

COUNTY OF WISE, VIRGINIA

AUDIT REPORT

JUNE 30, 2005

COUNTY OF WISE, VIRGINIA
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JUNE 30, 2005

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Wise County Board of Supervisors



Office of County Administrator

TELEPHONE 276-328-2321
FAX 276-328-9780

COURTHOUSE

WISE, VIRGINIA 24293

P.O. BOX 570
206 E. MAIN STREET

December 27, 2005

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

I am pleased to present the Comprehensive Annual Financial Report of the County of Wise, Virginia, for the fiscal year ended June 30, 2005. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of the County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be diverted; and (2) the valuation of costs and benefits requires estimates and judgements by management.

All internal control evaluations occur within the above framework. I believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BUDGETARY CONTROLS

In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and the emergency numbers and law library funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2005 has been completed and no material internal control weaknesses or material violations of laws and regulations have been found.

The County adopts an annual budget by July 1 of each year required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds. When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is mentioned and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The County of Wise report includes all funds and account groups of the "primary government." In Virginia, cities and counties are distinct units of government; therefore the County is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities and community development. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified two discretely component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as a part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government. Therefore, the County School Board and the Wise County Public Service Authority are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements of the Wise County Industrial Development Authority are not included in the County report. These organizations are administered by Boards separate from and independent of the Board of Supervisors.

Local Economy

Wise County is located in Southwest Virginia, approximately 50 miles Northwest of Bristol, Virginia. The county encompasses a land area of 407 square miles with a population of 42, 409. U.S. routes 23 and 58 and State routes 68, 72, 74, 78, and 160 are the primary routes that traverse the County. Wise County has a diversified economy with manufacturing, trade services, coal mining, and agricultural sectors. Manufacturing activities includes: hardwood flooring, and steel molding and fabrication. Service industries include: technology call centers, telecommunications, food, health care, education, and government. Agriculture remains important in Wise County's economy, with beef cattle the principal livestock and apples, vineyard grapes, tobacco and hay the cash crops.

Based on available economic data, trends for the local economy have improved along with the Commonwealth of Virginia. The local unemployment rate for September, 2005 was 4.4%, which is lower than the prior year of 4.6%, but exceeds the Commonwealth of Virginia by .90%. However, the local unemployment rate compares favorably to the national rate of 4.8%.

MAJOR INITIATIVES

For Fiscal Year 2005

Following the goals and objectives established by the County of Wise Board of Supervisors, and with the assistance and guidance of the County's Administrator, County staff agencies implemented and continued

as a number of specific “programs” designed to provide County residents with cost efficient government while enhancing their home and employment environment.

Major initiatives begun, continued, or implemented this fiscal year are:

- Broadband Fiber Telecommunications nearing completion for the Wise County Industrial Park.
- Work completed on planning and design for the Lonesome Pine Technology Park Access Road.
- Acquired additional land for the new transfer station which has progressed to a scheduled completion date of December 31, 2005.
- 911 address verification neared completion.
- Significant progress made with installation of public water lines to serve constituents of rural areas and provide for interconnections between the various towns and the City of Norton.

Prospects for the Future

Continuing to show the shell building and the former Buster Brown building in the Wise County Industrial Park.

Continuing to recruit prospects for the Lonesome Pine Business and Technology Park.

Plans to extend the broadband fiber from the Wise County Industrial Park through the Town of Wise and to the University of Virginia’s College at Wise and the Wise County Business and Technology Park.

Work has begun in a cooperative effort with the Town of Wise and the Department of Housing and Community Development for the business district revitalization for the Town of Wise.

Work continues between the County of Wise, the Wise County Redevelopment and Housing Authority and the Department of Housing and Community Development for community revitalization for the Southern Section of Big Stone Gap.

Continuing to expand the cooperative effort between Wise County, the University of Virginia’s College at Wise and Mountain Empire Community College to enhance the ability of the citizens of the region to prepare for ever demanding change in the workforce.

Plans are underway for the adaptive reuse of the existing jail building giving consideration to the financial investment that has been made in the E-911 Dispatch and EOC basement area of the building.

County has begun a comprehensive study to maximize public sewer lines to rural areas.

Work is beginning with DMME and Glamorgan Coal Resources, LLC to eliminate a hazardous highwall near and expand the services of the VA-KY District Fair Grounds and other enhancements on adjoining property.

Progress is being made on a study of the existing landfill property as to the best and most efficient use of the property in the years to come.

For the 2005-2006 Fiscal Year, the Board of Supervisors has approved a General Fund Operating Budget of \$ 42,521,378.

Cash Management

Cash temporarily idle during the year was invested in time deposits and various authorized money market instruments. The amount of interest received was \$408,987. This is a increase from interest earned on temporary investments in Fiscal Year 2003-04 when the interest on investments totaled \$206,681.

OTHER INFORMATION

Management's Discussion and Analysis

Generally accepted accounting principles require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Wise's MD&A can be found immediately following the report of the independent auditors.

Independent Auditor

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations, and auditor's reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with the auditor's opinion is included in this report.

Acknowledgements

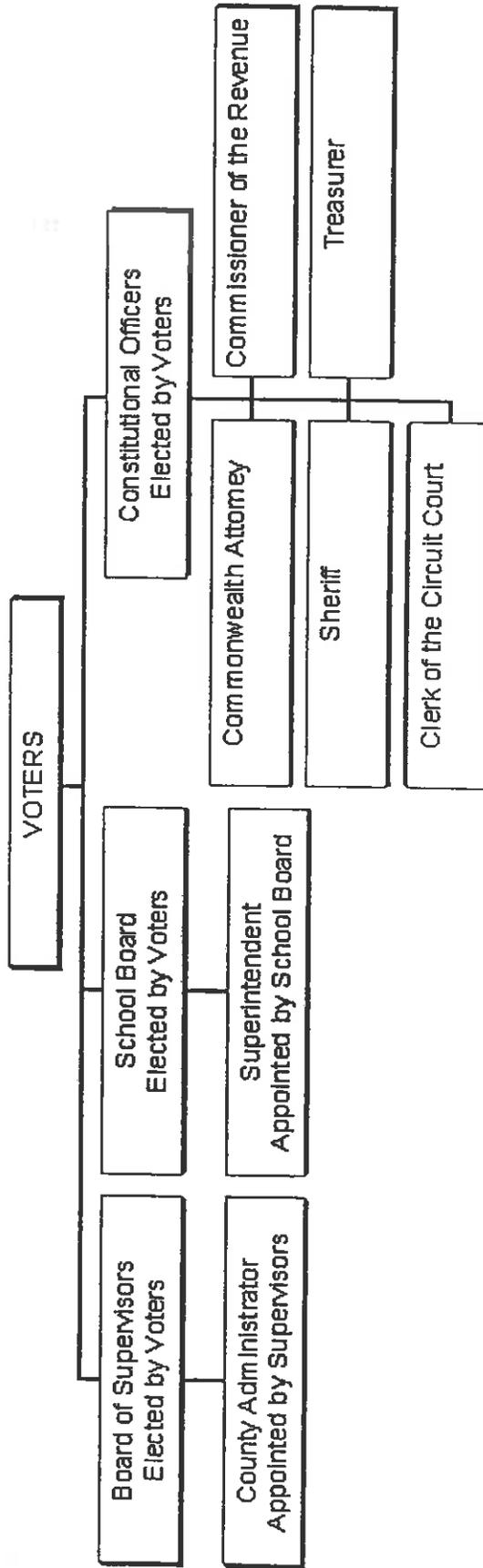
I would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner.

Respectfully submitted,



Glen A. Skinner
County Administrator

WISE COUNTY ORGANIZATIONAL STRUCTURE



COUNTY OF WISE, VIRGINIA

BOARD OF SUPERVISORS

Fred Luntsford, Chairperson
Ronnie Shortt, Vice-Chairperson

Robert Adkins
John W. Peace
Robert Robbins

Virginia Meador
Steve Bates
Leland Branham

COUNTY SCHOOL BOARD

Margaret Craft, Chairperson
Cecilia Robinette, Vice Chairman

Ann Gregory
Milas D. Franks
Wendell Caldwell

Robert M. Mullins
Kyle Fletcher
Mark Hutchinson

Judy Clawson, Clerk of the School Board

WISE COUNTY PUBLIC SERVICE AUTHORITY

Kathy Roberson, Chairperson
Fred Luntsford, Vice Chairperson
Harold Markham, Treasurer

Lloyd Robinette
Kenneth Sturgill
Jim Flanary

William Peace, Jr.
Chris Salyer

COUNTY SOCIAL SERVICES BOARD

Charles Bennett, Chairperson
George Barton, Vice-Chairperson

Richard Coronet
Elizabeth Stuart
Madonna Moore
Mary Kiser

Maryland Bumgarner
Sam Gilbert
Steve Bates
Rita McReynolds

COUNTY OF WISE, VIRGINIA

OTHER OFFICIALS

Judge of the Circuit Court	Tammy McElyea
Judge of the Circuit Court	Birg Sergent
Clerk of the Circuit Court	John C. Kilgore
Judge of the District Court	Suzanne Fulton
Judge of Juvenile & Domestic Relations Court	Elizabeth Wills
Judge of Juvenile & Domestic Relations Court	Mickey Schull
Commonwealth's Attorney	Chadwick S. Dotson
Commissioner of the Revenue	Douglas Mullins, Jr.
Treasurer	Rita Holbrook
Sheriff	Ronnie D. Oakes
County Administrator	Glen A. Skinner
Superintendent of Schools	Michael G. Basham
Director of Social Services	Thomas Stanley
Director of Public Service Authority	Danny Buchanan

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

CERTIFIED PUBLIC ACCOUNTANT

P. O. BOX 2080 WISE, VIRGINIA 24293-2080

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MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the
Board of Supervisors
County of Wise
Wise, Virginia 24293

Supervisors:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the county's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County of Wise, Virginia's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 23, 2005 on my consideration of the County of Wise Virginia's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and

The Honorable Members of the
Board of Supervisors
County of Wise
Wise, Virginia 24293
Page 2

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 79 through 92, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion in it.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Wise, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Wise County, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.



Larry D. Sturgill
Certified Public Accountant
Wise, Virginia
November 23, 2005

Wise County Board of Supervisors



Office of County Administrator

COURTHOUSE

WISE, VIRGINIA 24293

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FAX 276-328-9780

P.O. BOX 570
206 E. MAIN STREET

December 27, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Wise, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i-iv of this report. All accounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$43,158,429 (net assets). Of this amount, \$7,386,595 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors from the general fund.

As of the close of the current fiscal year; the County's funds reported combined ending fund balances of \$16,601,839, an increase of \$3,706,784 in comparison with the prior year. Approximately seventy-four percent of this total amount, \$12,286,343 is available for spending at the County's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$12,286,343, or 32.8% percent of total general fund expenditures.

The County of Wise, Virginia's total debt decreased by \$1,264,412 during the current fiscal year.

Overview of the Financial Statements

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

Because of 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 County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and

Overview of the Financial Statements (Continued)

changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The County adopts an annual appropriated budget for its General fund, emergency numbers and law library funds. A budgetary comparison statement has been provided for the those funds to demonstrate compliance with its budget.

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets exceeded liabilities by \$43,158,429 at the close of the most recent fiscal year.

The largest portion of the County’s net assets (57.7 percent) 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 county uses these capital assets to provide service to citizens: consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued)

<u>County of Wise, Virginia's Net Assets</u>		
	<u>Primary Governmental Activities and Business-Type Activities</u>	
	<u>2004</u>	<u>2005</u>
Current and other assets	\$ 15,702,960	\$ 20,339,047
Capital assets	<u>39,754,930</u>	<u>43,323,900</u>
Total assets	<u>\$ 55,457,890</u>	<u>\$ 63,662,947</u>
Long-term liabilities outstanding	\$ 15,992,827	15,951,475
Current liabilities	<u>5,595,888</u>	<u>4,553,043</u>
Total liabilities	<u>\$ 21,588,175</u>	<u>\$ 20,504,518</u>
Net assets:		
Invested in capital assets, net of related debt	24,089,316	24,919,038
Contributed capital	5,006,177	5,006,177
Restricted	5,769,592	5,846,619
Unrestricted	<u>1,889,230</u>	<u>7,386,595</u>
Total net asset	<u>\$ 36,754,315</u>	<u>\$ 43,158,429</u>

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

Government-wide Financial Analysis (Continued)

Governmental Activities – Governmental activities increased the County's net assets by \$6,401,114. Key elements of this increase are as follows:

	Primary Governmental Activities and Business-Type Activities	
	<u>2004</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for services	\$ 766,655	\$ 761,253
Operating grants and contributions	16,177,147	15,905,107
General Revenues:		
Property taxes	14,784,889	17,897,559
Other Local taxes	13,172,464	16,334,541
Other	<u>3,352,530</u>	<u>2,888,030</u>
Total revenues	<u>\$ 48,253,685</u>	<u>\$ 53,786,490</u>
Expenses		
General government	\$ 2,016,808	\$ 1,826,038
Judicial administration	1,569,449	1,795,464
Public safety	6,411,058	6,136,859
Public works	1,324,065	841,180
Health and welfare	11,017,183	17,443,449
Education	13,580,074	13,763,330
Parks, recreation and culture	759,413	829,416
Community development	5,005,484	1,772,757
Nondepartmental	3,192,245	2,898,270
Interest	<u>29,327</u>	<u>75,613</u>
Total expenses	<u>\$ 44,905,106</u>	<u>\$ 47,382,376</u>
Increase (decrease) in net assets	\$ 3,348,579	\$ 6,404,114
Net assets – beginning	<u>33,405,736</u>	<u>36,754,315</u>
Net assets – ending	<u>\$ 36,754,315</u>	<u>\$ 43,158,429</u>

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16,601,839 an increase of \$3,706,784 in comparison with the prior year. Approximately seventy-four percent of this total amount \$12,286,343 constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed for:

- Landfill closure and post closure cost
- Future special revenue expenditures

The general fund is the operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$12,282,343, while the total fund balance was \$16,601,839. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 32.8 percent of total general fund expenditures, while total fund balance represents 32.8 percent of that same amount.

The general fund balance increased \$ 3,829,520 during the current fiscal year.

The special revenue funds has a total fund balance of \$ 4,315,496, all of which is reserved for future projects. The fund balance decreased \$ 123,017 during the current year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$ 807,385 increase in appropriations) and can be briefly summarized as follows:

- \$78,782 increase in general government administration
- \$65,787 increase in judicial administration
- \$295,032 increase in public safety expenditures
- \$33,080 increase in public work expenditures
- \$332,758 increase in health and welfare expenditures
- \$169,068 increase in community development
- \$(167,122) decrease in capital outlaws

Of this increase, approximately \$ 748,564 was to be funded from additional state and federal grant sources and the remainder \$ 58,821 from various other sources. During the year, however, primary government revenues exceeded budgetary estimates by \$ 3,410,878 and primary government expenditures were more than budgetary estimates by \$ 1,954,080.

Capital Asset and Debt Administration

Capital assets – The county’s investment in capital assets for its governmental activities as of June 30, 2005 amounts to \$ 36,938,078 (net of accumulated depreciation). This investment in capital assets land, buildings and improvements, and machinery and equipment. The total increase in the County’s investment in capital assets for the current fiscal year was \$ 3,419,496.

<u>County of Wise, Virginia’s Change in Net Capital Assets</u>		
	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Land	\$ 14,675,000	\$ 14,935,700
Buildings	29,410,002	32,443,220
Equipment	<u>6,773,220</u>	<u>7,767,095</u>
Total	50,858,222	55,146,015
Less: accumulated depreciation	<u>(17,339,640)</u>	<u>(18,207,937)</u>
Net capital assets	<u>\$ 33,518,582</u>	<u>\$ 36,938,078</u>

Additional information on the County’s capital assets can be found in Note 18.

Long-term debt - At the end of the current fiscal year, the County had total primary government debt outstanding of \$ 13,490,636, including claims, judgements, and compensated absences of \$ 976,000. Of this amount \$ 12,514,636 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County’s total primary government debt decreased by \$ 1,264,412.

Additional information on the County of Wise, Virginia’s long-term debt can be found in Note 7 of this report.

Economic Factors

- The September 2005 unemployment rate for the County is 4.4 percent, which is a decrease from a rate of 4.6 percent in September 2004. This exceeds the state's average unemployment rate of 3.5 percent by .90 percent while the rate compares favorably with the national average rate of 4.8 percent for September 2005.

All of these factors were considered in preparing the County's budget for the 2005 fiscal year.

Budget and Rates

The approved budget is \$ 42,521,378 for fiscal year 2005-2006. The appropriate tax rates for the 2005-2006 year are as follows: .57 per \$100 value for real estate, mobile home taxes, and public utilities real estate, 1.49 per \$100 of assessed value for personal property and public service personal property, 2.85 per \$100 of assessed value for merchants capital, and 1.15 per \$100 of assessed value for machinery and tools.

Acknowledgements

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

LARRY D. STURGILL, P. C.

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**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 Members of the
Board of Supervisors
County of Wise
Wise, Virginia 24293

Supervisors:

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund, and the aggregate remaining fund information of the County of Wise, Virginia as of and for the year ended June 30, 2005, and have issued my report thereon dated November 23, 2005, which collectively comprise the County of Wise, Virginia's basic financial statements and have issued my report thereon dated November 23, 2005. I conducted my 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 with the *Specifications for Audit of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the County of Wise, Virginia's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of County of Wise, Virginia, in a separate letter dated November 23, 2005.

The Honorable Members of the
Board of Supervisors
County of Wise
Wise, Virginia 24293
Page 2

Compliance

As part of obtaining reasonable assurance about whether the County of Wise, Virginia's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Larry D. Sturgill
Certified Public Accountant
November 23, 2005

LARRY D. STURGILL, P. C.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Members of the
Board of Supervisors
County of Wise
Wise, Virginia 24293

Supervisors:

Compliance

I have audited the compliance of the County of Wise, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. My responsibility is to express an opinion on the County's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect

The Honorable Members of the
Board of Supervisors
County of Wise
Wise, Virginia 24293
Page 2

on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the County's compliance with those requirements.

