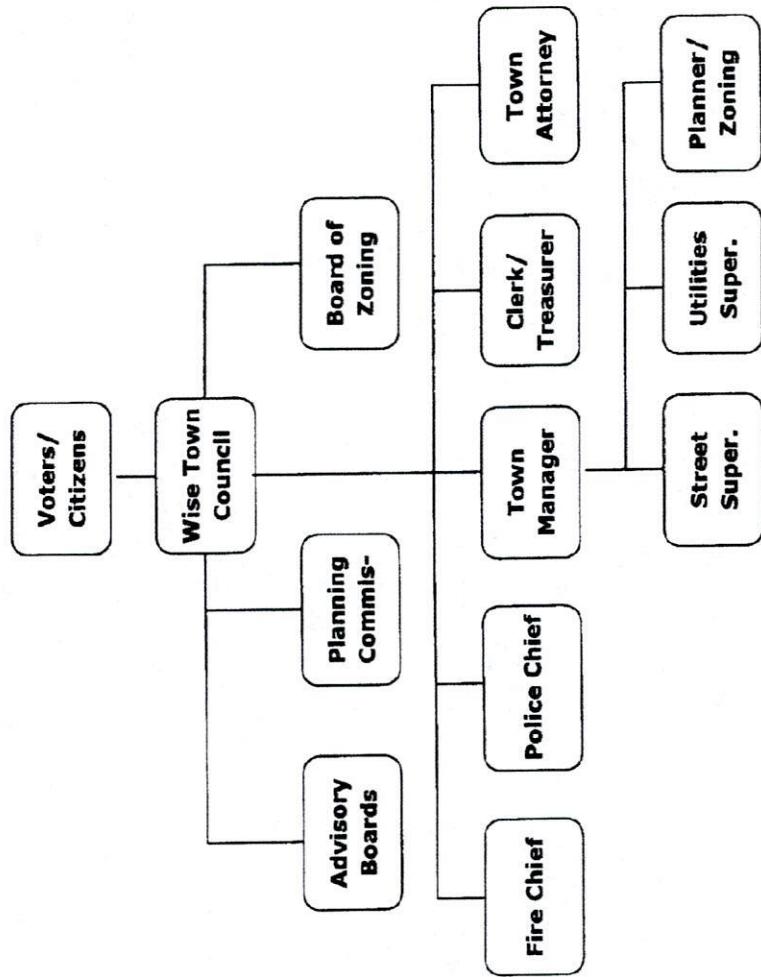
OTHER TOWN OFFICIALS

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
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER
TENNESSEE & VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025, 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 of the Town of Wise, Virginia as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' 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
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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
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Wise, Virginia 24293
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- 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 71-76 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 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 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 Honorable Members of Town Council
Town of Wise
Wise, Virginia 24293
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In our opinion, 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.

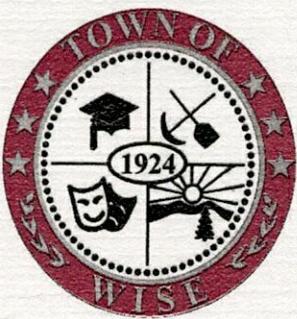
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, 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 19, 2025



Town of Wise

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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, 2025. 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 \$39,172,108 (net position). Of this amount, \$11,024,902 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,120,364 of which the governmental activities increased by \$1,164,198 and business-type activities decreased by \$43,834.
- As of the close of the current fiscal year, the Town's general fund reported an ending fund balance of \$11,762,202, a decrease of \$487,730 in comparison with the prior year. \$10,631,627 of this total amount is available for spending at the Town's discretion (unassigned fund balance).
- Unassigned fund balance for the general fund was \$10,964,627, or 164% percent of total general fund expenditures and 177% of total general fund revenues.
- The Town's total debt decreased by \$96,511 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 \$39,172,108 at the close of fiscal year 2025.

The largest portion of the Town's net position (\$26,208,168; 67 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>		
	Primary Governmental Activities	
	2025	2024
<u>ASSETS & DEFERRED OUTFLOWS:</u>		
Current and other assets	\$15,043,873	\$ 15,380,415
Capital assets, net	27,366,647	25,837,852
Other Noncurrent assets	800,455	800,455
Deferred Outflows	<u>1,275,585</u>	<u>811,325</u>
Total assets & deferred outflows	<u>44,486,560</u>	<u>42,830,047</u>
<u>LIABILITIES & DEFERRED INFLOWS:</u>		
Current liabilities	1,400,472	1,185,126
Long-term liabilities outstanding	3,398,195	2,775,720
Deferred Inflows	<u>515,785</u>	<u>430,183</u>
Total liabilities & deferred inflows	<u>5,314,452</u>	<u>4,391,029</u>
<u>NET POSITION:</u>		
Net investment in capital assets	26,208,168	24,582,862
Restricted	1,939,038	1,969,461
Unrestricted	<u>11,024,902</u>	<u>11,886,695</u>
Total net position, as restated	<u>39,172,108</u>	<u>38,439,018</u>
Total Liabilities, Deferred Inflows, And Net Position	<u>\$44,486,560</u>	<u>\$42,830,047</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 \$1,164,198. Key elements of this increase are as follows:

Town of Wise, Virginia's Change in Net Position		
	Primary Governmental Activities	
	<u>2025</u>	<u>2024</u>
REVENUES:		
Program revenues:		
Charges for services	\$ 3,706,581	\$ 3,576,607
Grants and contributions	1,170,388	3,885,207
General Revenues:		
Property taxes	925,785	911,746
Other Local taxes	2,849,838	2,997,817
Other	1,083,881	836,255
TOTAL REVENUES	<u>\$ 9,736,473</u>	<u>\$12,207,632</u>
EXPENSES:		
General government	\$ 688,646	\$ 621,927
Public safety	1,740,433	1,418,940
Public works	1,909,900	1,969,180
Health and welfare	10,881	4,265
Parks, recreation and culture	510,376	476,012
Community development	243,310	252,874
Interest Expense	-	-
Water and Sewer	<u>3,512,563</u>	<u>3,059,330</u>
TOTAL EXPENSES	<u>\$ 8,616,109</u>	<u>\$ 7,802,528</u>
Increase (decrease) in net position	\$ 1,120,364	\$ 4,405,104
Net position – June 30, 2024, as restated	<u>38,051,745</u>	<u>34,033,914</u>
Net position – June 30, 2025	<u><u>\$ 39,172,109</u></u>	<u><u>\$38,439,018</u></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 \$12,847,638, a decrease of \$502,709 in comparison with the prior year. \$608,008 (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. Eighty-three percent of this total amount, \$10,631,627, 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 decreased \$487,730 during fiscal year 2025 to \$11,762,202, of which \$10,631,627 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 2025, the General Fund's assigned and unassigned fund balances of \$11,762,202 represents (190%) of total General Fund revenues of \$6,206,322. In addition, General Fund's unassigned fund balance totaled \$10,631,627 and continues to exceed the 10% minimum set by the Town's fund balance policy. The \$487,730 fiscal year 2025 decrease in the General Fund's fund balance resulted from General Fund revenues of \$6,206,322 less expenditures of \$6,695,380, 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 \$7,258,181 lower than anticipated, while revenues were \$7,760,890 lower than anticipated, resulting in an unfavorable difference of \$502,709 (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, 2025 amounts to \$26,208,168, 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 \$1,625,306.

<u>Town of Wise, Virginia's Change in Capital Assets</u>		<u>Primary Governmental Activities</u>	
		<u>2025</u>	<u>2024</u>
Land		\$ 2,287,892	\$ 2,287,892
Buildings and Building Improvements		3,999,615	3,974,885
Infrastructure		37,550,825	35,605,447
Equipment		<u>6,955,419</u>	<u>6,667,657</u>
Total		50,793,751	48,535,881
Less: accumulated depreciation		(23,427,103)	(22,698,028)
Net capital assets		<u>\$27,366,648</u>	<u>\$ 25,837,853</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 \$1,158,479, in addition to claims, judgments, and compensated absences of \$584,238. Of this amount, \$1,742,717, 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 \$96,511.

