

COUNTY OF WISE, VIRGINIA

AUDIT REPORT

JUNE 30, 2006

COUNTY OF WISE, VIRGINIA
TABLE OF CONTENTS
AUDIT REPORT
JUNE 30, 2006

	<u>PAGES</u>
LETTER OF TRANSMITTAL	i-v
ORGANIZATIONAL CHART	vi
DIRECTORY OF PRINCIPAL OFFICIALS	vii-viii
<u>INDEPENDENT AUDITOR'S REPORTS</u>	
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENTS'S DISCUSSION AND ANALYSIS	3-10
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	11-12
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	13-14
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
EXHIBIT 1 BALANCE SHEET – GOVERNMENTAL FUNDS	15-16
EXHIBIT 2 STATEMENT OF ACTIVITIES	17-18
FUND FINANCIAL STATEMENTS:	
EXHIBIT 3 BALANCE SHEET – GOVERNMENTAL FUNDS	19
EXHIBIT 4 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES-GOVERNMENTAL FUNDS	20
EXHIBIT 5 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES- GOVERNMENTAL FUNDS	21

COUNTY OF WISE, VIRGINIA
 TABLE OF CONTENTS (CONTINUED)
 AUDIT REPORT
 JUNE 30, 2006

		<u>PAGES</u>
EXHIBIT 6	COMBINED STATEMENT OF REVENUES, EXPENSES & CHANGES IN RETAINED EARNINGS-PROPRIETARY FUNDS ENTERPRISE FUNDS - BUSINESS-TYPE ACTIVITIES	22
EXHIBIT 7	COMBINED STATEMENT OF CASH FLOWS-ENTERPRISE FUNDS	23
EXHIBIT 8	STATEMENT OF FIDUCIARY NET ASSETS	24
	<u>NOTES TO FINANCIAL STATEMENTS</u>	25-53
	<u>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</u>	
EXHIBIT 9	STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-GENERAL FUND	54
EXHIBIT 10	SCHEDULE OF CAPITAL ASSETS BY SOURCE	55
EXHIBIT 11	SCHEDULE OF CAPITAL ASSETS BY FUNCTION	56
EXHIBIT 12	SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION	57
EXHIBIT 13	COMBINING SCHEDULE OF FIDUCIARY NET ASSETS- AGENCY FUNDS	58
EXHIBIT 14	SPECIAL REVENUE FUNDS – COMBINING BALANCE SHEET	59-60
EXHIBIT 15	SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	61-62
EXHIBIT 16	ENTERPRISE FUNDS - COMBINING STATEMENT OF NET ASSETS BUSINESS-TYPE ACTIVITIES	63
EXHIBIT 17	ENTERPRISE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS	64
EXHIBIT 18	ENTERPRISE FUNDS - COMBINING STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	65-66
	<u>DISCRETELY PRESENTED COMPONENT UNIT – WISE COUNTY PUBLIC SERVICE AUTHORITY</u>	
EXHIBIT 19	DISCRETELY PRESENTED COMPONENT UNIT-PROPRIETARY FUND – STATEMENT OF NET ASSETS	67

COUNTY OF WISE, VIRGINIA
 TABLE OF CONTENTS (CONTINUED)
 AUDIT REPORT
 JUNE 30, 2006

		<u>PAGES</u>
EXHIBIT 20	DISCRETELY PRESENTED COMPONENT UNIT-PROPRIETARY FUND – STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS	68
EXHIBIT 21	DISCRETELY PRESENTED COMPONENT UNIT-PROPRIETARY FUND – STATEMENT OF CASH FLOWS	69-70
 <u>DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD</u> 		
EXHIBIT 22	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD - BALANCE SHEET	71
EXHIBIT 23	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD - STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES	72
EXHIBIT 24	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD - STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES – BUDGET & ACTUAL	73
EXHIBIT 25	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD – RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	74
EXHIBIT 26	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD – SCHEDULE OF CAPITAL ASSETS BY SOURCE	75
EXHIBIT 27	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD – SCHEDULE OF CAPITAL ASSETS BY FUNCTION	76
EXHIBIT 28	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD – SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION	77
EXHIBIT 29	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD - COMBINING BALANCE SHEET	78
EXHIBIT 30	DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD – COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES	79

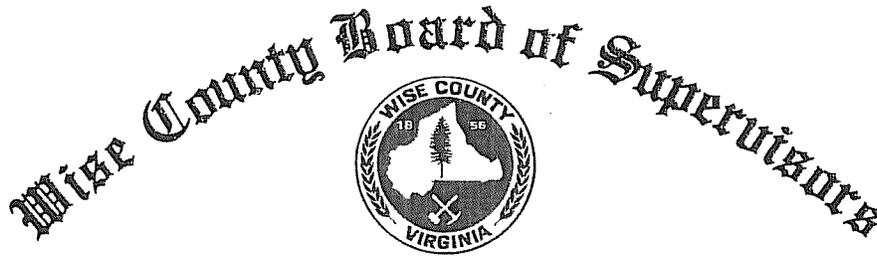
COUNTY OF WISE, VIRGINIA
TABLE OF CONTENTS (CONTINUED)
AUDIT REPORT
JUNE 30, 2006

SUPPLEMENTARY SCHEDULES

		<u>PAGES</u>
SCHEDULE 1	GOVERNMENTAL FUNDS & DISCRETELY PRESENTED COMPONENT UNITS - STATEMENT OF REVENUES – BUDGET & ACTUAL	80-87
SCHEDULE 2	GOVERNMENTAL FUNDS & DISCRETELY PRESENTED COMPONENT UNITS - STATEMENT OF EXPENDITURES - BUDGET & ACTUAL	88-93
SCHEDULE 3	SCHEDULE OF FUNDING PROGRESS FOR COUNTY	94
SCHEDULE 4	SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	95-97
SCHEDULE 5	SCHEDULE OF FINDINGS AND QUESTIONED COSTS	98

STATISTICAL SCHEDULES

SCHEDULE 6	GOVERNMENTAL REVENUES BY SOURCE – LAST TEN FISCAL YEARS	99
SCHEDULE 7	GOVERNMENT EXPENDITURES BY FUNCTION – LAST TEN FISCAL YEARS	100
SCHEDULE 8	ASSESSED VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS	101
SCHEDULE 9	PROPERTY TAX RATES – LAST TEN FISCAL YEARS	102
SCHEDULE 10	PROPERTY TAX LEVIES & COLLECTIONS – LAST TEN FISCAL YEARS	103
SCHEDULE 11	RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE & NET BONDED DEBT PER CAPITA – LAST TEN FISCAL YEARS	104
SCHEDULE 12	SCHEDULE OF LEGAL DEBT MARGIN	105



Office of County Administrator

COURTHOUSE

WISE, VIRGINIA 24293

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

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, 2006. 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, 2006 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, 2006 was 4.4%, which equals the prior year of 4.4%, but exceeds the Commonwealth of Virginia by 1.30%. The local unemployment rate equals to the national rate of 4.4%.

MAJOR INITIATIVES

For Fiscal Year 2006

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.
- With planning and early design work completed on the first route considered for the Lonesome Pine Technology Park Access Road, work now aggressively underway to secure funding for and VDOT 6 year plan approved for the new Innovation Highway for the Lonesome Pine Technology Park and UVA-Wise.
- 911 address verification and necessary update continue to greater insure first responder access to Wise County citizens.
- With significant progress made with installation of public water lines to serve constituents of rural areas, a great emphasis is now being placed on the development and enhancement of public sewer in areas with greater potential for economic development.
- Plans underway to secure VDOT recognition of Route 757 on the VDOT 6 year plan along with inclusion of the Innovation Highway on the 6 year plan.
- Emphasis being placed on sewer development for the Route 757 and Esserville areas.
- Land is now secured to assist the development of the Dominion Resources power plant in the St. Paul area.
- Legal assistance is being given to assist Dominion Resources with their needs for a landfill for the Virginia City coal-fired power plant.

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 are now being developed to secure the availability of on-premises fiber for Wise County with a completion goal of 30 months.

Work continues 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.

Construction is near completion 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. Efforts underway to better advertise the availability of funds for the math and science initiative for Wise County students.

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 continues to recognize the need for public sewer in areas subject to development and rural areas.

Due to funding issues, DMME is recommending that work to eliminate a hazardous high-wall near the VA-KY District Fairgrounds with enhancements to adjoining property not be completed at this time.

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.

Work continues for the Town of Wise and Wise community environs for Wi-Fi development.

For the 2005-2006 Fiscal Year, the Board of Supervisors has approved a General Fund Operating Budget of \$ 44,440,505.

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 \$ 935,909. This is a increase from interest earned on temporary investments in Fiscal Year 2004-05 when the interest on investments totaled \$408,987.

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

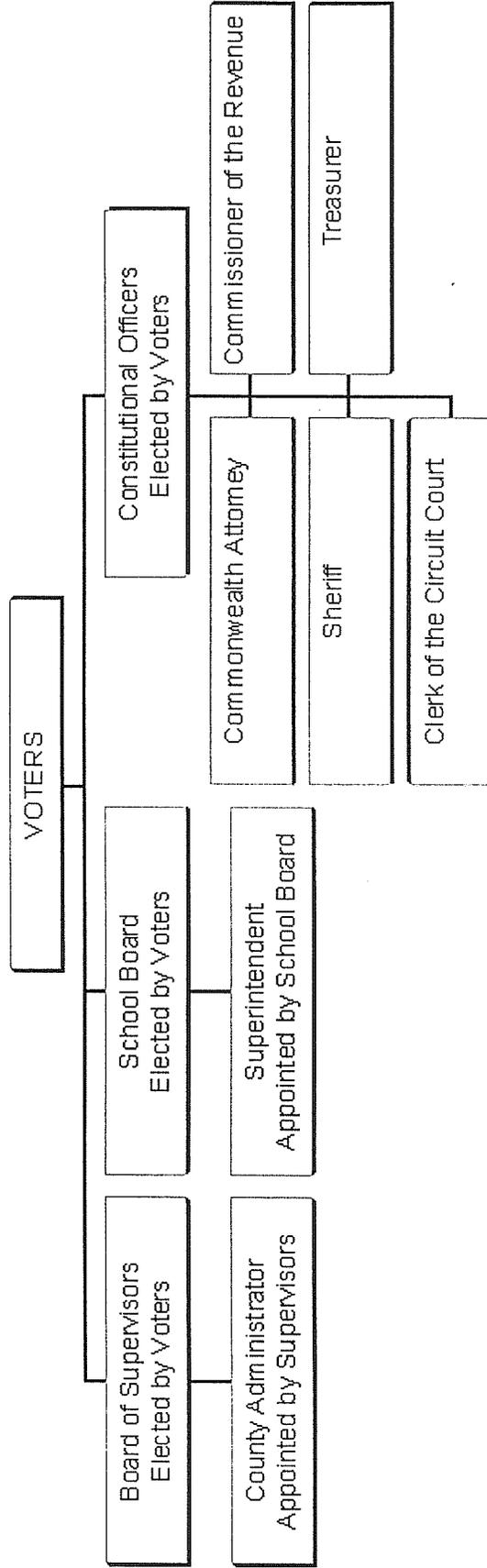
I would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Glen A. Skinner". The signature is fluid and elegant, with a prominent initial "G" and a long, sweeping tail on the "n".

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 Chairperson

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

Dallas Large
Ralph Gilley
James Flanary

William Peace, Jr.
Chris Salyer

COUNTY SOCIAL SERVICES BOARD

Charles Bennett, Chairperson
George Barton, Vice-Chairperson

John Graham
Elizabeth Stuart
Madonna Moore
Mary Kiser

Maryland Bumgarner
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	Gregory N. Killough
Director of Social Services	Thomas Stanley
Director of Public Service Authority	Danny Buchanan

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT

MEMBER
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

TELEPHONE (276) 328-9593 FAX (276) 328-2131

email: ldscpa@bellatlantic.net

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, 2006, 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, 2006, and the respective changes in financial position and, where applicable, cash flows 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 January 05, 2007 on my consideration of the County of Wise Virginia's internal control over financial reporting on 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Wise, Virginia's basic financial statements. The introductory section, 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
January 05, 2007



Office of County Administrator

COURTHOUSE

WISE, VIRGINIA 24293

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

P.O. BOX 570
206 E. MAIN STREET

May 22, 2007

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, 2006. 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 \$47,628,972 (net assets). Of this amount, \$11,285,239 (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 \$20,010,354, an increase of \$3,408,515 in comparison with the prior year. Approximately seventy-two percent of this total amount, \$14,532,683 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 \$14,532,683, or 37.4% percent of total general fund expenditures.

The County of Wise, Virginia's total debt decreased by \$81,070 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 \$47,628,972 at the close of the most recent fiscal year.

The largest portion of the County’s net assets (51.2 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>	
	Primary Governmental Activities and Business-Type Activities	
	<u>2005</u>	<u>2006</u>
Current and other assets	\$ 20,339,047	\$ 26,475,262
Capital assets	<u>43,323,900</u>	<u>42,644,958</u>
Total assets	<u>\$ 63,662,947</u>	<u>\$ 69,120,220</u>
Long-term liabilities outstanding	\$ 15,951,475	\$ 16,132,378
Current liabilities	<u>4,553,043</u>	<u>5,358,870</u>
Total liabilities	<u>\$ 20,504,518</u>	<u>\$ 21,491,248</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 24,919,038	\$ 24,398,237
Contributed capital	5,006,177	5,006,177
Restricted	5,846,619	6,939,319
Unrestricted	<u>7,386,595</u>	<u>11,285,239</u>
Total net asset	<u>\$ 43,158,429</u>	<u>\$ 47,628,972</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 \$4,453,225. Key elements of this increase are as follows:

	Primary Governmental Activities and Business-Type Activities	
	<u>2005</u>	<u>2006</u>
Revenues:		
Program revenues:		
Charges for services	\$ 761,253	\$ 680,470
Operating grants and contributions	15,905,107	15,307,748
General Revenues:		
Property taxes	\$ 17,897,559	\$ 17,012,052
Other Local taxes	16,334,541	17,173,168
Other	<u>2,888,030</u>	<u>3,458,542</u>
Total revenues	<u>\$ 53,786,490</u>	<u>\$ 53,631,980</u>
Expenses		
General government	\$ 1,826,038	\$ 2,483,321
Judicial administration	1,795,464	2,037,382
Public safety	6,136,859	6,271,360
Public works	841,180	1,003,217
Health and welfare	17,443,449	17,487,249
Education	13,763,330	14,576,164
Parks, recreation and culture	829,416	873,474
Community development	1,772,757	770,050
Nondepartmental	2,898,270	3,603,470
Interest	<u>75,613</u>	<u>73,068</u>
Total expenses	<u>\$ 47,382,376</u>	<u>\$ 49,178,755</u>
Increase (decrease) in net assets	\$ 6,404,114	\$ 4,453,225
Net assets – beginning	<u>36,754,315</u>	<u>43,158,429</u>
Net assets – ending	<u>\$ 43,158,429</u>	<u>\$ 47,611,654</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 \$20,010,354 an increase of \$3,408,515 in comparison with the prior year. Approximately seventy-three percent of this total amount \$14,532,683 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 \$14,532,683, while the total fund balance was \$14,532,683. 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 37.4 percent of total general fund expenditures, while total fund balance represents 37.4 percent of that same amount.

The general fund balance increased \$2,246,340 during the current fiscal year.

The special revenue funds has a total fund balance of \$5,477,671, all of which is reserved for future projects. The fund balance decreased \$1,162,175 during the current year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$2,426,829 increase in appropriations) and can be briefly summarized as follows:

- \$366,452 increase in general government administration
- \$179,586 increase in judicial administration
- \$298,318 increase in public safety expenditures
- \$13,447 increase in public work expenditures
- \$730,294 increase in health and welfare expenditures
- \$1,000,000 increase in education expenditures
- \$96,984 increase in community development
- \$(258,252) decrease in capital outlaws

Of this increase, approximately \$462,075 was to be funded from additional state and federal grant sources and the remainder \$1,964,754 from various other sources. During the year, however, primary government revenues exceeded budgetary estimates by \$4,876,215 and primary government expenditures were less than budgetary estimates by \$1,236,329.

Capital Asset and Debt Administration

Capital assets – The county’s investment in capital assets for its governmental activities as of June 30, 2006 amounts to \$ 35,599,094 (net of accumulated depreciation). This investment in capital assets land, buildings and improvements, and machinery and equipment. The total decrease in the County’s investment in capital assets for the current fiscal year was \$ 338,984.