In my opinion, Wise County, Virginia, complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the County of Wise, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of Management, the Board of Supervisors, Federal and State awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Larry D. Sturgill
Certified Public Accountant
November 23, 2005

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF WISE, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2005

EXHIBIT I

ASSETS	GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL ACTIVITIES
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUE	
CURRENT ASSETS			
Cash	\$ 220,589	\$ 514,096	734,685
Petty Cash	7,900	-	7,900
Investments	9,898,921	3,626,106	13,525,027
Reserved Deposits	-	-	-
Bond Insurance Costs	-	-	-
Receivable (Net Of Allowances For Uncollectibles):			
Property Taxes	1,187,203	-	1,187,203
Accounts	306,999	-	306,999
Mineral Taxes	543,406	521,595	1,065,001
Due From Other Governmental Units	746,236	-	746,236
Due From Other Funds	255,719	498,827	754,546
TOTAL CURRENT ASSETS	13,166,973	5,160,624	18,327,597
NONCURRENT ASSETS			
Capital Assets:			
Land	14,935,700	-	14,935,700
Buildings and equipment, net of depreciation	21,496,084	506,294	22,002,378
TOTAL NONCURRENT ASSETS	36,431,784	506,294	36,938,078
TOTAL ASSETS	\$ 49,598,757	\$ 5,666,918	55,265,675
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 385,925	\$ 264,154	\$ 650,079
Due To Other Funds	498,827	42,821	541,648
Due To Other Governmental Units	-	538,153	538,153
Premium on Bonds Payable	-	-	-
Due To Customers - Deposits	-	-	-
Deferred Revenues - Taxes	-	-	-
Accrued Interest Payable	-	-	-
Claims, Judgments & Compensated Absences	814,637	-	814,637
Current Portion of Long-Term Obligations	1,243,262	51,307	1,294,569
TOTAL CURRENT LIABILITIES	2,942,651	896,435	3,839,086
NONCURRENT LIABILITIES			
Landfill Closure Cost Liability	-	-	-
Noncurrent Portion of Long-Term Obligations	10,516,757	207,714	10,724,471
TOTAL NONCURRENT LIABILITIES	10,516,757	207,714	10,724,471
TOTAL LIABILITIES	\$ 13,459,408	\$ 1,104,149	14,563,557
NET ASSETS			
Investment In Capital Assets, net of related debt	\$ 24,671,765	\$ 247,273	24,919,038
Contributed Capital	-	-	-
Restricted Assets	-	4,315,496	4,315,496
Unrestricted Assets	11,467,584	-	11,467,584
TOTAL NET ASSETS	\$ 36,139,349	\$ 4,562,769	40,702,118
TOTAL LIABILITIES & NET ASSETS	\$ 49,598,757	\$ 5,666,918	55,265,675

COMPONENT UNITS

BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNITS	
		SCHOOL BOARD	PUBLIC SERVICE AUTHORITY
\$ 73,609	\$ 808,294	\$ 117,965	\$ 686,553
	7,900	200	500
328,272	13,853,299	2,850,459	1,798,803
1,531,123	1,531,123	-	554,801
-	-	-	14,289
	1,187,203	-	-
68,492	375,491	59,065	162,307
-	1,065,001	-	-
9,954	756,190	2,475,895	-
-	754,546	-	-
2,011,450	20,339,047	5,503,584	3,217,253
	14,935,700	1,314,293	65,000
6,385,822	28,388,200	22,863,325	18,727,622
6,385,822	43,323,900	24,177,618	18,792,622
\$ 8,397,272	\$ 63,662,947	\$ 29,681,202	\$ 22,009,875
\$ 239,519	\$ 889,598	\$ 691,164	\$ 140,222
212,898	754,546	-	-
	538,153	-	9,954
	-	-	12,830
	-	-	323,525
	-	-	-
161,363	976,000	2,754,345	46,036
100,177	1,394,746	90,106	79,000
713,957	4,553,043	3,535,615	611,567
4,831,584	4,831,584	-	-
395,420	11,119,891	1,094,603	2,334,594
5,227,004	15,951,475	1,094,603	2,334,594
\$ 5,940,961	\$ 20,504,518	\$ 4,630,218	\$ 2,946,161
5,006,177	\$ 24,919,038	\$ 22,887,933	\$ 18,505,963
1,531,123	5,006,177	-	-
(4,080,989)	5,846,619	-	554,801
	7,386,595	2,163,051	2,950
\$ 2,456,311	\$ 43,158,429	\$ 25,050,984	\$ 19,063,714
\$ 8,397,272	\$ 63,662,947	\$ 29,681,202	\$ 22,009,875

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS and CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT:				
Governmental Activities				
General Government Administration	\$ 1,826,038	\$ 9,571	\$ 395,877	\$ (1,420,590)
Judicial Administration	1,795,464	42,526	694,359	(1,058,579)
Public Safety	6,136,859	104,090	4,260,499	(1,772,270)
Public Works	841,180	-	-	(841,180)
Health & Welfare	17,443,449	90,369	9,101,420	(8,251,660)
Education	13,763,330	-	157,114	(13,606,216)
Parks, Recreation & Cultural	829,416	-	5,000	(824,416)
Community Development	1,772,757	-	1,280,836	(491,921)
Interest & Fiscal Charges	75,613	-	-	(75,613)
Total Governmental Activities	\$ 44,484,106	\$ 246,556	\$ 15,895,105	\$ (28,342,445)
Business-Type Activities				
Landfill	2,753,615	470,987	10,002	
Sewer	144,655	43,710	-	
Total Business-Type Activities	2,898,270	514,697	10,002	
Total Primary Government	\$ 47,382,376	\$ 761,253	\$ 15,905,107	
COMPONENT UNITS:				
School Board	60,042,832	1,013,394	59,878,311	
Public Service Authority	2,289,281	1,519,217	1,473,319	
Total Component Units	\$ 62,332,113	\$ 2,532,611	\$ 61,351,630	

General Revenues

Taxes:	
Property Taxes, levied for general purposes	\$ 17,897,559
Utility Taxes	1,384,485
Mineral Taxes	11,326,667
Franchise Taxes	256,875
Local Sales & Use Taxes	2,855,311
Other Local Taxes	511,203
Grants and Contributions, not restricted to specific programs	1,840,452
Investment Income	391,005
Miscellaneous	613,006
Operating Transfers	(2,877,156)
Total General Revenue	\$ 34,199,407
Change in Net Assets	\$ 5,856,962
Net Assets, July 01, 2004	34,845,156
Net Assets, June 30, 2005	\$ 40,702,118

NET (EXPENSE) REVENUE
AND CHANGES IN NET ASSETS

BUSINESS-TYPE ACTIVITIES	COMPONENT UNITS		
	PRIMARY GOVERNMENT GOVERNMENTAL AND BUSINESS - TYPE ACTIVITIES	SCHOOL BOARD	PUBLIC SERVICE AUTHORITY
	\$ (1,420,590.0)		
	(1,058,579)		
	(1,772,270)		
	(841,180)		
	(8,251,660)		
	(13,606,216)		
	(824,416)		
	(491,921)		
	(75,613)		
	<u>\$ (28,342,445)</u>		
\$ (2,272,626)	\$ (2,272,626)		
\$ (100,945)	(100,945)		
<u>(2,373,571)</u>	<u>(2,373,571)</u>		
	\$ (30,716,016)		
		<u>848,873</u>	<u>703,255</u>
\$	\$ 17,897,559	\$	\$
	1,384,485		
	11,326,667		
	256,875		
	2,855,311		
	511,203		
	1,840,452		
43,567	434,572	61,282	35,942
	613,006	639,893	99,645
2,877,156			
<u>\$ 2,920,723</u>	<u>\$ 37,120,130</u>	<u>\$ 701,175</u>	<u>\$ 135,587</u>
\$ 547,152	\$ 6,404,114	\$ 1,550,048	\$ 838,842
1,909,159	36,754,315	23,500,936	18,224,872
<u>\$ 2,456,311</u>	<u>\$ 43,158,429</u>	<u>\$ 25,050,984</u>	<u>\$ 19,063,714</u>



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PRIMARY GOVERNMENT
GOVERNMENTAL FUNDS

COUNTY OF WISE, VIRGINIA
 BALANCE SHEET-GOVERNMENTAL FUNDS
 JUNE 30, 2005

EXHIBIT 3

	PRIMARY GOVERNMENT		TOTAL
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUES	
ASSETS			
Cash and Cash Equivalents	\$ 10,127,410	\$ 4,140,202	\$ 14,267,612
Receivables (Net of allowances for uncollectibles):			
Taxes, including penalties	1,187,203	521,595	1,708,798
Accounts	850,405	-	850,405
Due from Component Unit	2,140,794	-	2,140,794
Due from Other Funds	463,030	498,827	961,857
Due from Other Governmental Units	242,191	-	242,191
TOTAL ASSETS	\$ 15,011,033	\$ 5,160,624	\$ 20,171,657
LIABILITIES			
Accounts Payable	\$ 385,925	\$ 264,154	\$ 650,079
Due to Other Funds	498,827	42,821	541,648
Due to Other Governmental Units	-	538,153	538,153
Deferred Revenue	1,839,938	-	1,839,938
TOTAL LIABILITIES	\$ 2,724,690	\$ 845,128	\$ 3,569,818
FUND BALANCES			
Reserved		4,315,496	4,315,496
Unreserved	12,286,343	-	12,286,343
TOTAL FUND BALANCES	\$ 12,286,343	\$ 4,315,496	\$ 16,601,839
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,011,033	\$ 5,160,624	\$ 20,171,657
Detailed explanation of adjustments from fund statements to government-wise statements of net assets:			
Unreserved Fund Balance June 30, 2005			\$ 16,601,839
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.			36,938,078
Adjustment for amounts due to/due from primary government			(2,140,794)
Because of focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.			2,136,672
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.			(12,833,677)
Net assets of General Government Activities			<u>\$ 40,702,118</u>

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 4

PRIMARY GOVERNMENT

	GENERAL	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
General Property Taxes	16,057,621	-	\$ 16,057,621
Other Local Taxes	10,137,550	5,803,769	15,941,319
Permits, Privilege Fees & Regulatory Licenses	65,871	-	65,871
Fines & Forfeitures	30,617	-	30,617
Revenues From Use Of Money & Property	329,775	61,230	391,005
Charges For Services	128,309	118,247	246,556
Miscellaneous	51,393	87,385	138,778
Recovered Costs	474,228	-	474,228
Intergovernmental	16,376,949	1,358,608	17,735,557
TOTAL REVENUES	\$ 43,652,313	\$ 7,429,239	\$ 51,081,552
EXPENDITURES:			
Current:			
General Government Administration	\$ 2,065,078	270	\$ 2,065,348
Judicial Administration	1,775,844	5,526	1,781,370
Public Safety	5,482,964	676,203	6,159,167
Public Works	454,799	236,117	690,916
Health & Welfare	11,115,145	6,263,596	17,378,741
Education	13,495,508	-	13,495,508
Parks, Recreation & Cultural	804,718	-	804,718
Community Development	1,298,362	-	1,298,362
Capital Projects	591,595	-	591,595
Debt Service:			
Principal Retirement	289,295	80,860	370,155
Interest & Fiscal Charges	53,875	21,738	75,613
TOTAL EXPENDITURES	\$ 37,427,183	\$ 7,284,310	\$ 44,711,493
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 6,225,130	\$ 144,929	6,370,059
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ 772,276	\$ 190,930	\$ 963,206
Operating Transfers Out	\$ (3,381,486)	\$ (458,876)	\$ (3,840,362)
Proceeds from Debt	213,600	-	213,600
TOTAL OTHER FINANCING SOURCES (USES)	\$ (2,395,610)	\$ (267,946)	\$ (2,663,556)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	\$ 3,829,520	\$ (123,017)	\$ 3,706,503
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	8,456,823	4,438,513	12,895,336
FUND BALANCE AT END OF YEAR	\$ 12,286,343	\$ 4,315,496	\$ 16,601,839

County of Wise, Virginia
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2005

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 3,706,503
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.	(94,231)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,136,672
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.	(48,537)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>156,555</u>
Change in net assets of governmental activities	<u>\$ 5,856,962</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
 ENTERPRISE FUNDS - BUSINESS-TYPE ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 6

OPERATING REVENUES:		
Landfill Usable Fees	\$ 422,672	
Sewer Rents	43,710	
Tipping Fees	33,584	
Other Revenues	<u>14,732</u>	
TOTAL OPERATING REVENUES		\$ 514,698
OPERATING EXPENSES:		
Other Operating Charges	2,000,045	
Landfill Closure Expense	491,964	
Depreciation	<u>338,498</u>	
TOTAL OPERATING EXPENSES		<u>2,830,507</u>
NET OPERATING INCOME (LOSS)		\$ (2,315,809)
NON-OPERATING REVENUE AND EXPENSE		
Grant Receipts	\$ 10,002	
Interest Revenue	43,567	
Interest Expense	<u>(67,764)</u>	
TOTAL NON-OPERATING REVENUE AND EXPENSE		<u>(14,195)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS		\$ (2,330,004)
OPERATING TRANSFERS IN		<u>2,877,156</u>
NET INCOME (LOSS)		\$ 547,152
NET ASSETS AT BEGINNING OF YEAR		<u>(3,097,018)</u>
NET ASSETS AT END OF YEAR		<u>\$ (2,549,866)</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 7

Cash Flow From Operating Activities:		
Cash Received from Customers	\$ 516,873	
Cash Payments to Suppliers for Goods & Services	<u>(1,772,749)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ (1,255,876)
Cash Flow from Noncapital Financing Activities:		
Operating Transfers From Other Funds	\$ 2,877,156	
Decrease in Due From Other Funds	<u>(9,954)</u>	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		2,867,202
Cash Flows from Capital & Related Financing Activities:		
Principal Paid on Revenue Bond Maturities	\$ (872,601)	
Interest Paid on Debt Obligations	(67,764)	
Proceeds from General Obligation Loans	313,400	
Principal Paid on General Obligation Loans	<u>(40,535)</u>	
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES		(667,500)
Cash Flows from Investing Activities:		
Sinking Fund Deposits	(163,350)	
Interest Earned on Investments	43,567	
State Grant Receipts	10,002	
Decrease in Investments	(361,763)	
Purchase of Equipment	<u>(471,210)</u>	
NET CASH PROVIDED FORM INVESTING ACTIVITIES		<u>(942,754)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS		\$ 1,072
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>72,537</u>
CASH & CASH EQUIVALENTS AT END OF YEAR		<u>\$ 73,609</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income		\$ (2,315,809)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	\$ 338,498	
Decrease in Accounts Receivable	2,176	
Increase in Closure Cost Liability	491,964	
Increase (Decrease) in Accrued Compensation	17,319	
Increase in Accounts Payable	<u>209,976</u>	
TOTAL ADJUSTMENTS		<u>1,059,933</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ (1,255,876)</u>

COUNTY OF WISE, VIRGINIA
 STATEMENT OF FIDUCIARY NET ASSETS
 AT JUNE 30, 2005

EXHIBIT 8

<u>ASSETS</u>	<u>AGENCY FUNDS</u>
Cash	\$ 109,524
Due From Other Governmental Units	<u>249,248</u>
TOTAL ASSETS	<u>\$ 358,772</u>
<u>LIABILITIES & FUND BALANCE</u>	
LIABILITIES:	
Due To:	
Social Service Clients	\$ 92,110
Governmental Units	59,351
Due To Other Funds	<u>207,311</u>
TOTAL LIABILITIES	<u>\$ 358,772</u>
FUND BALANCE:	
Unrestricted	<u>\$.</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 358,772</u>



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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Wise, Virginia is governed by an elected eight member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection; sanitation services; recreational activities, cultural events, education, social services.

The financial statements of the County of Wise, Virginia 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 more significant of the government's accounting policies are described below.

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis – GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

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

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

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

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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 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 the new 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.

A. The Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Wise, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

As required by generally accepted accounting principles, these financial statements present the County of Wise, Virginia (primary government) and its component units. The component units discussed in Note B are included in the County's reporting entity because of the significance of their operational or financial relationships with the County of Wise, Virginia.

B. Individual Component Unit Disclosures

Discretely Presented Component Units:

- (1) Wise County School Board - The County has the responsibility for fiscal matters of the School Board, including authorizations of budgetary appropriations, funding of operating deficiencies, control or use of surplus funds, responsibility for debts, and control over the collections and disbursement of funds.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (2) Wise County Public Service Authority - The County has a financial accountability for the authority, including the appointment of the Authority's governing body, the contribution of a material amount of funds to the Authority, interrelated reporting of retirement and insurance benefits as well as, serving as fiscal agent for grant receipts for capital projects.

The financial activities of the following organizations are excluded from the County of Wise, Virginia annual report for the reasons indicated:

- (1) The Wise County Redevelopment and Housing Authority was excluded primarily because the County Board of Supervisors does not control the Authority's financial and fiscal matters.

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

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

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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 individual Governmental Funds are:

General Fund

The General Fund is the primary operating fund of the County. 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.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated from major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consists of the School Operating, School Cafeteria, School Textbook Rental, Law Library Fund, Coal Road Improvement Funds, Emergency Numbers Fund and Community Development Fund.

Capital Project Fund

Capital Project Fund account for financial resources to be used for the acquisition or construction of major capital facilities. Capital Project Funds consist of the School Construction Fund.

- (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 County of Wise is that the cost of providing services to the general public be financed or recovered through user charges. Enterprise Funds consist of the Sewer Fund and Landfill Fund.

- (3) Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private corporations, other governmental units, or other funds.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(4) Account Groups are used to account for general obligation long-term debt and general fixed assets. A long-term obligation account group and a general fixed assets are included herein.

(5) Combined/Combining Format

Combined Financial Statements - These statements are referred as General Purpose Financial Statements and provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. All funds and account groups of a specific fund classification are combined and presented as one in the financial statements. For example, all funds classified as Special Revenue Funds are combined and presented under the caption "Special Revenue Funds".

Combining Financial Statements - By Fund Classification - These statements present individual financial statements for each fund of a given fund classification. For example, each Special Revenue Fund is shown individually.

(6) Total Columns on Combined Statements

The total columns on the combined statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

D. Budgets and Budgetary Accounting

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

- (1) Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- (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 Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within the school system's categories.
- (5) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except the School Fund), and the General Capital Projects Fund.
- (6) All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (7) Appropriations lapse on June 30, for all County units.
- (8) All budget data presented in the accompanying financial statements is the revised budget for the year.

E. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Plant, Equipment and System	35 – 50 Years
Motor Vehicles	5 – 10 Years
Equipment	2 – 15 Years

F. Allowance for Uncollectible Accounts

Property Taxes:

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$701,947 at June 30, 2005.

G. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short term highly liquid investments that are both readily convertible to known amounts of cash and investments with maturities of 90 days or less.

H. Investments

Investments are stated at cost, which approximates market. Certificate of deposits and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments in a deferred compensation agency fund are reported at market value.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits: All cash of the County 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.

Deposits: All cash of the Wise County School Board, a discretely presented component unit, 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.

Deposits: All cash of the Wise County Public Service Authority, a discretely presented component unit, County 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 local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) the Asian Development Bank, the African Development Bank, "prime quality", commercial paper and certain corporate notes; banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the government or its safekeeping agent in the government's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the broker or dealer's trust department or safekeeping agent in the government's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent but not in the government's name.

At year-end, the County of Wise, Virginia's investment balances were as follows, on the next page:

	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of Deposit	\$ 13,917,623	\$ -	\$ -	\$ 13,937,623	\$ 13,937,623
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 1,433,299	\$ 1,433,299
Total Investments				\$ 15,370,922	\$ 15,370,922
Total Deposits				917,818	
Total Reserved Deposits				13,500	
Total Deposits and Investments				\$ 16,302,240	

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

At year-end, the School Board's investment balances were as follows:

	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of Deposit	\$ 2,620,000	\$ -	\$ -	\$ 2,620,000	\$ 2,620,000
Total				\$ 2,620,000	\$ 2,620,000
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 230,459	\$ 230,459
Total Investments				\$ 2,850,459	\$ 2,850,459
Total Deposits				\$ 117,965	
Total Deposits and Investments				<u>\$ 2,968,424</u>	

At year-end, the Wise County Public Service Authority's investment balances were as follows:

	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of Deposit	\$ 2,122,328	\$ -	\$ -	\$ 2,122,328	\$ 2,122,328
Total Investments				\$ 2,122,328	\$ 2,122,328
Total Deposits				\$ 917,829	
Total Deposits and Investments				<u>\$ 3,040,157</u>	

NOTE 3: TAXES RECEIVABLE

Property:

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on May 15th and October 15th. The County bills and collects its own property taxes.