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 2025 unemployment rate for the local area was 5.0% percent, which is an increase from a rate of 4.7% a year ago. This is higher than the state's average unemployment rate of 3.5% by 1.5 percent and higher than the national average rate of 4.1% by 0.9 percent.

All of these factors were considered in preparing the Town's budget for the 2025 fiscal year.

Rates

The appropriate tax rates for the 2024-2025 year are as follows: .2906 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, 2025

	Primary Government		Total Primary Governmental Activities
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 11,923,668	\$ 1,672,812	\$ 13,596,480
Receivables, net			
Taxes	231,326	-	231,326
Accounts	42,620	421,248	463,868
Other	1,380	-	1,380
Due from Other Governmental Units	110,061	-	110,061
Restricted Cash	<u>538,583</u>	<u>102,175</u>	<u>640,758</u>
Total current assets	<u>12,847,638</u>	<u>2,196,235</u>	<u>15,043,873</u>
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>15,348,791</u>	<u>9,729,964</u>	<u>25,078,755</u>
Total capital assets	<u>17,340,683</u>	<u>10,025,964</u>	<u>27,366,647</u>
Total assets	<u>30,188,321</u>	<u>13,022,654</u>	<u>43,210,975</u>
DEFERRED OUTFLOWS			
Pension Plan	772,130	434,323	1,206,453
OPEB	<u>51,450</u>	<u>17,682</u>	<u>69,132</u>
Total deferred outflows	<u>823,580</u>	<u>452,005</u>	<u>1,275,585</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,019,166	60,890	1,080,056
Accrued liabilities and wages	48,181	21,709	69,890
Compensated Absences	34,579	15,066	49,645
Customer deposits	-	102,175	102,175
General Obligation Bonds Payable	-	98,705	98,705
Total current liabilities	<u>1,101,926</u>	<u>298,545</u>	<u>1,400,471</u>
Noncurrent liabilities:			
Noncurrent Portion of Compensated Absences	311,208	135,599	446,807
Other Post Employment Benefit Liability	<u>563,717</u>	<u>47,873</u>	<u>611,590</u>
Net Pension Liability	815,104	458,496	1,273,600
Accrued Interest	-	6,424	6,424
Noncurrent Portion of Long-term Obligation	-	<u>1,059,774</u>	<u>1,059,774</u>
Total noncurrent liabilities	<u>1,690,029</u>	<u>1,708,166</u>	<u>3,398,195</u>
Total liabilities	<u>2,791,955</u>	<u>2,006,711</u>	<u>4,798,666</u>
DEFERRED INFLOWS			
Pension Plan	262,690	147,763	410,453
OPEB	<u>95,374</u>	<u>9,958</u>	<u>105,332</u>
Total deferred inflows	<u>358,064</u>	<u>157,721</u>	<u>515,785</u>
NET POSITION			
Net investment in capital assets	17,340,683	8,867,485	26,208,168
Restricted-cemetery savings	530,575	-	530,575
Restricted-debt reserves	-	800,455	800,455
Restricted-VRS reserves	600,000	-	600,000
Restricted-asset forfeiture	8,008	-	8,008
Unrestricted	<u>9,382,616</u>	<u>1,642,287</u>	<u>11,024,903</u>
Total net position	<u>\$ 27,861,882</u>	<u>\$ 11,310,227</u>	<u>\$ 39,172,109</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, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental Activities:								
General government administration	\$ 688,646	\$ -	\$ -	\$ 4,500	\$ (684,146)	\$ -	\$ (684,146)	
Public safety	1,740,433	1,914	155,517	29,416	(1,553,586)	-	(1,553,586)	
Public works	1,909,900	278,049	765,815	99,629	(766,407)	-	(766,407)	
Health & welfare	10,881	-			(10,881)	-	(10,881)	
Parks, recreation and cultural	510,376	80,876	-	100,511	(328,989)	-	(328,989)	
Community development	243,310	-			(243,310)	-	(243,310)	
Interest & fiscal charges	-	-	-	-	-	-	-	
Total governmental activities	<u>\$ 5,103,546</u>	<u>360,839</u>	<u>921,332</u>	<u>234,056</u>	<u>(3,587,319)</u>	<u>-</u>	<u>(3,587,319)</u>	
Business-type Activities:								
Water	2,009,716	1,790,425	-	15,000	-	(204,291)	(204,291)	
Sewer	<u>1,502,847</u>	<u>1,555,317</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>52,470</u>	<u>52,470</u>	
Total business-type activities	<u>3,512,563</u>	<u>3,345,742</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(151,821)</u>	<u>(151,821)</u>	
Total primary government	<u>\$ 8,616,109</u>	<u>\$ 3,706,581</u>	<u>\$ 921,332</u>	<u>\$ 249,056</u>	<u>(3,587,319)</u>	<u>(151,821)</u>	<u>\$ (3,739,140)</u>	
General Revenues:								
Taxes:								
Property Taxes, levied for general purposes				925,785	-		925,785	
Utility Taxes				82,209	-		82,209	
Mineral Taxes				9,380	-		9,380	
Franchise Taxes				1,630	-		1,630	
Local Sales & Use Taxes				191,321	-		191,321	
Other Local Taxes				2,565,298	-		2,565,298	
Investment Income				624,479	49,792		674,271	
Operating transfers and adjustments				35,282	(35,282)		-	
Gain/(Loss) from Property Disposal				(948)	375		(573)	
Other				317,081	93,102		410,183	
Total general revenues and transfers				<u>4,751,517</u>	<u>107,987</u>		<u>4,859,504</u>	
Change in Net Position				1,164,198	(43,834)		1,120,364	
Net position - beginning, as restated				26,697,684	11,354,061		38,051,745	
Net position - ending				<u>\$ 27,861,882</u>	<u>\$ 11,310,227</u>		<u>\$ 39,172,109</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WISE, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2025

	General Fund	Special Revenue Funds	Total
ASSETS			
Cash and cash equivalents	\$ 11,923,668	\$ -	\$ 11,923,668
Receivables, net:			
Taxes	231,326	-	231,326
Accounts	42,620	-	42,620
Other	1,380	-	1,380
Due from other governments	110,061	-	110,061
Restricted cash	530,575	8,008	538,583
Total assets	<u>12,839,630</u>	<u>8,008</u>	<u>12,847,638</u>
LIABILITIES			
Accounts payable	1,019,166	-	1,019,166
Accrued payroll and related liabilities	48,181	-	48,181
Total liabilities	<u>1,067,347</u>	<u>-</u>	<u>1,067,347</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	10,081	-	10,081
Total deferred inflows of resources	<u>10,081</u>	<u>-</u>	<u>10,081</u>
FUND BALANCES			
Nonspendable for cemetery	530,575	-	530,575
Restricted for VRS reserves	600,000	-	600,000
Restricted for asset forfeiture	-	8,008	8,008
Unassigned funds	10,631,627	-	10,631,627
Total fund balances	<u>11,762,202</u>	<u>8,008</u>	<u>11,770,210</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,839,630</u>	<u>\$ 8,008</u>	<u>\$ 12,847,638</u>
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:			
Total Fund Balances	\$ 11,770,210		
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 \$28,977,343 and the accumulated depreciation is \$11,636,660		17,340,683	
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.		475,597	
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 (563,717)			
Compensated absences (345,787)			
Net pension liability (815,104)		(1,724,608)	
Net Position of Governmental Activities		<u>\$ 27,861,882</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, 2025