<u>County of Wise, Virginia’s Change in Net Capital Assets</u>		
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2006</u>
Land	\$ 14,935,700	\$ 14,935,700
Buildings	32,443,220	31,604,515
Equipment	<u>7,767,095</u>	<u>8,268,801</u>
Total	55,146,015	54,809,016
Less: accumulated depreciation	<u>(18,207,937)</u>	<u>(19,209,922)</u>
Net capital assets	<u>\$ 36,938,078</u>	<u>\$ 35,599,094</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 \$13,409,566, including claims, judgements, and compensated absences of \$790,471. Of this amount \$12,619,095 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 \$81,070.

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 2006 unemployment rate for the County is 4.4 percent, which equals the rate of 4.4 percent in September 2005. This exceeds the state's average unemployment rate of 3.1 percent by 1.30 percent while the rate equals the national average rate of 4.4 percent for September 2006.

All of these factors were considered in preparing the County's budget for the 2007 fiscal year.

Budget and Rates

The approved budget is \$ 44,440,505 for fiscal year 2006-2007. The appropriate tax rates for the 2006-2007 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.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT

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

MEMBER
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE (276) 328-9593 FAX (276) 328-2131

email: ldscpa@bellatlantic.net

**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, 2006, and have issued my report thereon dated January 05, 2007, which collectively comprise the County of Wise, Virginia's basic financial statements and have issued my report thereon dated January 05, 2007. 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

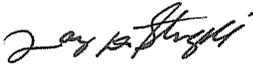
In planning and performing my audit, I considered the County of Wise, Virginia's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial 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.

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
January 05, 2007

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT

MEMBER
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

TELEPHONE (276) 328-9593 FAX (276) 328-2131

email: ldscpa@bellatlantic.net

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON 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, 2006. 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 of Wise, Virginia'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, 2006.

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 applicable requirements of laws, regulations, contracts and grants caused by error or fraud 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
January 05, 2007

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF WISE, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2006

EXHIBIT 1

ASSETS	GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL ACTIVITIES
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUE	
CURRENT ASSETS			
Cash	\$ 1,944,799	\$ 696,401	2,641,200
Petty Cash	7,900	-	7,900
Investments	11,237,270	5,301,055	16,538,325
Reserved Deposits	-	-	-
Bond Insurance Costs	-	-	-
Receivable (Net Of Allowances For Uncollectibles):			
Property Taxes	1,003,603	-	1,003,603
Accounts	216,744	-	216,744
Mineral Taxes	405,818	362,288	768,106
Due From Other Governmental Units	851,223	-	851,223
Due From Other Funds	255,879	568,037	823,916
TOTAL CURRENT ASSETS	15,923,236	6,927,781	22,851,017
NONCURRENT ASSETS			
Capital Assets:			
Land	14,935,700	-	14,935,700
Buildings and equipment, net of depreciation	20,195,833	467,561	20,663,394
TOTAL NONCURRENT ASSETS	35,131,533	467,561	35,599,094
TOTAL ASSETS	\$ 51,054,769	\$ 7,395,342	58,450,111
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 575,057	\$ 654,736	\$ 1,229,793
Due To Other Funds	568,037	42,981	611,018
Due To Other Governmental Units	-	752,393	752,393
Premium on Bonds Payable	-	-	-
Due To Customers - Deposits	-	-	-
Deferred Revenues - Taxes	-	-	-
Accrued Interest Payable	-	-	-
Claims, Judgments & Compensated Absences	671,641	-	671,641
Current Portion of Long-Term Obligations	1,499,726	71,854	1,571,580
TOTAL CURRENT LIABILITIES	3,314,461	1,521,964	4,836,425
NONCURRENT LIABILITIES			
Landfill Closure Cost Liability	-	-	-
Noncurrent Portion of Long-Term Obligations	9,992,519	118,272	10,110,791
TOTAL NONCURRENT LIABILITIES	9,992,519	118,272	10,110,791
TOTAL LIABILITIES	\$ 13,306,980	\$ 1,640,236	14,947,216
NET ASSETS			
Investment In Capital Assets, net of related debt	\$ 24,021,363	\$ 376,874	24,398,237
Contributed Capital	-	-	-
Restricted Assets	-	5,378,232	5,378,232
Unrestricted Assets	13,726,426	-	13,726,426
TOTAL NET ASSETS	\$ 37,747,789	\$ 5,755,106	43,502,895
TOTAL LIABILITIES & NET ASSETS	\$ 51,054,769	\$ 7,395,342	58,450,111

BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNITS	
		SCHOOL BOARD	PUBLIC SERVICE AUTHORITY
\$ 66,365	\$ 2,707,565	\$ 385,315	\$ 711,267
-	7,900	200	500
1,926,236	18,464,561	2,878,846	1,870,605
1,561,087	1,561,087	-	1,556,192
-	-	-	13,717
-	1,003,603	-	-
60,487	277,231	10,462	169,406
-	768,106	-	-
10,070	861,293	2,365,307	113,794
-	823,916	-	-
3,624,245	26,475,262	5,640,130	4,435,481
-	14,935,700	1,314,293	65,000
7,045,864	27,709,258	25,079,517	20,082,776
7,045,864	42,644,958	26,393,810	20,147,776
<u>\$ 10,670,109</u>	<u>\$ 69,120,220</u>	<u>\$ 32,033,940</u>	<u>\$ 24,583,257</u>
\$ 163,116	\$ 1,392,909	\$ 710,230	\$ 187,943
212,898	823,916	-	-
-	752,393	-	10,070
-	-	-	12,317
-	-	-	338,625
-	-	-	-
118,830	790,471	1,264,975	56,998
27,601	1,599,181	93,268	122,049
522,445	5,358,870	2,068,473	728,002
5,112,463	5,112,463	-	-
909,124	11,019,915	1,001,335	2,822,697
6,021,587	16,132,378	1,001,335	2,822,697
<u>\$ 6,544,032</u>	<u>\$ 21,491,248</u>	<u>\$ 3,069,808</u>	<u>\$ 3,550,699</u>
-	\$ 24,398,237	\$ 25,298,207	\$ 20,307,725
5,006,177	5,006,177	-	-
1,561,087	6,939,319	-	1,556,192
(2,441,187)	11,285,239	3,665,925	(831,359)
<u>\$ 4,126,077</u>	<u>\$ 47,628,972</u>	<u>\$ 28,964,132</u>	<u>\$ 21,032,558</u>
<u>\$ 10,670,109</u>	<u>\$ 69,120,220</u>	<u>\$ 32,033,940</u>	<u>\$ 24,583,257</u>

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS and CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT:				
Governmental Activities				
General Government Administration	\$ 2,483,321	\$ -	\$ 444,637	\$ (2,038,684)
Judicial Administration	2,037,382	46,509	840,989	(1,149,884)
Public Safety	6,271,360	1,090	3,260,730	(3,009,540)
Public Works	1,003,217	-	-	(1,003,217)
Health & Welfare	17,487,249	103,799	9,251,686	(8,131,764)
Education	14,576,164	-	-	(14,576,164)
Parks, Recreation & Cultural	873,474	-	41,221	(832,253)
Community Development	770,050	-	1,419,127	649,077
Non-Departmental	104,517	-	-	(104,517)
Interest & Fiscal Charges	73,068	-	-	(73,068)
Total Governmental Activities	<u>\$ 45,679,802</u>	<u>\$ 151,398</u>	<u>\$ 15,258,390</u>	<u>\$ (30,270,014)</u>
Business-Type Activities				
Landfill	3,298,428	484,071	43,321	
Sewer	200,525	45,001	6,037	
Total Business-Type Activities	<u>3,498,953</u>	<u>529,072</u>	<u>49,358</u>	
Total Primary Government	<u>\$ 49,178,755</u>	<u>\$ 680,470</u>	<u>\$ 15,307,748</u>	
COMPONENT UNITS:				
School Board	59,039,554	1,045,009	61,038,250	
Public Service Authority	2,456,724	1,802,004	2,498,552	
Total Component Units	<u>\$ 61,496,278</u>	<u>\$ 2,847,013</u>	<u>\$ 63,536,802</u>	

General Revenues

Taxes:		
Property Taxes, levied for general purposes		\$ 17,012,052
Utility Taxes		1,053,719
Mineral Taxes		12,717,825
Franchise Taxes		227,801
Local Sales & Use Taxes		2,517,851
Other Local Taxes		655,972
Grants and Contributions, not restricted to specific programs		1,959,588
Investment Income		935,909
Miscellaneous		442,866
Operating Transfers		(4,452,792)
Total General Revenue		<u>\$ 33,070,791</u>
Change in Net Assets		\$ 2,800,777
Net Assets, July 01, 2005		40,702,118
Net Assets, June 30, 2006		<u>\$ 43,502,895</u>

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
	\$ (2,038,684)		
	(1,149,884)		
	(3,009,540)		
	(1,003,217)		
	(8,131,764)		
	(14,576,164)		
	(832,253)		
	649,077		
	(104,517)		
	(73,068)		
	<u>\$ (30,270,014)</u>		
\$ (2,771,036)	\$ (2,771,036)		
\$ (149,487)	(149,487)		
<u>(2,920,523)</u>	<u>(2,920,523)</u>		
	\$ (33,190,537)		
		<u>3,043,705</u>	
			<u>1,843,832</u>
\$ -	17,012,052	\$ -	\$ -
-	1,053,719	-	-
-	12,717,825	-	-
-	227,801	-	-
-	2,517,851	-	-
-	655,972	-	-
-	1,959,588	-	-
120,179	1,056,088	89,405	70,917
-	442,866	780,037	84,995
<u>4,452,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 4,572,971	\$ 37,643,762	\$ 869,442	\$ 155,912
\$ 1,652,448	\$ 4,453,225	\$ 3,913,147	\$ 1,999,744
2,456,311	43,158,429	25,050,985	19,032,814
<u>\$ 4,108,759</u>	<u>\$ 47,611,654</u>	<u>\$ 28,964,132</u>	<u>\$ 21,032,558</u>



This page has been intentionally left blank.

PRIMARY GOVERNMENT
GOVERNMENTAL FUNDS

	PRIMARY GOVERNMENT		
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 13,189,969	\$ 5,997,456	\$ 19,187,425
Receivables (Net of allowances for uncollectibles):			
Taxes, including penalties	1,003,603	362,288	1,365,891
Accounts	622,562	-	622,562
Due from Component Unit	1,744,156	-	1,744,156
Due from Other Funds	255,879	568,037	823,916
Due from Other Governmental Units	566,292	-	566,292
TOTAL ASSETS	\$ 17,382,461	\$ 6,927,781	\$ 24,310,242
<u>LIABILITIES</u>			
Accounts Payable	\$ 575,057	\$ 654,736	\$ 1,229,793
Due to Other Funds	568,037	42,821	610,858
Due to Other Governmental Units	-	752,393	752,393
Deferred Revenue	1,706,684	-	1,706,684
TOTAL LIABILITIES	\$ 2,849,778	\$ 1,449,950	\$ 4,299,728
<u>FUND BALANCES</u>			
Reserved	-	5,477,671	5,477,671
Unreserved	14,532,683	-	14,532,683
TOTAL FUND BALANCES	\$ 14,532,683	\$ 5,477,671	\$ 20,010,354
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,382,461	\$ 6,927,621	\$ 24,310,082
Detailed explanation of adjustments from fund statements to government-wise statements of net assets:			
Unreserved Fund Balance June 30, 2006			\$ 20,010,354
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.			35,599,094
Adjustment for amounts due to/due from primary government			(1,744,156)
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.			1,991,616
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.			(12,354,013)
Net assets of General Government Activities			\$ 43,502,895

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 4

PRIMARY GOVERNMENT	GENERAL	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
General Property Taxes	17,145,306	-	\$ 17,145,306
Other Local Taxes	10,729,773	6,455,197	17,184,970
Permits, Privilege Fees & Regulatory Licenses	80,303	-	80,303
Fines & Forfeitures	31,585	46,035	77,620
Revenues From Use Of Money & Property	756,166	179,743	935,909
Charges For Services	135,944	15,454	151,398
Miscellaneous	82,592	52,154	134,746
Recovered Costs	150,197	-	150,197
Intergovernmental	15,721,685	1,496,293	17,217,978
TOTAL REVENUES	\$ 44,833,551	\$ 8,244,876	\$ 53,078,427
EXPENDITURES:			
Current:			
General Government Administration	\$ 2,435,237	395	\$ 2,435,632
Judicial Administration	2,022,874	10,378	2,033,252
Public Safety	5,861,145	491,613	6,352,758
Public Works	522,225	309,504	831,729
Health & Welfare	11,018,065	6,553,381	17,571,446
Education	15,016,167	-	15,016,167
Parks, Recreation & Cultural	829,339	-	829,339
Community Development	547,097	-	547,097
Non-Departmental	104,517	-	104,517
Debt Service:			
Principal Retirement	438,915	68,895	507,810
Interest & Fiscal Charges	59,885	13,183	73,068
TOTAL EXPENDITURES	\$ 38,855,466	\$ 7,447,349	46,302,815
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 5,978,085	\$ 797,527	6,775,612
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ 880,098	\$ 462,515	\$ 1,342,613
Operating Transfers Out	\$ (5,697,538)	(97,867)	(5,795,405)
Proceeds from Debt	1,085,695	-	1,085,695
TOTAL OTHER FINANCING SOURCES (USES)	\$ (3,731,745)	\$ 364,648	\$ (3,367,097)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	\$ 2,246,340	\$ 1,162,175	\$ 3,408,515
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	12,286,343	4,315,496	16,601,839
FUND BALANCE AT END OF YEAR	\$ 14,532,683	\$ 5,477,671	\$ 20,010,354

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, 2006

	<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	\$ 3,408,515
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.	(422,869)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(145,056)
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.	142,996
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>(336,669)</u>
Change in net assets of governmental activities	<u>\$ 2,646,917</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, 2006

EXHIBIT 6

OPERATING REVENUES:		
Landfill Usable Fees	\$ 431,136	
Sewer Rents	45,001	
Tipping Fees	30,905	
Other Revenues	<u>22,030</u>	
TOTAL OPERATING REVENUES		\$ 529,072
OPERATING EXPENSES:		
Other Operating Charges	2,775,514	
Landfill Closure Expense	280,879	
Depreciation	<u>419,576</u>	
TOTAL OPERATING EXPENSES		<u>3,475,969</u>
NET OPERATING INCOME (LOSS)		\$ (2,946,897)
NON-OPERATING REVENUE AND EXPENSE		
Grant Receipts	\$ 49,358	
Interest Revenue	120,179	
Interest Expense	<u>(22,984)</u>	
TOTAL NON-OPERATING REVENUE AND EXPENSE		<u>146,553</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS		\$ (2,800,344)
NET OPERATING TRANSFERS		<u>4,452,792</u>
NET INCOME (LOSS)		\$ 1,652,448
NET ASSETS AT BEGINNING OF YEAR		<u>2,473,629</u>
NET ASSETS AT END OF YEAR		<u>\$ 4,126,077</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 7

Cash Flow From Operating Activities:		
Cash Received from Customers	\$ 537,298	
Cash Payments to Suppliers for Goods & Services	<u>(2,877,131)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ (2,339,833)
Cash Flow from Noncapital Financing Activities:		
Operating Transfers From Other Funds	\$ 4,452,792	
Decrease in Due From Other Funds	<u>(337)</u>	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		4,452,455
Cash Flows from Capital & Related Financing Activities:		
Principal Paid on Revenue Bond Maturities	\$ (27,601)	
Interest Paid on Debt Obligations	(22,984)	
Proceeds from General Obligation Loans	594,305	
Principal Paid on General Obligation Loans	<u>(125,576)</u>	
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES		418,144
Cash Flows from Investing Activities:		
Sinking Fund Deposits	(29,964)	
Interest Earned on Investments	120,179	
State Grant Receipts	49,358	
Decrease in Investments	(1,597,965)	
Purchase of Equipment	<u>(1,079,618)</u>	
NET CASH PROVIDED FORM INVESTING ACTIVITIES		<u>(2,538,010)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS		\$ (7,244)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>73,609</u>
CASH & CASH EQUIVALENTS AT END OF YEAR		<u>\$ 66,365</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income		\$ (2,946,897)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	\$ 419,576	
Decrease in Accounts Receivable	8,226	
Increase in Closure Cost Liability	280,879	
Increase (Decrease) in Accrued Compensation	(25,214)	
Increase in Accounts Payable	<u>(76,403)</u>	
TOTAL ADJUSTMENTS		<u>607,064</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ (2,339,833)</u>

COUNTY OF WISE, VIRGINIA
 STATEMENT OF FIDUCIARY NET ASSETS
 AT JUNE 30, 2006

EXHIBIT 8

ASSETS

Cash
 Due From Other Governmental Units
 TOTAL ASSETS

AGENCY FUNDS

\$	138,197
	<u>236,353</u>
\$	<u><u>374,550</u></u>

LIABILITIES & FUND BALANCE

LIABILITIES:

Due To:

Social Service Clients
 Governmental Units

\$	91,933
	86,031

Due To Other Funds

	<u>196,586</u>
--	----------------

TOTAL LIABILITIES

\$	<u><u>374,550</u></u>
----	-----------------------

FUND BALANCE:

Unrestricted

\$	-
----	---

TOTAL LIABILITIES &

FUND BALANCE

\$	<u><u>374,550</u></u>
----	-----------------------



This page has been intentionally left blank.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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 \$548,417 at June 30, 2006.