Coal Severance:

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

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 4: INTERFUND OBLIGATIONS

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General	\$ 2,603,824	\$ 498,827
Enterprise Funds	-	212,898
School Fund	-	2,140,794
Local Sales Tax Fund	-	207,311
Community Development Fund	-	42,821
Coal Road Improvement	498,827	-
TOTALS	\$ 3,102,651	\$ 3,102,651

NOTE 5: DUE FROM OTHER GOVERNMENTAL UNITS

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>GENERAL FUND</u>	<u>FIDUCIARY FUND</u>	<u>ENTERPRISE FUND</u>	<u>SCHOOL BOARD</u>
Local Governmental Units:				
Towns	\$ 192,304	\$ -	\$ -	\$ -
School Boards	-	-	-	201,474
TOTAL LOCAL	\$ 192,304	\$ -	\$ -	\$ 201,474
Commonwealth of Virginia:				
Tax on Wills	\$ 19,976	\$ -	\$ -	\$ -
Shared Expenses	29,911	-	-	-
Local Sales Taxes	-	249,248	-	-
State Sales Taxes	-	-	-	410,363
School Funds	-	-	-	126,386
TOTAL STATE	\$ 49,887	\$ 249,248	\$ -	\$ 536,749
Federal Government:				
School Funds	\$ -	\$ -	\$ -	\$ 1,569,294
TOTAL FEDERAL	\$ -	\$ -	\$ -	\$ 1,569,294
TOTAL DUE	\$ 242,191	\$ 249,248	\$ -	\$ 2,307,517

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 6: DUE TO OTHER GOVERNMENTAL UNITS

	<u>PRIMARY GOVERNMENT</u>	
	<u>SPECIAL REVENUE</u>	<u>FIDUCIARY</u>
Appalachia	\$ 41,053	\$ 5,772
Big Stone Gap	51,970	14,944
Coeburn	42,745	6,173
Pound	37,056	3,714
St. Paul	36,748	2,703
Wise	47,357	8,631
Norton	50,587	-
Public Service Authority	230,637	-
Others	-	17,414
TOTALS	\$ 538,153	\$ 59,351

NOTE 7: LONG-TERM DEBT

PRIMARY GOVERNMENT

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

GENERAL LONG-TERM DEBT

<u>YEAR ENDING JUNE 30,</u>	<u>GENERAL LONG-TERM FINANCING</u>		<u>ENTERPRISE FUNDS</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2006	\$ 380,014	\$ 61,979	\$ 100,177	\$ -
2007	232,010	46,685	89,812	-
2008	208,651	34,773	89,792	-
2009	197,791	23,440	92,139	-
2010	111,181	18,160	68,475	-
2011	98,796	15,367	27,601	-
2012	102,831	11,222	27,601	-
2013	107,031	7,515	-	-
2014	68,108	3,305	-	-
TOTALS	\$ 1,506,413	\$ 222,446	\$ 495,597	\$ -

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

DEBT ACQUIRED FOR SCHOOL PURPOSES:

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

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		STATE LITERARY LOANS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2006	\$ 50,000	\$ 17,395	\$ 864,555	\$ 207,647
2007	45,000	13,845	734,845	188,560
2008	55,000	10,838	685,000	173,365
2009	50,000	6,864	685,000	159,665
2010	45,000	3,251	685,000	145,965
2011	-	-	685,000	132,265
2012	-	-	685,000	118,565
2013	-	-	585,000	104,865
2014	-	-	585,000	93,165
2015	-	-	585,000	81,465
2016	-	-	585,000	69,765
2017	-	-	585,000	58,065
2018	-	-	585,000	46,365
2019	-	-	585,000	34,665
2020	-	-	585,000	22,965
2021	-	-	563,227	11,265
TOTALS	\$ 245,000	\$ 52,193	\$ 10,267,627	\$ 1,648,617

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

Changes in Long-term Debt:

The following is a summary of long-term obligations of the County for the year ended June 30, 2005, as categorized below:

	<u>Balance July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2005</u>
<u>General Long-Term Debt:</u>				
General Long-Term Financing	\$ 1,662,968	\$ 213,600	\$ 370,155	\$ 1,506,413
Debt Acquired for School Purposes:				
General Obligations Bonds	\$ 300,000	\$ -	\$ 55,000	\$ 245,000
State Literary Loans	11,132,182	-	864,555	10,267,627
TOTAL LOANS AND BONDS	\$ 13,095,150	\$ 213,600	\$ 1,289,710	\$ 12,019,040
Claims, Judgments and Compensated Absences	766,100	48,537	-	814,637
TOTAL GENERAL LONG-TERM DEBT ACCOUNT GROUP	\$ 13,515,672	\$ 262,137	\$ 1,289,710	\$ 12,833,677
<u>Enterprise Fund:</u>				
VRA Revenue Bonds	\$ 1,065,808	\$ -	\$ 872,601	\$ 193,208
General Long-Term Financing Loans	29,524	313,400	40,535	302,389
Claims, Judgements and Compensated Absences	144,044	17,319	-	161,363
TOTAL ENTERPRISE FUND	\$ 1,239,376	\$ 330,719	\$ 913,136	\$ 656,960
TOTAL PRIMARY GOVERNMENT DEBT	\$ 14,755,048	\$ 592,856	\$ 2,202,846	\$ 13,490,637

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

AMOUNT
OUTSTANDING

DETAILS OF LONG-TERM INDEBTEDNESS

General Long-Term Debt:

General Long-Term Financing:

\$272,904 Loan payable to First Commonwealth Bank issued September 19, 2003, due in twelve monthly installments of \$8,923.68; interest payable at 4.15% annually. 93% of this note is recorded in the General Long-Term Debt Account Group and 7% is recorded as Enterprise Liability.	\$ 100,440
\$247,000 Loan payable to B B & T Bank issued November 13, 2003, due in 36 monthly installments of \$7,175.44; interest payable at 2.93% annually. 92% of this note is recorded in the General Long-Term Debt Account Group and 8% is recorded as Enterprise Liability.	109,795
\$475,000 Loan payable to B B & T Bank issued November 13, 2003, due in 120 monthly installments of \$4,849.88; interest payable at 4.18% annually.	412,349
\$447,000 Loan payable to Powell Valley National Bank issued April 10, 2004, due in 120 monthly installments of \$4,488.49; interest payable at 3.83% annually.	403,207
\$213,600 Loan payable to First Bank and Trust issued December 16, 2004, due in 60 monthly installments of \$4,047; interest payable at 3.71% annually.	193,247
355,384 Loan payable to Government Corporation issued March 13, 2003, due in monthly of \$20,520; interest payable at 5.646% annually.	259,021
Loan payable to Suntrust Bank issued March 13, 2003, due in monthly installments of \$3,185.17; interest payable at 2.64% annually.	<u>28,354</u>
TOTAL GENERAL LONG-TERM FINANCING	<u>\$ 1,506,413</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

DETAILS OF LONG-TERM INDEBTEDNESS

General Long-Term Debt:

General Obligation Bonds:

\$1,000,000 School Bonds 1990A, issued March 8, 1990, maturing annually with principal installments of varying amounts and interest rates from 7% to 7.225%.	\$ <u>245,000</u>
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TOTAL GENERAL OBLIGATIONS BONDS	\$ <u>245,000</u>
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State Literary Loans:

\$2,000,000 State Literary Fund loan issued November 15, 1985, due in annual installments of \$100,000 through 2005; interest payable annually at 3%.	\$ 100,000
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\$433,447 State Literary Fund loan issued February 15, 1986, due in annual installments of \$21,675 for 1988 through 2006; interest payable annually at 3%.	21,675
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\$160,625 State Literary Fund loan issued February 15, 1986, due in annual installments of \$8,035 through 2006; interest payable annually at 3%.	8,035
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\$298,255 State Literary Fund loan issued December 1, 1986, due in annual installments of \$14,920 through 2006; interest payable annually at 3%.	29,840
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\$231,818 State Literary Fund loan issued December 1, 1986, due in annual installments of \$11,418 through 2006; interest payable annually at 3%.	23,200
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\$700,000 State Literary Fund loan issued December 15, 1976, due in annual installments of \$23,325 through 2007; interest payable annually at 3%.	46,650
--	--------

\$2,000,000 State Literary Fund loan issued December 15, 1991, due in annual installments of \$100,000 through 2011; interest payable annually at 2%.	700,000
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\$3,700,000 State Literary Fund loan issued March 01, 2001, due in annual installments of \$185,000 through 2021; interest payable at 2%.	2,960,000
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\$2,978,227 State Literary Fund loan issued December 15, 2000, due in annual installments of \$150,000 through 2021; interest payable at 2%.	2,378,227
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\$5,000,000 State Literary Fund loan issued March 15, 2001, due in annual installments of \$250,000 through 2021; interest payable at 2%.	<u>4,000,000</u>
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TOTAL STATE LITERARY LOANS	\$ <u>10,267,627</u>
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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

**TOTAL LONG-TERM DEBT ACQUIRED
FOR SCHOOL PURPOSES** \$ 10,512,627

TOTAL COMPENSATED ABSENCES 814,637

TOTAL GENERAL LONG-TERM DEBT \$ 12,833,677

ENTERPRISE FUND LOANS

Enterprise Fund:

VRA Revenue Bonds:

\$524,421 Virginia Resources Authority, Virginia Revolving
Loan Fund issued April 8, 1991, due in semi-annual installments
of \$13,801 through April 1, 2012, interest payable annually at 0%. \$ 193,208

TOTAL VRA REVENUE BONDS \$ 193,208

General Long-Term Financing:

70% of \$482,769 Loan payable to First Commonwealth Bank issued
September 19, 2002, due in twelve monthly installments of \$8,923.68;
interest payable at 4.15% annually. 7% of this note is recorded in
the VRA Enterprise Fund and 93% is recorded as General Long-
Term Debt Account Group Liability. \$ 7,560

\$313,400 Loan payable to First Bank and Trust issued
December 16, 2004, due in 60 monthly installments of
\$5,589.27; interest payable at 3.71% annually. 285,281

\$247,000 Loan payable to B B & T Bank issued
November 13, 2003, due in 36 monthly installments of
\$7,175.44; interest payable at 2.93% annually. 92% of this note
is recorded in the General Long-Term Debt Account Group and
8% is recorded as Enterprise Liability. 9,548

TOTAL GENERAL LONG-TERM FINANCING \$ 302,389

TOTAL COMPENSATED ABSENCES 161,363

TOTAL ENTERPRISE FUND LONG-TERM DEBT \$ 656,960

TOTAL PRIMARY GOVERNMENT DEBT \$ 13,490,637

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

COMPONENT UNIT – SCHOOL BOARD

\$1,265,000 Loan payable to Suntrust Bank for an Energy Performance Contract, due in 144 monthly installments of \$10,800; interest payable at an annual rate of 3.454%.	\$ 1,184,709
Total Compensated Absences and Early Retirement Plan Payable	2,754,345
TOTAL LONG-TERM DEBT – SCHOOL BOARD	\$ 3,939,054

Changes in Long-Term Debt:

The following is a summary of School Board long-term debt transactions for the year ended June 30, 2005:

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<u>Long-Term Debt:</u>				
Long-Term Financing Loans	\$ 1,265,000		\$ 80,291	\$ 1,184,709
Claims, Judgments and Compensated Absences Payable	2,348,633	405,712	-	2,754,345
TOTAL LONG-TERM DEBT	\$ 3,613,633	\$ 405,712	\$ 80,291	\$ 3,939,054

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

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

LONG-TERM FINANCING LOANS

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$ 90,106	\$ 39,497	\$ 129,603
2007	93,268	36,335	129,603
2008	96,540	33,063	129,603
2009	99,928	29,675	129,603
2010	103,434	26,169	129,603
2011	107,063	22,540	129,603
2012	110,820	18,783	129,603
2013	114,708	14,895	129,603
2014	118,733	10,870	129,603
2015	122,899	6,705	129,604
2016	127,210	2,392	129,602
TOTALS	<u>\$ 1,184,709</u>	<u>\$ 240,924</u>	<u>\$ 1,425,633</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

COMPONENT UNIT-WISE COUNTY PUBLIC SERVICE AUTHORITY

BONDS & NOTES OUTSTANDING

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

PERIOD ENDED JUNE 30,	<u>LONG-TERM OBLIGATIONS</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2006	79,000	48,574
2007	84,000	47,184
2008	84,000	45,561
2009	84,000	43,781
2010	84,000	41,888
2011	89,000	39,816
2012	89,000	37,591
2013	94,000	35,139
2014	79,000	32,811
2015	84,000	30,789
2016	84,000	28,708
2017	84,000	56,433
2018	84,000	23,986
2019	84,000	21,482
2020	69,000	19,315
2021	74,000	17,403
2022	79,000	15,235
2023	79,000	12,940
2024	69,000	10,900
2025	69,000	9,115
2026	79,000	7,066
2027	79,000	4,752
2028	69,000	2,696
2029	54,000	1,283
2030	49,000	385
2031	34,117	-
2032	24,356	-
2033	18,367	-
2034	18,367	-
<i>SUB-TOTALS</i>	\$ 2,050,207	\$ 634,833

VRA Loans Incomplete
 as of June 30, 2005 363,387

**TOTAL LONG-TERM
 OBLIGATIONS** \$ 2,413,594

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 7: LONG-TERM DEBT (Continued)

Changes in Bonds and Notes Outstanding

The following is a summary of Authority long-term debt transactions of the Authority for the year ended June 30, 2005:

Beginning Balance	\$2,089,008
Additions:	
Virginia Resources Authority Bond	50,134
Retirements:	
Virginia Resources Authority Bonds	<u>88,935</u>
Sub-total Bond/Loans Payable at June 30, 2005	\$ 2,050,207
Bond issuance incomplete as of June 30, 2005:	
Virginia Resources Authority Bond	<u>500,891</u>
TOTAL BOND AND LOANS PAYABLE	<u>\$2,413,594</u>

Details of Bonds and Notes Outstanding

\$107,926 Water and Sewer Revenue Bond, Series 2001, Virginia Resources Authority issued April 25, 2002, due in semi-monthly installments of \$1,799 through September 01, 2031, interest payable annually at 0%.	\$ 93,666
\$361,000 Water and Sewer Revenue Bond, Series 2001, Virginia Resources Authority issued June 19, 2002, due in semi-monthly installments of \$6,017 through January 01, 2032, interest payable annually at 0%.	318,883
\$551,025 Water and Sewer Revenue Bond, Series 2001, Virginia Resources Authority issued January 22, 2004, due in semi-monthly installments of \$9,184 through May 01, 2034, interest payable annually at 0%.	532,658
\$1,160,000 Water and Sewer Revenue Bond, Series 2004, Virginia Resources Authority beginning on October 01, 2004 and ending October 01, 2029. Interest payable semi-annually at a variable interest rate varying from 2.92% to 5.14%.	<u>1,105,000</u>
SUB- TOTAL WATER AND SEWER REVENUE BONDS	<u>\$ 2,050,207</u>

Loan and grant proceeds were received from the Virginia Resources Authority, and the Virginia Department of Health for the South Fork Water Extension Project. The repayment terms of the loan payable will be determined when the project is complete and the total actual loan proceeds are received. However, it initially consists of a \$1,054,490 loan at 1% interest for a term of 25 years. As of June 30, 2005, the Authority has only received \$363,387 in loan proceeds.

Virginia Resource Authority – Loan proceeds to date	\$ <u>363,387</u>
TOTAL LONG-TERM OBLIGATIONS	<u>\$2,413,594</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 8: CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES

In accordance with NCGA Statement 4 "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences", the County has accrued the liability arising from outstanding claims and judgments and compensated absences. County employees earn vacation and sick leave at various rates. County employees can receive 25% of sick leave upon separation not to exceed 25 unused sick days. At June 30, 2004 the value of accrued vacation pay, for the primary government was \$976,000.

The Wise County School Board adopted on June 13, 1989 the Early Retirement Option Plan, making it possible for any full-time certified or professional of Wise County Schools who is covered by the Virginia Retirement System to retire early. This plan is no longer open to employees who desire to retire early, effective June 30, 2000. As of June 30, 2005, accrued liability under this plan amounted to \$2,532,701. As noted in the plan document, the funding of this option is subject to available appropriations each fiscal year. There exists only a moral obligation and not a legal obligation to fund this plan. The amount of accrued vacation pay for the professional School Board employees was \$138,128 and non-professional employees was \$83,516. The total value of these liabilities, including the early retirement option plan, for the Component Unit - School Board was \$2,754,345.

The Wise County Public Service Authority employees earn vacation and sick leave at various rates. One-half (1/2) of benefits or pay is received for unused sick leave upon termination, however, total benefits are paid in the event of employee death. At June 30, 2005 the amount of accrual recorded is \$27,507, which equals one-half of the value. Vacation is earned on a calendar year and expires at the end of the period earned. At June 30, 2005 the value of accrued vacation pay was \$18,529. The accrual for vacation and sick leave totals \$46,036.

NOTE 9: DEFINED BENEFIT PENSION PLAN

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

our web site at <http://www.varetire.org/Pdf/2003annuRept.pdf> or obtained by writing the System at P. O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County of Wise and Wise County School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County of Wise and Wise County School Board's Non-Professional employees contribution rate for the fiscal year ended 2005 was 8.00% of annual covered payroll. Total employer and employee contributions made to the VRS statewide teacher pool for professional employees by Wise County School Board for fiscal year 2005, 2004 and 2003 amounted to \$3,098,716, \$2,210,686, and \$2,279,530, respectively, and represented, 11.03%, 8.77% and 8.77%, respectively.

C. Annual Pension Cost

For 2005, County of Wise and the School Board's Non-Professional Employees annual pension cost of \$641,154 and \$204,406, respectively, was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method. This actuarial valuation uses the assumptions and methods that were adopted as a result of the 2000 Experience Study. In particular, it uses an assumed investment return rate of 8.00%; and assumed annual cost-of-living adjustment of 3.00%; salary increases that range between 4.25% and 6.10% depending on the member's service and classification (general employee or uniformed officer); and retirement, mortality, disability and termination rates that were also based on the 2000 Experience Study prepared for VRS. Liabilities were determined under the Entry Age Normal actuarial cost method.

THREE-YEAR TREND INFORMATION FOR COUNTY OF WISE, VIRGINIA

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Wise County	June 30, 2005	\$641,154	100%	\$0
	June 30, 2004	\$527,611	100%	\$0
	June 30, 2003	\$502,454	100%	\$0
Wise County Schools	June 30, 2005	\$204,406	100%	\$0
	June 30, 2004	\$119,569	100%	\$0
	June 30, 2003	\$122,297	100%	\$0

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 10: DEFERRED REVENUE

General Fund:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,839,938 is comprised of deferred property tax revenue representing uncollected tax billings not available for funding of current expenditures in the amount of \$944,450 and collection of 2005 taxes not due until October 15, 2005 in the amount of \$895,488.

NOTE 11: CONTINGENT LIABILITIES

Federal programs in which the County participates were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 12: FUND BALANCE AND RETAINED EARNINGS

The County had the following changes to beginning fund balance and contributed capital:

	<u>Balance</u>
General Fund:	
Fund Balance, as of June 30, 2004 (As previously stated)	\$ 8,456,542
Adjustment for previously understated accounts payable	<u>281</u>
Fund Balance, as of June 30, 2004 (As restated)	<u>\$ 8,456,823</u>

NOTE 13: SURETY BOND

	<u>Amount</u>
Fidelity & Deposit Company Of Maryland - Surety	
Jack Kennedy, Clerk of the Circuit Court	\$ 25,000
Rita Holbrook, Treasurer	500,000
Douglas Mullins, Jr., Commissioner of the Revenue	3,000
Ronnie D. Oakes, Sheriff	30,000
All Constitutional Officer's Employees: Blanket Bond	50,000
United States Fidelity and Guaranty Company Surety:	
Michael G. Basham, Superintendent of Schools	10,000
Fidelity and Deposit Company of Maryland Surety:	
Judy Clawson , Clerk of the School Board Deputy	10,000
Clerk of the School Board	10,000

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 13: SURETY BOND (Continued)

	<u>Amount</u>
All School Board Employees: Blanket Bond	5,000
Director, Manpower Skill Center	111,000
Secretary/Bookkeeper, Manpower Skill Center	111,000
Director, Summer Youth Employment	100,000
Bookkeeper, Summer Youth Employment	100,000
All Social Services Employees: Blanket Bond	100,000
Western Surety Company: Chairman of Board of Supervisors	2,500
Continental Insurance Company: All County Employees: Blanket Bond	10,000

NOTE 14: LITIGATION

In regard to litigation involving the County of Wise, Virginia at June 30, 2005, the County's legal counsel informed us that there is one case pending against the County. This case is as follows:

Indian Creek Monument Sales, Inc. et al v. Wise County, Virginia, Wise County Circuit Court.

This case is a suit challenging the County's collection of the landfill use fee for the period February 2001 to September 2003. The use fee was determined unconstitutional by the Supreme Court of Virginia on September 12, 2003. The County has filed special pleas and a Demurrer, which are pending. The potential for loss could be substantial, possibly in excess of \$1,000,000, should the suit be allowed to proceed and refunds be ordered.

Legal counsel informed us that there are no unasserted possible claims that are probable of assertion and must be disclosed in accordance with Statement of financial Accounting Standards No. 5.

NOTE 15: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest Paid - Proprietary Fund

Cash paid interest expense relating to debt for the year ended June 30, 2005 amounted to \$67,764.