EXHIBIT 4

	General Fund	Special Revenue Funds	Total
REVENUES			
General property taxes	\$ 898,697	\$ -	\$ 898,697
Other local taxes	2,849,839	-	2,849,839
Permits, privilege fees and regulatory licenses	1,390	-	1,390
Fines and forfeitures	1,914	-	1,914
Revenue from the use of money and property	624,479	-	624,479
Charges for services	358,925	-	358,925
Miscellaneous	176,807	-	176,807
Intergovernmental	<u>1,294,271</u>	<u>-</u>	<u>1,294,271</u>
Total revenues	<u>6,206,322</u>	<u>-</u>	<u>6,206,322</u>
EXPENDITURES			
Current:			
General government administration	707,824	-	707,824
Public safety	1,736,204	14,979	1,751,183
Public works	3,298,596	-	3,298,596
Health & Welfare	10,881	-	10,881
Parks, recreation and cultural	717,278	-	717,278
Community development	224,597	-	224,597
Debt Service:			
Principal Retirement	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,695,380</u>	<u>14,979</u>	<u>6,710,359</u>
Excess (deficiency) of revenues over expenditures	<u>(489,058)</u>	<u>(14,979)</u>	<u>(504,037)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	-
Operating transfer In (Out)	<u>1,328</u>	<u>-</u>	<u>1,328</u>
Total other financing sources (uses)	<u>1,328</u>	<u>-</u>	<u>1,328</u>
Net change in fund balance	(487,730)	(14,979)	(502,709)
Fund balance - beginning, as restated	<u>12,249,932</u>	<u>22,987</u>	<u>12,272,919</u>
Fund balance - ending	<u>\$ 11,762,202</u>	<u>\$ 8,008</u>	<u>\$ 11,770,210</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, 2025

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	\$ (502,709)
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.	1,634,877
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.	2,900
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.	18,351
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.	<u>10,779</u>
Total change in net position of governmental activities	<u>\$ 1,164,198</u>

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

TOWN OF WISE, VIRGINIA
COMBINED STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Water Fund	Sewer Fund	Combined Totals
			2,025
ASSETS			
Current assets:			
Cash & cash equivalents	\$ 212,382	\$ 1,460,430	\$ 1,672,812
Receivables, net	231,002	190,246	421,248
Due from other Governmental Units	-	-	-
Restricted cash	102,175	-	102,175
Total current assets	<u>545,559</u>	<u>1,650,676</u>	<u>2,196,235</u>
Noncurrent Assets:			
Restricted cash	800,455	-	800,455
Capital assets, depreciable, net	8,924,117	805,847	9,729,964
Capital assets, non-depreciable	209,750	86,250	296,000
Total noncurrent assets	<u>9,934,322</u>	<u>892,097</u>	<u>10,826,419</u>
Total assets	<u>\$ 10,479,881</u>	<u>\$ 2,542,773</u>	<u>\$ 13,022,654</u>
DEFERRED OUTFLOWS			
Pension Plan	289,549	144,774	434,323
Other Postemployment Benefits	12,695	4,987	17,682
Total deferred outflows	<u>302,244</u>	<u>149,761</u>	<u>452,005</u>
LIABILITIES			
Current liabilities:			
Accounts payable	47,313	13,577	60,890
Accrued wages and liabilities	14,254	7,455	21,709
Customer deposits	102,175	-	102,175
Compensated absences-current	8,200	6,866	15,066
General obligation bonds payable-current	98,705	-	98,705
Total current liabilities	<u>270,647</u>	<u>27,899</u>	<u>298,546</u>
Noncurrent liabilities:			
Compensated Absences-noncurrent	73,801	61,798	135,599
Net OPEB Liability	34,370	13,503	47,873
Net Pension Liability	305,664	152,832	458,496
Accrued interest	6,424	-	6,424
General obligation bonds payable-noncurrent	<u>1,059,774</u>	<u>-</u>	<u>1,059,774</u>
Total noncurrent liabilities	<u>1,480,033</u>	<u>228,133</u>	<u>1,708,166</u>
Total liabilities	<u>1,750,680</u>	<u>256,032</u>	<u>2,006,712</u>
DEFERRED INFLOWS			
Advanced Utility Collections	-	-	-
Pension Plan	102,613	45,150	147,763
Other Postemployment Benefits	<u>7,149</u>	<u>2,809</u>	<u>9,958</u>
Total deferred inflows	<u>109,762</u>	<u>47,959</u>	<u>157,721</u>
NET POSITION			
Net investment in capital assets	7,975,388	892,097	8,867,485
Restricted-debt reserves	800,455	-	800,455
Unrestricted	<u>145,840</u>	<u>1,496,446</u>	<u>1,642,286</u>
Total net position	<u>\$ 8,921,683</u>	<u>\$ 2,388,543</u>	<u>\$ 11,310,226</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, 2025

	Water Fund	Sewer Fund	Combined Totals 2024
OPERATING REVENUES			
Charges for services	\$ 1,790,425	\$ 1,555,317	\$ 3,345,742
Connection charges	6,250	6,500	12,750
Miscellaneous	<u>76,319</u>	<u>4,032</u>	<u>80,351</u>
Total operating revenues	<u>1,872,994</u>	<u>1,565,849</u>	<u>3,438,843</u>
OPERATING EXPENSES			
Personnel services	766,750	411,614	1,178,363
Fringe benefits	418,796	183,475	602,271
Contractual services	34,021	34,995	69,015
Utilities & Telephone	82,511	15,592	98,103
Materials & Supplies	306,988	58,380	365,368
Other charges	80,357	731,665	812,022
Depreciation	<u>291,766</u>	<u>67,126</u>	<u>358,892</u>
Total operating expenses	<u>1,981,188</u>	<u>1,502,847</u>	<u>3,484,035</u>
Operating income (loss)	<u>(108,194)</u>	<u>63,002</u>	<u>(45,192)</u>
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous Income	-	-	-
Interest Income/(Expense)	21,265	-	21,265
Gain (Loss) on Sale of Assets	<u>711</u>	<u>(336)</u>	<u>375</u>
Total nonoperating revenue (expenses)	<u>21,975</u>	<u>(336)</u>	<u>21,640</u>
Income (loss) before contributions and transfers	<u>(86,219)</u>	<u>62,666</u>	<u>(23,552)</u>
(Loss) Scrapped Assets	(35,282)	-	(35,282)
Grants and Contributions	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Change in net position	<u>(106,501)</u>	<u>62,666</u>	<u>(43,835)</u>
Total net position, beginning	<u>9,028,184</u>	<u>2,325,877</u>	<u>11,354,061</u>
Total net position, ending	<u>\$ 8,921,683</u>	<u>\$ 2,388,543</u>	<u>\$ 11,310,227</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, 2025

	Water Fund	Sewer Fund	Combined Total 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,795,373	\$ 1,580,193	\$ 3,375,566
Cash payments to suppliers	(523,635)	(860,395)	(1,384,031)
Cash payments to employees	(1,176,434)	(584,055)	(1,760,489)
Other operating revenues	76,319	4,032	80,351
Net cash provided (used) by operating activities	<u>171,623</u>	<u>139,775</u>	<u>311,398</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Penalties and interest charges	-	-	-
Increase (decrease) in customer deposits	<u>1,675</u>	-	<u>1,675</u>
Net cash provided (used) by noncapital financing activities	<u>1,675</u>	-	<u>1,675</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(224,410)	(63,588)	(287,998)
Loan proceeds	-	-	-
Principal paid on revenue bond	(96,511)	-	(96,511)
Interest paid on revenue bonds	(29,318)	-	(29,318)
Interfund transfer	(35,282)	-	(35,282)
Disposal of Capital Assets	35,282	281	35,563
Contributions and Grants	<u>15,000</u>	-	<u>15,000</u>
Net cash provided (used) by capital and related financing activities	<u>(335,239)</u>	<u>(63,307)</u>	<u>(398,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	<u>49,792</u>	-	<u>49,792</u>
Net cash provided (used) by investing activities	<u>49,792</u>	-	<u>49,792</u>
Net increase (decrease) in cash and cash equivalents	<u>(112,149)</u>	<u>76,468</u>	<u>(35,681)</u>
Cash balances, beginning	<u>1,227,161</u>	<u>1,383,962</u>	<u>2,611,123</u>
Cash balances, ending	<u>\$ 1,115,012</u>	<u>\$ 1,460,430</u>	<u>\$ 2,575,442</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, 2025