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, 2006

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	\$ 12,847,587	\$ -	\$ -	\$ 12,847,587	\$ 12,847,587
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 7,164,561	\$ 1,433,299
Total Investments				\$ 20,012,148	\$ 20,012,148
Total Deposits				2,858,340	
Total Reserved Deposits				13,500	
Total Deposits and Investments				\$ 22,883,988	

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	\$ 2,120,000	\$ -	\$ -	\$ 2,120,000	\$ 2,120,000
Total				\$ 2,120,000	\$ 2,120,000
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 1,045,058	\$ 1,045,058
Total Investments				\$ 3,165,058	\$ 3,165,058
Total Deposits				\$ 99,303	
Total Deposits and Investments				\$ 3,264,361	

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	\$ 2,124,522	\$ -	\$ -	\$ 2,124,522	\$ 2,124,522
Total Investments				\$ 2,124,522	\$ 2,124,522
Total Deposits				\$ 2,013,542	
Total Deposits and Investments				\$ 4,138,064	

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, 2006

NOTE 4: INTERFUND OBLIGATIONS

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General	\$ 2,196,621	\$ 568,037
Enterprise Funds	-	212,898
School Fund	-	1,744,156
Emergency Numbers Fund	-	160
Local Sales Tax Fund	-	196,586
Community Development Fund	-	42,821
Coal Road Improvement	568,037	-
	<hr/>	<hr/>
TOTALS	\$ 2,764,658	\$ 2,764,658

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	\$ 98,654	\$ -	\$ -	\$ -
School Boards	-	-	-	233,875
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LOCAL	\$ 98,654	\$ -	\$ -	\$ 233,875
Commonwealth of Virginia:				
Tax on Wills	\$ 8,417	\$ -	\$ -	\$ -
Shared Expenses	262,635	-	-	-
Local Sales Taxes	-	236,353	-	-
State Sales Taxes	-	-	-	500,879
School Funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL STATE	\$ 271,052	\$ 236,353	\$ -	\$ 500,879
Federal Government:				
School Funds	\$ -	\$ -	\$ -	\$ 1,630,553
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FEDERAL	\$ -	\$ -	\$ -	\$ 1,630,553
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL DUE	\$ 369,706	\$ 236,353	\$ -	\$ 2,365,307

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

NOTE 6: DUE TO OTHER GOVERNMENTAL UNITS

	<u>PRIMARY GOVERNMENT</u>	
	<u>SPECIAL REVENUE</u>	<u>FIDUCIARY</u>
Appalachia	\$ 41,864	\$ 11,610
Big Stone Gap	52,997	30,058
Coeburn	43,589	12,416
Pound	37,788	7,471
St. Paul	37,475	5,436
Wise	48,293	17,362
Norton	51,586	-
Public Service Authority	235,194	-
Others	<u>203,607</u>	<u>1,678</u>
Totals	<u>\$ 752,393</u>	<u>\$ 86,031</u>

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>
2007	\$ 794,763	87,226	\$ 594,466	\$ 23,751
2008	360,910	49,624	99,547	2,740
2009	301,360	32,327	102,284	851
2010	200,440	21,893	78,874	442
2011	152,414	15,897	33,952	63
2012	102,831	11,222	27,601	-
2013	107,031	7,515	-	-
2014	<u>64,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 2,084,299</u>	<u>\$ 225,704</u>	<u>\$ 936,724</u>	<u>\$ 27,847</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 7: LONG-TERM DEBT (Continued)

DEBT ACQUIRED FOR SCHOOL PURPOSES:

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

GENERAL LONG-TERM DEBT

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		STATE LITERARY LOANS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2007	45,000	12,435	734,845	188,560
2008	55,000	8,851	685,000	173,365
2009	50,000	5,058	685,000	159,665
2010	45,000	1,625	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	11,258
TOTALS	\$ 195,000	\$ 27,969	\$ 9,403,072	\$ 1,440,963

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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, 2006, as categorized below:

	<u>Balance July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
<u>General Long-Term Debt:</u>				
General Long-Term Financing	\$ 1,506,413	\$ 1,085,695	\$ 507,809	\$ 2,084,299
Debt Acquired for School Purposes:				
General Obligations Bonds	\$ 245,000	\$ -	\$ 50,000	\$ 195,000
State Literary Loans	10,267,627	-	864,555	9,403,072
TOTAL LOANS AND BONDS	\$ 12,019,040	\$ 1,085,695	\$ 1,422,364	\$ 11,682,371
Claims, Judgments and Compensated Absences	814,637	-	142,996	671,641
TOTAL GENERAL LONG-TERM DEBT ACCOUNT GROUP	\$ 12,833,677	\$ 1,085,695	\$ 1,565,360	\$ 12,354,012
<u>Enterprise Fund:</u>				
VRA Revenue Bonds	\$ 193,207	\$ -	\$ 27,601	\$ 165,606
General Long-Term Financing Loans	302,389	594,305	125,576	771,118
Claims, Judgements and Compensated Absences	161,363	-	42,533	118,830
TOTAL ENTERPRISE FUND	\$ 656,959	\$ 594,305	\$ 195,710	\$ 1,055,554
TOTAL PRIMARY GOVERNMENT DEBT	\$ 13,490,636	\$ 1,680,000	\$ 1,761,070	\$ 13,409,566

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

NOTE 7: LONG-TERM DEBT (Continued)

DETAILS OF LONG-TERM INDEBTEDNESS

AMOUNT
 OUTSTANDING

General Long-Term Debt:

General Long-Term Financing:

\$200,000 Loan payable to B B & T Bank issued January 27, 2006, due in 36 monthly installments of \$5,891; interest payable at 3.840% annually.	\$ 173,579
\$472,000 Loan payable to B B & T Bank issued December 14, 2005, due in 60 monthly installments of \$8,680; interest payable at 3.940% annually. 89% of this note is recorded in the General Long-Term Debt Account Group and 11% is recorded as Enterprise Liability.	389,930
\$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.	26,245
\$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.	367,036
\$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.	364,085
\$527,000 Loan payable to First Bank and Trust issued December 15, 2004, due in 60 monthly installments of \$9,637; interest payable at 3.71% annually. 40% of this note is recorded in the General Long-Term Debt Account Group and 60% is recorded as Enterprise Liability.	151,584
355,384 Loan payable to Government Corporation issued March 13, 2003, due in monthly installments of \$20,520; interest payable at 5.646% annually.	190,126
Line of Credit to Powell Valley National Bank issued December 14, 2004, interest payable at 3.75% annually. 46% of this note is recorded in the General Long-Term Debt Account Group and 54% is recorded as Enterprise Liability.	421,714
TOTAL GENERAL LONG-TERM FINANCING	<u>\$ 2,084,299</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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>\$ 195,000</u>
--	-------------------

TOTAL GENERAL OBLIGATIONS BONDS	<u>\$ 195,000</u>
--	--------------------------

State Literary Loans:

\$298,255 State Literary Fund loan issued December 1, 1986, due in annual installments of \$14,920 through 2006; interest payable annually at 3%.	\$ 14,920
---	-----------

\$231,818 State Literary Fund loan issued December 1, 1986, due in annual installments of \$11,418 through 2006; interest payable annually at 3%.	11,600
---	--------

\$700,000 State Literary Fund loan issued December 15, 1976, due in annual installments of \$23,325 through 2007; interest payable annually at 3%.	23,325
--	--------

\$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%.	600,000
---	---------

\$3,700,000 State Literary Fund loan issued March 01, 2001, due in annual installments of \$185,000 through 2021; interest payable at 2%.	2,775,000
---	-----------

\$2,978,227 State Literary Fund loan issued December 15, 2000, due in annual installments of \$150,000 through 2021; interest payable at 2%.	2,228,227
--	-----------

\$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>3,750,000</u>
---	------------------

TOTAL STATE LITERARY LOANS	<u>\$ 9,403,072</u>
-----------------------------------	----------------------------

TOTAL LONG-TERM DEBT ACQUIRED FOR SCHOOL PURPOSES	<u>\$ 9,598,072</u>
--	----------------------------

TOTAL COMPENSATED ABSENCES	<u>671,641</u>
----------------------------	----------------

TOTAL GENERAL LONG-TERM DEBT	<u>\$12,354,012</u>
-------------------------------------	----------------------------

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 7: LONG-TERM DEBT (Continued)

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%. \$ 165,606

TOTAL VRA REVENUE BONDS **\$ 165,606**

General Long-Term Financing:

\$472,000 Loan payable to B B & T Bank issued
December 14, 2005, due in 60 monthly installments of
\$8,680; interest payable at 3.940% annually. 89% of this note
is recorded in the General Long-Term Debt Account Group and
11% is recorded as Enterprise Liability. \$ 46,184

\$527,000 Loan payable to First Bank and Trust issued
December 15, 2004, due in 60 monthly installments of
\$9,637; interest payable at 3.71% annually. 40% of this note
is recorded in the General Long-Term Debt Account Group and
60% is recorded as Enterprise Liability. 227,376

Line of Credit to Powell Valley National Bank issued
December 14, 2004, interest payable at 3.75% annually.
46% of this note is recorded in the General Long-Term Debt Account
Group and 54% is recorded as Enterprise Liability. 495,275

\$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. 2,283

TOTAL GENERAL LONG-TERM FINANCING **\$ 771,118**

TOTAL COMPENSATED ABSENCES 118,830

TOTAL ENTERPRISE FUND LONG-TERM DEBT **\$ 1,055,554**

TOTAL PRIMARY GOVERNMENT DEBT **\$ 13,409,566**

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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%.	\$ 1,094,603
Total Compensated Absences and Early Retirement Plan Payable	<u>1,264,975</u>
TOTAL LONG-TERM DEBT – SCHOOL BOARD	<u>\$ 2,359,578</u>

Changes in Long-Term Debt:

The following is a summary of School Board long-term debt transactions for the year ended June 30, 2006:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<u>Long-Term Debt:</u>				
Long-Term Financing Loans	\$ 1,184,709		\$ 90,106	\$ 1,094,603
Claims, Judgments and Compensated Absences Payable	<u>2,754,345</u>	<u>-</u>	<u>1,489,370</u>	<u>1,264,975</u>
TOTAL LONG-TERM DEBT	<u>\$ 3,939,054</u>	<u>\$ -</u>	<u>\$ 1,579,476</u>	<u>\$ 2,359,578</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

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

YEAR ENDING JUNE 30,	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>\$ 1,094,603</u>	<u>\$ 201,427</u>	<u>\$ 1,296,030</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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>
2007	\$ 122,049	\$ 56,911
2008	122,430	54,906
2009	122,815	52,741
2010	123,204	50,459
2011	128,597	47,994
2012	128,994	45,372
2013	134,395	42,519
2014	119,800	39,786
2015	125,209	37,355
2016	125,622	34,861
2017	126,040	32,169
2018	126,461	29,301
2019	126,887	26,371
2020	112,316	23,774
2021	117,751	21,428
2022	123,189	18,821
2023	123,632	16,083
2024	114,080	13,596
2025	114,531	11,359
2026	124,988	8,854
2027	125,449	6,079
2028	115,915	3,557
2029	96,108	1,692
2030	49,000	385
2031	34,181	-
2032	24,367	-
2033	18,368	-
2034	18,368	-
<i>SUB-TOTALS</i>	<u>\$ 2,944,746</u>	<u>\$ 676,373</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

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, 2006:

Beginning Balance	\$2,413,594
Additions:	
Virginia Resources Authority Bond	634,023
Retirements:	
Virginia Resources Authority Bonds	102,871
TOTAL BOND AND LOANS PAYABLE	<u>\$ 2,944,746</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%.	\$ 90,131
\$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%.	306,850
\$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%.	514,290
\$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%.	1,060,000
\$1,054,490 Water and Sewer Revenue Bond, Virginia Resources Authority issued February 27, 2004, due in annual installments ending on December 1, 2029, interest payable semi-annually at 1.00%.	973,475
TOTAL LONG-TERM OBLIGATIONS	<u>\$ 2,944,746</u>

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, 2006 the value of accrued vacation pay, for the primary government was \$671,641.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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, 2006, accrued liability under this plan amounted to \$1,026,529. 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 \$151,417 and non-professional employees was \$87,029. The total value of these liabilities, including the early retirement option plan, for the Component Unit - School Board was \$1,264,975.

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, 2006 the amount of accrual recorded is \$30,019, 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, 2006 the value of accrued vacation pay was \$26,979. The accrual for vacation and sick leave totals \$56,998.

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 our web site at <http://www.varetire.org/Pdf/2004AnnuRept.pdf> or obtained by writing the System at P. O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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 2006 was 8.0% 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 2006, 2005 and 2004 amounted to \$3,457,157, \$3,098,716, and \$2,210,686, respectively, and represented, 12.45%, 11.03% and 8.77%, respectively.

C. Annual Pension Cost

For 2006, County of Wise and the School Board's Non-Professional Employees annual pension cost of \$652,602 and \$226,029, respectively, was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2005 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 2004 Experience Study. In particular, it uses an assumed investment return rate of 7.50%; and assumed annual cost-of-living adjustment of 2.50%; salary increases that range between 3.50% and 5.73% 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 2004 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, 2006	\$652,602	100%	\$0
	June 30, 2005	\$641,154	100%	\$0
	June 30, 2004	\$527,611	100%	\$0
Wise County Schools	June 30, 2006	\$226,029	100%	\$0
	June 30, 2005	\$204,406	100%	\$0
	June 30, 2004	\$119,569	100%	\$0

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

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 \$1,705,684 is comprised of deferred property tax revenue representing uncollected tax billings not available for funding of current expenditures in the amount of \$749,470 and collection of 2006 taxes not due until October 15, 2006 in the amount of \$956,214.

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: 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:	
Gregory N. Killough, 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
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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 13: LITIGATION

In regard to litigation involving the County of Wise, Virginia at June 30, 2006, 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 14: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest Paid - Proprietary Fund

Cash paid interest expense relating to debt for the year ended June 30, 2006 amounted to \$22,984.

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

NOTE 15: INTEREST PAID - WISE COUNTY PUBLIC SERVICE AUTHORITY

Cash paid interest expense relating to debt for the period ending June 30, 2006 amounted to \$55,556.