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

NOTE 16: INTEREST PAID - WISE COUNTY PUBLIC SERVICE AUTHORITY

Cash paid interest expense relating to debt for the period ending June 30, 2005 amounted to \$43,932. The Wise County Public Service Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 17: PROPRIETARY CAPITAL ASSETS

A summary of proprietary fund capital assets is as follows:

	<u>VRA Landfill Enterprise</u>	<u>Riverview Sewer Project Fund</u>	<u>Total</u>
Improvements Other Than Buildings	\$ 6,722,512	\$ 549,300	\$ 7,271,812
Equipment	1,510,352	-	1,510,352
Less: Accumulated Depreciation	<u>(2,217,819)</u>	<u>(178,523)</u>	<u>(2,396,342)</u>
NET CAPITAL ASSETS	<u>\$ 6,015,045</u>	<u>\$ 370,777</u>	<u>\$ 6,385,822</u>

NOTE 18: CAPITAL ASSETS

Primary Government:

A summary of capital assets for the primary government is as follows:

	<u>Total</u>
Land	\$ 14,935,700
Buildings	32,443,220
Equipment & Vehicles	<u>7,767,095</u>
TOTAL CAPITAL ASSETS	\$ 55,146,015
Less: Accumulated Depreciation	<u>(18,207,937)</u>
NET CAPITAL ASSETS	<u>\$ 36,938,078</u>

Component Unit - School Board:

A summary of capital assets for the school board is as follows:

	<u>Total</u>
Land	\$ 1,314,293
Buildings & Improvements	41,428,836
Equipment & Vehicles	6,014,802
Construction in Progress	<u>4,075,187</u>
TOTAL CAPITAL ASSETS	52,833,118
Less: Accumulated Depreciation	<u>(28,655,500)</u>
NET CAPITAL ASSETS	<u>\$ 24,177,618</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 18: GENERAL FIXED ASSETS (Continued)

A summary of changes in general fixed assets is as follows:

Primary Government:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Land	\$ 14,675,000	\$ 260,700	\$ -	\$ 14,935,700
Buildings	32,932,502	480,023	944,305	32,468,220
Equipment & Vehicles	7,515,968	251,127	25,000	7,742,095
TOTAL	\$ 55,123,470	\$ 991,850	\$ 969,305	\$ 55,146,015

Component Unit School Board:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Land	\$ 1,314,293	\$ -	\$ -	\$ 1,314,293
Buildings & Improvements	40,484,531	944,305	-	41,428,836
Equipment & Vehicles	5,909,826	478,464	373,488	6,014,802
Construction in Progress	1,745,729	2,329,458	-	4,075,187
TOTAL	\$ 49,454,379	\$ 3,752,227	\$ 373,488	\$ 52,833,118

COMPONENT UNIT - WISE COUNTY PUBLIC SERVICE AUTHORITY:

UTILITY PLANT AND EQUIPMENT IN SERVICE

Utility plant in service is stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Depreciation on utility plant commences on the first day of the fiscal year following the date initially placed in service.

Depreciation for fixed assets have been provided over the following estimated useful lives using the straight-line method:

Water/Sewer System	50 Years
Equipment	5 - 10 Years

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 18 **CAPITAL ASSETS** *(Continued)*

A summary of capital assets for the Authority is as follows:

	Total
Land and Easements	\$ 65,000
Construction in Progress	2,045,711
Utility Plant	21,983,675
Equipment	287,162
Automobiles	254,730
Office Furniture & Equipment	110,874
Plant Building	28,041
TOTAL PLANT & EQUIPMENT	\$ 24,775,193
Less: Accumulated Depreciation	(5,982,571)
NET CAPITAL ASSETS	<u>\$ 18,792,622</u>

A summary of changes in capital assets is as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Land	\$ 45,000	\$ 20,000	\$ -	\$ 65,000
Construction in Progress	1,446,726	1,310,190	711,205	2,045,711
Utility Plant	21,222,031	761,644	-	21,983,675
Equipment	266,687	20,615	140	287,162
Automobiles	182,694	72,036	-	254,730
Office Furniture and Equipment	97,515	20,533	7,174	110,874
Plant Building	28,041	-	-	28,041
TOTAL CAPITAL ASSETS	\$ 23,288,694	\$ 2,205,018	\$ 718,519	\$ 24,775,193

NOTE 19: **RESTRICTED CASH/DEBT RESERVE - COMPONENT UNIT:**
WISE COUNTY PUBLIC SERVICE AUTHORITY

As of June 30, 2005, customer deposits held by the Public service Authority is restricted and refunded to customers upon termination of their respective water hookup. The Authority maintains a debt service account for the purpose of repayment of outstanding debt.

Total restricted cash held by the Authority at June 30, 2005 is as follows:

	Balance
Customer Deposit Account	\$ 323,525
Debt Service Account	231,276
TOTAL	\$ 554,801

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 20: LANDFILL CLOSURE COST LIABILITY

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

The total estimated closure and postclosure care costs for the County's landfill operation is \$14,172,645. The accrued liability for these costs reported as of June 30, 2005 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 34% and the remaining life of the landfill is approximately 29 years. The remaining costs to be accrued in the future is as follows:

Total Estimated Liability	\$ 14,172,645
Accrued Liability as of June 30, 2005	<u>4,831,584</u>
 Total Closure and Postclosure Care Costs Remaining to be Recognized	 <u>\$ 9,341,061</u>

It should be noted that the total estimated liability for the closure and postclosure care is only an estimate based on current projections. Uncontrollable factors such as inflation, changes in technology, and changes in applicable laws and regulations may affect these projections.

At this time the County complied with the regulations of the Virginia Financial Assurance Regulations for Solid Waste Facilities, 9 VAC 20-70-10 etseq. The regulation requires local government owners and operators to maintain a financial mechanism, or combination of mechanisms, demonstrating assurance for the closure, post-closure care, and, if applicable, corrective actions costs associated with their owned and operated solid waste facilities. The County has fulfilled the requirements as set forth in the financial ratio test mechanism.

The County has a reserved fund designated for the purpose of landfill closure. During the current year ending June 30, 2005, the County has deposited \$1,517,623 into this fund.

NOTE 21: ACCOUNTS RECEIVABLE

Proprietary Fund - Riverview Sewer Project:

Accounts Receivable	<u>Balance</u> \$ 16,898
Less: Allowance For Doubtful Accounts	<u>(13,482)</u>
 NET ACCOUNTS RECEIVABLE	 <u>\$ 3,416</u>

Component Unit - Wise County Public Service Authority:

Accounts Receivable	<u>Balance</u> \$ 202,756
Less: Allowance for Doubtful Accounts	<u>(43,865)</u>
 NET ACCOUNTS RECEIVABLE	 <u>\$ 158,891</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 22: CONTRIBUTED CAPITAL

Contributions received from individuals or other governmental units which are used to defray a part of all of the cost of installing a portion of the utility plant are credited to contributions in aid of construction. The Authority amortizes contributions against depreciation of utility plants in service in the ratio that such related contributions bear to total utility plants in service.

Contributions in aid of construction at June 30, 2005 include non-refundable donations or contributions in cash, services, or property from corporations, individuals, and others for the construction and extension of water and sewer facilities as follows:

<u>SOURCE</u>	<u>AMOUNT</u>
Wise County Ind. Development Auth.	\$ 60,850
County of Wise	12,254,244
State Department of Health	535,818
Federal Government	9,042,432
Developers	75,725
Others	<u>1,065,625</u>
SUB-TOTAL	\$ 23,034,694
Less: Accumulated Amortization	<u>4,528,731</u>
TOTAL CONTRIBUTED CAPITAL,	<u>\$ 18,505,963</u>
NET OF AMORTIZATION	

**NOTE 23: COMMITMENTS AND CONTINGENCIES - COMPONENT UNIT:
WISE COUNTY PUBLIC SERVICE AUTHORITY**

Federal programs in which the Wise County Public Service Authority participates were audited in accordance with the provisions of the U. S. Office of Management and Budget Circular A-133 and, Audits of State and Local Governments. Pursuant to these provisions all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matter of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

The Authority operates by providing water & sewer services to the general public financed through user charges. A significant reduction in the level of services provided, if this were to occur, may have an effect on the Authority's ability to continue operations.

FUND FINANCIAL STATEMENTS

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 9

	GENERAL FUND			VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	
REVENUES:				
General Property Taxes	\$ 15,067,000	\$ 15,071,060	\$ 16,057,621	\$ 986,561
Other Local Taxes	8,417,000	8,417,000	10,137,550	1,720,550
Permits, Privilege Fees & Regulatory Licenses	62,000	62,000	65,871	3,871
Fines & Forfeitures	20,000	20,000	30,617	10,617
Revenues From Use Of Money & Property	170,000	170,000	329,775	159,775
Charges For Services	127,300	147,300	128,309	(18,991)
Miscellaneous	-	382,834	51,393	(331,441)
Recovered Costs	483,712	508,137	474,228	(33,909)
Intergovernmental	14,714,540	15,463,104	16,376,949	913,845
TOTAL REVENUES	\$ 39,061,552	\$ 40,241,435	\$ 43,652,313	\$ 3,410,878
EXPENDITURES:				
Current:				
General Government Administration	\$ 1,945,760	\$ 2,024,542	\$ 2,065,078	\$ (40,536)
Judicial Administration	1,610,488	1,676,275	1,775,844	(99,569)
Public Safety	5,175,209	5,470,241	5,482,964	(12,723)
Public Works	397,782	430,862	454,799	(23,937)
Health & Welfare	10,096,320	10,429,078	11,115,145	(686,067)
Education	13,378,532	13,378,532	13,495,508	(116,976)
Parks, Recreation & Cultural	771,913	771,913	804,718	(32,805)
Community Development	906,779	1,075,847	1,298,362	(222,515)
Capital Outlays	382,935	215,813	591,595	(375,782)
Debt Service:				
Principal Retirement	-	-	289,295	(289,295)
Interest & Fiscal Charges	-	-	53,875	(53,875)
TOTAL EXPENDITURES	\$ 34,665,718	\$ 35,473,103	\$ 37,427,183	\$ (1,954,080)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 4,395,834	\$ 4,768,332	\$ 6,225,130	\$ 1,456,798
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 11,000	\$ 11,000	\$ 772,276	\$ 761,276
Operating Transfers Out	(1,401,781)	(1,401,781)	(3,381,486)	(1,979,705)
Proceeds From Issuance Of Debt	-	-	213,600	213,600
Prior Year Appropriations	1,204,136	1,423,385	-	(1,423,385)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (186,645)	\$ 32,604	\$ (2,395,610)	\$ (2,428,214)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	\$ 4,209,189	\$ 4,800,936	\$ 3,829,520	\$ (971,416)
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	-	-	8,456,823	8,456,823
FUND BALANCE AT END OF YEAR	\$ 4,209,189	\$ 4,800,936	\$ 12,286,343	\$ 7,485,407

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 10

	<u>TOTAL</u>
CAPITAL ASSETS:	
Land	\$ 14,935,700
Building and Building Improvements	32,468,220
Equipment	<u>7,742,095</u>
Total Capital Assets	<u>\$ 55,146,015</u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE:	
Proceeds from Indebtedness	\$ 12,019,040
General Fund Revenues	<u>43,126,975</u>
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 55,146,015</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT II

	<u>LAND</u>	<u>BUILDING and BUILDING IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
PRIMARY GOVERNMENT:				
<u>GENERAL FUND</u>				
General Government Administration	350,000	7,340,523	363,070	8,053,593
Judicial Administration	30,000	216,040	-	246,040
Public Safety	210,000	1,990,881	2,326,581	4,527,462
Public Works	10,075,000	877,764	4,309,696	15,262,460
Health & Welfare	275,000	2,958,780	175,748	3,409,528
Education	-	10,123,972	-	10,123,972
Parks, Recreation & Cultural	235,000	2,360,260	-	2,595,260
Community Development	3,760,700	6,600,000	-	10,360,700
TOTAL GENERAL FUND				
CAPITAL ASSETS BY FUNCTION	14,935,700	32,468,220	7,175,095	54,579,015
<u>SPECIAL REVENUE FUND</u>				
<u>EMERGENCY 911 FUND</u>				
Public Safety	-	-	567,000	567,000
TOTAL SPECIAL REVENUE FUND				
CAPITAL ASSETS BY FUNCTION	-	-	567,000	567,000
TOTAL PRIMARY GOVERNMENT				
CAPITAL ASSETS BY FUNCTION	14,935,700	32,468,220	7,742,095	55,146,015

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 12

PRIMARY GOVERNMENT:	<u>CAPITAL ASSETS JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>CAPITAL ASSETS JUNE 30, 2005</u>
<u>GENERAL FUND</u>				
General Government Administration	\$ 7,595,070	\$ 458,523	\$ -	\$ 8,053,593
Judicial Administration	246,040	-	-	246,040
Public Safety	4,273,935	253,527	-	4,527,462
Public Works	15,287,460	-	(25,000)	15,262,460
Health & Welfare	3,409,528	-	-	3,409,528
Education	11,068,277	-	(944,305)	10,123,972
Parks, Recreation & Cultural	2,576,160	19,100	-	2,595,260
Community Development	<u>10,100,000</u>	<u>260,700</u>	<u>-</u>	<u>10,360,700</u>
TOTAL GENERAL FUND	54,556,470	991,850	(969,305)	54,579,015
<u>SPECIAL REVENUE FUND</u>				
<u>EMERGENCY 911 FUND</u>				
Public Safety	<u>567,000</u>	<u>-</u>	<u>-</u>	<u>567,000</u>
TOTAL SPECIAL REVENUE FUND	<u>567,000</u>	<u>-</u>	<u>-</u>	<u>567,000</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 55,123,470</u>	<u>\$ 991,850</u>	<u>\$ (969,305)</u>	<u>\$ 55,146,015</u>



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FIDUCIARY FUNDS

Fiduciary Funds are trust and agency funds used to account for assets held by the government in a trustee capacity and as an agent for individuals, private organizations, other governments and/or other funds.

COUNTY OF WISE, VIRGINIA
 COMBINING SCHEDULE OF FIDUCIARY
 NET ASSETS - AGENCY FUNDS
 AT JUNE 30, 2005

EXHIBIT 13

	SPECIAL WELFARE FUND	LOCAL SALES TAX FUND	LONESOME PINE YOUTH SERVICES FUND	TOTALS
<u>ASSETS</u>				
Cash	\$ 92,110	\$ -	\$ 17,414	\$ 109,524
Due From Other Governmental Units	-	249,248	-	249,248
TOTAL ASSETS	<u>\$ 92,110</u>	<u>\$ 249,248</u>	<u>\$ 17,414</u>	<u>\$ 358,772</u>
<u>LIABILITIES & FUND BALANCE</u>				
LIABILITIES:				
Due To:				
Social Service Clients	\$ 92,110	\$ -	\$ -	\$ 92,110
Governmental Units	-	41,937	17,414	59,351
Due To Other Funds	-	207,311	-	207,311
TOTAL LIABILITIES	<u>\$ 92,110</u>	<u>\$ 249,248</u>	<u>\$ 17,414</u>	<u>\$ 358,772</u>
FUND BALANCE:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 92,110</u>	<u>\$ 249,248</u>	<u>\$ 17,414</u>	<u>\$ 358,772</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

COUNTY OF WISE, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AT JUNE 30, 2005

EXHIBIT 14

<u>ASSETS</u>	<u>EMERGENCY NUMBERS FUND</u>	<u>LAW LIBRARY FUND</u>	<u>DOG AND CAT STERILIZATION FUND</u>	<u>COAL ROAD IMPROVEMENT' FUND</u>
Cash	\$ 54,660	\$ 98,014	\$ 621	\$ 45,890
Investments	-	-	-	3,626,106
Mineral Taxes Receivable	-	-	-	521,595
Accounts Receivable	-	-	-	-
Due From Other Funds	-	-	-	498,827
Governmental Units	-	-	-	-
TOTAL ASSETS	<u>\$ 54,660</u>	<u>\$ 98,014</u>	<u>\$ 621</u>	<u>\$ 4,692,418</u>
<u>LIABILITIES AND NET ASSETS</u>				
Accounts Payable	\$ 16,785	\$ -	\$ -	\$ 247,369
Due to Other Funds	-	-	-	-
Governmental Units	-	-	-	538,153
TOTAL LIABILITIES	<u>\$ 16,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,522</u>
FUND BALANCES:				
Restricted	\$ 37,875	\$ 98,014	\$ 621	\$ 3,906,896
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 54,660</u>	<u>\$ 98,014</u>	<u>\$ 621</u>	<u>\$ 4,692,418</u>

COMMUNITY DEVELOPMENT FUND	ENERGY PERFORMANCE CONTRACT	INFORMATION TECHNOLOGY IMPROVEMENT FUND	TRANSIENT OCCUPANCY TAX FUND	SHERIFF DRUG SEIZURE & FORFEITURE AND COMMISSION FUND	TOTALS
\$ 40,273	\$ -	\$ 100,610	\$ 78,911	\$ 95,117	\$ 514,096
-	-	-	-	-	3,626,106
-	-	-	-	-	521,595
-	-	-	-	-	498,827
<u>\$ 40,273</u>	<u>\$ -</u>	<u>\$ 100,610</u>	<u>\$ 78,911</u>	<u>\$ 95,117</u>	<u>\$ 5,160,624</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,154
42,821	-	-	-	-	42,821
-	-	-	-	-	538,153
<u>\$ 42,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845,128</u>
\$ (2,548)	\$ -	\$ 100,610	\$ 78,911	\$ 95,117	\$ 4,315,496
<u>\$ 40,273</u>	<u>\$ -</u>	<u>\$ 100,610</u>	<u>\$ 78,911</u>	<u>\$ 95,117</u>	<u>\$ 5,160,624</u>

COUNTY OF WISE, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 15

	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COAL ROAD IMPROVEMENT FUND
REVENUES:				
Other Local Taxes	\$ 283,018	\$ -	\$ -	\$ 5,520,751
Revenues From Use of Money & Property	1,730	-	-	59,500
Charges for Services	-	14,157	-	-
Miscellaneous	-	-	750	-
Intergovernmental	\$ 69,942	-	-	-
TOTAL REVENUES	<u>\$ 354,690</u>	<u>\$ 14,157</u>	<u>\$ 750</u>	<u>\$ 5,580,251</u>
EXPENDITURES:				
General Government Administration	\$ -	\$ -	\$ -	\$ 270
Judicial Administration	-	5,526	-	-
Public Safety	461,157	-	1,868	-
Public Works	-	-	-	236,117
Community Development	-	-	-	4,927,911
Debt Service:				
Principal Retirement	80,860	-	-	-
Interest & Fiscal Charges	21,738	-	-	-
TOTAL EXPENDITURES	<u>\$ 563,755</u>	<u>\$ 5,526</u>	<u>\$ 1,868</u>	<u>\$ 5,164,298</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (209,065)</u>	<u>\$ 8,631</u>	<u>\$ (1,118)</u>	<u>\$ 415,953</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	12,453	5,526	-	\$ -
Operating Transfers Out	-	(5,526)	-	-
Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 12,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	<u>\$ (196,612)</u>	<u>\$ 8,631</u>	<u>\$ (1,118)</u>	<u>\$ 415,953</u>
FUND BALANCE AT THE BEGINNING OF YEAR	<u>234,487</u>	<u>89,383</u>	<u>1,739</u>	<u>3,490,943</u>
FUND BALANCE AT THE END OF YEAR	<u>\$ 37,875</u>	<u>\$ 98,014</u>	<u>\$ 621</u>	<u>\$ 3,906,896</u>