EXHIBIT 8
Page 2

	Water Fund	Sewer Fund	Total 2024
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (108,194)	\$ 63,002	\$ (45,192)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	291,766	67,126	358,892
Change in Assets & Liabilities:			
(Increase) decrease in accounts receivable	(1,302)	18,376	17,074
Increase (Decrease) in accounts payable	(19,759)	(19,763)	(39,522)
Increase (Decrease) in accrued wages & liabilities	(1,619)	(3,759)	(5,378)
Increase (Decrease) in accrued compensated absences	13,737	13,323	27,060
Increase (Decrease) in deferred Utility Revenue	-	-	-
Increase (Decrease) in net pension liability	92,504	59,041	151,545
Increase (Decrease) in net OPEB liability	(3,923)	299	(3,624)
Increase (Decrease) in pension plan deferrals	(90,896)	(57,366)	(148,262)
Increase (Decrease) in OPEB deferrals	(691)	(504)	(1,195)
Total adjustments	<u>279,817</u>	<u>76,774</u>	<u>356,590</u>
Net cash provided by operating activities	<u>\$ 171,623</u>	<u>\$ 139,775</u>	<u>\$ 311,398</u>

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



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NOTES TO FINANCIAL STATEMENTS

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025

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, 2025

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, 2025

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 \$60,452 at June 30, 2025, and is composed of the following:

	<u>Amount</u>
<u>General Fund:</u>	
Property Tax Receivable	\$ 14,679
Garbage Receivable	3,898
<u>Water Fund:</u>	
Accounts Receivable	20,737
<u>Sewer Fund:</u>	
Accounts Receivable	21,138
	<u>TOTAL</u>
	<u>\$ 60,452</u>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

	<u>Amount</u>	<u>Total</u>
<u>Treasurer of Wise County:</u>		
Sales Tax	\$ 45,776	
Wise County Clerk of Court	977	
Coal Road Improvement	<u>2,699</u>	
Total Treasurer of Wise County	<u>\$ 49,452</u>	
<u>Commonwealth of Virginia:</u>		
Personal Property Tax Relief	<u>57,392</u>	
Total Commonwealth of Virginia	<u>57,392</u>	
<u>Federal Agencies:</u>		
Department of Transportation	<u>3,217</u>	
Total Federal Agencies	<u>3,217</u>	
TOTAL DUE	\$ 110,061	

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 \$1,251,793 as of June 30, 2025 which is comprised of \$1,206,453 for pensions and \$45,340 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 \$446,066 as of June 30, 2025. \$10,081 of that amount includes uncollected tax billings not available for funding of current expenditures, \$410,453 represents the amounts that will be recognized in future periods for pensions, and \$25,532 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:

	BALANCE BEGINNING	ADDITIONS	DELETIONS	BALANCE ENDING
Land, non-depreciable	\$ 1,991,893	\$ -	\$ -	\$ 1,991,893
Buildings	3,171,875	24,730	-	3,196,605
Infrastructure	17,190,514	1,742,389	-	18,932,903
Equipment	<u>4,565,087</u>	<u>333,997</u>	<u>43,142</u>	<u>4,855,942</u>
TOTAL	<u>26,919,369</u>	<u>2,101,116</u>	<u>43,142</u>	<u>28,977,343</u>
Less: Accumulated Depreciation				(11,636,659)
NET				<u>\$ 17,340,683</u>

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

General government	\$ 13,979
Public Safety	117,386
Public Works	223,598
Parks, Recreation, & Cultural	30,578
Community Development	79,086
Total depreciation expense	<u>\$ 464,627</u>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7: PROPRIETARY CAPITAL ASSETS

A summary of proprietary fund property, plant and equipment at June 30, 2025 follows:

	Water	Sewer
Land	\$ 209,750	\$ 86,250
Buildings	496,001	307,009
Improvements other than Buildings	13,670,415	4,947,507
Equipment	1,365,829	733,648
TOTAL	15,741,995	6,074,414
Less: Accumulated Depreciation	(6,608,128)	(5,182,316)
NET	\$ 9,133,867	\$ 892,098

NOTE 8: LONG-TERM DEBT

Details of Long-Term Indebtedness:

Total Compensated Absences	\$ 433,572
Total Governmental Long-term Obligation Debt	<u>\$ 433,572</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. \$ 571,500

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. 586,979

Total General Obligation Bonds	1,158,479
Total Compensated Absences	<u>150,666</u>
Total Enterprise Long-term obligation Debt	<u>\$ 1,309,145</u>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025:

Primary Government	Balance	Additions	Reductions	Balance	Due
	7/1/2024			6/30/2025	Within One Year
Governmental Activities:					
N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities	-	-	-	-	-
Business-Type Activities:					
General Obligation Refunding-Series 2016	652,300	-	80,800	571,500	82,600
General Obligation Bond-Series 2011B	602,690	-	15,711	586,979	16,108
Total Business-Type Activities	1,254,990	-	96,511	1,158,479	98,708
Total Primary Government	<u>\$ 1,254,990</u>	<u>\$ -</u>	<u>\$ 96,511</u>	<u>\$ 1,158,479</u>	<u>\$ 98,708</u>

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

Bonds and Notes Payable				
Year Ended				
June 30,	Principal	Interest	Total	
2026	\$ 98,708	\$ 26,888	\$ 125,596	
2027	101,016	24,612	125,628	
2028	103,334	22,282	125,616	
2029	105,661	19,900	125,561	
2030	108,100	17,463	125,563	
2031-2035	235,386	60,163	295,549	
2036-2040	108,753	44,247	153,000	
2041-2045	123,217	29,783	153,000	
2046-2050	139,605	13,395	153,000	
2051-2055	34,700	539	35,239	
2056-2060	-	-	\$ -	
TOTALS	<u>\$ 1,158,479</u>	<u>\$ 259,273</u>	<u>\$ 1,417,752</u>	

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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
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.	About Plan 2 Same as Plan 1.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <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, 2025

		<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, 2025

		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, 2025

		<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, 2025

		<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 until age 73.</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><u>Defined Contribution component:</u> 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, 2025

<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, 2025

<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.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>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>Exceptions to COLA Effective Dates: 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.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1.</p>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

<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 plan 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-</p>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

		work-related disability benefits.
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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9: PENSION PLAN (continued)

Employees Covered by Benefit Terms – As of June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	46
Inactive Members:	
Vested Inactive Members	6
Non-vested Inactive Members	10
LTD	0
Active Elsewhere in VRS	<u>20</u>
Total Inactive Members	82
Active Members	<u>53</u>
Total Covered Employees	<u>135</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 employer contribution rate for the year ended June 30, 2025 was 12.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with 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 \$389,528 and \$301,262 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$12,819 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$12,796 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,281,909 for the year ended June 30, 2025.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9: PENSION PLAN (continued)

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

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, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5 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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9: PENSION PLAN (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General 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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9: PENSION PLAN (continued)

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

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

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, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5 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 generationaly 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 generationaly 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 generationaly 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.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9: PENSION PLAN (continued)

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.

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.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9: PENSION PLAN (continued)

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

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, 2025

NOTE 9: PENSION PLAN (continued)

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%
		Inflation	0%
		*Expected Arithmetic Nominal Return	8.25%

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

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

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024 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, 2025

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, 2023	\$15,165,458	\$14,312,817	\$852,641
Changes for the year:			
Service Cost	306,425	-	306,425
Interest	1,009,442	-	1,009,442
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Differences between expected and actual experience	904,002	-	904,002
Contributions – Employer	-	303,595	(303,595)
Contributions – Employee	-	139,941	(139,941)
Net Investment Income	-	1,364,542	(1,364,542)
Benefit payments, including refunds of employee contributions	(1,034,367)	(1,034,367)	-
Administrative Expenses	-	(9,435)	9,435
Other Changes	-	267	(267)
Net Changes	1,185,502	764,543	420,959
Balances at June 30, 2024	<u>\$16,350,960</u>	<u>\$15,077,360</u>	<u>\$1,273,600</u>

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	\$3,352,275	\$1,273,600	\$(416,179)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2025, the Town recognized pension expense of \$400,981. At June 30, 2025, 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, 2025

NOTE 9: PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 816,925	\$ 11,279
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	399,174
Employer contributions subsequent to the measurement date	389,528	-
Total	\$ 1,206,453	\$ 410,453

\$389,528 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, 2026. 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>		
2026	\$ 103,902	
2027	419,627	
2028	(33,320)	
2029	(83,737)	
2030	-	
Thereafter	-	
TOTAL	\$ 406,472	

Pension Plan Data—Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 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.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

The Town has outstanding accrued vacation pay totaling \$87,785 in the Governmental Activities of the Primary Government, \$24,574 in the Water Fund, and \$23,278 in the Sewer Fund, with \$8,779; \$2,457; and \$2,328 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, 2025 amounted to \$29,318.