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

NOTE 16: PROPRIETARY CAPITAL ASSETS

A summary of proprietary fund capital assets is as follows:

	VRA Landfill Enterprise	Riverview Sewer Project Fund	Total
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>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

NOTE 17: CAPITAL ASSETS

Primary Government:

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

	Total
Land	\$ 14,935,700
Buildings	31,604,515
Equipment & Vehicles	8,268,801
TOTAL CAPITAL ASSETS	\$ 54,809,016
Less: Accumulated Depreciation	(19,209,922)
NET CAPITAL ASSETS	\$ 35,599,094

Component Unit - School Board:

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

	Total
Land	\$ 1,314,293
Buildings & Improvements	47,288,582
Equipment & Vehicles	6,606,090
TOTAL CAPITAL ASSETS	55,208,965
Less: Accumulated Depreciation	(28,815,155)
NET CAPITAL ASSETS	\$ 26,393,810

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 17: CAPITAL ASSETS (Continued)

A summary of changes in capital assets is as follows:

Primary Government:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Land	\$ 14,935,700	\$ -	\$ -	\$ 14,935,700
Buildings	32,468,220	56,050	919,755	31,604,515
Equipment & Vehicles	7,742,095	526,706	-	8,268,801
TOTAL CAPITAL ASSETS	\$ 55,146,015	\$ 582,756	\$ 919,755	\$ 54,809,016

Component Unit School Board:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Land	\$ 1,314,293	\$ -	\$ -	\$ 1,314,293
Buildings & Improvements	41,428,836	5,859,746	-	47,288,582
Equipment & Vehicles	6,014,802	841,288	250,000	6,606,090
Construction in Progress	4,075,187	-	4,075,187	-
TOTAL	\$ 52,833,118	\$ 6,701,034	\$ 4,325,187	\$ 55,208,965

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, 2006

NOTE 17: CAPITAL ASSETS *(Continued)*

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

	Total
Land and Easements	\$ 65,000
Construction in Progress	3,920,624
Utility Plant	22,018,894
Equipment	308,791
Automobiles	254,730
Office Furniture & Equipment	111,517
Plant Building	28,041
TOTAL PLANT & EQUIPMENT	\$ 26,707,597
Less: Accumulated Depreciation	(6,559,821)
NET CAPITAL ASSETS	\$ 20,147,776

A summary of changes in capital assets is as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Land	\$ 65,000	\$ -	\$ -	\$ 65,000
Construction in Progress	2,045,711	1,905,813	30,900	3,920,624
Utility Plant	21,983,675	85,657	50,438	22,018,894
Equipment	287,162	22,712	1,083	308,791
Automobiles	254,730	-	-	254,730
Office Furniture and Equipment	110,874	1,996	1,353	111,517
Plant Building	28,041	-	-	28,041
TOTAL CAPITAL ASSETS	\$ 24,775,193	\$ 2,016,178	\$ 83,774	\$ 26,707,597

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

**NOTE 18: RESTRICTED CASH/DEBT RESERVE - COMPONENT UNIT:
WISE COUNTY PUBLIC SERVICE AUTHORITY**

As of June 30, 2006, 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, 2006 is as follows:

	Balance
Capital Improvement Fund	\$ 495,360
Operating Reserve	100,715
Emergency Reserve	150,488
Replacement Reserve	79,166
Total Reserve Accounts	825,729
Customer Deposit Account	338,625
Debt Service Accounts	391,838
TOTAL RESTRICTED CASH	\$ 1,556,192

NOTE 19: 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 it's 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 \$14,698,330. The accrued liability for these costs reported as of June 30, 2006 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 30 years. The remaining costs to be accrued in the future is as follows:

Total Estimated Liability	\$ 14,698,330
Accrued Liability as of June 30, 2006	5,112,463
Total Closure and Postclosure Care Costs Remaining to be Recognized	\$ 9,585,867

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.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

NOTE 19: LANDFILL CLOSURE COST LIABILITY (Continued)

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, 2006, the County has deposited \$1,547,587 into this fund.

NOTE 20: ACCOUNTS RECEIVABLE

Proprietary Fund:

	<u>Balance</u>
Accounts Receivable	
Landfill Fees	\$ 57,294
Riverview Sewer	16,666
Less: Allowance For Doubtful Accounts	<u>(13,473)</u>
NET ACCOUNTS RECEIVABLE	<u>\$ 60,487</u>

Component Unit - Wise County Public Service Authority:

	<u>Balance</u>
Accounts Receivable	\$ 213,929
Less: Allowance for Doubtful Accounts	<u>(47,716)</u>
NET ACCOUNTS RECEIVABLE	<u>\$ 166,213</u>

NOTE 21: 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, 2006 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:

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 21: CONTRIBUTED CAPITAL (Continued)

<u>SOURCE</u>	<u>AMOUNT</u>
Wise County Ind. Development Auth.	\$ 60,850
County of Wise	13,200,600
State Department of Health	603,753
Federal Government	9,827,900
Others	1,840,144
SUB-TOTAL	\$ 25,533,247
Less: Accumulated Amortization	5,225,522
TOTAL CONTRIBUTED CAPITAL,	\$ 20,307,725
NET OF AMORTIZATION	

**NOTE 22: 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.



This page has been intentionally left blank.

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, 2006

EXHIBIT 9

	GENERAL FUND			VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	
REVENUES:				
General Property Taxes	\$ 14,818,000	\$ 14,825,770	\$ 17,145,306	\$ 2,319,536
Other Local Taxes	9,020,500	9,020,500	10,729,773	1,709,273
Permits, Privilege Fees & Regulatory Licenses	62,000	62,000	80,303	18,303
Fines & Forfeitures	25,000	25,000	31,585	6,585
Revenues From Use Of Money & Property	195,000	195,000	756,166	561,166
Charges For Services	181,650	181,650	135,944	(45,706)
Miscellaneous	100,000	140,000	82,592	(57,408)
Recovered Costs	312,900	774,975	150,197	(624,778)
Intergovernmental	14,733,518	14,732,441	15,721,685	989,244
TOTAL REVENUES	\$ 39,448,568	\$ 39,957,336	\$ 44,833,551	\$ 4,876,215
EXPENDITURES:				
Current:				
General Government Administration	\$ 2,287,983	\$ 2,654,435	\$ 2,435,237	\$ 219,198
Judicial Administration	1,912,305	2,091,891	2,022,874	69,017
Public Safety	5,791,372	6,089,690	5,861,145	228,545
Public Works	518,592	532,039	522,225	9,814
Health & Welfare	10,134,461	10,864,755	11,018,065	(153,310)
Education	14,609,690	15,609,690	15,016,167	593,523
Parks, Recreation & Cultural	810,449	810,449	829,339	(18,890)
Community Development	575,053	672,037	547,097	124,940
Non-Departmental	581,798	323,546	104,517	219,029
Debt Service:				
Principal Retirement	383,263	383,263	438,915	(55,652)
Interest & Fiscal Charges	60,000	60,000	59,885	115
TOTAL EXPENDITURES	\$ 37,664,966	\$ 40,091,795	\$ 38,855,466	\$ 1,236,329
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,783,602	\$ (134,459)	\$ 5,978,085	\$ 6,112,544
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 587,810	\$ 628,000	\$ 880,098	\$ 252,098
Operating Transfers Out	(5,316,227)	(5,316,227)	(5,697,538)	(381,311)
Proceeds From Issuance Of Debt	1,680,000	1,680,000	1,085,695	(594,305)
Prior Year Appropriations	1,264,815	3,142,686	-	(3,142,686)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,783,602)	\$ 134,459	\$ (3,731,745)	\$ (3,866,204)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	\$ -	\$ -	\$ 2,246,340	\$ 2,246,340
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	-	-	8,456,823	8,456,823
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 10,703,163	\$ 10,703,163

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 10

	<u>TOTAL</u>
CAPITAL ASSETS:	
Land	\$ 14,935,700
Building and Building Improvements	31,604,515
Equipment	<u>8,268,801</u>
Total Capital Assets	<u>\$ 54,809,016</u>

INVESTMENT IN CAPITAL ASSETS BY SOURCE:

Proceeds from Indebtedness	\$ 11,487,045
General Fund Revenues	<u>43,321,971</u>
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 54,809,016</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 11

	<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	590,323	8,280,846
Judicial Administration	30,000	216,040	-	246,040
Public Safety	210,000	1,990,881	2,626,034	4,826,915
Public Works	10,075,000	877,764	4,309,696	15,262,460
Health & Welfare	275,000	3,014,830	175,748	3,465,578
Education	-	9,204,217	-	9,204,217
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	31,604,515	7,701,801	54,242,016
<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	31,604,515	8,268,801	54,809,016

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 12

	<u>CAPITAL ASSETS JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>CAPITAL ASSETS JUNE 30, 2006</u>
PRIMARY GOVERNMENT:				
<u>GENERAL FUND</u>				
General Government Administration	\$ 8,053,593	\$ 227,254	\$ -	\$ 8,280,847
Judicial Administration	246,040	-	-	246,040
Public Safety	4,527,462	299,452	-	4,826,914
Public Works	15,262,460	-	-	15,262,460
Health & Welfare	3,409,528	56,050	-	3,465,578
Education	10,123,972	-	(919,755)	9,204,217
Parks, Recreation & Cultural	2,595,260	-	-	2,595,260
Community Development	<u>10,360,700</u>	<u>-</u>	<u>-</u>	<u>10,360,700</u>
TOTAL GENERAL FUND	54,579,015	582,756	(919,755)	54,242,016
SPECIAL REVENUE FUND				
<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>\$ 55,146,015</u>	<u>\$ 582,756</u>	<u>\$ (919,755)</u>	<u>\$ 54,809,016</u>



This page has been intentionally left blank.

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, 2006

EXHIBIT 13

<u>ASSETS</u>	<u>SPECIAL WELFARE FUND</u>	<u>LOCAL SALES TAX FUND</u>	<u>LONESOME PINE YOUTH SERVICES FUND</u>	<u>TOTALS</u>
Cash	\$ 91,933	\$ 44,586	\$ 1,678	\$ 138,197
Due From Other Governmental Units	-	236,353	-	236,353
TOTAL ASSETS	<u>\$ 91,933</u>	<u>\$ 280,939</u>	<u>\$ 1,678</u>	<u>\$ 374,550</u>
 <u>LIABILITIES & FUND BALANCE</u> 				
LIABILITIES:				
Due To:				
Social Service Clients	\$ 91,933	\$ -	\$ -	\$ 91,933
Governmental Units	-	84,353	1,678	86,031
Due To Other Funds	-	196,586	-	196,586
TOTAL LIABILITIES	<u>\$ 91,933</u>	<u>\$ 280,939</u>	<u>\$ 1,678</u>	<u>\$ 374,550</u>
FUND BALANCE:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 91,933</u>	<u>\$ 280,939</u>	<u>\$ 1,678</u>	<u>\$ 374,550</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, 2006

EXHIBIT 14

<u>ASSETS</u>	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COAL ROAD IMPROVEMENT FUND
Cash	\$ 87,576	\$ 57,000	\$ 211	\$ 119,173
Investments	-	-	-	5,301,055
Mineral Taxes Receivable	-	-	-	362,288
Accounts Receivable	-	-	-	-
Due From Other Funds	-	-	-	568,037
Governmental Units	-	-	-	-
TOTAL ASSETS	<u>\$ 87,576</u>	<u>\$ 57,000</u>	<u>\$ 211</u>	<u>\$ 6,350,553</u>
<u>LIABILITIES AND NET ASSETS</u>				
Accounts Payable	\$ 40,888	\$ -	\$ -	\$ 613,848
Due to Other Funds	160	-	-	-
Governmental Units	-	-	-	752,393
TOTAL LIABILITIES	<u>\$ 41,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,366,241</u>
FUND BALANCES:				
Restricted	\$ 46,528	\$ 57,000	\$ 211	\$ 4,984,312
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 87,576</u>	<u>\$ 57,000</u>	<u>\$ 211</u>	<u>\$ 6,350,553</u>

COMMUNITY DEVELOPMENT FUND	WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT FUND	TRANSIENT OCCUPANCY TAX FUND	SHERIFF DRUG SEIZURE & FORFEITURE AND COMMISSION FUND	TOTALS
\$ 22,878	\$ 131,620	\$ 63,367	\$ 107,023	\$ 107,553	\$ 696,401
-	-	-	-	-	5,301,055
-	-	-	-	-	362,288
-	-	-	-	-	-
-	-	-	-	-	568,037
-	-	-	-	-	-
<u>\$ 22,878</u>	<u>\$ 131,620</u>	<u>\$ 63,367</u>	<u>\$ 107,023</u>	<u>\$ 107,553</u>	<u>\$ 6,927,781</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,736
42,821	-	-	-	-	42,981
-	-	-	-	-	752,393
<u>\$ 42,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,450,110</u>
\$ (19,943)	\$ 131,620	\$ 63,367	\$ 107,023	\$ 107,553	\$ 5,477,671
<u>\$ 22,878</u>	<u>\$ 131,620</u>	<u>\$ 63,367</u>	<u>\$ 107,023</u>	<u>\$ 107,553</u>	<u>\$ 6,927,781</u>

COUNTY OF WISE, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 15

REVENUES:	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COAL ROAD IMPROVEMENT FUND
Other Local Taxes	\$ 275,715	\$ -	\$ -	\$ 6,179,482
Revenues From Use of Money & Property	2,303	-	-	177,432
Charges for Services	-	14,364	-	-
Fines & Forfeitures	-	-	-	-
Miscellaneous	-	-	850	-
Intergovernmental	\$ 117,166	-	-	-
TOTAL REVENUES	\$ 395,184	\$ 14,364	\$ 850	\$ 6,356,914
EXPENDITURES:				
General Government Administration	\$ -	\$ -	\$ -	\$ 395
Judicial Administration	-	10,378	-	-
Public Safety	431,964	-	1,760	-
Public Works	-	-	-	309,504
Community Development	-	-	-	4,969,599
Debt Service:				
Principal Retirement	71,854	-	-	-
Interest & Fiscal Charges	10,224	-	-	-
TOTAL EXPENDITURES	\$ 514,042	\$ 10,378	\$ 1,760	\$ 5,279,498
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (118,858)	\$ 3,986	\$ (910)	\$ 1,077,416
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	170,000	10,378	500	\$ -
Operating Transfers Out	(42,489)	(55,378)	-	-
Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 127,511	\$ (45,000)	\$ 500	\$ -
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	\$ 8,653	\$ (41,014)	\$ (410)	\$ 1,077,416
FUND BALANCE AT THE BEGINNING OF YEAR	37,875	98,014	621	3,906,896
FUND BALANCE AT THE END OF YEAR	\$ 46,528	\$ 57,000	\$ 211	\$ 4,984,312

COMMUNITY DEVELOPMENT FUND	WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT FUND	TRANSIENT OCCUPANCY TAX FUND	DRUG SEIZURE & FORFEITURE, COMMISSION & RAID FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,455,197
-	-	-	8	-	179,743
-	-	-	-	1,090	15,454
-	-	-	-	46,035	46,035
-	-	-	28,104	23,200	52,154
844,719	534,408	\$ -	-	-	1,496,293
<u>\$ 844,719</u>	<u>\$ 534,408</u>	<u>\$ -</u>	<u>\$ 28,112</u>	<u>\$ 70,325</u>	<u>\$ 8,244,876</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395
-	-	-	-	-	10,378
-	-	-	-	57,889	491,613
-	-	-	-	-	309,504
862,114	684,425	37,243	-	-	6,553,381
-	-	-	-	-	71,854
-	-	-	-	-	10,224
<u>\$ 862,114</u>	<u>\$ 684,425</u>	<u>\$ 37,243</u>	<u>\$ -</u>	<u>\$ 57,889</u>	<u>\$ 7,447,349</u>
<u>\$ (17,395)</u>	<u>\$ (150,017)</u>	<u>\$ (37,243)</u>	<u>\$ 28,112</u>	<u>\$ 12,436</u>	<u>\$ 797,527</u>
-	281,637	-	-	-	462,515
-	-	-	-	-	(97,867)
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 281,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,648</u>
\$ (17,395)	\$ 131,620	\$ (37,243)	\$ 28,112	\$ 12,436	\$ 1,162,175
(2,548)	-	100,610	78,911	95,117	4,315,496
<u>\$ (19,943)</u>	<u>\$ 131,620</u>	<u>\$ 63,367</u>	<u>\$ 107,023</u>	<u>\$ 107,553</u>	<u>\$ 5,477,671</u>



This page has been intentionally left blank.