COMMUNITY DEVELOPMENT FUND	ENERGY PERFORMANCE CONTRACT	INFORMATION TECHNOLOGY IMPROVEMENT FUND	TRANSIENT OCCUPANCY TAX FUND	DRUG SEIZURE & FORFEITURE, COMMISSION & RAID FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,803,769
					61,230
791				104,090	118,247
1,277,836			28,488	57,356	87,385
\$ 1,278,627	\$ -	\$ -	\$ 28,488	\$ 10,830	\$ 1,358,608
					7,429,239
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270
					5,526
				213,178	676,203
1,295,036		40,649		-	236,117
					6,263,596
					80,860
\$ 1,295,036	\$ -	\$ 40,649	\$ -	\$ 213,178	\$ 21,738
					\$ 7,284,310
\$ (16,409)	\$ -	\$ (40,649)	\$ 28,488	\$ (40,902)	\$ 144,929
100		134,600		38,251	190,930
-	(447,000)			(6,350)	(458,876)
-					-
\$ 100	\$ (447,000)	\$ 134,600	\$ -	\$ 31,901	\$ (267,946)
\$ (16,309)	\$ (447,000)	\$ 93,951	\$ 28,488	\$ (9,001)	\$ (123,017)
13,761	447,000	6,659	50,423	104,118	4,438,513
\$ (2,548)	\$ -	\$ 100,610	\$ 78,911	\$ 95,117	\$ 4,315,496



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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

COUNTY OF WISE, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AT JUNE 30, 2005

EXHIBIT 16

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 25,135	\$ 48,474	\$ 73,609
Investments	-	328,272	328,272
Reserved Escrow Deposit	13,500	-	13,500
Sinking Fund Deposits	-	1,517,623	1,517,623
Due to Other Gov't Units	9,954	-	9,954
Receivables:			
Accounts (Net Allowance For Uncollectibles)	3,416	65,076	68,492
TOTAL CURRENT ASSETS	52,005	1,959,445	2,011,450
NONCURRENT ASSETS			
Equipment (Net of Depreciation)	-	867,934	867,934
Improvements Other Than Buildings (Net of Depreciation)	370,777	5,147,111	5,517,888
TOTAL NONCURRENT ASSETS	370,777	6,015,045	6,385,822
TOTAL ASSETS	\$ 422,782	\$ 7,974,490	\$ 8,397,272
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts Payable	\$ -	\$ 239,519	\$ 239,519
Due to Other Funds	212,898	-	212,898
Accrued Compensated Absences	-	161,363	161,363
Current Portion of Long-Term Obligations	27,601	72,576	100,177
TOTAL CURRENT LIABILITIES	240,499	473,458	713,957
NONCURRENT LIABILITIES			
Noncurrent Portion of Long-Term Obligations	165,607	229,813	395,420
Accrued Landfill Closure Costs	-	4,831,584	4,831,584
TOTAL NONCURRENT LIABILITIES	165,607	5,061,397	5,227,004
TOTAL LIABILITIES	\$ 406,106	\$ 5,534,855	\$ 5,940,961
<u>NET ASSETS</u>			
Investment in Capital Assets, net of related debt Restricted Assets	\$ -	\$ 5,006,177	\$ 5,006,177
Restricted for:			
Cash for Debt Reserve	\$ 13,500	\$ -	\$ 13,500
Cash for Landfill Closing	-	1,517,623	1,517,623
Unrestricted Assets	\$ 3,176	\$ (4,084,165)	\$ (4,080,989)
TOTAL NET ASSETS	\$ 16,676	\$ 2,439,635	\$ 2,456,311
TOTAL LIABILITIES AND NET ASSETS	\$ 422,782	\$ 7,974,490	\$ 8,397,272

COUNTY OF WISE, VIRGINIA
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 17

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
OPERATING REVENUES:			
Landfill Usage Fees	\$ -	\$ 422,672	\$ 422,672
Tipping Fees	-	33,584	33,584
Sewer Rents	43,710	-	43,710
Other Revenue	-	14,732	14,732
TOTAL REVENUE	\$ 43,710	\$ 470,988	\$ 514,698
OPERATING EXPENSES:			
Operation Expense	\$ 130,923	\$ 1,869,122	\$ 2,000,045
Landfill Closure Expense	-	491,964	491,964
Depreciation & Amortization	13,732	324,766	338,498
TOTAL OPERATING EXPENSES	\$ 144,655	\$ 2,685,852	\$ 2,830,507
NET OPERATING INCOME (LOSS)	\$ (100,945)	\$ (2,214,864)	\$ (2,315,809)
NON-OPERATING REVENUE (EXPENSE)			
Grant - State Litter Prevention	\$ -	\$ 10,002	\$ 10,002
Interest Revenue	264	43,303	43,567
Interest Expense	-	(67,764)	(67,764)
TOTAL NON-OPERATING REVENUE AND EXPENSE	264	(14,459)	(14,195)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ (100,681)	\$ (2,229,323)	\$ (2,330,004)
OPERATING TRANSFERS IN	123,086	3,067,470	\$ 3,190,556
OPERATING TRANSFERS OUT	-	(313,400)	\$ (313,400)
NET OPERATING TRANSFERS	123,086	2,754,070	2,877,156
NET INCOME (LOSS)	22,405	524,747	547,152
NET ASSETS, BEGINNING OF YEAR	(5,729)	(3,091,289)	(3,097,018)
NET ASSETS, END OF YEAR	\$ 16,676	\$ (2,566,542)	\$ (2,549,866)

COUNTY OF WISE, VIRGINIA
STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	BUSINESS-TYPE ACTIVITIES		TOTAL
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	
Cash Flow From Operating Activities:			
Cash Received From Customers	\$ 44,492	\$ 472,381	\$ 516,873
Cash Payments to Suppliers for Goods & Services	(138,543)	(1,634,206)	(1,772,749)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (94,051)	\$ (1,161,825)	\$ (1,255,876)
Cash Flow From Noncapital Financing Activities:			
Operating Transfers From Other Funds	\$ 123,086	\$ 2,754,070	\$ 2,877,156
Increase in Due To Other Gov't Units	(9,954)	-	(9,954)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ 113,132	\$ 2,754,070	\$ 2,867,202
Cash Flows From Capital & Related Financing Activities:			
Principal Paid on Bond Maturities	\$ (27,601)	\$ (845,000)	\$ (872,601)
Interest Paid on Debt Obligations	-	(67,764)	(67,764)
Principal Paid on General Obligation Loans	-	(40,535)	(40,535)
Proceeds on General Obligation Loans	-	313,400	313,400
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	\$ (27,601)	\$ (639,899)	\$ (667,500)
Cash Flows From Investing Activities:			
Interest Revenue Earned on Investments	\$ 264	\$ 43,303	\$ 43,567
State Grant Receipts	-	10,002	10,002
Sinking Fund Deposits	-	(163,350)	(163,350)
Increase in Investments	-	(361,763)	(361,763)
Purchase of Equipment	-	(471,210)	(471,210)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ 264	\$ (943,018)	\$ (942,754)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	\$ (8,256)	\$ 9,328	\$ 1,072
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	33,391	39,146	72,537
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 25,135	\$ 48,474	\$ 73,609

	BUSINESS-TYPE ACTIVITIES		TOTAL
	RIVERVIEW SEWER PROJECT FUND	ENTERPRISE FUNDS VRA LANDFILL ENTERPRISE FUND	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ (100,945)	\$ (2,214,864)	\$ (2,315,809)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	\$ 13,732	\$ 324,766	\$ 338,498
(Increase) Decrease in Accounts Receivable	782	1,394	2,176
Increase (Decrease) in Closure Cost Liability	-	491,964	491,964
Increase (Decrease) in Accrued Compensation	-	17,319	17,319
Increase (Decrease) in Accounts Payable	(7,620)	217,596	209,976
TOTAL ADJUSTMENTS	\$ 6,894	\$ 1,053,039	\$ 1,059,933
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (94,051)	\$ (1,161,825)	\$ (1,255,876)



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DISCRETE COMPONENT UNIT
WISE COUNTY PUBLIC SERVICE AUTHORITY

COUNTY OF WISE, VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT
WISE COUNTY PUBLIC SERVICE AUTHORITY
JUNE 30, 2005

EXHIBIT 19

<u>ASSETS</u>	<u>PUBLIC SERVICE</u>	
CURRENT ASSETS		
Cash	\$ 686,553	
Petty Cash	500	
Investments	1,798,803	
Reserved Deposits	554,801	
Due From Others	3,416	
Bond Issuance Costs	14,289	
Receivable (Net Of Allowances For Uncollectibles):		
Accounts	<u>158,891</u>	
TOTAL CURRENT ASSETS		\$ 3,217,253
NONCURRENT ASSETS		
Capital Assets:		
Land and Easements	\$ 65,000	
Buildings and Equipment, Net of Depreciation	<u>18,727,622</u>	
TOTAL NONCURRENT ASSETS		<u>18,792,622</u>
TOTAL ASSETS		<u>\$ 22,009,875</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 140,222	
Due To Other Gov't Units	9,954	
Due To Customers - Deposits	323,525	
Premium on Bonds Payable	12,830	
Claims, Judgments & Compensated Absences	46,036	
Current Portion of Long-Term Obligations	<u>79,000</u>	
TOTAL CURRENT LIABILITIES		\$ 611,567
NONCURRENT LIABILITIES		
Noncurrent Portion of Long-Term Obligations	<u>\$ 2,334,594</u>	
TOTAL NONCURRENT LIABILITIES		\$ 2,334,594
TOTAL LIABILITIES		<u>\$ 2,946,161</u>
<u>NET ASSETS</u>		
Investment in Capital Assets, net of related debt	18,505,963	
Restricted Assets (Debt Service)	231,276	
Restricted Assets (Customer Deposits)	323,525	
Unrestricted Assets	<u>2,950</u>	
TOTAL NET ASSETS		\$ 19,063,714
TOTAL LIABILITIES & NET ASSETS		<u>\$ 22,009,875</u>

COUNTY OF WISE, VIRGINIA
STATEMENT OF REVENUES, EXPENSES & CHANGES
IN NET ASSETS
PROPRIETARY FUND-DISCRETELY PRESENTED COMPONENT UNIT -
WISE COUNTY PUBLIC SERVICE AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 20

OPERATING REVENUES:		
Water Charges	\$ 1,497,278	
Miscellaneous	21,939	
TOTAL OPERATING INCOME		\$ 1,519,217
OPERATING EXPENSES:		
Salaries	\$ 682,874	
Payroll Taxes	51,769	
VRA Retirement & Life	65,921	
Hospitalization Insurance	125,526	
Workers Compensation Insurance	31,403	
Uniform Rental	5,887	
Water Purchased	236,967	
Utilities	155,753	
Line Crew Supplies & Plant Expenses	55,949	
Chemicals	36,144	
Repairs & Maintenance	24,568	
Telephone & Telemetry	22,998	
Professional Services	13,580	
Office Expense/Postage	42,610	
Office Utilities & Telephone	8,307	
Office Rent	6,000	
Conferences & Continuing Education	2,027	
Licenses, Fees & Tags	3,903	
Equipment Rental	3,801	
Insurance	19,781	
Vehicle Expense	46,561	
State Waterworks Fee	7,537	
Travel	12,881	
Miscellaneous	8,275	
Compensation - Board Members	7,050	
Depreciation	554,978	
TOTAL OPERATING EXPENSES		2,233,050
Net Operating Income (Loss) Before Depreciation		\$ (713,833)
NON-OPERATING REVENUES & (EXPENSES):		
Interest Income	\$ 35,942	
Penalties and Finance Charges	36,916	
Connection Fees	62,729	
Interest Expense	(56,231)	
NET NON-OPERATING REVENUES (EXPENSES)		79,356
Income (Loss) Before Other Revenues, Gains, Losses, and Transfers		\$ (634,477)
Federal Grants		683,580
County of Wise, Virginia		776,539
Other		13,200
Increase in Net Assets		838,842
Net Assets, Beginning Of Year		18,224,872
Net Assets, End Of Year		\$ 19,063,714

COUNTY OF WISE, VIRGINIA
 STATEMENT OF CASH FLOWS-PROPRIETARY FUND
 DISCRETELY PRESENTED COMPONENT UNIT -
 WISE COUNTY PUBLIC SERVICE AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2005

Cash Flow from Operating Activities:		
Cash Received from Customers	\$ 1,520,712	
Cash Payments to Suppliers for Goods & Services	(972,177)	
Cash Payments to Employees for Services	(648,037)	
Other Operating Revenues	<u>21,939</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ (77,563)
Cash Flow from Noncapital Financing Activities:		
Increase in Customer Deposits	\$ 13,795	
Connection Fees	62,729	
Penalties and Finance Charges	<u>36,916</u>	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		113,440
Cash Flows from Investing Activities:		
Interest on Investments	<u>\$ 35,942</u>	
NET CASH PROVIDED BY INVESTING ACTIVITIES		35,942
Cash Flows from Capital & Related Financing Activities:		
Increase in Due to Other Governmental Units	\$ 9,954	
Decrease in Due From Others	51,015	
Purchase of Easements	(20,000)	
Purchase of Equipment	(113,184)	
Construction of Capital Assets	(1,360,629)	
Contributions & Grants	1,473,319	
Change in Retained Earnings	(29,933)	
Provision for Bond Premium and Issuance Costs	58	
Proceeds from Issuance of Debt	337,617	
Principal Paid on FHA Bonds	(88,935)	
Interest Paid on Revenue Bonds & Equipment Contracts	<u>(43,932)</u>	
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES		<u>215,350</u>
NET INCREASE IN CASH & CASH EQUIVALENTS		\$ 287,169
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>2,753,488</u>
CASH & CASH EQUIVALENTS AT END OF YEAR		<u>\$ 3,040,657</u>

COUNTY OF WISE, VIRGINIA
STATEMENT OF CASH FLOWS-PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT -
WISE COUNTY PUBLIC SERVICE AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2005

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating Income (Loss)		\$	(713,833)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	\$	554,978	
Provision for Uncollectible Accounts		8,679	
Provision for Compensated Absences		7,367	
Change in Assets & Liabilities:			
(Increase) Decrease in Accounts Receivable		14,755	
Increase (Decrease) in Accounts Payable		<u>50,491</u>	
TOTAL ADJUSTMENTS			<u>636,270</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ (77,563)



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DISCRETE COMPONENT UNIT
SCHOOL BOARD

COUNTY OF WISE, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2005

EXHIBIT 22

COMPONENT UNIT
SCHOOL BOARD

<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 2,968,624
Accounts Receivable	59,065
Due From Other Governmental Units	<u>2,475,895</u>
TOTAL ASSETS	<u>\$ 5,503,584</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 691,164
Due to Primary Government	<u>2,140,794</u>
TOTAL LIABILITIES	<u>\$ 2,831,958</u>
<u>FUND EQUITY</u>	
FUND BALANCES:	
Undesignated	<u>\$ 2,671,626</u>
TOTAL FUND EQUITY	\$ 2,671,626

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.	\$ 24,177,618
Adjustment for amounts due to / due from primary government.	\$ 2,140,794
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.	<u>\$ (3,939,054)</u>
Net Assets of General Government Activities	<u>\$ 25,050,984</u>

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES
 & CHANGES IN FUND BALANCES
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 23

COMPONENT UNIT
SCHOOL FUND

	<u>TOTALS</u>
REVENUES:	
Revenues From Use Of Money & Property	\$ 61,282
Charges For Services	1,013,394
Miscellaneous	448,443
Recovered Costs	191,450
Intergovernmental	59,663,554
TOTAL REVENUES	<u>\$ 61,378,123</u>
EXPENDITURES:	
Education	60,004,083
Capital Outlay	<u>2,329,458</u>
TOTAL EXPENDITURES	<u>\$ 62,333,541</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (955,418)</u>
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	\$ 19,650
Operating Transfers Out	(19,650)
Proceeds From Debt	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	<u>\$ (955,418)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>3,627,044</u>
FUND BALANCE AT END OF YEAR	<u><u>2,671,626</u></u>

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES
 & CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 24

	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
REVENUES:			
Revenues From Use Of Money & Property	\$ 25,400	\$ 61,282	\$ 35,882
Charges For Services	1,034,300	1,013,394	(20,906)
Miscellaneous	5,415,500	448,443	(4,967,057)
Recovered Costs	223,000	191,450	(31,550)
Intergovernmental	60,454,900	59,663,554	(791,346)
TOTAL REVENUES	<u>\$ 67,153,100</u>	<u>\$ 61,378,123</u>	<u>\$ (5,774,977)</u>
EXPENDITURES:			
General Government Administration	\$ -	\$ -	\$ -
Judicial Administration	-	-	-
Public Works	-	-	-
Education	63,334,900	60,004,083	3,330,817
Community Development	-	-	-
Non-departmental	-	-	-
Capital Outlay	3,818,200	2,329,458	1,488,742
TOTAL EXPENDITURES	<u>\$ 67,153,100</u>	<u>\$ 62,333,541</u>	<u>\$ 4,819,559</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (955,418)</u>	<u>\$ (955,418)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ -	19,650	\$ 19,650
Operating Transfers Out	-	(19,650)	(19,650)
Proceeds From Debt	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	<u>\$ -</u>	<u>\$ (955,418)</u>	<u>\$ (955,418)</u>
FUND BALANCE AT BEGINNING OF YEAR (As Restated)	<u>-</u>	<u>3,627,044</u>	<u>3,627,044</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ 2,671,626</u>	<u>\$ 2,671,626</u>

COUNTY OF WISE, VIRGINIA
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>COMPONENT UNIT SCHOOL BOARD</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (955,418)
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.	\$ (405,712)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	\$ 80,291
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	<u>2,830,887</u>
Change in net assets of governmental activities	<u>\$ 1,550,048</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY SOURCE
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 26

	<u>COMPONENT UNIT-</u> <u>SCHOOL BOARD</u>
CAPITAL ASSETS:	
Land	\$ 1,314,293
Building and Building Improvements	41,428,836
Equipment	6,014,802
Construction in Progress	<u>4,075,187</u>
 TOTAL CAPITAL ASSETS	 <u>\$ 52,833,118</u>
 INVESTMENT IN CAPITAL ASSETS BY SOURCE:	
Proceeds from Indebtedness	\$ 1,184,709
Primary Government Revenues	<u>51,648,409</u>
 TOTAL INVESTMENT IN CAPITAL ASSETS	 <u>\$ 52,833,118</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 27

	<u>LAND</u>	<u>BUILDING and BUILDING IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTAL</u>
EDUCATION	\$ 1,314,293	\$ 41,428,836	\$ 6,014,802	\$ 4,075,187	\$ 52,833,118
TOTAL	\$ 1,314,293	\$ 41,428,836	\$ 6,014,802	\$ 4,075,187	\$ 52,833,118

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 28

	CAPITAL ASSETS JULY 1, 2004	ADDITIONS	DELETIONS	CAPITAL ASSETS JUNE 30, 2005
EDUCATION	\$ 49,454,379	\$ 3,752,227	\$ 373,488	\$ 52,833,118
TOTAL	\$ 49,454,379	\$ 3,752,227	\$ 373,488	\$ 52,833,118

COUNTY OF WISE, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2005

EXHIBIT 29

	SCHOOL OPERATING FUND	GOVERNMENTAL FUNDS			TOTALS
		SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	
<u>ASSETS</u>					
Cash	\$ 39,488	\$ 33,985	\$ 44,492	\$ -	\$ 117,965
Petty Cash	200	-	-	-	200
Investments	205,015	793,788	639,253	1,212,403	2,850,459
Accounts Receivable	59,065	-	-	-	59,065
Due From Other Governmental Units	2,463,151	12,744	-	-	2,475,895
Fixed Assets (Net of Accumulated Depreciation)	-	-	-	-	-
Amount to Be Provided For the Retirement of General Long-Term Obligations	-	-	-	-	-
TOTAL ASSETS	\$ 2,766,919	\$ 840,517	\$ 683,745	\$ 1,212,403	5,503,584
<u>LIABILITIES</u>					
Accounts Payable	\$ 625,925	\$ 21,840	\$ -	\$ 43,399	691,164
Due To Other Funds	2,140,794	-	-	-	2,140,794
Claims, Judgments & Compensated Absences	-	-	-	-	-
State Literary Fund Loans	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-
TOTAL LIABILITIES	\$ 2,766,719	\$ 21,840	\$ -	\$ 43,399	2,831,958
<u>FUND EQUITY</u>					
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	-
FUND BALANCES:					
Undesignated	200	818,677	683,745	1,169,004	2,671,626
TOTAL FUND EQUITY	\$ 200	\$ 818,677	\$ 683,745	\$ 1,169,004	2,671,626
TOTAL LIABILITIES & FUND EQUITY	\$ 2,766,919	\$ 840,517	\$ 683,745	\$ 1,212,403	5,503,584