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, 2025

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, 2025

**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, 2025

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 demographic assumptions used to determine the Total OPEB Liability as of June 30, 2025 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2016 to June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021. In addition, the following assumptions specific to other post-employment benefits were used:

Discount Rate: A 5.20% discount rate was used for purposes of measuring the plan's June 30, 2025 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, 2025

NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in Total OPEB Liability	Increase/(Decrease)
Balance as of June 30, 2024	\$ 541,734
Changes during Year:	
Service Cost	14,790
Interest on Total OPEB Liability	21,252
Effect of Plan Changes	-
Effect of Economic/Demographic Gains or Losses	-
Effect of Assumptions Changes or Inputs	(57,123)
Benefit Payments	<u>(31,814)</u>
Balance as of June 30, 2025	<u>\$ 488,839</u>

Sensitivity Analysis

The following presents the total OPEB Liability of the Town, calculated using the discount rate of 5.20%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20%) or 1 percentage point higher (6.20%) than the current rate.

	1% Decrease (4.20%)	Current Rate (5.20%)	1% Increase (6.20%)
Town of Wise, Virginia's Total OPEB Liability	\$533,193	\$488,839	\$448,907

The following presents the total OPEB Liability of the Town, calculated using the current healthcare trend rates as well as what the Town's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase In Trend Rate
Town of Wise, Virginia's Total OPEB Liability	\$436,950	\$488,839	\$549,288

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (continued)

As of June 30, 2025, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,247	\$ (2,191)
Changes in assumptions	1,546	(77,608)
Total	<u>\$ 23,793</u>	<u>\$ (79,799)</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>	
2026	(\$18,777)
2027	(19,428)
2028	(17,801)
2029	-
2030	-
Thereafter	-
 TOTAL	 -

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, 2025

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	
<p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City School 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	
<p>The benefits payable under the Group Life Insurance Program have several components.</p> <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, 2025

<ul style="list-style-type: none"><input type="radio"/> Repatriation benefit<input type="radio"/> Felonious assault benefit<input type="radio"/> 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 will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$14,496 and \$15,247 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the Town reported a liability of \$122,751 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

employer contributions to the Group Life Insurance Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01100% as compared to 0.01101% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$2,137. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and Actual experience	\$ 19,361	\$ 2,998
Net difference between projected and Actual earnings on GLI OPEB Program investments	0	10,347
Changes in assumptions	700	6,083
Changes in proportion	10,783	6,104
Employer contributions subsequent to the Measurement date	<u>14,496</u>	<u>0</u>
Total	<u>\$ 45,340</u>	<u>\$ 25,532</u>

\$14,496 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

FY 2026	\$ (6,021)
FY 2027	3,246
FY 2028	3,403
FY 2029	2,795
FY 2030	1,889
Thereafter	<u>0</u>
TOTAL	<u>\$ 0</u>

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5 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, 2025

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2025

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2025

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

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

Mortality rates – VaLORS Employees

Pre-retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Mortality Improvement Scale:

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

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

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 generationaly; males set forward 2 years

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationaly

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationaly

Mortality Improvement Scale:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16.

GROUP LIFE INSURANCE OPEB PROGRAM (continued)

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	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.

Mortality Improvement Scale:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16.

GROUP LIFE INSURANCE OPEB PROGRAM (continued)

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

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

Mortality Improvement Scale:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16.

GROUP LIFE INSURANCE OPEB PROGRAM (continued)

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

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

Mortality Improvement Scale:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16.

GROUP LIFE INSURANCE OPEB PROGRAM (continued)

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

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

Mortality Improvement Scale:

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16.

GROUP LIFE INSURANCE OPEB PROGRAM (continued)

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2024, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	<u>Group Life Insurance OPEB Program</u>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,133</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability	73.41%

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Long-Term Expected Rate of Return

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

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

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

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

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	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	\$190,894	\$ 122,751	\$ 67,701

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 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

TOWN OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17. ACCOUNTING CHANGE

GASB 101, effective for fiscal years beginning after December 15, 2023, aims to improve the consistency and transparency of financial reporting related to compensated absences, which include vacation, sick leave, and other paid time off. This statement supersedes GASB Statement No. 16 and introduces a unified model for recognizing and measuring these liabilities across state and local governments.

NOTE 18. PRIOR PERIOD ADJUSTMENT

As a result of the GASB 101 accounting change, the Town of Wise recorded a prior period adjustment as it related to sick leave amounting to \$387,273.

Net Position as of June 30, 2024	\$ 38,439,018
Prior Period Adjustments	<u>(387,273)</u>
Net Position as of June 30, 2025, as restated	<u>\$ 38,051,745</u>

NOTE 19. SUBSEQUENT EVENTS

The Town's management evaluated subsequent events through December 19, 2025, the date at which the report was available to be issued. No subsequent events were identified that would have a material effect on the financial statements.



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SCHEDULES OF CAPITAL ASSETS

TOWN OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2025

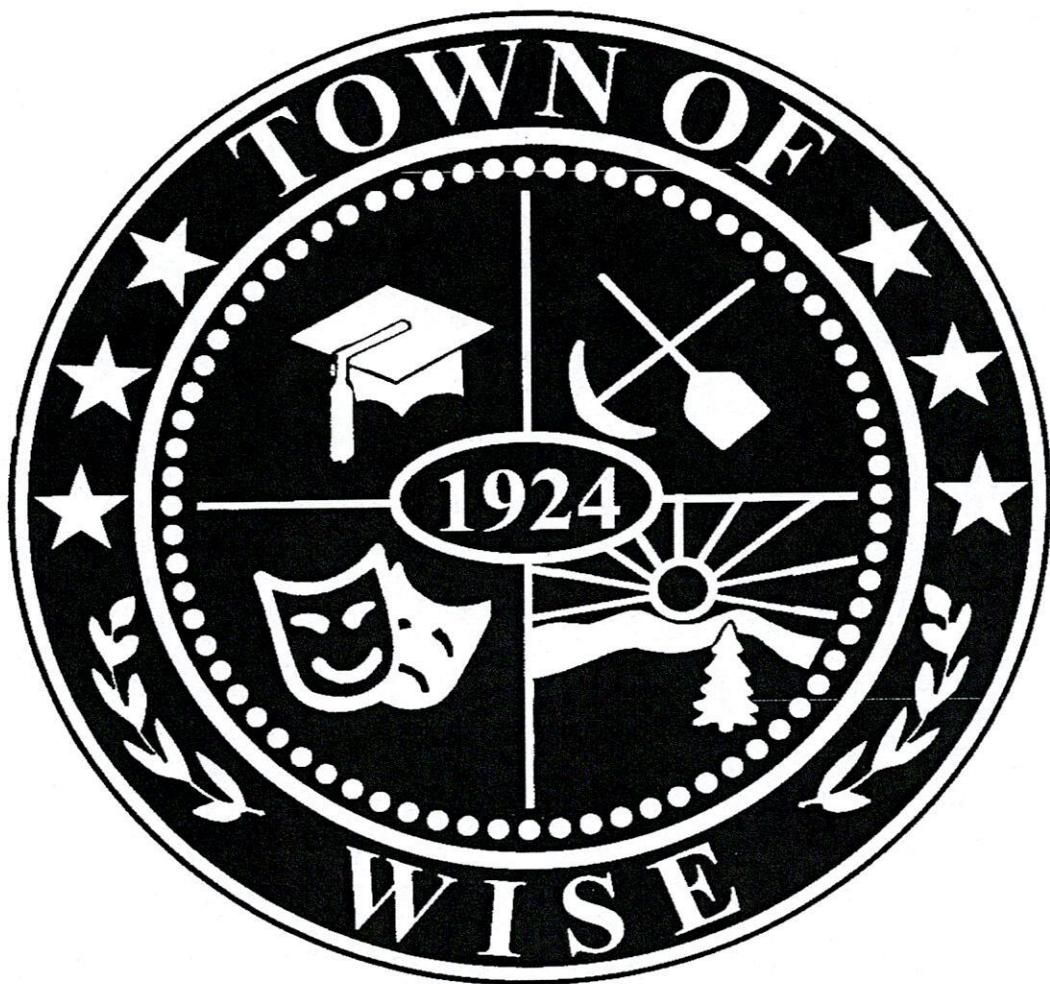
EXHIBIT 9

	<u>TOTAL</u>
CAPITAL ASSETS	
Land	\$ 2,287,892
Building and Building Improvements	3,999,615
Infrastructure	37,550,825
Equipment	6,955,419
Total Capital Assets	<u><u>\$ 50,793,751</u></u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE	
Enterprise Fund Revenues	\$ 20,657,929
Enterprise Fund Indebtedness	1,158,479
General Fund Revenues	28,977,343
General Fund Indebtedness	-
Total Investment in Capital Assets	<u><u>\$ 50,793,751</u></u>