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, 2006

EXHIBIT 16

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 32,774	\$ 33,591	\$ 66,365
Investments	-	1,926,236	1,926,236
Reserved Escrow Deposit	13,500	-	13,500
Sinking Fund Deposits	-	1,547,587	1,547,587
Due From Other Funds	-	-	-
Due from Other Gov't Units	10,070	-	10,070
Receivables:			
Accounts (Net Allowance For Uncollectibles)	3,193	57,294	60,487
TOTAL CURRENT ASSETS	59,537	3,564,708	3,624,245
NONCURRENT ASSETS			
Equipment (Net of Depreciation)	-	746,397	746,397
Improvements Other Than Buildings (Net of Depreciation)	357,045	5,942,422	6,299,467
TOTAL NONCURRENT ASSETS	357,045	6,688,819	7,045,864
TOTAL ASSETS	\$ 416,582	\$ 10,253,527	\$ 10,670,109
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts Payable	\$ 7,634	\$ 155,482	\$ 163,116
Due to Other Funds	212,898	-	212,898
Accrued Compensated Absences	-	118,830	118,830
Current Portion of Long-Term Obligations	27,601	-	27,601
TOTAL CURRENT LIABILITIES	248,133	274,312	522,445
NONCURRENT LIABILITIES			
Noncurrent Portion of Long-Term Obligations	138,006	771,118	909,124
Accrued Landfill Closure Costs	-	5,112,463	5,112,463
TOTAL NONCURRENT LIABILITIES	138,006	5,883,581	6,021,587
TOTAL LIABILITIES	\$ 386,139	\$ 6,157,893	\$ 6,544,032
<u>NET ASSETS</u>			
Investment in Capital Assets, net of related debt	\$ -	\$ 5,006,177	\$ 5,006,177
Restricted Assets			
Restricted for:			
Cash for Debt Reserve	\$ 13,500	\$ -	\$ 13,500
Cash for Landfill Closing	-	1,547,587	1,547,587
Unrestricted Assets	\$ 16,943	\$ (2,458,130)	\$ (2,441,187)
TOTAL NET ASSETS	\$ 30,443	\$ 4,095,634	\$ 4,126,077
TOTAL LIABILITIES AND NET ASSETS	\$ 416,582	\$ 10,253,527	\$ 10,670,109

COUNTY OF WISE, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
& CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 17

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
OPERATING REVENUES:			
Landfill Usage Fees	\$ -	\$ 431,136	\$ 431,136
Tipping Fees	-	30,905	30,905
Sewer Rents	45,001	-	45,001
Other Revenue	-	22,030	22,030
TOTAL REVENUE	\$ 45,001	\$ 484,071	\$ 529,072
OPERATING EXPENSES:			
Operation Expense	\$ 186,793	\$ 2,588,721	\$ 2,775,514
Landfill Closure Expense	-	280,879	280,879
Depreciation & Amortization	13,732	405,844	419,576
TOTAL OPERATING EXPENSES	\$ 200,525	\$ 3,275,444	\$ 3,475,969
NET OPERATING INCOME (LOSS)	\$ (155,524)	\$ (2,791,373)	\$ (2,946,897)
NON-OPERATING REVENUE (EXPENSE)			
Grants	\$ 6,037	\$ 43,321	\$ 49,358
Interest Revenue	1,050	119,129	120,179
Interest Expense	-	(22,984)	(22,984)
TOTAL NON-OPERATING REVENUE AND EXPENSE	7,087	139,466	146,553
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ (148,437)	\$ (2,651,907)	\$ (2,800,344)
OPERATING TRANSFERS IN	162,204	4,467,847	\$ 4,630,051
OPERATING TRANSFERS OUT	-	(177,259)	\$ (177,259)
NET OPERATING TRANSFERS	162,204	4,290,588	4,452,792
NET INCOME (LOSS)	13,767	1,638,681	1,652,448
NET ASSETS, BEGINNING OF YEAR	16,676	2,456,953	2,473,629
NET ASSETS, END OF YEAR	\$ 30,443	\$ 4,095,634	\$ 4,126,077

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Cash Flow From Operating Activities:			
Cash Received From Customers	\$ 45,224	\$ 492,074	\$ 537,298
Cash Payments to Suppliers for Goods & Services	(179,159)	(2,697,972)	(2,877,131)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (133,935)	\$ (2,205,898)	\$ (2,339,833)
Cash Flow From Noncapital Financing Activities:			
Operating Transfers From Other Funds	\$ 162,204	\$ 4,290,588	\$ 4,452,792
Increase in Due To Other Gov't Units	(116)	(221)	(337)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ 162,088	\$ 4,290,367	\$ 4,452,455
Cash Flows From Capital & Related Financing Activities:			
Principal Paid on Bond Maturities	\$ (27,601)	\$ -	\$ (27,601)
Interest Paid on Debt Obligations	-	(22,984)	(22,984)
Principal Paid on General Obligation Loans	-	(125,576)	(125,576)
Proceeds on General Obligation Loans	-	594,305	594,305
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	\$ (27,601)	\$ 445,745	\$ 418,144
Cash Flows From Investing Activities:			
Interest Revenue Earned on Investments	\$ 1,050	\$ 119,129	\$ 120,179
State Grant Receipts	6,037	43,321	49,358
Sinking Fund Deposits	-	(29,964)	(29,964)
Increase in Investments	-	(1,597,965)	(1,597,965)
Purchase of Equipment and IOTB	-	(1,079,618)	(1,079,618)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ 7,087	\$ (2,545,097)	\$ (2,538,010)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	\$ 7,639	\$ (14,883)	\$ (7,244)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	25,135	48,474	73,609
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 32,774	\$ 33,591	\$ 66,365

COUNTY OF WISE, VIRGINIA
 STATEMENT OF CASH FLOW
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES		TOTAL
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Net Operating Income	\$ (155,524)	\$ (2,791,373)	\$ (2,946,897)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	\$ 13,732	\$ 405,844	\$ 419,576
(Increase) Decrease in Accounts Receivable	223	8,003	8,226
Increase (Decrease) in Closure Cost Liability	-	280,879	280,879
Increase (Decrease) in Accrued Compensation	-	(25,214)	(25,214)
Increase (Decrease) in Accounts Payable	7,634	(84,037)	(76,403)
TOTAL ADJUSTMENTS	\$ 21,589	\$ 585,475	\$ 607,064
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (133,935)	\$ (2,205,898)	\$ (2,339,833)



This page has been intentionally left blank.

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, 2006

EXHIBIT 19

<u>ASSETS</u>	<u>PUBLIC SERVICE</u>	
CURRENT ASSETS		
Cash	\$ 711,267 ✓	
Petty Cash	500 ✓	
Investments	1,870,605 ✓	
Reserved Deposits	1,556,192 ✓	
Due From Others	3,193	
Due Form Other Governmental Units	113,794	
Bond Issuance Costs	13,717	
Receivable (Net Of Allowances For Uncollectibles):		
Accounts	<u>166,213</u>	
TOTAL CURRENT ASSETS		\$ 4,435,481
NONCURRENT ASSETS		
Capital Assets:		
Land and Easements	\$ 65,000	
Buildings and Equipment, Net of Depreciation	<u>20,082,776</u>	
TOTAL NONCURRENT ASSETS		<u>20,147,776</u>
TOTAL ASSETS		<u><u>\$ 24,583,257</u></u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 187,943	
Due To Other Gov't Units	10,070	
Due To Customers - Deposits	338,625	
Premium on Bonds Payable	12,317	
Claims, Judgments & Compensated Absences	56,998	
Current Portion of Long-Term Obligations	<u>122,049</u>	
TOTAL CURRENT LIABILITIES		\$ 728,002
NONCURRENT LIABILITIES		
Noncurrent Portion of Long-Term Obligations	<u>\$ 2,822,697</u>	
TOTAL NONCURRENT LIABILITIES		\$ 2,822,697
TOTAL LIABILITIES		<u><u>\$ 3,550,699</u></u>
 <u>NET ASSETS</u>		
Investment in Capital Assets, net of related debt	20,307,725	
Restricted Assets (Debt Service)	271,571	
Restricted Assets (Reserve Accounts)	945,996	
Restricted Assets(Customer Deposits)	338,625	
Unrestricted Assets	<u>(831,359)</u>	
TOTAL NET ASSETS		<u><u>\$ 21,032,558</u></u>
TOTAL LIABILITIES & NET ASSETS		<u><u>\$ 24,583,257</u></u>

4,138,564
OG

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, 2006

OPERATING REVENUES:		
Water Charges	\$ 1,780,242	
Miscellaneous	21,762	
TOTAL OPERATING INCOME		\$ 1,802,004
OPERATING EXPENSES:		
Salaries	\$ 707,431	
Payroll Taxes	56,190	
VRA Retirement & Life	67,992	
Hospitalization Insurance	136,857	
Dental Insurance	10,584	
Workers Compensation Insurance	29,283	
Uniform Rental	7,364	
Water Purchased	216,339	
Utilities	190,842	
Line Crew Supplies & Plant Expenses	76,739	
Chemicals	61,982	
Sampling	12,622	
Repairs & Maintenance	32,141	
Telephone & Telemetry	23,901	
Professional Services	23,722	
Office Expense/Postage	41,695	
Office Utilities & Telephone	9,485	
Office Rent	6,000	
Conferences & Continuing Education	1,485	
Licenses, Fees & Tags	1,253	
Insurance	22,152	
Vehicle Expense	42,316	
State Waterworks Fee	7,923	
Travel	24,424	
Miscellaneous	3,061	
Compensation - Board Members	7,200	
Depreciation	579,685	
TOTAL OPERATING EXPENSES		<u>2,400,668</u>
Net Operating Income (Loss) Before Depreciation		\$ (598,664)
NON-OPERATING REVENUES & (EXPENSES):		
Interest Income	\$ 70,917	
Penalties and Finance Charges	37,240	
Connection Fees	47,755	
Interest Expense	(56,056)	
NET NON-OPERATING REVENUES (EXPENSES)		<u>99,856</u>
Income (Loss) Before Other Revenues, Gains, Losses, and Transfers		\$ (498,808)
Federal Grants		785,468
County of Wise, Virginia		946,356
Other		<u>766,728</u>
Increase in Net Assets		1,999,744
Net Assets, Beginning Of Year		<u>19,032,814</u>
Net Assets, End Of Year		<u>\$ 21,032,558</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, 2006

EXHIBIT 21
PAGE 1

Cash Flow from Operating Activities:		
Cash Received from Customers	\$	1,772,920
Cash Payments to Suppliers for Goods & Services		(1,045,618)
Cash Payments to Employees for Services		(717,182)
Other Operating Revenues		<u>21,762</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	31,882
Cash Flow from Noncapital Financing Activities:		
Increase in Customer Deposits	\$	15,100
Connection Fees		47,755
Penalties and Finance Charges		<u>37,240</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		100,095
Cash Flows from Investing Activities:		
Interest on Investments	\$	<u>70,917</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		70,917
Cash Flows from Capital & Related Financing Activities:		
Increase in Due to Other Governmental Units	\$	116
Decrease in Due From Others		(113,571)
Purchase of Equipment		(24,708)
Construction of Capital Assets		(1,991,470)
Disposal of Assets		81,339
Contributions & Grants		2,498,552
Change in Retained Earnings		(30,900)
Provision for Bond Premium and Issuance Costs		59
Proceeds from Issuance of Debt		634,023
Principal Paid on FHA Bonds		(102,871)
Interest Paid on Revenue Bonds & Equipment Contracts		<u>(55,556)</u>
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES		<u>895,013</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	\$	1,097,907
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>3,040,657</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	\$	<u>4,138,564</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, 2006

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating Income (Loss)		\$	(598,664)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	\$	579,685	
Provision for Uncollectible Accounts		3,850	
Provision for Compensated Absences		10,962	
Change in Assets & Liabilities:			
(Increase) Decrease in Accounts Receivable		(11,173)	
Increase (Decrease) in Accounts Payable		67,935	
Increase (Decrease) in Wages Payable		(20,713)	
TOTAL ADJUSTMENTS			<u>630,546</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 31,882



This page has been intentionally left blank.

DISCRETE COMPONENT UNIT
SCHOOL BOARD

COUNTY OF WISE, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2006

	<u>COMPONENT UNIT</u>
	<u>SCHOOL BOARD</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 3,264,361
Accounts Receivable	10,462
Due From Other Governmental Units	<u>2,365,307</u>
TOTAL ASSETS	<u>\$ 5,640,130</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 710,230
Due to Primary Government	<u>1,744,156</u>
TOTAL LIABILITIES	<u>\$ 2,454,386</u>
<u>FUND EQUITY</u>	
FUND BALANCES:	
Undesignated	<u>\$ 3,185,744</u>
TOTAL FUND EQUITY	\$ 3,185,744
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.	\$ 26,393,810
Adjustment for amounts due to / due from primary government.	\$ 1,744,156
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>\$ (2,359,578)</u>
Net Assets of General Government Activities	<u>\$ 28,964,132</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, 2006

EXHIBIT 23

COMPONENT UNIT
SCHOOL FUND

	<u>TOTALS</u>
REVENUES:	
Revenues From Use Of Money & Property	\$ 89,405
Charges For Services	1,045,009
Miscellaneous	528,111
Recovered Costs	251,926
Intergovernmental	61,038,250
TOTAL REVENUES	<u>\$ 62,952,701</u>
EXPENDITURES:	
Education	61,573,779
Capital Outlay	864,804
TOTAL EXPENDITURES	<u>\$ 62,438,583</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 514,118</u>
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	\$ 28,134
Operating Transfers Out	(28,134)
Proceeds From Debt	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	<u>\$ 514,118</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>3,350,014</u>
FUND BALANCE AT END OF YEAR	<u><u>3,864,132</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, 2006

EXHIBIT 24

	BUDGET		VARIANCE
	AS		FROM AMENDED
	AMENDED	ACTUAL	POSITIVE
			(NEGATIVE)
REVENUES:			
Revenues From Use Of Money & Property	\$ 28,900	\$ 89,405	\$ 60,505
Charges For Services	1,175,200	1,045,009	(130,191)
Miscellaneous	3,298,500	528,111	(2,770,389)
Recovered Costs	234,500	251,926	17,426
Intergovernmental	64,337,200	61,038,250	(3,298,950)
TOTAL REVENUES	\$ 69,074,300	\$ 62,952,701	\$ (6,121,599)
EXPENDITURES:			
General Government Administration	\$ -	\$ -	\$ -
Judicial Administration	-	-	-
Public Works	-	-	-
Education	67,362,900	61,573,779	5,789,121
Community Development	-	-	-
Non-Departmental	-	-	-
Capital Outlay	1,711,400	864,804	846,596
TOTAL EXPENDITURES	\$ 69,074,300	\$ 62,438,583	\$ 6,635,717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 514,118	\$ 514,118
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ -	28,134	\$ 28,134
Operating Transfers Out	-	(28,134)	(28,134)
Proceeds From Debt	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ -
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	\$ -	\$ 514,118	\$ 514,118
FUND BALANCE AT BEGINNING OF YEAR (As Restated)	-	3,350,014	3,350,014
FUND BALANCE AT END OF YEAR	\$ -	\$ 3,864,132	\$ 3,864,132

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, 2006

COMPONENT
 UNIT
 SCHOOL
 BOARD

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

Net change in fund balances - total governmental funds

\$ 514,118

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.

\$ 1,489,370

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.

\$ 851,988

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.