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 & CHANGES IN FUND BALANCES
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT 30

	GOVERNMENTAL FUNDS				TOTALS
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	
REVENUES:					
Revenues From Use Of Money & Property	\$ 36,205	\$ 12,414	\$ 12,663	\$ -	\$ 61,282
Charges For Services	117,902	895,492	-	883	1,014,277
Miscellaneous	447,560	-	-	-	447,560
Recovered Costs	191,450	-	-	-	191,450
Intergovernmental	56,067,711	1,426,149	519,507	1,650,187	59,663,554
TOTAL REVENUES	<u>\$ 56,860,828</u>	<u>\$ 2,334,055</u>	<u>\$ 532,170</u>	<u>\$ 1,651,070</u>	<u>\$ 61,378,123</u>
EXPENDITURES:					
Education	56,841,178	2,397,576	765,329	-	60,004,083
Capital Outlay	-	-	-	2,329,458	2,329,458
TOTAL EXPENDITURES	<u>\$ 56,841,178</u>	<u>\$ 2,397,576</u>	<u>\$ 765,329</u>	<u>\$ 2,329,458</u>	<u>\$ 62,333,541</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 19,650</u>	<u>\$ (63,521)</u>	<u>\$ (233,159)</u>	<u>\$ (678,388)</u>	<u>\$ (955,418)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ -	\$ 19,650	\$ -	\$ -	\$ 19,650
Operating Transfers Out	(19,650)	-	-	-	(19,650)
Proceeds from Debt	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (19,650)</u>	<u>\$ 19,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	<u>\$ -</u>	<u>\$ (43,871)</u>	<u>\$ (233,159)</u>	<u>\$ (678,388)</u>	<u>\$ (955,418)</u>
FUND BALANCE AT BEGINNING OF YEAR	200	862,548	916,904	1,847,392	3,627,044
FUND BALANCE AT END OF YEAR	<u>\$ 200</u>	<u>\$ 818,677</u>	<u>\$ 683,745</u>	<u>\$ 1,169,004</u>	<u>2,671,626</u>

SUPPLEMENTARY SCHEDULE

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Revenue From Local Sources:				
General Property Taxes:				
Real Property Taxes	\$ 7,292,000	\$ 7,292,000	\$ 8,285,766	\$ 993,766
Service Corporation Taxes	544,000	544,000	562,979	18,979
Personal Property Taxes	3,279,000	3,279,000	3,056,647	(222,353)
Machinery & Tool Taxes	2,650,000	2,650,000	2,754,717	104,717
Merchants Capital Taxes	740,000	740,000	779,269	39,269
Mobile Home Taxes	212,000	212,000	220,425	8,425
Penalties & Interest	350,000	354,060	397,818	43,758
TOTAL GENERAL PROPERTY TAXES	\$ 15,067,000	\$ 15,071,060	\$ 16,057,621	\$ 986,561
Other Local Taxes:				
Local Sales & Use Tax	\$ 2,400,000	\$ 2,400,000	\$ 2,558,577	\$ 158,577
Coal Severance Tax	4,400,000	4,400,000	5,805,916	1,405,916
Consumer's Utility Tax	890,000	890,000	494,294	(395,706)
Cellular Phone Tax	160,000	160,000	604,173	444,173
Franchise Tax	370,000	370,000	256,875	(113,125)
Consumption Tax	-	-	127,001	127,001
Taxes on Recordation & Wills	72,000	72,000	140,941	68,941
Business License Tax	-	-	19,919	19,919
County Decal Licenses	108,000	108,000	109,080	1,080
Transient Occupancy Tax	17,000	17,000	20,774	3,774
TOTAL OTHER LOCAL TAXES	\$ 8,417,000	\$ 8,417,000	\$ 10,137,550	\$ 1,720,550
Permits, Privilege Fees & Regulatory Licenses:				
Animal Licenses	\$ 2,000	\$ 2,000	\$ 2,345	\$ 345
Permits & Other Licenses	60,000	60,000	63,526	3,526
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	\$ 62,000	\$ 62,000	\$ 65,871	\$ 3,871
Fines & Forfeitures:	\$ 20,000	\$ 20,000	\$ 30,617	\$ 10,617
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ 100,000	\$ 100,000	\$ 260,985	\$ 160,985
Revenue From The Use of Property	70,000	70,000	68,790	(1,210)
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ 170,000	\$ 170,000	\$ 329,775	\$ 159,775
Charges For Services:				
Charges For Commonwealth's Attorney	\$ 1,800	\$ 1,800	\$ 1,572	\$ (228)
Charges For County Office	-	-	9,571	9,571
Charges For Court	21,000	41,000	26,797	(14,203)
Charges For Health	30,000	30,000	32,869	2,869
Charges For Social Services	74,500	74,500	57,500	(17,000)
TOTAL CHARGES FOR SERVICES	\$ 127,300	\$ 147,300	\$ 128,309	\$ (18,991)
Miscellaneous:				
Miscellaneous	\$ -	\$ 382,834	\$ 51,393	\$ (331,441)
TOTAL MISCELLANEOUS REVENUE	\$ -	\$ 382,834	\$ 51,393	\$ (331,441)

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Revenue From Local Sources:				
Recovered Costs:				
City of Norton-Shared Services	\$ 180,000	\$ 180,000	\$ 192,304	\$ 12,304
CEDA Tourism	90,000	90,000	40,844	(49,156)
Miscellaneous	20,000	44,425	8,926	(35,499)
Adult Confinement Local Facilities	193,712	193,712	232,154	38,442
TOTAL RECOVERED COSTS	\$ 483,712	\$ 508,137	\$ 474,228	\$ (33,909)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 24,347,012	\$ 24,778,331	\$ 27,275,364	\$ 2,497,033
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Payments in Lieu of Taxes	\$ 155,000	\$ 155,000	\$ 111,853	\$ (43,147)
ABC Profits	16,000	16,000	16,028	28
Wine Taxes	16,800	16,800	16,800	-
Rolling Stock Tax	100,000	100,000	109,705	9,705
Mobile Home Titling Taxes	166,000	166,000	146,224	(19,776)
Grantors Tax	-	-	27,538	-
Recordation Tax	30,000	30,000	36,966	6,966
Personal Property Tax Reimbursement	1,275,000	1,275,000	1,274,078	(922)
Miscellaneous Grants	-	6,883	62,350	55,467
Motor Vehicle Rental Tax	4,000	4,000	-	(4,000)
TOTAL NON-CATEGORICAL AID	\$ 1,762,800	\$ 1,769,683	\$ 1,801,542	\$ 31,859
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 314,432	\$ 323,690	\$ 356,370	\$ 32,680
Sheriff	2,261,990	2,581,355	2,303,146	(278,209)
Commissioner of Revenue	157,713	157,713	178,931	21,218
Treasurer	140,194	140,964	157,631	16,667
Medical Examiner	900	900	930	30
Registrar/Electoral Board	41,000	41,000	59,315	18,315
Clerk of Circuit Court	318,303	349,064	337,989	(11,075)
TOTAL SHARED EXPENSES	\$ 3,234,532	\$ 3,594,686	\$ 3,394,312	\$ (200,374)
Other Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 1,621,117	\$ 1,751,080	\$ 2,091,376	\$ 340,296
M H & R Service Board	2,949,704	3,579,154	2,270,743	(1,308,411)
Clerk's Deed Book Grant	-	-	30,761	30,761
State Aid - M.E.O.C.	-	-	157,114	157,114
Disaster Relief	-	-	710	710
Disaster Planning-PL-Level II	115,700	115,700	22,923	(92,777)
Disaster Planning	-	-	15,000	15,000
Disaster Relief -Container Retrieval	-	-	410	410
Haz-Mat - General	-	-	2,234	2,234
SWVA Corrections - Justice	450,000	-	510,459	510,459
Victim Witness Grant - Justice	55,000	-	63,035	63,035
Violence Against Women	-	-	28,274	28,274
Cultural Arts Grant	-	-	5,000	5,000
Fire Grants	36,642	36,642	53,843	17,201
Two-For-Life Rescue	17,608	17,201	17,425	224
Virginia Corps Grant	7,000	-	-	-
School Resource Officer Grant	209,436	-	162,166	162,166

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
PRIMARY GOVERNMENT:				
General Fund:				
Revenue From The Commonwealth:				
Categorical Aid:				
TOTAL OTHER CATEGORICAL AID	\$ 5,462,207	\$ 5,499,777	\$ 5,431,473	\$ (68,304)
TOTAL CATEGORICAL AID	\$ 8,696,739	\$ 9,094,463	\$ 8,825,785	\$ (268,678)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 10,459,539	\$ 10,864,146	\$ 10,627,327	\$ (236,819)
Revenue From The Federal Government:				
Payments in Lieu of Taxes				
	\$ 31,000	\$ 31,000	\$ 38,910	\$ 7,910
Categorical Aid:				
Public Assistance & Welfare Administration	\$ 3,782,606	\$ 3,977,123	\$ 3,762,831	\$ (214,292)
NASA Development Grant	441,395	590,835	615,432	24,597
Criminal History Records Imp	-	-	84,630	84,630
School Resource Officer Grant	-	-	76,305	76,305
M H & R Service Board	-	-	976,470	976,470
CCC Sub-Grant	-	-	7,000	7,000
DEQ Env Technical	-	-	2,015	2,015
Homeland Security Grant	-	-	141,583	141,583
Capability Assessment	-	-	2,000	2,000
Victim Witness Grant - Justice	-	-	15,101	15,101
Violence Against Women - Justice	-	-	22,208	22,208
Community Development Grant	-	-	3,000	3,000
Ground Transportation	-	-	2,137	2,137
TOTAL CATEGORICAL AID	\$ 4,224,001	\$ 4,567,958	\$ 5,710,712	\$ 1,142,754
TOTAL REVENUE FROM THE FEDERAL GOVT.	\$ 4,255,001	\$ 4,598,958	\$ 5,749,622	\$ 1,150,664
TOTAL GENERAL FUND	\$ 39,061,552	\$ 40,241,435	\$ 43,652,313	\$ 3,410,878
TOTAL GENERAL FUND & OTHER FINANCING SOURCES	\$ 39,061,552	\$ 40,241,435	\$ 43,652,313	\$ 3,410,878
Special Revenue Funds:				
Emergency Numbers Funds:				
Revenue From Local Sources:				
Other Local Taxes:				
911 Emergency Number Tax	\$ 286,000	\$ 286,000	\$ 283,018	\$ (2,982)
Revenue From the Use of Money & Property:				
Revenue From the Use of Money	\$ 2,400	\$ 2,400	\$ 1,730	\$ (670)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 288,400	\$ 288,400	\$ 284,748	\$ (3,652)
Revenue From The Commonwealth:				
Categorical Aid:				
Department of Technology Planning	40,000	68,274	69,942	1,668
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 40,000	\$ 68,274	\$ 69,942	\$ 1,668
TOTAL EMERGENCY NUMBERS FUND	\$ 328,400	\$ 356,674	\$ 354,690	\$ (1,984)

<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
Special Revenue Funds:				
Law Library Fund:				
Revenue From Local Sources:				
Charges For Services:				
Charges For Law Library	\$ 8,000	\$ 8,000	\$ 14,157	\$ 6,157
TOTAL LAW LIBRARY FUND	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 14,157</u>	<u>\$ 6,157</u>
Coal Road Improvement Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Coal Severance Tax	\$ 3,800,000	\$ 5,426,493	\$ 5,520,751	\$ 94,258
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 59,500	\$ 59,500
TOTAL COAL ROAD IMPROVEMENT FUND	<u>\$ 3,800,000</u>	<u>\$ 5,426,493</u>	<u>\$ 5,580,251</u>	<u>\$ 153,758</u>
Drug Seizure & Forfeiture, Commission and RAID Fund:				
Sheriff Department:				
Revenue From Local Sources:				
Charges For Services:				
Commissions	\$ -	\$ -	\$ 24,278	\$ 24,278
RAID Funds	-	-	79,812	79,812
TOTAL CHARGES FOR SERVICES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,090</u>	<u>\$ 104,090</u>
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 57,356	\$ 57,356
TOTAL REVENUE FROM LOCAL SOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,446</u>	<u>\$ 161,446</u>
Revenue From The Commonwealth:				
Law Enforcement Block Grant	-	-	1,500	1,500
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
Revenue From The Federal Gov't:				
Department of Criminal Justice	-	-	9,330	9,330
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,330</u>	<u>\$ 9,330</u>
TOTAL DRUG SEIZURE & FORFEITURE, COMMISSION & RAID FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,276</u>	<u>\$ 172,276</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Transient Occupancy Tax Fund				
Revenue From Local Sources:				
Other Local Taxes:				
Transient Occupancy Tax	\$ -	\$ -	\$ 28,488	\$ 28,488
TOTAL TRANSIENT OCCUPANCY TAX FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,488</u>	<u>\$ 28,488</u>
Dog & Cat Sterilization Fund:				
Revenue From Local Sources:				
Miscellaneous				
Miscellaneous	\$ -	\$ -	\$ 750	\$ 750
TOTAL REVENUE FROM LOCAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 750</u>
TOTAL DOG & CAT STERILIZATION FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 750</u>
Community Development Fund:				
Revenue From Local Sources:				
Miscellaneous				
Miscellaneous	\$ -	\$ -	\$ 791	\$ 791
TOTAL REVENUE FROM LOCAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 791</u>
Community Development Fund:				
Revenue From The Commonwealth:				
Categorical Aid:				
Hazard Mitigation	\$ -	\$ -	\$ 7,420	\$ 7,420
Derby Community Renovation	-	-	36,203	36,203
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,623</u>	<u>\$ 43,623</u>
Revenue From The Federal Government:				
Categorical Aid:				
South Fork Water Project	\$ -	\$ -	\$ 674,732	\$ 674,732
Arch Food Distribution	-	-	-	-
Business & Tech Park Access	-	-	116,000	116,000
Hazard Mitigation	-	-	28,938	28,938
Derby Community Renovation Project	-	-	414,543	414,543
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,234,213</u>	<u>\$ 1,234,213</u>
TOTAL COMMUNITY DEVELOPMENT FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,278,627</u>	<u>\$ 1,277,836</u>
TOTAL SPECIAL REVENUE FUNDS	<u>\$ 4,136,400</u>	<u>\$ 5,791,167</u>	<u>\$ 7,429,239</u>	<u>\$ 1,637,281</u>
GRAND TOTAL REVENUES - PRIMARY GOVERNMENT	<u>\$ 43,197,952</u>	<u>\$ 46,032,602</u>	<u>\$ 51,081,552</u>	<u>\$ 5,048,159</u>
School Operating Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Property	\$ 25,400	\$ 25,400	\$ 36,205	\$ 10,805
Charges For Services:				
Charges For Education	\$ 9,000	\$ 9,000	\$ 117,902	\$ 108,902
Miscellaneous Revenue:				
Miscellaneous	\$ 2,483,300	\$ 2,483,300	\$ 447,560	\$ (2,035,740)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Revenue From Local Sources:				
Recovered Costs:				
Payments From Other Localities	\$ 223,000	\$ 223,000	\$ 191,450	\$ (31,550)
TOTAL REVENUE FROM LOCAL SOURCES	<u>\$ 2,740,700</u>	<u>\$ 2,740,700</u>	<u>\$ 793,117</u>	<u>\$ (1,947,583)</u>
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 13,802,100	\$ 13,802,100	\$ 12,847,463	\$ (954,637)
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	<u>\$ 13,802,100</u>	<u>\$ 13,802,100</u>	<u>\$ 12,847,463</u>	<u>\$ (954,637)</u>
Revenue From The Commonwealth:				
Categorical Aid:				
Share of State Sales & Use Taxes	\$ 4,874,000	\$ 4,874,000	\$ 5,524,587	\$ 650,587
Basic School Aid	17,691,200	17,691,200	19,774,684	2,083,484
Remedial Education SOQ	750,300	750,300	749,132	(1,168)
Remedial Education - Summer	118,500	118,500	89,890	(28,610)
State Lottery	568,600	568,600	-	(568,600)
Gifted SOQ	203,200	203,200	205,747	2,547
Special Education	2,340,300	2,340,300	2,410,938	70,638
Vocational Education	900,900	900,900	833,541	(67,359)
Share of Fringe Benefits	2,141,900	2,141,900	1,994,167	(147,733)
Reading Intervention	82,500	82,500	76,287	(6,213)
Governors/Magnet Schools	73,000	73,000	74,730	1,730
Electronic Classroom	453,300	453,300	529,899	76,599
SOL Algebra Readiness	82,700	82,700	93,150	10,450
Alternative Education	234,600	234,600	209,519	(25,081)
Primary Class Size/k-3 Initiative	833,000	833,000	834,212	1,212
Foster Care	-	-	21,822	21,822
Salary Supplement	-	-	-	-
Adult Literacy	275,600	284,400	269,485	(14,915)
Adult Occupational Prep & Equipment	-	-	64,941	64,941
Adult Education	8,800	-	39,831	39,831
Other State Funds	-	-	37,459	37,459
GED Prep Program - ISAEP	23,600	23,600	23,576	(24)
GED Testing	-	-	14,867	14,867
Enrollment Loss	122,600	122,600	-	(122,600)
At Risk	677,100	677,100	741,739	64,639
At Risk - Four-Year Olds	-	-	261,478	261,478
Technology Initiative	492,000	492,000	518,000	26,000
SOL Remediation	213,700	213,700	-	(213,700)
Homebound	-	-	47,540	47,540
English Second Language	-	-	13,906	13,906
Student Achievement Grant	128,100	128,100	-	(128,100)
Special Education in Jails	-	-	647	647
Virtual Advanced Placement	-	-	1,628	1,628
Teacher Incentive-Mentor	-	-	5,766	5,766
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 33,289,500</u>	<u>\$ 33,289,500</u>	<u>\$ 35,463,168</u>	<u>\$ 2,173,668</u>
Revenue From The Federal Government:				
Categorical Aid:				
Adult Literacy	\$ 259,700	\$ 259,700	\$ 179,180	\$ (80,520)
Title I	2,813,700	2,813,700	1,948,542	(865,158)
E-Rate	-	-	-	-

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Revenue From The Federal Government:				
Title II - Part D	55,000	55,000	-	(55,000)
Title II - Ed Technology	608,200	608,200	711,736	103,536
Title II - D Regular	511,300	511,300	543,364	32,064
Forest Reserve	19,200	19,200	19,470	270
Jobs Training Partnership Act (JTPA)	2,914,700	2,914,700	1,279,488	(1,635,212)
Homeless	-	-	23,175	23,175
National Community Service	-	-	-	-
Even Start	324,400	324,400	185,876	(138,524)
Title VI - B - Flow Through	1,236,200	1,236,200	1,322,267	86,067
Vocational Education	202,000	202,000	175,878	(26,122)
Title IV Part A, Subpart 1 / Drug Free	63,900	63,900	92,338	28,438
Title IV Part A, Subpart 2 / Project Service	-	-	11,598	11,598
Title V - Part A	55,000	55,000	90,903	35,903
Title X Grant - 21st Century	805,000	805,000	686,861	(118,139)
Class Size - Title VI	-	-	-	-
Education for Independence	-	-	5,482	5,482
Title VI - Rural/Low Income Schools	238,400	238,400	211,479	(26,921)
Advanced Placement Program (AP)	-	-	156	156
Pre-School Special Education	-	-	42,687	42,687
JROTC	-	-	47,504	47,504
Title VI, Part A, Subpart 1 / Calculators	-	-	29,096	29,096
TOTAL CATEGORICAL AID	\$ 10,106,700	\$ 10,106,700	\$ 7,607,080	\$ (2,499,620)
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 10,106,700	\$ 10,106,700	\$ 7,607,080	\$ (2,499,620)
Debt Service:				
Revenue from Commonwealth:				
Categorical Aid:				
Lottery Funds	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
TOTAL CATEGORICAL AID	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
TOTAL SCHOOL OPERATING FUND	\$ 60,089,000	\$ 60,089,000	\$ 56,860,828	\$ (3,228,172)
School Cafeteria Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 12,414	\$ 12,414
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ -	\$ -	\$ 12,414	\$ 12,414
Special Revenue Funds:				
School Cafeteria Fund:				
Charges For Services:				
Cafeteria Sales	\$ 1,025,300	\$ 1,025,300	\$ 895,492	\$ (129,808)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 1,025,300	\$ 1,025,300	\$ 907,906	\$ (117,394)
Revenue From The Commonwealth:				
Categorical Aid:				
School Food	\$ 38,500	\$ 38,500	\$ 38,753	\$ 253
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 38,500	\$ 38,500	\$ 38,753	\$ 253