TOWN OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 1,486,988	\$ -	\$ 131,571	\$ 3,610,451
Judicial Administration	-	-	-	-	-
Public Safety	-	941,239	-	2,064,565	3,005,804
Public Works	-	714,486	13,983,928	2,464,543	17,162,957
Health & Welfare	-	-	-	-	-
Education	-	-	-	-	-
Parks, Recreation & Cultural	-	53,892	2,974,759	156,515	3,185,166
Community Development	-	-	1,974,219	38,746	2,012,965
Total Governmental	<u>1,991,892</u>	<u>3,196,605</u>	<u>18,932,906</u>	<u>4,855,940</u>	<u>28,977,343</u>
Business-Type:					
Water	209,750	496,001	13,670,415	1,365,829	15,741,995
Sewer	<u>86,250</u>	<u>307,009</u>	<u>4,947,507</u>	<u>733,648</u>	<u>6,074,414</u>
Total Business-Type	<u>296,000</u>	<u>803,010</u>	<u>18,617,922</u>	<u>2,099,477</u>	<u>21,816,409</u>
TOTAL CAPITAL ASSETS BY FUNCTION (excluding depreciation)	<u>\$ 2,287,892</u>	<u>\$ 3,999,615</u>	<u>\$ 37,550,828</u>	<u>\$ 6,955,417</u>	<u>\$ 50,793,752</u>



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SUPPLEMENTARY SCHEDULES

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF REVENUES - BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 1
Page 1

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund:				
Revenue From Local Sources:				
General Property Taxes:				
Real Property Taxes	\$ 606,000	\$ 606,000	\$ 655,898	\$ 49,898
Real & Personal Public Service				
Corporation Property Taxes	15,000	15,000	19,859	4,859
Personal Property Taxes	153,475	153,475	198,613	45,138
Penalties & Interest	9,500	9,500	24,328	14,828
PROPERTY TAXES	<u>783,975</u>	<u>783,975</u>	<u>898,697</u>	<u>114,722</u>
Other Local Taxes:				
Local Sales & Use Taxes	95,000	95,000	191,321	96,321
Consumer Utility Taxes	75,000	75,000	82,209	7,209
Consumption Tax	10,000	10,000	13,526	3,526
Business License Taxes	286,850	286,850	505,811	218,961
Franchise License Taxes	2,500	2,500	1,630	(870)
Bank Stock Taxes	100,000	100,000	215,015	115,015
Transient Lodging Taxes	120,000	120,000	116,737	(3,263)
Coal Road Improvement Taxes	12,000	12,000	9,380	(2,620)
Cigarette Tax	60,000	60,000	68,609	8,609
Meal Tax	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,645,600</u>	<u>545,600</u>
	<u>1,861,350</u>	<u>1,861,350</u>	<u>2,849,839</u>	<u>988,489</u>
Permits, Privilege Fees & Regulatory Licenses:				
Animal License	-	-	-	-
Permits	500	500	1,390	890
REGULATORY LICENSES	<u>500</u>	<u>500</u>	<u>1,390</u>	<u>890</u>
Fines & Forfeitures	<u>1,500</u>	<u>1,500</u>	<u>1,914</u>	<u>414</u>
Revenue From Use of Money & Property:				
Interest and Rent Revenue	<u>210,000</u>	<u>210,000</u>	<u>624,479</u>	<u>414,479</u>
TOTAL REVENUE FROM USE OF MONEY & PROPERTY	<u>210,000</u>	<u>210,000</u>	<u>624,479</u>	<u>414,479</u>

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

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF REVENUES - BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 1
Page 2

<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)				
Charges For Services:				
Charges For Parks & Recreation	\$ 35,900	\$ 35,900	\$ 80,876	\$ 44,976
Charges For Sanitation & Waste Removal	<u>250,100</u>	<u>250,100</u>	<u>278,049</u>	<u>27,949</u>
TOTAL CHARGES FOR SERVICES	<u>286,000</u>	<u>286,000</u>	<u>358,925</u>	<u>72,925</u>
Miscellaneous Revenue:				
Sale of Cemetery Plots	5,000	5,000	6,227	1,227
Sale of Property	100	100	2,846	2,746
County of Wise-Payment in Lieu of Taxes	-	-	-	-
Coal Severance Committee Appropriation	50,000	50,000	50,000	-
Donations	-	-	90,000	90,000
Other Grant Income	27,000	27,000	4,000	(23,000)
Miscellaneous	<u>6,445</u>	<u>6,445</u>	<u>23,735</u>	<u>17,290</u>
TOTAL MISCELLANEOUS REVENUE	<u>88,545</u>	<u>88,545</u>	<u>176,807</u>	<u>88,262</u>
TOTAL REVENUE FROM LOCAL SOURCES	<u>3,231,870</u>	<u>3,231,870</u>	<u>4,912,050</u>	<u>1,680,180</u>
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Mobile Home Titling Tax	8,000	8,000	3,078	(4,922)
Rolling Stock Tax	5	5	5	0
Car Rental Tax	2,000	2,000	2,786	786
Financial Assistance To Police Dept.	90,000	90,000	102,546	12,546
PPTRA Tax Relief	56,000	56,000	57,392	1,392
Gaming Tax	-	-	-	-
Communications Sales & Use Tax	<u>40,000</u>	<u>40,000</u>	<u>75,622</u>	<u>35,622</u>
TOTAL NON-CATEGORICAL AID	<u>196,005</u>	<u>196,005</u>	<u>241,430</u>	<u>45,425</u>
Categorical Aid:				
Street & Highway Maintenance	600,000	600,000	762,823	162,823
Litter Grant	2,000	2,000	2,992	992
Fire Programs	15,000	15,000	42,026	27,026
Virginia Commission for the Arts	-	-	-	-
Byrnes Justice Grants	-	-	-	-
VDOT-HSIP Grant	-	-	-	-
VDEM-HMGP	-	-	-	-
VDOT-Norton Road Sidewalk-Phase 1	-	-	-	-
DCJS LE Retention Funds	-	-	-	-
TOTAL CATEGORICAL AID	<u>617,000</u>	<u>617,000</u>	<u>807,841</u>	<u>190,841</u>
TOTAL REVENUE FROM THE COMMONWEALTH	<u>813,005</u>	<u>813,005</u>	<u>1,049,270</u>	<u>236,265</u>