1,057,671

Change in net assets of governmental activities

\$ 3,913,147

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY SOURCE
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>COMPONENT UNIT- SCHOOL BOARD</u>
CAPITAL ASSETS:	
Land	\$ 1,314,293
Building and Building Improvements	47,288,582
Equipment	<u>6,606,090</u>
 TOTAL CAPITAL ASSETS	 <u>\$ 55,208,965</u>
 INVESTMENT IN CAPITAL ASSETS BY SOURCE:	
Proceeds from Indebtedness	\$ 89,942
Primary Government Revenues	<u>55,119,023</u>
 TOTAL INVESTMENT IN CAPITAL ASSETS	 <u>\$ 55,208,965</u>

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY FUNCTION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 27

	<u>LAND</u>	<u>BUILDING and BUILDING IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
EDUCATION	\$ 1,314,293	\$ 47,288,582	\$ 6,606,090	\$ 55,208,965
TOTAL	<u>\$ 1,314,293</u>	<u>\$ 47,288,582</u>	<u>\$ 6,606,090</u>	<u>\$ 55,208,965</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 28

	CAPITAL ASSETS JULY 1, 2005	ADDITIONS	DELETIONS	CAPITAL ASSETS JUNE 30, 2006
EDUCATION	\$ 52,833,118	\$ 6,701,034	\$ 4,325,187	\$ 55,208,965
TOTAL	\$ 52,833,118	\$ 6,701,034	\$ 4,325,187	\$ 55,208,965

COUNTY OF WISE, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2006

EXHIBIT 29

	SCHOOL OPERATING FUND	GOVERNMENTAL FUNDS			TOTALS
		SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	
<u>ASSETS</u>					
Cash	\$ 28,773	\$ 25,543	\$ 44,786	\$ -	\$ 99,102
Petty Cash	200	-	-	-	200
Investments	-	821,429	286,212	2,057,418	3,165,059
Accounts Receivable	10,462	-	-	-	10,462
Due From Other Governmental Units	2,349,711	15,596	-	-	2,365,307
Due From Other Funds	2,003	-	-	-	2,003
Fixed Assets (Net of Accumulated Depreciation)	-	-	-	-	-
Amount to Be Provided For the Retirement of General Long-Term Obligations	-	-	-	-	-
TOTAL ASSETS	\$ 2,391,149	\$ 862,568	\$ 330,998	\$ 2,057,418	5,642,133
<u>LIABILITIES</u>					
Accounts Payable	\$ 646,793	\$ 14,309	\$ -	\$ 49,128	710,230
Due To Other Funds	1,744,156	-	-	2,003	1,746,159
Claims, Judgments & Compensated Absences	-	-	-	-	-
State Literary Fund Loans	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-
TOTAL LIABILITIES	\$ 2,390,949	\$ 14,309	\$ -	\$ 51,131	2,456,389
<u>FUND EQUITY</u>					
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	-
FUND BALANCES:					
Undesignated	200	848,259	330,998	2,006,287	3,185,744
TOTAL FUND EQUITY	\$ 200	\$ 848,259	\$ 330,998	\$ 2,006,287	3,185,744
TOTAL LIABILITIES & FUND EQUITY	\$ 2,391,149	\$ 862,568	\$ 330,998	\$ 2,057,418	5,642,133

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, 2006

EXHIBIT 30

	GOVERNMENTAL FUNDS				TOTALS
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	
REVENUES:					
Revenues From Use Of Money & Property	\$ 47,225	\$ 29,629	\$ 12,551	\$ -	\$ 89,405
Charges For Services	135,297	909,712	-	-	1,045,009
Miscellaneous	526,142	-	1,969	-	528,111
Recovered Costs	251,926	-	-	-	251,926
Intergovernmental	57,413,220	1,504,767	418,176	1,702,087	61,038,250
TOTAL REVENUES	<u>\$ 58,373,810</u>	<u>\$ 2,444,108</u>	<u>\$ 432,696</u>	<u>\$ 1,702,087</u>	<u>\$ 62,952,701</u>
EXPENDITURES:					
Education	58,345,676	2,442,660	785,443	-	61,573,779
Capital Outlay	-	-	-	864,804	864,804
TOTAL EXPENDITURES	<u>\$ 58,345,676</u>	<u>\$ 2,442,660</u>	<u>\$ 785,443</u>	<u>\$ 864,804</u>	<u>\$ 62,438,583</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 28,134</u>	<u>\$ 1,448</u>	<u>\$ (352,747)</u>	<u>\$ 837,283</u>	<u>\$ 514,118</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ -	\$ 28,134	\$ -	\$ -	\$ 28,134
Operating Transfers Out	(28,134)	-	-	-	(28,134)
Proceeds from Debt	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (28,134)</u>	<u>\$ 28,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	<u>\$ -</u>	<u>\$ 29,582</u>	<u>\$ (352,747)</u>	<u>\$ 837,283</u>	<u>\$ 514,118</u>
FUND BALANCE AT BEGINNING OF YEAR	200	818,677	683,745	1,169,004	2,671,626
FUND BALANCE AT END OF YEAR	<u>\$ 200</u>	<u>\$ 848,259</u>	<u>\$ 330,998</u>	<u>\$ 2,006,287</u>	<u>\$ 3,185,744</u>

SUPPLEMENTARY SCHEDULES

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 7,500,000	\$ 7,500,000	\$ 8,975,114	\$ 1,475,114
Service Corporation Taxes	555,000	555,000	487,076	(67,924)
Personal Property Taxes	2,793,000	2,793,000	3,384,060	591,060
Machinery & Tool Taxes	2,650,000	2,650,000	2,777,132	127,132
Merchants Capital Taxes	740,000	740,000	773,567	33,567
Mobile Home Taxes	200,000	200,000	225,623	25,623
Penalties & Interest	380,000	387,770	522,734	134,964
TOTAL GENERAL PROPERTY TAXES	\$ 14,818,000	\$ 14,825,770	\$ 17,145,306	\$ 2,319,536
Other Local Taxes:				
Local Sales & Use Tax	\$ 2,400,000	\$ 2,400,000	\$ 2,529,653	\$ 129,653
Coal Severance Tax	5,000,000	5,000,000	6,538,343	1,538,343
Consumer's Utility Tax	950,000	950,000	778,004	(171,996)
Cellular Phone Tax	160,000	160,000	230,557	70,557
Franchise Tax	285,000	285,000	227,801	(57,199)
Consumption Tax	-	-	118,843	118,843
Taxes on Recordation & Wills	100,000	100,000	162,304	62,304
Business License Tax	-	-	-	-
County Decal Licenses	108,000	108,000	125,132	17,132
Transient Occupancy Tax	17,500	17,500	19,136	1,636
TOTAL OTHER LOCAL TAXES	\$ 9,020,500	\$ 9,020,500	\$ 10,729,773	\$ 1,709,273
Permits, Privilege Fees & Regulatory Licenses:				
Animal Licenses	\$ 2,000	\$ 2,000	\$ 3,161	\$ 1,161
Permits & Other Licenses	60,000	60,000	77,142	17,142
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	\$ 62,000	\$ 62,000	\$ 80,303	\$ 18,303
Fines & Forfeitures:	\$ 25,000	\$ 25,000	\$ 31,585	\$ 6,585
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ 130,000	\$ 130,000	\$ 678,304	\$ 548,304
Revenue From The Use of Property	65,000	65,000	77,862	12,862
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ 195,000	\$ 195,000	\$ 756,166	\$ 561,166
Charges For Services:				
Charges For Commonwealth's Attorney	\$ 1,650	\$ 1,650	\$ 2,110	\$ 460
Charges For Court	90,000	90,000	30,035	(59,965)
Charges For Health	30,000	30,000	34,857	4,857
Charges For Social Services	60,000	60,000	68,942	8,942
TOTAL CHARGES FOR SERVICES	\$ 181,650	\$ 181,650	\$ 135,944	\$ (45,706)
Miscellaneous:				
Miscellaneous	\$ 100,000	\$ 140,000	\$ 82,592	\$ (57,408)
TOTAL MISCELLANEOUS REVENUE	\$ 100,000	\$ 140,000	\$ 82,592	\$ (57,408)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 169,400	\$ 169,400	\$ 98,654	\$ (70,746)
CEDA Tourism	103,500	103,500	51,543	(51,957)
Miscellaneous	40,000	502,075	-	(502,075)
Adult Confinement Local Facilities	-	-	-	-
TOTAL RECOVERED COSTS	\$ 312,900	\$ 774,975	\$ 150,197	\$ (624,778)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 24,715,050	\$ 25,224,895	\$ 29,111,866	\$ 3,886,971
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Payments in Lieu of Taxes	\$ 130,000	\$ 130,000	\$ 148,364	\$ 18,364
ABC Profits	21,500	21,500	16,028	(5,472)
Wine Taxes	20,800	20,800	16,800	(4,000)
Rolling Stock Tax	105,000	105,000	109,348	4,348
Mobile Home Titling Taxes	160,000	160,000	106,658	(53,342)
Recordation Tax	21,000	21,000	34,160	13,160
Personal Property Tax Reimbursement	1,407,000	1,407,000	1,406,942	(58)
Miscellaneous Grants	-	-	78,912	78,912
Motor Vehicle Rental Tax	4,000	3,000	3,962	962
TOTAL NON-CATEGORICAL AID	\$ 1,869,300	\$ 1,868,300	\$ 1,921,174	\$ 52,874
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 366,681	\$ 454,010	\$ 456,395	\$ 2,385
Sheriff	1,902,235	1,947,951	2,084,904	136,953
Commissioner of Revenue	184,356	184,356	201,558	17,202
Treasurer	163,818	173,356	181,541	8,185
Medical Examiner	900	900	840	(60)
Jail	-	-	39,478	39,478
Registrar/Electoral Board	42,500	55,500	61,538	6,038
Clerk of Circuit Court	346,961	356,876	384,594	27,718
TOTAL SHARED EXPENSES	\$ 3,007,451	\$ 3,172,949	\$ 3,410,848	\$ 237,899
Other Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 2,098,559	\$ 2,098,559	\$ 2,231,758	\$ 133,199
M H & R Service Board	2,576,420	2,576,420	2,180,711	(395,709)
VA Heritage Music-Crooked Road	-	-	36,221	36,221
Dept of Military-Defense Preparedness	-	-	1,633	1,633
Disaster Planning-PL-Level II	-	-	9,321	9,321
Disaster Planning	-	-	-	-
Domestic Violence Grant	50,000	50,000	50,000 ✓	-
Haz-Mat - General	115,700	115,700	15,000	(100,700)
Haz-Mat - Training	-	-	1,000	1,000
SWVA Corrections - Justice	546,206	546,206	546,206	-
Victim Witness Grant - Justice	55,000	55,000	56,123	1,123
Sheriff Grants	200,000	195,717	17,391 ✓	(178,326)
Cultural Arts Grant	5,000	5,000	5,000	-
Fire Program Funds	53,843	64,784	65,941	1,157
Two-For-Life Rescue	17,608	14,448	29,044	14,596
School Resource Officer Grant	435,000	215,927	182,754 ✓	(33,173)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Revenue From The Commonwealth:				
Categorical Aid:				
TOTAL OTHER CATEGORICAL AID	\$ 6,153,336	\$ 5,937,761	\$ 5,428,103	\$ (509,658)
TOTAL CATEGORICAL AID	\$ 9,160,787	\$ 9,110,710	\$ 8,838,951	\$ (271,759)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 11,030,087	\$ 10,979,010	\$ 10,760,125	\$ (218,885)
Revenue From The Federal Government:				
Payments in Lieu of Taxes	\$ 31,000	\$ -	\$ 38,414	\$ 38,414
Categorical Aid:				
Public Assistance & Welfare Administration	\$ 3,672,431	\$ 3,672,431	\$ 3,853,167	\$ 180,736
ARC Flex-04 Grant 4-H Youth	-	3,775	3,775	-
M H & R Service Board	-	-	986,050	986,050
Rents & Royalties	-	-	4,185	4,185
DEQ Env Technical	-	-	7,173	7,173
Homeland Security Grant	-	6,225	5,244 ✓	(981)
LLEBG	-	-	2,209 ✓	2,209
Violence Against Women - Justice	-	31,000	15,101 ✓	(15,899)
Community Development Grant	-	40,000	40,000	-
Ground Transportation	-	-	6,242 ✓	6,242
TOTAL CATEGORICAL AID	\$ 3,672,431	\$ 3,753,431	\$ 4,923,146	\$ 1,169,715
TOTAL REVENUE FROM THE FEDERAL GOVT.	\$ 3,703,431	\$ 3,753,431	\$ 4,961,560	\$ 1,208,129
TOTAL GENERAL FUND	\$ 39,448,568	\$ 39,957,336	\$ 44,833,551	\$ 4,876,215
TOTAL GENERAL FUND & OTHER FINANCING SOURCES	\$ 39,448,568	\$ 39,957,336	\$ 44,833,551	\$ 4,876,215
Special Revenue Funds:				
Emergency Numbers Funds:				
Revenue From Local Sources:				
Other Local Taxes:				
911 Emergency Number Tax	\$ 282,100	\$ 322,837	\$ 275,715	\$ (47,122)
Revenue From the Use of Money & Property:				
Revenue From the Use of Money	\$ 1,850	\$ 1,850	\$ 2,303	\$ 453
TOTAL REVENUE FROM LOCAL SOURCES	\$ 283,950	\$ 324,687	\$ 278,018	\$ (46,669)
Revenue From The Commonwealth:				
Categorical Aid:				
Department of Technology Planning	51,440	111,440	117,166	5,726
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 51,440	\$ 111,440	\$ 117,166	\$ 5,726
TOTAL EMERGENCY NUMBERS FUND	\$ 335,390	\$ 436,127	\$ 395,184	\$ (40,943)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
Special Revenue Funds:				
Law Library Fund:				
Revenue From Local Sources:				
Charges For Services:				
Charges For Law Library	\$ 8,000	\$ 8,000	\$ 14,364	\$ 6,364
TOTAL LAW LIBRARY FUND	\$ 8,000	\$ 8,000	\$ 14,364	\$ 6,364
Coal Road Improvement Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Coal Severance Tax	\$ 4,000,000	\$ 4,000,000	\$ 6,179,482	\$ 2,179,482
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 177,432	\$ 177,432
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 4,000,000	\$ 4,000,000	\$ 6,356,914	\$ 2,356,914
Drug Seizure & Forfeiture, Commission and RAID Fund:				
Sheriff Department:				
Revenue From Local Sources:				
Charges For Services:				
Commissions	\$ -	\$ -	\$ 1,090	\$ 1,090
TOTAL CHARGES FOR SERVICES	\$ -	\$ -	\$ 1,090	\$ 1,090
Fines & Forfeitures:				
Fines & Forfeitures	\$ -	\$ -	\$ 46,035	\$ 46,035
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 23,200	\$ 23,200
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 70,325	\$ 70,325
TOTAL DRUG SEIZURE & FORFEITURE, COMMISSION & RAID FUND	\$ -	\$ -	\$ 70,325	\$ 70,325