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
Revenue From The Federal Government:				
Categorical Aid:				
School Food Program Grant	\$ 1,200,000	\$ 1,200,000	\$ 1,387,396	\$ 187,396
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,387,396</u>	<u>\$ 187,396</u>
TOTAL SCHOOL CAFETERIA FUND	<u>\$ 2,263,800</u>	<u>\$ 2,263,800</u>	<u>\$ 2,334,055</u>	<u>\$ 70,255</u>
School Textbook Rental Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money Miscellaneous	\$ 653,200	\$ 653,200	\$ 12,663	\$ 12,663
			\$ -	\$ (653,200)
TOTAL FROM LOCAL SOURCES	<u>\$ 653,200</u>	<u>\$ 653,200</u>	<u>\$ 12,663</u>	<u>\$ (640,537)</u>
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ -	\$ 186,513	\$ 186,513
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,513</u>	<u>\$ 186,513</u>
Revenue From The Commonwealth:				
Categorical Aid:				
Total Rental Payments	\$ 328,900	\$ 328,900	\$ 332,994	\$ 4,094
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 328,900</u>	<u>\$ 328,900</u>	<u>\$ 332,994</u>	<u>\$ 4,094</u>
TOTAL TEXTBOOK RENTAL FUND	<u>\$ 982,100</u>	<u>\$ 982,100</u>	<u>\$ 532,170</u>	<u>\$ (636,443)</u>
TOTAL SPECIAL REVENUE FUNDS	<u>\$ 63,334,900</u>	<u>\$ 63,334,900</u>	<u>\$ 59,727,053</u>	<u>\$ (3,794,360)</u>
School Capital Project Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Miscellaneous	\$ 2,279,000	\$ 2,279,000	\$ 883	\$ (2,278,117)
TOTAL FROM LOCAL SOURCES	<u>\$ 2,279,000</u>	<u>\$ 2,279,000</u>	<u>\$ 883</u>	<u>\$ (2,278,117)</u>
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 339,400	\$ 339,400	\$ 339,400	\$ -
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	<u>\$ 339,400</u>	<u>\$ 339,400</u>	<u>\$ 339,400</u>	<u>\$ -</u>
Revenue From The Commonwealth:				
Categorical Aid:				
Lottery Funds	\$ 989,500	\$ 989,500	\$ 1,100,048	\$ 110,548
Public School Construction	210,300	210,300	210,739	439
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 1,199,800</u>	<u>\$ 1,199,800</u>	<u>\$ 1,310,787</u>	<u>\$ 110,987</u>
TOTAL CAPITAL OUTLAY FUND	<u>\$ 3,818,200</u>	<u>\$ 3,818,200</u>	<u>\$ 1,651,070</u>	<u>\$ 110,987</u>
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	<u>\$ 67,153,100</u>	<u>\$ 67,153,100</u>	<u>\$ 61,378,123</u>	<u>\$ (3,683,373)</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
General Government Administration:				
Legislative:				
Board Of Supervisors	\$ 238,525	\$ 245,525	267,638	\$ (22,113)
General & Financial Administration:				
County Administrator	\$ 310,601	\$ 326,216	\$ 328,261	\$ (2,045)
Legal Services	46,736	51,898	68,459	(16,561)
Commissioner Of Revenue	519,679	524,679	575,777	(51,098)
Data Processing	147,713	152,091	147,838	4,253
Treasurer	421,604	432,685	437,177	(4,492)
Geographic Information	103,061	132,442	109,145	23,297
TOTAL GENERAL & FINANCIAL ADMINISTRATION	\$ 1,549,394	\$ 1,620,011	\$ 1,666,657	\$ (46,646)
Board Of Elections:				
Electoral Board & Officials	\$ 71,107	\$ 71,107	\$ 44,514	\$ 26,593
Registrar	86,734	87,899	86,269	1,630
TOTAL BOARD OF ELECTIONS	\$ 157,841	\$ 159,006	\$ 130,783	\$ 28,223
TOTAL GENERAL GOVERNMENT ADMINISTRATION	\$ 1,945,760	\$ 2,024,542	\$ 2,065,078	\$ (40,536)
Judicial Administration:				
Courts:				
Clerk Of The Circuit Court	\$ 497,149	\$ 528,910	\$ 517,240	\$ 11,670
Circuit Court	101,910	105,303	98,130	7,173
District Court	5,875	5,875	5,741	134
Magistrate	1,125	1,195	1,210	(15)
Juvenile & Domestic Relations Court	371,705	371,705	369,786	1,919
Sheriff	172,163	172,163	300,087	(127,924)
TOTAL COURTS	\$ 1,149,927	\$ 1,185,151	\$ 1,292,194	\$ (107,043)
Commonwealth Attorney	\$ 405,894	\$ 436,457	\$ 431,279	\$ 5,178
Victim Witness Protection	54,667	54,667	52,371	2,296
TOTAL JUDICIAL ADMINISTRATION	\$ 1,610,488	\$ 1,676,275	\$ 1,775,844	\$ (99,569)
Public Safety:				
Law Enforcement & Traffic Control:				
Sheriff	\$ 2,196,911	\$ 2,221,883	\$ 2,302,251	\$ (80,368)
Dispatcher/E911	145,697	145,697	148,347	(2,650)
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	\$ 2,342,608	\$ 2,367,580	\$ 2,450,598	\$ (83,018)
Fire & Rescue Services:				
Fire & Rescue Departments	\$ 360,150	\$ 392,251	\$ 394,122	\$ (1,871)
TOTAL FIRE & RESCUE SERVICES	\$ 360,150	\$ 392,251	\$ 394,122	\$ (1,871)
Correction & Detention:				
Jail	\$ 1,281,587	\$ 1,281,587	\$ 1,366,396	\$ (84,809)
SWVA Community Corrections Center	450,415	510,459	494,064	16,395
SW Regional Jail Authority	212,000	212,000	148,452	63,548

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Public Safety:				
Correction & Detention:				
TOTAL CORRECTION & DETENTION	\$ 1,944,002	\$ 2,004,046	\$ 2,008,912	\$ (4,866)
Inspections:				
Building Inspector	\$ 191,662	\$ 202,781	\$ 199,853	\$ 2,928
TOTAL INSPECTIONS	\$ 191,662	\$ 202,781	\$ 199,853	\$ 2,928
Other Protection:				
Emergency Services	\$ 136,052	\$ 302,848	\$ 156,089	\$ 146,759
Animal Control	200,735	200,735	273,390	(72,655)
TOTAL OTHER PROTECTION	\$ 336,787	\$ 503,583	\$ 429,479	\$ 74,104
TOTAL PUBLIC SAFETY	\$ 5,175,209	\$ 5,470,241	\$ 5,482,964	\$ (12,723)
Public Works:				
Maintenance Of Buildings & Grounds:				
General Properties	\$ 397,782	\$ 430,862	\$ 454,799	\$ (23,937)
TOTAL PUBLIC WORKS	\$ 397,782	\$ 430,862	\$ 454,799	\$ (23,937)
Welfare/Social Services:				
Health & Welfare:				
Health:				
Supplement To Local Health Department	\$ 410,160	\$ 410,160	\$ 410,114	\$ 46
TOTAL HEALTH	\$ 410,160	\$ 410,160	\$ 410,114	\$ 46
Mental Health & Mental Retardation:				
Mental Health	3,076,563	3,076,563	3,374,072	(297,509)
TOTAL MENTAL HEALTH & MENTAL RETARDATION	\$ 3,076,563	\$ 3,076,563	\$ 3,374,072	\$ (297,509)
Welfare/Social Services:				
Welfare Administration	\$ 6,524,797	\$ 6,857,555	\$ 6,846,575	\$ 10,980
Property Tax Relief for Elderly			250,970	(250,970)
MEOC			157,114	(157,114)
Youth Service Board	20,000	20,000	10,000	10,000
Agency On Aging	42,400	42,400	43,900	(1,500)
Group Home	22,400	22,400	22,400	-
TOTAL WELFARE/SOCIAL SERVICES	\$ 6,609,597	\$ 6,942,355	\$ 7,330,959	\$ (388,604)
TOTAL HEALTH & WELFARE	\$ 10,096,320	\$ 10,429,078	\$ 11,115,145	\$ (686,067)
Education:				
Local Public Schools	\$ 13,256,400	\$ 13,256,400	\$ 13,373,376	\$ (116,976)
Community Colleges	\$ 122,132	\$ 122,132	\$ 122,132	\$ -
TOTAL EDUCATION	\$ 13,378,532	\$ 13,378,532	\$ 13,495,508	\$ (116,976)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Parks, Recreation & Cultural:				
Parks & Recreation:				
Recreation Authority	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
TOTAL PARKS & RECREATION	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Library:				
Contributions To Local Libraries	\$ 731,913	\$ 731,913	\$ 751,013	\$ (19,100)
TOTAL LIBRARY	\$ 731,913	\$ 731,913	\$ 751,013	\$ (19,100)
Cultural:				
Pro-Art Association	\$ -	\$ -	\$ 13,705	\$ (13,705)
TOTAL CULTURAL	\$ -	\$ -	\$ 13,705	\$ (13,705)
TOTAL PARKS, RECREATION & CULTURAL	\$ 771,913	\$ 771,913	\$ 804,718	\$ (32,805)
Planning & Community Development:				
Economic Development	\$ 85,491	\$ 91,116	\$ 94,659	\$ (3,543)
Planning	-	-	-	-
Housing Authority	-	-	-	-
Cumberland Airport Commission	41,400	53,400	52,972	428
Lenowisco	61,880	61,880	59,180	2,700
Planning Commission	8,000	8,000	8,625	(625)
Industrial Development Authority	129,000	129,000	397,948	(268,948)
Wise Development Project-Mapping	441,395	590,835	555,870	34,965
Children's Advocacy	-	-	-	-
CEDA - Tourism	90,923	92,423	79,863	12,560
TOTAL PLANNING & COMMUNITY DEVELOPMENT	\$ 858,089	\$ 1,026,654	\$ 1,249,117	\$ (222,463)
Community Development:				
Cooperative Extension Program:				
VPI & SU Extension Office	\$ 48,690	\$ 49,193	\$ 49,245	\$ (52)
TOTAL COOPERATIVE EXTENSION PROGRAM	\$ 48,690	\$ 49,193	\$ 49,245	\$ (52)
TOTAL COMMUNITY DEVELOPMENT	\$ 906,779	\$ 1,075,847	\$ 1,298,362	\$ (222,515)
Capital Outlays:				
Capital Outlays	\$ 382,935	\$ 215,813	\$ 591,595	\$ (375,782)
TOTAL CAPITAL OUTLAYS	\$ 382,935	\$ 215,813	\$ 591,595	\$ (375,782)
Debt Service:				
Principal Retirement	\$ -	\$ -	\$ 289,295	\$ (289,295)
Interest & Fiscal Charges	-	-	53,875	(53,875)
TOTAL DEBT SERVICE	\$ -	\$ -	\$ 343,170	\$ (343,170)
TOTAL GENERAL FUND	\$ 34,665,718	\$ 35,473,103	\$ 37,427,183	\$ (1,954,080)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law Library	\$ 8,000	\$ 8,000	\$ 5,526	\$ 2,474
TOTAL LAW LIBRARY FUND	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 5,526</u>	<u>\$ 2,474</u>
Coal Road Improvement Fund:				
General Government Administration	\$ -	\$ -	\$ 270	\$ (270)
Public Works:				
Maintenance Of Highways, Streets, Bridges & Sidewalks:				
Coal Road Projects	\$ 547,500	\$ 547,500	\$ 236,117	\$ 311,383
TOTAL PUBLIC WORKS	<u>\$ 547,500</u>	<u>\$ 547,500</u>	<u>\$ 236,117</u>	<u>\$ 311,383</u>
Community Development:				
Distribution to Towns	\$ 760,000	\$ 760,000	\$ 1,085,299	\$ (325,299)
Community Development	2,492,500	4,118,993	3,842,612	276,381
TOTAL COMMUNITY DEVELOPMENT	<u>\$ 3,252,500</u>	<u>\$ 4,878,993</u>	<u>\$ 4,927,911</u>	<u>\$ (48,918)</u>
TOTAL COAL ROAD IMPROVEMENT FUND	<u>\$ 3,800,000</u>	<u>\$ 5,426,493</u>	<u>\$ 5,164,298</u>	<u>\$ 262,195</u>
Emergency Numbers Fund:				
Public Safety:				
Law Enforcement & Traffic Control:				
911 System	\$ 447,653	\$ 447,653	\$ 461,157	\$ (13,504)
TOTAL PUBLIC SAFETY	<u>\$ 447,653</u>	<u>\$ 447,653</u>	<u>\$ 461,157</u>	<u>\$ (13,504)</u>
Debt Service:				
Principal Retirement	\$ 80,800	\$ 80,800	\$ 80,860	\$ (60)
Interest & Fiscal Charges	22,000	22,000	21,738	262
TOTAL DEBT SERVICE	<u>\$ 102,800</u>	<u>\$ 102,800</u>	<u>\$ 102,598</u>	<u>\$ 202</u>
TOTAL EMERGENCY NUMBERS FUND	<u>\$ 550,453</u>	<u>\$ 550,453</u>	<u>\$ 563,755</u>	<u>\$ (13,302)</u>
Drug Seizure & Forfeiture, Commission & RAID Fund:				
Sheriff Department:				
Public Safety:				
Sheriff	\$ -	\$ -	\$ 213,178	\$ (213,178)
TOTAL PUBLIC SAFETY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,178</u>	<u>\$ (213,178)</u>
TOTAL DRUG SEIZURE & FORFEITURE, COMMISSION AND RAID FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,178</u>	<u>\$ (213,178)</u>
Dog & Cat Sterilization Fund:				
Public Safety				
Other Protection:				
Animal Control	\$ -	\$ -	\$ 1,868	\$ 1,868
TOTAL PUBLIC SAFETY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,868</u>	<u>\$ 1,868</u>

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Dog & Cat Sterilization Fund:				
Public Safety				
TOTAL DOG & CAT STERILIZATION FUND	\$ -	\$ -	\$ 1,868	\$ (1,868)
Information Technology Improvement Fund				
Community Development:				
Technology	\$ -	\$ -	\$ 40,649	\$ (40,649)
TOTAL INFORMATION TECHNOLOGY IMPROVEMENT FUND	\$ -	\$ -	\$ 40,649	\$ (40,649)
TOTAL INFORMATION TECHNOLOGY FUND	\$ -	\$ -	\$ 40,649	\$ (40,649)
Community Development Fund:				
Community Development:				
Project-Bold Camp	\$ -	\$ -	\$ 35,113	\$ (35,113)
Arch Food Distribution	\$ -	\$ -	\$ -	\$ -
Strawberry Mountain Project	\$ -	\$ -	\$ -	\$ -
Imboden Project	\$ -	\$ -	\$ 3,397	\$ (3,397)
Business & Tech Park Project	\$ -	\$ -	\$ 145,000	\$ (145,000)
South Fork Water Project	\$ -	\$ -	\$ 674,732	\$ (674,732)
Derby Community Renovation Project	\$ -	\$ -	\$ 436,794	\$ (436,794)
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ -	\$ 1,295,036	\$ (1,295,036)
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 1,295,036	\$ (1,295,036)
TOTAL SPECIAL REVENUE FUNDS	\$ 4,358,453	\$ 5,984,946	\$ 7,284,310	\$ (1,299,364)
GRAND TOTAL EXPENDITURES -- PRIMARY GOVERNMENT	\$ 39,024,171	\$ 41,458,049	\$ 44,711,493	\$ (3,253,444)
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration Of Schools	\$ 873,000	\$ 873,000	\$ 808,104	\$ 64,896
Instruction Costs:				
Classroom	\$ 33,457,200	\$ 33,457,200	\$ 35,430,032	\$ (1,972,832)
Instructional Support:				
Student	1,675,000	1,675,000	1,661,167	13,833
Staff	4,575,000	4,575,000	4,746,904	(171,904)
Administration	3,825,000	3,825,000	3,679,563	147,437
TOTAL INSTRUCTION COSTS	\$ 43,532,200	\$ 43,532,200	\$ 45,517,666	\$ (1,985,466)

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Operating Costs:				
Attendance & Health Services	\$ 785,800	\$ 785,800	\$ 747,546	\$ 38,254
Pupil Transportation	2,510,900	2,510,900	2,724,404	(213,504)
Operation & Maintenance Of School Plant	4,471,700	4,671,700	4,620,590	51,110
Non-Instructional	<u>6,748,300</u>	<u>6,548,300</u>	<u>1,255,967</u>	<u>5,292,333</u>
TOTAL OPERATING COSTS	<u>\$ 14,516,700</u>	<u>\$ 14,516,700</u>	<u>\$ 9,348,507</u>	<u>\$ 5,168,193</u>
TOTAL EDUCATION	<u>\$ 58,921,900</u>	<u>\$ 58,921,900</u>	<u>\$ 55,674,277</u>	<u>\$ 3,247,623</u>
Debt Service:				
Principal Retirement	\$ 919,555	\$ 919,555	\$ 919,555	\$ -
Interest & Fiscal Charges	<u>247,545</u>	<u>247,545</u>	<u>247,346</u>	<u>199</u>
TOTAL DEBT SERVICE	<u>\$ 1,167,100</u>	<u>\$ 1,167,100</u>	<u>\$ 1,166,901</u>	<u>\$ 199</u>
TOTAL SCHOOL OPERATING FUND	<u>\$ 60,089,000</u>	<u>\$ 60,089,000</u>	<u>\$ 56,841,178</u>	<u>\$ 3,247,822</u>
School Cafeteria Fund:				
Education:				
Operating Costs	<u>\$ 2,263,800</u>	<u>\$ 2,263,800</u>	<u>\$ 2,397,576</u>	<u>\$ (133,776)</u>
TOTAL SCHOOL CAFETERIA FUND	<u>\$ 2,263,800</u>	<u>\$ 2,263,800</u>	<u>\$ 2,397,576</u>	<u>\$ (133,776)</u>
Textbook Rental Fund:				
Education:				
Operating Costs	<u>\$ 982,100</u>	<u>\$ 982,100</u>	<u>\$ 765,329</u>	<u>\$ 216,771</u>
TOTAL TEXTBOOK RENTAL FUND	<u>\$ 982,100</u>	<u>\$ 982,100</u>	<u>\$ 765,329</u>	<u>\$ 216,771</u>
Capital Project Fund:				
School Construction:				
Capital Outlays	<u>\$ 3,818,200</u>	<u>\$ 3,818,200</u>	<u>\$ 2,329,458</u>	<u>\$ 1,488,742</u>
TOTAL SCHOOL CONSTRUCTION	<u>\$ 3,818,200</u>	<u>\$ 3,818,200</u>	<u>\$ 2,329,458</u>	<u>\$ 1,488,742</u>
TOTAL CAPITAL PROJECT FUND	<u>\$ 3,818,200</u>	<u>\$ 3,818,200</u>	<u>\$ 2,329,458</u>	<u>\$ 1,488,742</u>
GRAND TOTAL EXPENDITURES, COMPONENT UNIT - SCHOOL BOARD	<u><u>\$ 67,153,100</u></u>	<u><u>\$ 67,153,100</u></u>	<u><u>\$ 62,333,541</u></u>	<u><u>\$ 4,819,559</u></u>

SCHEDULE 3

COUNTY OF WISE, VIRGINIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR COUNTY
 JUNE 30, 2005

WISE COUNTY (INCLUDING THE WISE COUNTY PUBLIC SERVICE AUTHORITY)