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

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF REVENUES - BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 28,050	\$ 28,050	\$ 29,416	\$ 1,366
DMV-Highway Safety Grants	2,000	2,000	-	(2,000)
VDOT-HSIP Grant	253,000	253,000	39,600	(213,400)
Virginia Commission for the Arts	4,500	4,500	4,500	-
CDBG-OPP Zone Planning Grant	100,000	100,000	-	(100,000)
VDOT Transportation Alternatives Grant	1,015,944	1,015,944	60,029	(955,915)
American Rescue Plan Act (ARPA)	-	-	-	-
ARPA-Law Enforcement Grant	-	-	-	-
Selective Enforcement Grant	9,500	9,500	10,945	1,445
VDOT-Enhancement Grant	1,609,447	1,609,447	-	(1,609,447)
AML Sports Complex IMP Grant	-	-	100,511	100,511
TOTAL CATEGORICAL AID	<u>3,022,441</u>	<u>3,022,441</u>	<u>245,001</u>	<u>(2,777,440)</u>
TOTAL REVENUE FROM THE FEDERAL GOVT.	<u>3,022,441</u>	<u>3,022,441</u>	<u>245,001</u>	<u>(2,777,440)</u>
Suppl. Approp. From Prior Year Fund Bal.	6,876,863	6,876,863	-	(6,876,863)
TOTAL GENERAL FUND	<u>\$ 13,944,179</u>	<u>\$ 13,944,179</u>	<u>\$ 6,206,322</u>	<u>\$ (7,737,857)</u>
SPECIAL REVENUE FUNDS:				
DCJS Asset Forfeiture-State Revenue	5,010	5,010	-	(5,010)
DOJ Asset Forfeiture-Federal Revenue	<u>18,023</u>	<u>18,023</u>	<u>-</u>	<u>(18,023)</u>
TOTAL SPECIAL REVENUE FUND	<u>23,033</u>	<u>23,033</u>	<u>-</u>	<u>(23,033)</u>
GRAND TOTAL-REVENUES GOVERNMENTAL FUNDS	<u>\$ 13,967,212</u>	<u>\$ 13,967,212</u>	<u>\$ 6,206,322</u>	<u>\$ (7,760,890)</u>

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

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF EXPENDITURES - BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 2
Page 1

FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Government Administration:				
Legislative:				
Town Council	\$ 66,420	\$ 66,420	\$ 50,098	\$ 16,322
TOTAL LEGISLATIVE	<u>66,420</u>	<u>66,420</u>	<u>50,098</u>	<u>16,322</u>
General & Financial Administration:				
Employee Benefits	90,400	90,400	28,066	62,334
Manager	130,340	130,340	114,472	15,868
Professional Services	69,525	69,525	63,888	5,637
Treasurer	241,005	241,005	216,885	24,120
Human Resources	27,906	27,906	25,047	2,859
Risk Management	214,549	214,549	130,961	83,588
Data Processing	110,517	110,517	78,406	32,111
TOTAL GENERAL & FINANCIAL ADMINISTRATION	<u>884,242</u>	<u>884,242</u>	<u>657,726</u>	<u>226,516</u>
TOTAL GENERAL GOVERNMENT ADMINISTRATION	<u>950,662</u>	<u>950,662</u>	<u>707,824</u>	<u>242,838</u>
Public Safety:				
Law Enforcement & Traffic Control:				
Police Department	1,496,920	1,496,920	1,389,996	106,924
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	<u>1,496,920</u>	<u>1,496,920</u>	<u>1,389,996</u>	<u>106,924</u>
Fire & Rescue Services:				
Volunteer Fire Department	390,715	390,715	278,708	112,007
Ambulance & Rescue Service	100,000	100,000	67,500	32,500
TOTAL FIRE & RESCUE SERVICES	<u>490,715</u>	<u>490,715</u>	<u>346,208</u>	<u>144,507</u>
Correction & Detention:				
Court Expense	500	500	-	500
TOTAL COURT EXPENSE	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF EXPENDITURES - BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

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>1,988,135</u>	<u>1,988,135</u>	<u>1,736,204</u>	<u>251,931</u>
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
General Administration	361,320	361,320	301,527	59,793
Storm Drainage	1,812,000	1,812,000	64,552	1,747,448
Street Maintenance	5,790,145	5,790,145	2,227,364	3,562,781
Street Lights	175,000	175,000	66,791	108,209
Snow & Ice Removal	170,150	170,150	135,078	35,072
TOTAL MAINTENANCE OF HIGHWAYS, STREETS, BRIDGES, & SIDEWALKS	<u>8,308,615</u>	<u>8,308,615</u>	<u>2,795,312</u>	<u>5,513,303</u>
Sanitation & Waste Removal:				
General Engineering/Administration:				
Solid Waste Removal	448,100	448,100	384,670	63,430
TOTAL SANITATION & WASTE REMOVAL	<u>448,100</u>	<u>448,100</u>	<u>384,670</u>	<u>63,430</u>
Maintenance of General Buildings and Grounds:				
General Engineering/Administration:				
General Properties	314,500	314,500	118,614	195,886
TOTAL MAINTENANCE OF GENERAL BUILDINGS & GROUNDS	<u>314,500</u>	<u>314,500</u>	<u>118,614</u>	<u>195,886</u>
TOTAL PUBLIC WORKS	<u>9,071,215</u>	<u>9,071,215</u>	<u>3,298,596</u>	<u>5,772,619</u>
Health and Welfare:				
Welfare Social Service:				
Property Tax Relief for Elderly	5,000	5,000	10,881	(5,881)
TOTAL HEALTH AND WELFARE	<u>5,000</u>	<u>5,000</u>	<u>10,881</u>	<u>(5,881)</u>

TOWN OF WISE, VIRGINIA
GOVERNMENTAL FUND
STATEMENT OF EXPENDITURES - BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 2
Page 3

FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Parks, Recreation & Cultural:				
Parks and Play Grounds	\$ 131,065	\$ 131,065	\$ 102,537	\$ 28,528
Sports Complex	240,030	240,030	288,251	(48,221)
Swimming Pool	192,575	192,575	172,685	19,890
Special Events	179,120	179,120	153,229	25,891
Cemeteries	2,500	2,500	577	1,923
TOTAL PARKS, RECREATION, & CULTURAL	745,290	745,290	717,278	28,012
Community Development:				
Planning & Community Development:				
Planning and Administration	295,355	295,355	188,206	107,149
Planning Commission/Bd of Zoning Apps	2,250	2,250	-	2,250
Miscellaneous	5,000	5,000	2,289	2,711
TOTAL PLANNING & COMMUNITY DEVELOPMENT	302,605	302,605	190,495	112,110
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	32,900	32,900	32,900	-
TOTAL COMMUNITY DEVELOPMENT	335,505	335,505	223,395	112,110
Debt Service:				
Principal Curtailments	-	-	-	-
Interest & Fiscal Charges	-	-	-	-
TOTAL DEBT SERVICE	-	-	-	-
Transfer to Water/Sewer Fund	748,372	748,372	(1,328)	749,700
Reserve for Contingencies	100,000	100,000	1,200	98,800
TOTAL GENERAL FUND	\$ 13,944,179	\$ 13,944,179	\$ 6,694,050	\$ 7,250,129
SPECIAL REVENUE FUNDS:				
DCJS Asset Forfeiture	5,010	5,010	-	5,010
DOJ Asset Forfeiture	18,023	18,023	14,979	3,044
TOTAL SPECIAL REVENUE FUND	23,033	23,033	14,979	8,054
GRAND TOTAL-EXPENDITURES GOVERNMENTAL FUNDS	\$ 13,967,212	\$ 13,967,212	\$ 6,709,028	\$ 7,258,184

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 & REGULATORY LICENSES			CHARGES FOR SERVICES	MISCELLANEOUS	REVENUE FROM USE OF MONEY AND PROPERTY	INTER-GOVERNMENTAL	TOTAL
				1,914	\$ 1,390	\$ 358,925					
2025	\$ 898,697	\$ 2,849,839	\$ 4,233	1,430	348,616	\$ 114,942	618,432	\$ 624,479	\$ 1,294,271	\$ 6,206,322	
2024	913,218	2,862,779								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	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	PARKS,			COMMUNITY DEVELOP- MENT	NON DEPART- MENTAL	DEBT SERVICE	TOTAL
			PUBLIC WORKS	RECREATION AND CULTURAL	HEALTH AND WELFARE				
2025	\$ 707,824	\$ 1,736,204	\$ 3,298,596	\$ 717,278	\$ 10,881	\$ 223,395	\$ (128)	\$ -	\$ 6,694,050
2024	626,800	1,591,642	2,830,369	1,053,797	4,265	200,414	16,000	-	6,323,287
2023	599,933	1,311,133	3,757,143	498,546	5,003	146,932	44,327	-	6,363,017
2022	571,790	1,230,356	3,193,020	312,622	5,000	470,683	-	-	5,783,471
2021	597,635	1,257,913	2,298,991	257,203	5,659	100,922	-	-	4,518,323
2020	545,609	1,233,178	2,129,181	135,740	5,897	125,623	29,005	-	4,204,233
2019	528,045	1,214,371	1,464,594	162,216	-	149,487	137,398	-	3,656,111
2018	535,747	1,153,313	1,465,480	166,617	4,603	144,315	328,243	-	3,798,318
2017	513,477	1,061,477	1,387,571	347,498	11,494	114,089	589,612	-	4,025,218
2016	475,411	1,103,005	1,316,624	171,630	19,182	110,186	-	-	3,196,038