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ -	\$ -	\$ 28,104	\$ 28,104
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 8	\$ 8
TOTAL TRANSIENT OCCUPANCY TAX FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,112</u>	<u>\$ 28,112</u>
Dog & Cat Sterilization Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 850	\$ 850
TOTAL REVENUE FROM LOCAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 850</u>
TOTAL DOG & CAT STERILIZATION FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 850</u>
Wise Development Fund				
Revenue From The Federal Government:				
Categorical Aid:				
Research Cooperative Agreement-NASA	\$ -	\$ -	\$ 484,593	\$ 484,593
Byrne Formula Grant-Criminal History Recd Imp	-	-	49,815	49,815
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,408</u>	<u>\$ 534,408</u>
TOTAL WISE DEVELOPMENT FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,408</u>	<u>\$ 534,408</u>
Community Development Fund:				
Revenue From The Federal Government:				
Categorical Aid:				
South Fork Water Project	\$ -	\$ -	\$ 296,938	\$ 296,938
Nouth Fork Water Project	-	-	374,736	374,736
Business & Tech Park Access	-	-	9,109	9,109
Derby Community Renovation Project	-	-	163,936	163,936
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,719</u>	<u>\$ 844,719</u>
TOTAL COMMUNITY DEVELOPMENT FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,719</u>	<u>\$ 844,719</u>
TOTAL SPECIAL REVENUE FUNDS	<u>\$ 4,343,390</u>	<u>\$ 4,444,127</u>	<u>\$ 8,244,876</u>	<u>\$ 3,800,749</u>
GRAND TOTAL REVENUES - PRIMARY GOVERNMENT	<u>\$ 43,791,958</u>	<u>\$ 44,401,463</u>	<u>\$ 53,078,427</u>	<u>\$ 8,676,964</u>
School Operating Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Property	\$ 28,900	\$ 28,900	\$ 47,225	\$ 18,325
Charges For Services:				
Charges For Education	\$ 9,000	\$ 9,000	\$ 135,297	\$ 126,297
Miscellaneous Revenue:				
Miscellaneous	\$ 2,719,500	\$ 2,719,500	\$ 526,142	\$ (2,193,358)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 234,500	\$ 234,500	\$ 251,926	\$ 17,426
TOTAL REVENUE FROM LOCAL SOURCES	<u>\$ 2,991,900</u>	<u>\$ 2,991,900</u>	<u>\$ 960,590</u>	<u>\$ (2,031,310)</u>
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 14,183,600	\$ 14,183,600	\$ 14,251,231	\$ 67,631
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	<u>\$ 14,183,600</u>	<u>\$ 14,183,600</u>	<u>\$ 14,251,231</u>	<u>\$ 67,631</u>
Revenue From The Commonwealth:				
Categorical Aid:				
Share of State Sales & Use Taxes	\$ 6,015,200	\$ 6,015,200	\$ 5,860,076	\$ (155,124)
Basic School Aid	19,605,100	19,605,100	19,798,179	193,079
Remedial Education SOQ	749,500	749,500	757,297	7,797
Remedial Education - Summer	91,100	91,100	95,923	4,823
Gifted SOQ	203,000	203,000	205,101	2,101
Special Education	2,661,000	2,661,000	2,597,948	(63,052)
Vocational Education	1,024,500	1,024,500	909,808	(114,692)
Share of Fringe Benefits	2,305,400	2,305,400	2,161,451	(143,949)
Reading Intervention	76,300	76,300	59,793	(16,507)
Governors/Magnet Schools	73,000	73,000	74,730	1,730
Electronic Classroom	453,300	453,300	522,443	69,143
SOL Algebra Readiness	93,200	93,200	95,675	2,475
Alternative Education	212,500	212,500	212,501	1
Primary Class Size/K-3 Initiative	837,500	837,500	839,538	2,038
Foster Care	-	-	18,728	18,728
Salary Supplement	411,200	411,200	415,461	4,261
Adult Literacy	312,400	312,400	229,736	(82,664)
Adult Occupational Prep & Equipment	-	-	70,675	70,675
Adult Education	-	-	38,474	38,474
Other State Funds	5,000	5,000	9,838	4,838
GED Prep Program - ISAAP	23,600	23,600	23,576	(24)
GED Testing	-	-	89,704	89,704
Enrollment Loss	188,400	188,400	43,664	(144,736)
At Risk	781,300	781,300	789,351	8,051
At Risk - Four-Year Olds	308,600	308,600	308,629	29
Technology Initiative	518,000	518,000	492,000	(26,000)
Homebound	-	-	46,765	46,765
English Second Language	-	-	14,201	14,201
Tobacco Learning Grant	-	-	20,679	20,679
Industry Certification	-	-	4,038	4,038
Teacher Incentive-Mentor	-	-	10,627	10,627
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 36,949,100</u>	<u>\$ 36,949,100</u>	<u>\$ 36,816,609</u>	<u>\$ (132,491)</u>
Revenue From The Federal Government:				
Categorical Aid:				
Adult Literacy	\$ 259,700	\$ 259,700	\$ 355,030	\$ 95,330
Title I	3,103,100	3,103,100	2,168,997	(934,103)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	51,600	51,600	-	(51,600)
Title II - Ed Technology / Part D	633,700	633,700	189,767	(443,933)
Title II - D Regular	-	-	255,471	255,471
Forest Reserve	19,200	19,200	20,004	804
Jobs Training Partnership Act (JTPA)	2,528,900	2,528,900	673,762	(1,855,138)
Homeless	508,000	508,000	20,453	(487,547)
National Community Service	-	-	8,940	8,940
Even Start	-	-	34,339	34,339
Title VI - B - Flow Through	1,461,600	1,461,600	1,338,875	(122,725)
Vocational Education	175,000	175,000	176,753	1,753
Title IV Part A, Subpart 1 / Drug Free	58,000	58,000	68,470	10,470
Title V - Part A	42,000	42,000	5,243	(36,757)
Title X Grant - 21st Century	885,000	885,000	519,698	(365,302)
Title VI - Rural/Low Income Schools	-	-	249,384	249,384
Crude Oil Overbill (Department of Energy)	-	-	1,200	1,200
Pre-School Special Education	-	-	53,598	53,598
JROTC	-	-	46,440	46,440
Title VI, Part A, Subpart 1 / Calculators	-	-	8,956	8,956
TOTAL CATEGORICAL AID	<u>\$ 9,725,800</u>	<u>\$ 9,725,800</u>	<u>\$ 6,195,380</u>	<u>\$ (3,530,420)</u>
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ 9,725,800</u>	<u>\$ 9,725,800</u>	<u>\$ 6,195,380</u>	<u>\$ (3,530,420)</u>
Debt Service:				
Revenue from Commonwealth:				
Catagorical Aid:				
Lottery Funds	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
TOTAL CATEGORICAL AID	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>
TOTAL SCHOOL OPERATING FUND	<u>\$ 64,000,400</u>	<u>\$ 64,000,400</u>	<u>\$ 58,373,810</u>	<u>\$ (5,626,590)</u>
School Cafeteria Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 29,629	\$ 29,629
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,629</u>	<u>\$ 29,629</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Charges For Services:				
Cafeteria Sales	\$ 1,166,200	\$ 1,166,200	\$ 909,712	\$ (256,488)
TOTAL REVENUE FROM LOCAL SOURCES	<u>\$ 1,166,200</u>	<u>\$ 1,166,200</u>	<u>\$ 939,341</u>	<u>\$ (226,859)</u>
Revenue From The Commonwealth:				
Categorical Aid:				
School Food	\$ 38,800	\$ 38,800	\$ 39,709	\$ 909
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 38,800</u>	<u>\$ 38,800</u>	<u>\$ 39,709</u>	<u>\$ 909</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 1,250,000	\$ 1,250,000	\$ 1,465,058	\$ 215,058
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,465,058</u>	<u>\$ 215,058</u>
TOTAL SCHOOL CAFETERIA FUND	<u>\$ 2,455,000</u>	<u>\$ 2,455,000</u>	<u>\$ 2,444,108</u>	<u>\$ (10,892)</u>
School Textbook Rental Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 12,551	\$ 12,551
Miscellaneous	\$ 579,000	\$ 579,000	\$ 1,969	\$ (577,031)
TOTAL FROM LOCAL SOURCES	<u>\$ 579,000</u>	<u>\$ 579,000</u>	<u>\$ 14,520</u>	<u>\$ (564,480)</u>
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ -	\$ 86,228	\$ 86,228
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,228</u>	<u>\$ 86,228</u>
Revenue From The Commonwealth:				
Categorical Aid:				
Total Rental Payments	\$ 328,500	\$ 328,500	\$ 331,948	\$ 3,448
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 328,500</u>	<u>\$ 328,500</u>	<u>\$ 331,948</u>	<u>\$ 3,448</u>
TOTAL TEXTBOOK RENTAL FUND	<u>\$ 907,500</u>	<u>\$ 907,500</u>	<u>\$ 432,696</u>	<u>\$ (474,804)</u>
TOTAL SPECIAL REVENUE FUNDS	<u>\$ 67,362,900</u>	<u>\$ 67,362,900</u>	<u>\$ 61,250,614</u>	<u>\$ (6,112,286)</u>
School Capital Project Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
TOTAL FROM LOCAL SOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 374,900	\$ 374,900	\$ 374,900	\$ -
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	<u>\$ 374,900</u>	<u>\$ 374,900</u>	<u>\$ 374,900</u>	<u>\$ -</u>
Revenue From The Commonwealth:				
Categorical Aid:				
Lottery Funds	\$ 1,126,500	\$ 1,126,500	\$ 1,116,999	\$ (9,501)
Public School Construction	210,000	210,000	210,188	188
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 1,336,500</u>	<u>\$ 1,336,500</u>	<u>\$ 1,327,187</u>	<u>\$ (9,313)</u>
TOTAL CAPITAL OUTLAY FUND	<u>\$ 1,711,400</u>	<u>\$ 1,711,400</u>	<u>\$ 1,702,087</u>	<u>\$ (9,313)</u>
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	<u>\$ 69,074,300</u>	<u>\$ 69,074,300</u>	<u>\$ 62,952,701</u>	<u>\$ (6,121,599)</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 256,865	\$ 350,121	307,749	\$ 42,372
General & Financial Administration:				
County Administrator	\$ 329,167	\$ 349,383	\$ 349,002	\$ 381
Legal Services	128,765	134,309	104,949	29,360
Commissioner Of Revenue	509,711	585,544	577,471	8,073
Assessor	130,913	132,787	125,998	6,789
Data Processing	173,660	323,962	237,155	86,807
Treasurer	507,834	477,904	461,736	16,168
Geographic Information	109,327	144,084	131,715	12,369
TOTAL GENERAL & FINANCIAL ADMINISTRATION	<u>\$ 1,889,377</u>	<u>\$ 2,147,973</u>	<u>\$ 1,988,026</u>	<u>\$ 159,947</u>
Board Of Elections:				
Electoral Board & Officials	\$ 46,720	\$ 59,720	\$ 45,495	\$ 14,225
Registrar	95,021	96,621	93,967	2,654
TOTAL BOARD OF ELECTIONS	<u>\$ 141,741</u>	<u>\$ 156,341</u>	<u>\$ 139,462</u>	<u>\$ 16,879</u>
TOTAL GENERAL GOVERNMENT ADMINISTRATION	<u>\$ 2,287,983</u>	<u>\$ 2,654,435</u>	<u>\$ 2,435,237</u>	<u>\$ 219,198</u>
Judicial Administration:				
Courts:				
Clerk Of The Circuit Court	\$ 632,322	\$ 641,936	\$ 648,395	\$ (6,459)
Circuit Court	-	8,200	8,117	83
District Court	9,525	9,525	8,572	953
Magistrate	2,225	2,468	2,492	(24)
Juvenile & Domestic Relations Court	383,375	405,775	402,620	3,155
Sheriff	349,302	349,302	349,473	(171)
TOTAL COURTS	<u>\$ 1,376,749</u>	<u>\$ 1,417,206</u>	<u>\$ 1,419,669</u>	<u>\$ (2,463)</u>
Commonwealth Attorney	\$ 479,710	\$ 618,839	\$ 549,829	\$ 69,010
Victim Witness Protection	55,846	55,846	53,376	2,470
TOTAL JUDICIAL ADMINISTRATION	<u>\$ 1,912,305</u>	<u>\$ 2,091,891</u>	<u>\$ 2,022,874</u>	<u>\$ 69,017</u>
Public Safety:				
Law Enforcement & Traffic Control:				
Sheriff	\$ 2,552,861	\$ 2,744,263	\$ 2,797,889	\$ (53,626)
Dispatcher/E911	206,309	209,971	205,343	4,628
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	<u>\$ 2,759,170</u>	<u>\$ 2,954,234</u>	<u>\$ 3,003,232</u>	<u>\$ (48,998)</u>
Fire & Rescue Services:				
Fire & Rescue Departments	\$ 411,500	\$ 432,889	\$ 411,544	\$ 21,345
TOTAL FIRE & RESCUE SERVICES	<u>\$ 411,500</u>	<u>\$ 432,889</u>	<u>\$ 411,544</u>	<u>\$ 21,345</u>
Correction & Detention:				
SWVA Community Corrections Center	\$ 546,206	\$ 559,780	\$ 558,552	\$ 1,228
SW Regional Jail Authority	1,355,233	1,356,605	1,331,043	25,562

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 1,901,439	\$ 1,916,385	\$ 1,889,595	\$ 26,790
Inspections:				
Building Inspector	\$ 204,137	\$ 213,561	\$ 199,777	\$ 13,784
TOTAL INSPECTIONS	\$ 204,137	\$ 213,561	\$ 199,777	\$ 13,784
Other Protection:				
Emergency Services	\$ 254,931	\$ 372,729	\$ 166,200	\$ 206,529
Animal Control	260,195	199,892	190,797	9,095
TOTAL OTHER PROTECTION	\$ 515,126	\$ 572,621	\$ 356,997	\$ 215,624
TOTAL PUBLIC SAFETY	\$ 5,791,372	\$ 6,089,690	\$ 5,861,145	\$ 228,545
Public Works:				
Maintenance Of Buildings & Grounds:				
General Properties	\$ 518,592	\$ 532,039	\$ 522,225	\$ 9,814
TOTAL PUBLIC WORKS	\$ 518,592	\$ 532,039	\$ 522,225	\$ 9,814
Welfare/Social Services:				
Health & Welfare:				
Health:				
Supplement To Local Health Department	\$ 410,160	\$ 472,134	\$ 441,147	\$ 30,987
TOTAL HEALTH	\$ 410,160	\$ 472,134	\$ 441,147	\$ 30,987
Mental Health & Mental Retardation:				
Mental Health	2,703,279	3,293,620	3,293,620	-
TOTAL MENTAL HEALTH & MENTAL RETARDATION	\$ 2,703,279	\$ 3,293,620	\$ 3,293,620	\$ -
Welfare/Social Services:				
Welfare Administration	\$ 6,933,722	\$ 7,009,201	\$ 7,001,420	\$ 7,781
Property Tax Relief for Elderly MEOC	-	-	215,178	(215,178)
Youth Service Board	20,000	20,000	20,000	-
Agency On Aging	44,900	47,400	46,700	700
Group Home	22,400	22,400	-	22,400
TOTAL WELFARE/SOCIAL SERVICES	\$ 7,021,022	\$ 7,099,001	\$ 7,283,298	\$ (184,297)
TOTAL HEALTH & WELFARE	\$ 10,134,461	\$ 10,864,755	\$ 11,018,065	\$ (153,310)
Education:				
Local Public Schools	\$ 14,558,500	\$ 15,558,500	\$ 14,712,360	\$ 846,140
UVA-Engineering Project	-	-	250,000	(250,000)
Community Colleges	\$ 51,190	\$ 51,190	\$ 53,807	\$ (2,617)
TOTAL EDUCATION	\$ 14,609,690	\$ 15,609,690	\$ 15,016,167	\$ 593,523

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>
Library:				
Contributions To Local Libraries	\$ 770,449	\$ 770,449	\$ 770,449	\$ -
TOTAL LIBRARY	<u>\$ 770,449</u>	<u>\$ 770,449</u>	<u>\$ 770,449</u>	<u>\$ -</u>
Cultural:				
Pro-Art Association	\$ -	\$ -	\$ 15,705	\$ (15,705)
Other Arts and Theatre Projects	-	-	3,185	(3,185)
TOTAL CULTURAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,890</u>	<u>\$ (18,890)</u>
TOTAL PARKS, RECREATION & CULTURAL	<u>\$ 810,449</u>	<u>\$ 810,449</u>	<u>\$ 829,339</u>	<u>\$ (18,890)</u>
Planning & Community Development:				
Economic Development	\$ 93,419	\$ 96,687	\$ 88,255	\$ 8,432
Housing Authority	25,000	25,000	25,000	-
Cumberland Airport Commission	90,000	90,000	46,325	43,675
Lenowisco	69,384	69,384	66,684	2,700
Planning Commission	8,050	8,500	8,525	(25)
Industrial Development Authority	135,000	136,464	136,464	-
Music Trail-Crooked Road	-	87,830	45,288	42,542
CEDA - Tourism	103,390	103,390	76,613	26,777
TOTAL PLANNING & COMMUNITY DEVELOPMENT	<u>\$ 524,243</u>	<u>\$ 617,255</u>	<u>\$ 493,154</u>	<u>\$ 124,101</u>
Community Development:				
Cooperative Extension Program:				
VPI & SU Extension Office	\$ 50,810	\$ 54,782	\$ 53,943	\$ 839
TOTAL COOPERATIVE EXTENSION PROGRAM	<u>\$ 50,810</u>	<u>\$ 54,782</u>	<u>\$ 53,943</u>	<u>\$ 839</u>
TOTAL COMMUNITY DEVELOPMENT	<u>\$ 575,053</u>	<u>\$ 672,037</u>	<u>\$ 547,097</u>	<u>\$ 124,940</u>
Non-Departmental				
Non-Departmental	\$ 581,798	\$ 323,546	\$ 104,517	\$ 219,029
TOTAL NON-DEPARTMENTAL	<u>\$ 581,798</u>	<u>\$ 323,546</u>	<u>\$ 104,517</u>	<u>\$ 219,029</u>
Debt Service:				
Principal Retirement	\$ 383,263	\$ 383,263	\$ 438,915	\$ (55,652)
Interest & Fiscal Charges	60,000	60,000	59,885	115
TOTAL DEBT SERVICE	<u>\$ 443,263</u>	<u>\$ 443,263</u>	<u>\$ 498,800</u>	<u>\$ (55,537)</u>
TOTAL GENERAL FUND	<u>\$ 37,664,966</u>	<u>\$ 40,091,795</u>	<u>\$ 38,855,466</u>	<u>\$ 1,236,329</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 10,378	\$ (2,378)
TOTAL LAW LIBRARY FUND	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 10,378</u>	<u>\$ (2,378)</u>
Coal Road Improvement Fund:				
General Government Administration	\$ -	\$ -	\$ 395	\$ (395)
Public Works:				
Maintenance Of Highways, Streets, Bridges & Sidewalks:				
Coal Road Projects	\$ 250,000	\$ 250,000	\$ 309,504	\$ (59,504)
TOTAL PUBLIC WORKS	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 309,504</u>	<u>\$ (59,504)</u>
Community Development:				
Distribution to Towns	\$ 800,000	\$ 800,000	\$ 1,267,884	\$ (467,884)
Community Development	2,950,000	2,950,000	3,701,715	(751,715)
TOTAL COMMUNITY DEVELOPMENT	<u>\$ 3,750,000</u>	<u>\$ 3,750,000</u>	<u>\$ 4,969,599</u>	<u>\$ (1,219,599)</u>
TOTAL COAL ROAD IMPROVEMENT FUND	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 5,279,498</u>	<u>\$ (1,279,498)</u>
Emergency Numbers Fund:				
Public Safety:				
Law Enforcement & Traffic Control:				
911 System	\$ 406,989	\$ 406,989	\$ 431,964	\$ (24,975)
TOTAL PUBLIC SAFETY	<u>\$ 406,989</u>	<u>\$ 406,989</u>	<u>\$ 431,964</u>	<u>\$ (24,975)</u>
Debt Service:				
Principal Retirement	\$ 71,854	\$ 71,854	\$ 71,854	\$ -
Interest & Fiscal Charges	10,224	10,224	10,224	-
TOTAL DEBT SERVICE	<u>\$ 82,078</u>	<u>\$ 82,078</u>	<u>\$ 82,078</u>	<u>\$ -</u>
TOTAL EMERGENCY NUMBERS FUND	<u>\$ 489,067</u>	<u>\$ 489,067</u>	<u>\$ 514,042</u>	<u>\$ (24,975)</u>
Drug Seizure & Forfeiture, Commission & RAID Fund:				
Sheriff Department:				
Public Safety:				
Sheriff	\$ -	\$ -	\$ 57,889	\$ (57,889)
TOTAL PUBLIC SAFETY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,889</u>	<u>\$ (57,889)</u>
TOTAL DRUG SEIZURE & FORFEITURE, COMMISSION AND RAID FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,889</u>	<u>\$ (57,889)</u>
Dog & Cat Sterilization Fund:				
Public Safety				
Other Protection:				
Animal Control	\$ -	\$ -	\$ 1,760	\$ 1,760
TOTAL PUBLIC SAFETY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,760</u>	<u>\$ 1,760</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ -	\$ -	\$ 1,760	\$ (1,760)
Information Technology Improvement Fund:				
Community Development:				
Technology				
TOTAL INFORMATION TECHNOLOGY	\$ -	\$ -	\$ 37,243	\$ (37,243)
IMPROVEMENT FUND	\$ -	\$ -	\$ 37,243	\$ (37,243)
TOTAL INFORMATION	\$ -	\$ -	\$ 37,243	\$ (37,243)
TECHNOLOGY FUND	\$ -	\$ -	\$ 37,243	\$ (37,243)
Wise Development Fund:				
Community Development:				
Community Project				
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ -	\$ 684,425	\$ (684,425)
TOTAL WISE DEVELOPMENT FUND	\$ -	\$ -	\$ 684,425	\$ (684,425)
Community Development Fund:				
Community Development:				
Project-Bold Camp				
Project-Bold Camp	\$ -	\$ -	\$ 1,245	\$ (1,245)
Business & Tech Park Project				
Business & Tech Park Project	\$ -	\$ -	\$ 11,385	\$ (11,385)
North Fork Water Project				
North Fork Water Project	\$ -	\$ -	\$ 374,738	\$ (374,738)
South Fork Water Project				
South Fork Water Project	\$ -	\$ -	\$ 296,937	\$ (296,937)
Derby Community Renovation Project				
Derby Community Renovation Project	\$ -	\$ -	\$ 177,809	\$ (177,809)
TOTAL COMMUNITY	\$ -	\$ -	\$ 862,114	\$ (862,114)
DEVELOPMENT	\$ -	\$ -	\$ 862,114	\$ (862,114)
TOTAL COMMUNITY	\$ -	\$ -	\$ 862,114	\$ (862,114)
DEVELOPMENT FUND	\$ -	\$ -	\$ 862,114	\$ (862,114)
TOTAL SPECIAL REVENUE	\$ 4,497,067	\$ 4,497,067	\$ 7,447,349	\$ (2,950,282)
FUNDS	\$ 4,497,067	\$ 4,497,067	\$ 7,447,349	\$ (2,950,282)
GRAND TOTAL EXPENDITURES -				
PRIMARY				
GOVERNMENT	\$ 42,162,033	\$ 44,588,862	\$ 46,302,815	\$ (1,713,953)
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration Of Schools				
Administration Of Schools	\$ 911,500	\$ 911,500	\$ 730,825	\$ 180,675
Instruction Costs:				
Classroom				
Classroom	\$ 36,263,240	\$ 36,263,240	\$ 36,009,018	\$ 254,222
Instructional Support:				
Student				
Student	1,816,465	1,816,465	1,272,974	543,491
Staff				
Staff	4,953,994	4,953,994	4,066,175	887,819
Administration				
Administration	4,147,201	4,147,201	3,671,582	147,437
TOTAL INSTRUCTION COSTS	\$ 47,180,900	\$ 47,180,900	\$ 45,019,749	\$ 2,161,151