Actuarial Valuation Date	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
June 30, 2004	\$25,072,489	\$24,487,777	(\$584,712)	102.39%	\$8,058,514	-7.26%
June 30, 2003	24,620,322	22,866,550	(1,753,772)	107.67%	7,779,859	-22.54%
June 30, 2002	\$24,291,212	\$21,535,228	(\$2,755,984)	112.80%	\$8,191,242	-33.65%
June 30, 2001	23,440,542	19,365,218	(4,075,324)	121.04%	7,825,916	-52.07%
June 30, 2000	21,182,477	17,240,749	(3,941,728)	122.86%	7,387,306	-53.36%

WISE COUNTY SCHOOLS (NON-PROFESSIONAL EMPLOYEES)

June 30, 2004	\$6,111,481	\$7,276,148	\$1,164,667	83.99%	\$1,486,481	78.35%
June 30, 2003	\$6,178,587	\$6,454,445	\$275,858	95.73%	\$1,476,728	18.68%
June 30, 2002	\$6,266,315	\$6,254,989	(\$11,326)	100.18%	\$1,520,445	-0.74%
June 30, 2001	6,210,008	5,881,450	(328,558)	105.59%	1,527,971	-21.50%
June 30, 2000	5,746,266	5,332,965	(413,301)	107.75%	1,475,050	-28.02%

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2005

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
DEPARTMENT OF AGRICULTURE:		
Pass Through Payments:		
State Department of Agriculture:		
Food Distribution - Summer Feeding Program	10.550	\$ 2,097
Food Distribution - Schools	10.555	164,365
Department Of Social Services:		
General Administration - Food Stamp Program (Cluster)	10.561	451,050
Department Of Education:		
National School Lunch Program (SL-4) (SL-11) *	10.555	1,075,409
National School Breakfast	10.553	283,332
National School Summer Feeding Program	10.555	28,655
Federal Land Use - Forest Reserve	10.665	19,470
DEPARTMENT OF HEALTH & HUMAN SERVICES:		
Department of Social Services:		
Pass Through Payments:		
Department of Social Services:		
Admin Energy Assist - Heating	93.568	\$ 47,668
Administration Refuge Other/Eligibility	93.566	636
Administration TANF Allocation	93.558	66,317
Adm IV-F/Tanf Allocation	93.558	134,747
Admin AFDC/TANF Allocation	93.558	13,474
View - Jobs Purchase TANF	93.558	481,408
Foster Care - Title IV-E Administrative Foster Care	93.658	21,723
Foster Care - Title IV-E Administrative Foster/Adoption	93.658	298,906
Foster Care - Title IV-E Agency Foster Homes PC	93.658	114,368
Foster Care - Title IV-E Admin Foster Care Allocation	93.658	360,554
Foster Care - Title IV-E Admin Foster/Adoption TR	93.658	16,589
Central Service Cost Allocation	93.658	11,946
Statewide Fraud Program-Free	N/A	7,570
Administration Sub Adoption	93.659	229,286
Medicaid Cluster:		
Administration Allocation-Medical Asst Program	93.778	324,871
Central Service Cost Allocation	93.778	12,480
Administration - Medicaid	93.778	40,561
Total Medicaid (Cluster) *		377,912
Child Day Care (Cluster)		
Child Care Administration Allocation	93.575	72,393
Child Care Dev. Fund - Head Start	93.575	6,132
Child Day Care Fee at Risk	93.575	165,331
Tanf Ed / Trng.: Non Jobs	93.575	3,452
Child Day Care - Quality Initiative	93.575	15,829
Child Day Care - Service Delivery	93.596	98,569
Day Care - View, Transitional, Tanf.	93.596	117,036
Total Child Day Care (Cluster)		478,742
Chafee Foster Care Independence Program	93.674	8,156
Social Service Block Grant	93.667	157,638
ADM - Title XX Allocation	93.667	436,477
SL Special Needs Adoption PS	93.556	47,664
Department Of Mental Health and Mental Retardation		
Mental Health Planning **	93.958	185,685
Alcohol Abuse Services (50847-49) **	93.959	670,168
Education Funds	84.181	120,617

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2005

<u>FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER</u>	<u>FEDERAL CATALOGUE NUMBER</u>	<u>EXPENDITURES</u>
DEPARTMENT OF INTERIOR:		
Direct Payments:		
Bureau Of Land Management:		
Payment In Lieu Of Taxes - Public Law 97-258, (National Forest Acreage In The Localities)	15.000	38,910
FEDERAL EMERGENCY MANAGEMENT AGENCY:		
Direct Payments:		
Disaster Planning - Relief	97.036	28,938
Emergency Management Preparedness	97.054	2,000
State Homeland Security Grant	97.004	148,583
DEPARTMENT OF ENVIRONMENTAL QUALITY:		
Direct Payments:		
Litter Prevention Grant	N/A	2,015
DEPARTMENT OF LABOR:		
Pass Through Payments:		
Virginia Employment Commission		
Workforce Investment Act - Adult Services	17.251	19,214
Workforce Investment Act - Youth Services	17.250	1,260,274
DEPARTMENT OF EDUCATION:		
Pass Through Payments:		
Department of Education:		
Adult Education - State Administration Program (7E002694) (8E002615)	84.002	179,180
Education Consolidation & Improvement Act of 1981:		
Title I:		
Financial Assistance To Meet Special Educational Needs Of Disadvantaged Children - Programs Operated By Local Education Agencies (7E005740) (8E00570) *	84.010	1,948,542
Even Start - SEA	84.213	185,876
Title II:		
Education for Economic Independence	84.282	5,482
Part A	84.367	543,364

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2005

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
Vocational Education:		
Basic Grants To States (8E002628) (7E002685) (8E002607) (7E002688)	84.048	175,878
Special Projects:		
Title VI Innovative Education	84.298	90,903
Community Services	84.184	41,060
Drug Free Schools and Communities (7E003333)	84.186	92,338
Twenty First Century Grant	84.287	686,861
IDEA 619 Flow-Through	84.173	1,322,267
Special Ed Pre-School Grant	84.173	42,687
A/P Test Fee	84.330	156
AFROTC	84.999	47,504
Title VI - Rural and Low-Income Schools	84.358	211,479
NLCB-State Assessments and Related Activities	84.369	29,096
Other Funds	N/A	34,773
Title II Ed-Tech Literacy Challenge	84.318	711,736
DEPARTMENT OF CRIMINAL JUSTICE SERVICES:		
Juvenile Justice & Delinquency Prevention-Title II ***	16.540	61,577
Drug Control and System Improvement - Byrne Formula	16.579	85,635
Violence Against Women	16.588	37,309
Criminal History Record Improvement	16.579	84,630
NASA LANGLEY RESEARCH CENTER:		
Research Cooperation Agreement-Wise Development Funds	N/A	615,432
DEPARTMENT OF MOTOR VEHICLES:		
State and Community Highway Safety	20.000	2,137
DEPARTMENT OF FEDERAL HIGHWAY ADMINISTRATION:		
Department of Transportation - Project for Business and Tech Park	20.000	116,000
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:		
Community Development Grant	14.228	3,000
Economic Development - Water Projects *	14.228	674,732
Economic Development - Derby Project	14.228	414,543
TOTAL FEDERAL ASSISTANCE		<u>\$ 16,256,740</u>

* Identified as a major program

** Funds received by County of Wise, Virginia in an agency capacity passed through to Planning District I.

*** Funds received by County of Wise, Virginia in an agency capacity passed through to Fiduciary Fund.

COUNTY OF WISE, VIRGINIA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2005

Section I - Summary of Auditor's Results
Financial Statements

Type of Auditor's reports issued:	Unqualified
Internal Control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unqualified
Internal control over major problems:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:		Name of Federal Program or Cluster	Risk Type
CFDA#	Type		
14.228	A	Economic Development Block Grant	High
84.010	A	Title I	High
10.555	A	School Lunch NSLP/Breakfast (Cluster)	Low
N/A	A	NASA Research Agreement	High
93.778	B	Admin TXIX/Medicaid	High

Dollar threshold used to distinguish between Type A and Type B programs	\$486,964
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Auditee qualified as low-risk auditee?	Yes
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Section II – Financial Statement Findings

There are no financial statement findings to report.

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

COUNTY OF WISE, VIRGINIA
 GENERAL GOVERNMENT REVENUES BY SOURCE (1)
 LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL PROPERTY TAXES	OTHER LOCAL TAXES	PERMIT, PRIVILEGE FEES AND REGULATORY LICENSES		FINES & FORFEITURES	REVENUE FROM USE OF MONEY AND PROPERTY
			\$	\$		
2004-05	\$ 16,057,621	\$ 15,941,319	\$ 65,871	\$ 30,617		\$ 452,287
2003-04	14,012,432	12,846,072	72,344	32,720		245,191
2002-03	12,690,890	10,852,884	102,136	28,675		232,917
2001-02	11,748,220	10,939,149	50,295	4,347		360,656
2000-01	12,724,188	11,932,668	26,169	5,663		827,540
1999-00	11,820,028	10,387,563	29,626	2,663		729,208
1998-99	13,971,459	9,739,941	41,424	2,195		636,882
1997-98	10,728,628	10,019,460	33,040	3,745		590,821
1996-97	10,817,476	11,117,835	27,760	5,938		742,073
1995-96	10,309,651	9,612,299	36,297	5,412		604,090

FISCAL YEAR	CHARGES FOR SERVICES	MISCELLANEOUS	RECOVERED COSTS		INTER-GOVERNMENTAL	TOTAL
			\$	\$		
2004-05	\$ 1,259,067	\$ 587,221	\$ 665,678	\$ 75,748,924	\$ 110,808,605	
2003-04	1,244,203	1,017,386	724,298	72,647,211	102,841,857	
2002-03	1,172,673	306,224	715,021	57,636,789	83,738,209	
2001-02	1,359,270	261,069	773,571	50,218,574	75,715,151	
2000-01	1,405,243	222,240	667,942	53,670,774	81,482,427	
1999-00	1,375,845	269,135	684,133	45,267,547	70,565,748	
1998-99	1,406,267	200,931	580,880	42,457,123	69,037,102	
1997-98	1,575,219	117,140	537,613	40,487,228	64,092,894	
1996-97	1,363,140	198,260	509,827	38,981,696	63,764,005	
1995-96	1,276,210	240,019	432,258	36,839,829	59,356,065	

Notes: (1) Includes General, Special Revenue Funds and Component Unit - School Board. (Exclusive of capital projects funds)

COUNTY OF WISE, VIRGINIA
GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	HEALTH AND WELFARE					EDUCATION
	GENERAL ADMINISTRATION	JUDICIAL ADMINISTRATION	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	
2004-05	\$ 2,065,348	\$ 1,781,370	\$ 6,159,167	\$ 690,916	\$ 17,378,741	\$ 73,499,591
2003-04	1,904,298	1,550,521	6,768,214	1,155,160	10,921,015	69,950,542
2002-03	2,036,832	1,634,549	5,747,227	1,060,934	10,121,069	52,588,652
2001-02	2,339,164	1,734,967	5,409,891	877,534	7,119,945	51,907,805
2000-01	1,782,680	1,727,460	5,159,893	3,256,712	10,068,943	49,637,501
1999-00	1,668,020	1,631,771	5,162,285	2,119,186	6,660,401	47,923,881
1998-99	1,471,070	1,297,099	4,033,695	2,503,828	6,124,981	45,006,936
1997-98	1,446,665	1,193,982	3,717,132	2,795,348	5,850,770	44,269,881
1996-97	1,746,016	1,109,125	3,490,013	2,661,996	5,227,033	43,071,561
1995-96	1,603,425	751,318	2,695,700	2,314,129	4,787,054	41,549,672

FISCAL YEAR	PARKS, RECREATION & CULTURAL				TOTALS
	RECREATION & CULTURAL	COMMUNITY DEVELOPMENT	CAPITAL PROJECT	DEBT SERVICE	
2004-05	\$ 804,718	\$ 1,298,362	\$ 591,595	\$ 445,768	\$ 104,715,576
2003-04	716,065	4,847,872	58,261	225,087	98,097,035
2002-03	696,222	4,138,974	123,836	1,356,189	79,504,484
2001-02	758,228	4,240,275	-	1,351,583	75,739,392
2000-01	723,123	6,765,170	95,849	795,258	80,012,589
1999-00	722,469	3,047,603	149,239	664,530	69,749,385
1998-99	728,365	3,353,254	631,929	870,904	66,022,061
1997-98	706,818	3,406,846	229,016	809,873	64,426,331
1996-97	705,077	2,932,024	630,289	845,919	62,419,053
1995-96	703,184	3,135,539	621,484	1,077,566	59,239,071

Notes: (1) Includes General, Special Revenue, Component Unit - School Board and Debt Service Funds. (Exclusive of capital projects funds)

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

FISCAL YEAR	PERSONAL		MACHINERY AND TOOLS		MERCHANTS CAPITAL		MOBILE HOMES
	REAL ESTATE	PROPERTY					
2004-05	\$ 1,449,470,035	\$ 409,631,850	\$ 239,769,025	\$ 27,021,861	\$ 39,975,359		
2003-04	1,402,880,488	319,218,724	229,631,704	26,179,626	34,975,388		
2002-03	1,204,940,618	300,288,761	210,272,261	25,797,480	44,899,975		
2001-02	1,012,850,850	295,243,171	201,932,382	25,571,511	43,756,544		
2000-01	1,021,324,286	294,640,505	193,592,502	25,345,541	43,814,088		
1999-00	1,063,680,532	266,465,556	191,389,404	23,869,023	44,912,571		
1998-99	1,023,089,230	245,459,154	181,058,293	22,891,151	42,178,995		
1997-98	1,016,639,114	246,793,327	184,088,698	21,303,023	38,945,621		
1996-97	905,168,228	239,984,643	204,391,321	20,071,080	37,883,765		
1995-96	874,017,227	227,351,385	188,101,503	23,148,257	35,121,583		

FISCAL YEAR	PERSONAL		PUBLIC UTILITIES		MERCHANTS CAPITAL		TOTAL
	PROPERTY	REAL ESTATE	REAL ESTATE	CAPITAL			
2004-05	\$ 689,690	\$ 97,163,185	\$ 4,000	\$ 2,263,725,005			
2003-04	594,230	94,231,231	37,500	2,107,748,891			
2002-03	983,791	80,368,431	31,652	1,867,582,969			
2001-02	693,753	75,819,953	13,000	1,655,881,164			
2000-01	575,837	77,716,250	12,881	1,657,021,890			
1999-00	733,043	78,921,154	-	1,669,971,283			
1998-99	673,526	79,703,200	158	1,595,053,707			
1997-98	760,533	80,928,871	140	1,589,459,327			
1996-97	715,913	77,125,833	1,731	1,485,342,514			
1995-96	563,431	74,109,303	1,786	1,422,414,475			

COUNTY OF WISE, VIRGINIA
 PROPERTY TAX RATES
 LAST TEN FISCAL YEARS

SCHEDULE 9

FISCAL YEARS	PUBLIC UTILITIES									
	REAL ESTATE	PERSONAL PROPERTY	MACHINERY & TOOLS	MERCHANTS CAPITAL	MOBILE HOMES	PERSONAL PROPERTY	REAL ESTATE	MERCHANTS CAPITAL		
2004-05	0.57	1.49	1.15	2.85	0.57	1.49	0.57	2.85		
2003-04	0.48	1.15	1.15	2.85	0.48	1.15	0.48	2.85		
2002-03	0.48	1.15	1.15	2.85	0.48	1.15	0.48	2.85		
2001-02	0.52	1.15	1.15	2.85	0.52	1.15	0.52	2.85		
2000-01	0.52	1.15	1.15	2.85	0.52	1.15	0.52	2.85		
1999-00	0.52	1.15	1.15	2.85	0.52	1.15	0.52	2.85		
1998-99	0.52	1.15	1.15	2.85	0.52	1.15	0.52	2.85		
1997-98	0.45	1.15	1.15	2.85	0.45	1.15	0.45	2.85		
1996-97	0.48	1.15	1.15	2.85	0.48	1.15	0.48	2.85		
1995-96	0.48	1.15	1.15	2.85	0.48	1.15	0.48	2.85		

- (1) Per \$100 of assessed value
- (2) Tax Rate Increased From .48 per \$100 to .57 per \$100 for Real Estate Taxes

COUNTY OF WISE, VIRGINIA
PROPERTY TAX LEVIES & COLLECTIONS
LAST TEN FISCAL YEARS

SCHEDULE 10

FISCAL YEAR	TOTAL (1) TAX LEVY	CURRENT TAX (1) COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX (1) COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS OF TAX LEVY	OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
2004-05	\$15,159,339	\$ 14,375,804	94.83%	\$ 1,283,999	\$ 15,659,803	103.30%	\$ 2,194,617	14.48%
2003-04	14,993,928	13,558,291	90.43%	1,460,261	15,018,552	100.16%	2,097,538	13.99%
2002-03	13,497,800	11,825,447	87.61%	1,713,445	13,538,892	100.30%	2,100,488	15.56%
2001-02	12,434,791	11,562,036	92.98%	1,073,869	12,635,905	101.62%	2,037,870	16.39%
2000-01	12,459,956	11,502,162	92.31%	873,983	12,376,145	99.33%	1,904,288	15.28%
1999-00	12,024,219	10,876,412	90.45%	658,487	11,534,899	95.93%	2,229,670	18.54%
1998-99	14,109,191	12,991,733	92.08%	681,230	13,672,963	96.91%	1,951,418	13.83%
1997-98	10,688,242	10,017,632	93.73%	418,931	10,436,563	97.65%	1,754,061	16.41%
1996-97	10,587,443	9,930,492	93.79%	541,692	10,472,184	98.91%	1,763,538	16.66%
1995-96	10,163,513	9,573,240	94.19%	476,500	10,049,740	98.88%	1,962,038	19.30%

Notes:

- (1) Beginning in May, 1999 the County of Wise began a dual tax ticket collection for real estate taxes only. The amount reported constitutes the assessment for the first half of the year. The remaining assessment will be due on October 15, 2002.

SCHEDULE 11

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

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (IN THOUSANDS) (2)	GROSS BONDED DEBT (3)	LESS: DEBT		NET BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
				SERVICE MONIES AVAILABL E	PAYABLE FROM ENTERPRISE REVENUES (5)			
2004-05	40,123	\$ 2,263,725,005	\$ 12,514,637	0	\$ 495,597	\$ 12,019,040	0.53%	\$ 299.55
2003-04	40,123	2,074,137,816	13,850,603	0	1,095,334	12,755,269	0.61%	317.90
2002-03	40,123	1,867,582,969	14,699,145	0	1,898,410	12,800,735	0.69%	319.03
2001-02	40,123	1,664,447,012	16,523,934	0	2,810,168	13,713,766	0.82%	341.79
2000-01	40,123	1,657,021,890	17,885,530	0	3,589,824	14,295,706	0.86%	356.29
1999-00	39,573	1,669,971,283	14,589,831	0	4,166,213	10,423,618	0.62%	263.40
1998-99	39,573	1,595,053,707	4,236,748	0	358,815	3,877,933	0.24%	97.99
1997-98	39,573	1,589,459,327	4,148,001	0	386,416	3,761,585	0.24%	95.05
1996-97	39,573	1,485,342,514	5,094,382	0	834,017	4,260,365	0.29%	107.66
1995-96	39,573	1,422,414,475	5,933,263	0	1,131,618	4,801,645	0.34%	121.34

Notes:

- (1) Bureau of Census.
- (2) From Schedule 11.
- (3) Includes all long-term general obligation debt.
- (4) 100% of fair market value.
- (5) Includes General Obligation Debt payable from Enterprise Revenues.

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF LEGAL DEBT MARGIN
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

LEGAL DEBT LIMIT	
10% OF ASSESSED VALUE OF TAXABLE REAL ESTATE (INCLUDING PUBLIC UTILITY REAL ESTATE) (1,546,633,220 x .10)	\$ 154,663,322
DEDUCT	
GROSS BONDED DEBT	<u>12,514,637</u>
LEGAL MARGIN FOR CREATION OF ADDITIONAL DEBT	<u>\$ 142,148,685</u>