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
2025	\$ 230,510,227	\$ 28,152,340	\$ 3,238,431	\$ 6,844,929	\$ 268,745,927
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

PROPERTY TAX RATES
LAST TEN YEARS

FISCAL YEARS	REAL ESTATE	PERSONAL PROPERTY	MOBILE HOMES	PUBLIC UTILITY
2025	0.291	0.630	0.630	Various
2024	0.291	0.630	0.630	Various
2023	0.291	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

**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	PERCENT OF TOTAL TAX COLLECTIONS OF TAX LEVY	OUTSTANDING (1) DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
2025	\$ 917,713	\$ 860,565	93.77%	\$ 15,145	\$ 875,710	95.42%	\$ 37,643	4.10%
2024	919,460	861,863	93.74%	33,021	894,884	97.33%	38,786	4.22%
2023	957,204	838,526	87.60%	21,039	859,564	89.80%	59,821	6.25%
2022	844,554	816,748	96.71%	12,167	828,915	98.15%	47,951	5.68%
2021	809,122	794,047	98.14%	26,019	820,066	101.35%	43,942	5.43%
2020	797,505	750,610	94.12%	14,763	765,373	95.97%	53,312	6.68%
2019	762,024	747,449	98.09%	17,004	764,453	100.32%	39,730	5.21%
2018	787,664	734,967	93.31%	20,520	755,487	95.91%	51,775	6.57%
2017	793,050	764,051	96.34%	23,724	787,775	99.33%	43,254	5.45%
2016	785,626	752,350	95.76%	33,246	785,596	100.00%	42,974	5.47%

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)	GROSS BONDED DEBT (2)	LESS:		NET BONDED DEBT TO ASSESSED VALUE	RATIO OF NET BONDED DEBT PER CAPITA
				DEBT SERVICE MONIES AVAILABLE	DEBT PAYABLE FROM ENTERPRISE REVENUES		
2025	2,869	\$ 268,746	\$ 1,158,479	-	\$ 1,158,479	\$ -	\$ -
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	-	-

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 Interest	Coverage
			Principal	Debt Service	Interest		
2025	9,736,473	(8,616,109)	\$ 1,120,364	96,511	29,318	890%	
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	1025%	
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%	

**TOWN OF WISE, VIRGINIA
SCHEDULE OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2025**

SCHEDULE 9

Legal Debt Limit

10% of Assessed Value Of Taxable Real Estate
(Including Public Utility Real Estate)
(\$237,355,1564 x .10) \$ 23,735,516

Deduct

Bonds Payable (1,158,479)

Legal Margin For Creation Of Additional Debt \$ 22,577,037

TOWN OF WISE, VIRGINIA
SCHEDULE OF FUND BALANCES - GASB 54
JUNE 30, 2025

SCHEDULE 10

Governmental Fund Balances:

Nonspendable:

Cemetery Saving \$ 530,575

Restricted for:

Asset forfeiture 8,008

VRS Reserves 600,000

Unassigned:

10,631,627

Governmental Fund Balance June 30, 2025 \$11,770,210

TOWN OF WISE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
RETIREMENT PLAN
JUNE 30, 2025

SCHEDULE 11
PAGE 1

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 306,425	\$ 267,435	\$ 223,902	\$ 216,504	\$ 233,777	\$ 226,536	\$ 213,327	\$ 220,610	\$ 230,075	\$ 223,237
Interest	1,009,442	946,648	930,854	873,498	835,435	781,056	710,828	708,642	682,748	654,198
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	904,002	563,376	(236,849)	(314,727)	(7,917)	272,536	496,144	(338,765)	(34,038)	(178,161)
Changes in assumptions	-	-	-	485,206	-	386,070	-	(38,071)	-	-
Benefit Payments, including refunds of employee contributions	(1,034,367)	(737,961)	(716,941)	(552,403)	(442,402)	(452,234)	(381,844)	(660,550)	(357,183)	(224,446)
Net change in total pension liability	1,185,502	1,039,498	200,966	708,078	618,893	1,213,964	1,038,455	(108,134)	521,602	474,234
Total pension liability-beginning	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	9,457,901
Total pension liability-ending (a)	\$ 16,350,960	\$ 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
Plan fiduciary net position										
Contributions-employer	\$ 303,595	\$ 261,270	\$ 219,446	\$ 196,204	\$ 158,728	\$ 161,688	\$ 160,282	\$ 150,412	\$ 192,824	\$ 192,585
Contributions-employee	139,941	119,415	105,905	95,365	103,480	105,451	106,867	100,363	103,463	103,496
Net investment income	1,364,542	882,089	(8,808)	3,098,783	216,328	719,268	753,383	1,119,050	163,417	413,431
Benefit Payments, including refunds of employee contributions	(1,034,367)	(737,961)	(716,941)	(552,403)	(442,402)	(452,234)	(381,844)	(660,550)	(357,183)	(224,446)
Administrative expense	(9,435)	(8,913)	(8,923)	(7,756)	(7,391)	(7,122)	(6,474)	(6,688)	(5,844)	(5,501)
Other	267	354	324	292	(256)	(453)	(672)	(996)	(69)	(81)
Net change in plan fiduciary net position	764,543	516,254	(408,997)	2,830,485	28,487	526,598	631,542	701,591	96,608	479,481
Plan fiduciary net position-beginning	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	8,910,761
Plan fiduciary net position-ending (b)	\$ 15,077,360	\$ 14,312,817	\$ 13,796,563	\$ 14,205,560	\$ 11,375,075	\$ 11,346,588	\$ 10,819,990	\$ 10,188,448	\$ 9,486,857	\$ 9,390,245
Town of Wise, Virginia's										
Net pension liability-ending (a) - (b)	\$ 1,273,600	\$ 852,641	\$ 329,397	\$ (280,566)	\$ 1,841,841	\$ 1,251,435	\$ 564,069	\$ 157,156	\$ 966,881	\$ 541,885
Plan fiduciary net position as a percentage of the total										
Pension liability	92.2%	94.4%	97.7%	102.0%	86.1%	90.1%	95.0%	98.5%	90.8%	94.5%
Covered payroll	\$ 2,823,447	\$ 2,592,645	\$ 2,242,942	\$ 1,990,001	\$ 2,131,981	\$ 2,156,454	\$ 2,175,316	\$ 2,034,450	\$ 2,034,452	\$ 2,071,817
Town of Wise, Virginia's net pension liability	45.1%	32.9%	14.7%	-14.1%	86.4%	58.0%	25.9%	7.7%	47.5%	26.2%
As a percentage of covered payroll										

TOWN OF WISE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
RETIREMENT PLAN
JUNE 30, 2025

Schedule of Employer Contributions
For the Years Ended June 30, 2016 through 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2025	389,528	389,528	0	3,084,151	12.63%
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%

TOWN OF WISE, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
VRS RETIREMENT PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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

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, 2025

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, 2025

**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**

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.01100%	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)	\$ 122,751	\$ 132,044	\$ 124,142	\$ 112,236	\$ 179,650	\$ 179,650	\$ 174,000	\$ 166,000
Employer's Covered Payroll	\$ 2,823,447	\$ 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	4.35%	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	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, there are only eight 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 2024 Annual Report.

TOWN OF WISE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
GROUP LIFE INSURANCE PROGRAM
JUNE 30, 2025

Schedule of Employer Contributions
For the Years Ended June 30, 2017 through 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2025	14,496	14,496	0	3,084,151	0.47%
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 2025 is the ninth year for this presentation, only nine 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, 2025

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

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

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, 2025

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, 2025

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, 2025

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

COMPLIANCE

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
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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, 2025, 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 19, 2025.

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 19, 2025

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