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 814,100	\$ 814,100	\$ 810,897	\$ 3,203
Pupil Transportation	2,804,800	3,004,800	2,831,450	173,350
Operation & Maintenance Of School Plant	4,740,400	4,740,400	4,787,651	(47,251)
Non-Instructional	6,409,500	6,109,500	2,896,414	3,213,086
TOTAL OPERATING COSTS	<u>\$ 14,768,800</u>	<u>\$ 14,668,800</u>	<u>\$ 11,326,412</u>	<u>\$ 3,342,388</u>
TOTAL EDUCATION	<u>\$ 62,861,200</u>	<u>\$ 62,761,200</u>	<u>\$ 57,076,986</u>	<u>\$ 5,684,214</u>
Debt Service:				
Principal Retirement	\$ 914,600	\$ 914,600	\$ 1,004,661	\$ (90,061)
Interest & Fiscal Charges	224,600	224,600	264,029	(39,429)
TOTAL DEBT SERVICE	<u>\$ 1,139,200</u>	<u>\$ 1,139,200</u>	<u>\$ 1,268,690</u>	<u>\$ (129,490)</u>
TOTAL SCHOOL OPERATING FUND	<u>\$ 64,000,400</u>	<u>\$ 63,900,400</u>	<u>\$ 58,345,676</u>	<u>\$ 5,554,724</u>
School Cafeteria Fund:				
Education:				
Operating Costs	\$ 2,455,000	\$ 2,555,000	\$ 2,442,661	\$ 112,339
TOTAL SCHOOL CAFETERIA FUND	<u>\$ 2,455,000</u>	<u>\$ 2,555,000</u>	<u>\$ 2,442,661</u>	<u>\$ 112,339</u>
Textbook Rental Fund:				
Education:				
Operating Costs	\$ 907,500	\$ 907,500	\$ 785,443	\$ 122,057
TOTAL TEXTBOOK RENTAL FUND	<u>\$ 907,500</u>	<u>\$ 907,500</u>	<u>\$ 785,443</u>	<u>\$ 122,057</u>
Capital Project Fund:				
School Construction:				
Capital Outlays	\$ 1,711,400	\$ 1,711,400	\$ 864,804	\$ 846,596
TOTAL SCHOOL CONSTRUCTION	<u>\$ 1,711,400</u>	<u>\$ 1,711,400</u>	<u>\$ 864,804</u>	<u>\$ 846,596</u>
TOTAL CAPITAL PROJECT FUND	<u>\$ 1,711,400</u>	<u>\$ 1,711,400</u>	<u>\$ 864,804</u>	<u>\$ 846,596</u>
GRAND TOTAL EXPENDITURES, COMPONENT UNIT - SCHOOL BOARD	<u><u>\$ 69,074,300</u></u>	<u><u>\$ 69,074,300</u></u>	<u><u>\$ 62,438,584</u></u>	<u><u>\$ 6,635,716</u></u>

COUNTY OF WISE, VIRGINIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR COUNTY
 JUNE 30, 2006

WISE COUNTY (INCLUDING THE WISE COUNTY PUBLIC SERVICE AUTHORITY)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b - a) Unfunded Actuarial Accrued Liability (UAAL)	(a / b) Funded Ratio	(c) Covered Payroll	((b - a) / c) UAAL as % of Covered Payroll
June 30, 2005	\$25,862,321	\$29,123,470	\$3,261,149	88.80%	\$7,905,622	41.25%
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%

WISE COUNTY SCHOOLS (NON-PROFESSIONAL EMPLOYEES)

June 30, 2005	\$6,189,105	\$8,026,236	\$1,837,131	77.11%	\$1,649,912	111.35%
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%

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006

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	\$ 136
Food Distribution - Schools	10.555	145,852
Department Of Social Services:		
General Administration - Food Stamp Program (Cluster) *	10.561	458,317
Department Of Education:		
National School Lunch Program (SL-4) (SL-11)	10.555	1,129,728
National School Breakfast	10.553	318,980
National School Summer Feeding Program	10.555	16,350
Total National School Food (Cluster)		1,465,058
Federal Land Use - Forest Reserve	10.665	20,004
DEPARTMENT OF HEALTH & HUMAN SERVICES:		
Department of Social Services:		
Pass Through Payments:		
Department of Social Services:		
Admin Energy Assist - Heating	93.568	\$ 55,647
Administration Refuge Other/Eligibility	93.566	408
Administration TANF Allocation	93.558	75,299
Adm IV-F/Tanf Allocation	93.558	148,507
Admin AFDC/TANF Allocation	93.558	13,578
View - Jobs Purchase TANF	93.558	429,773
Foster Care - Title IV-E Administrative Foster Care	93.658	12,033
Foster Care - Title IV-E Administrative Foster/Adoption	93.658	251,466
Foster Care - Title IV-E Agency Foster Homes PC	93.658	102,267
Foster Care - Title IV-E Admin Foster Care Allocation	93.658	402,077
Foster Care - Title IV-E Admin Foster/Adoption TR	93.658	39,226
Foster Care - Title IV-LSCA	93.658	4,115
Central Service Cost Allocation	93.658	15,660
Statewide Fraud Program-Free	N/A	21,521
Administration Sub Adoption *	93.659	224,482
IV-E Foster/Adoption Parent Training	93.659	47,250
Medicaid Cluster:		
Administration \ TXIX Allocation-Medical Asst Program	93.778	327,410
Administration \ Administration LSCA-TXIX	93.778	7,040
Central Service Cost Allocation	93.778	17,571
Administration - Medicaid	93.778	41,179
Total Medicaid (Cluster) *		393,200
Child Day Care (Cluster)		
Child Care Administration Allocation	93.575	72,174
Child Care Dev. Fund - Head Start	93.575	4,167
Child Day Care Fee at Risk	93.575	171,862
Tanf Ed / Trng.: Non Jobs	93.575	1,919
Child Day Care - Quality Initiative	93.575	8,706
Child Day Care - Admin LSCA	93.596	733
Child Day Care - Service Delivery	93.596	104,086
Day Care - View, Transitional, Tanf.	93.596	89,891
Total Child Day Care (Cluster)		453,538
Chafee Foster Care Independence Program	93.674	8,428
Social Service Block Grant	93.667	187,216
ADM - Title XX Allocation	93.667	473,518
ADM - Sub Adoption-PIP Service	93.667	320
SL Special Needs Adoption PS	93.556	32,812
Miscellaneous Grant	N/A	7,119

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
Department Of Mental Health and Mental Retardation		
Mental Health Planning ** *	93.958	211,392
Alcohol Abuse Services (50847-49) ** *	93.959	670,752
Education Funds** *	84.181	103,906
DEPARTMENT OF INTERIOR:		
Direct Payments:		
Bureau Of Land Management:		
Payment In Lieu Of Taxes - Public Law 97-258, (National Forect Acreage In The Localities)	15.000	38,141
FEDERAL EMERGENCY MANAGEMENT AGENCY:		
Direct Payments:		
State Homeland Security Grant	97.004	5,244
DEPARTMENT OF ENVIRONMENTAL QUALITY:		
Direct Payments:		
Financial Assistance-Rents & Royalties	N/A	4,185
DEPARTMENT OF LABOR:		
Pass Through Payments:		
Virginia Employment Commission		
Workforce Investment Act - Adult Services	17.249	657,546
Workforce Investment Act - Youth Services	17.250	16,216
Total Workforce Investment (Cluster) *		<u>673,762</u>
DEPARTMENT OF EDUCATION:		
Pass Through Payments:		
Department of Education:		
Adult Education - State Administration		
Program (7E002694) (8E002615)	84.002	355,030
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	2,168,997
Even Start - SEA	84.213	34,339
Title II:		
Part A *	84.367	255,471
Vocational Education:		
Basic Grants To States (8E002628) (7E002685) (8E002607) (7E002688) *	84.048	176,753
Special Projects:		
Title VI Innovative Education	84.298	5,243
Community Services	84.184	8,940
Drug Free Schools and Communities (7E003333)	84.186	68,470
Twenty First Century Grant	84.287	446,078
IDEA 619 Flow-Through	84.173	1,392,473
Title X-21st Century Learning Center	84.998	73,619
Title VI - Rural and Low-Income Schools *	84.358	249,383
NLCB-State Assessments and Related Activities	84.369	8,956
Homeless	84.196	20,453
JROTC	99.900	46,440
Title II Ed-Tech Literacy Challenge	84.318	189,767

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
DEPARTMENT OF CRIMINAL JUSTICE SERVICES:		
Juvenile Justice & Delinquency Prevention-Title II ***	16.540	54,864
Violence Against Women	16.588	15,101
Violence Against Women	16.588	7,173
Criminal History Record Improvement	16.579	49,815
Law Enforcement Block Grant	16.592	2,209
NASA LANGLEY RESEARCH CENTER:		
Research Cooperation Agrrement-Wise Development Funds	N/A	484,593
DEPARTMENT OF ENERGY		
Crude Oil Overbill	81.000	1,200
DEPARTMENT OF MOTOR VEHICLES:		
Ground Transportation Open Container/Acohol Impaired Driving	20.000	6,242
DEPARTMENT OF FEDERAL HIGHWAY ADMINISTRATION:		
Department of Transportation - Project for Business and Tech Park	20.000	9,108
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:		
Community Development Grant-Flex Grant	14.228	3,775
Community Development Grant	14.228	40,000
Economic Development - North Fork Water Projects *	14.228	374,736
Economic Development - South Fork Water Projects	14.228	296,938
Economic Development - Derby Project	14.228	163,936
TOTAL FEDERAL ASSISTANCE		\$ 14,206,311

* 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, 2006

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:	CFDA#	Type	Name of Federal Program or Cluster	Risk Type
	14.228	A	Workforce Investment Act	High
	10.561	A	General Adm-Food Stamp Program (Cluster)	High
	93.959	A	Mental Health Planning	High
	14.228	B	Economic Development Block Grant	High
	84.048	B	Basic Grants to States-Perkins	High
	84.367	B	Title II ESEA (Part A)	High
	84.358	B	Title IV - Rural	High
	93.659	B	Adoption Asst/Parent Training	High
	93.778	B	Admin TXIX/Medicaid	High
	93.959	B	Alcohol Abuse Services	High
	93.959	B	Education Funds-Substance Abuse	High

Dollar threshold used to distinguish between Type A and Type B programs	\$426,190
---	-----------

Auditee qualified as low-risk auditee?	Yes
--	-----

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.

SCHEDULE 6

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

FISCAL YEAR	PERMIT, PRIVILEGE FEES AND REGULATORY LICENSES			FINES & FORFEITURES	REVENUE FROM USE OF MONEY AND PROPERTY
	GENERAL PROPERTY TAXES	OTHER LOCAL TAXES	REGULATORY LICENSES		
2005-06	\$ 17,145,306	\$ 17,184,970	\$ 80,303	\$ 77,620	\$ 1,025,314
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

FISCAL YEAR	RECOVERED COSTS		INTER-GOVERNMENTAL	TOTAL
	CHARGES FOR SERVICES	MISCELLANEOUS		
2005-06	\$ 1,196,407	\$ 662,857	\$ 402,123	\$ 114,329,041
2004-05	1,259,067	587,221	665,678	110,808,605
2003-04	1,244,203	1,017,386	724,298	102,841,857
2002-03	1,172,673	306,224	715,021	83,738,209
2001-02	1,359,270	261,069	773,571	75,715,151
2000-01	1,405,243	222,240	667,942	81,482,427
1999-00	1,375,845	269,135	684,133	70,565,748
1998-99	1,406,267	200,931	580,880	69,037,102
1997-98	1,575,219	117,140	537,613	64,092,894
1996-97	1,363,140	198,260	509,827	63,764,005

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	GENERAL ADMINISTRATION	JUDICIAL ADMINISTRATION	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE		EDUCATION
2005-06	\$ 2,435,632	\$ 2,033,252	\$ 6,352,758	\$ 831,729	\$ 17,571,446	\$ 76,859,946	
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	

FISCAL YEAR	RECREATION & CULTURAL	COMMUNITY DEVELOPMENT	CAPITAL PROJECT	DEBT SERVICE	TOTALS
2005-06	\$ 829,339	\$ 547,097	\$ 104,517	\$ 580,878	\$ 108,146,594
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

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

SCHEDULE 8

FISCAL YEAR	REAL ESTATE		PERSONAL PROPERTY		MACHINERY AND TOOLS		MERCHANTS CAPITAL		MOBILE HOMES
		\$		\$		\$		\$	
2005-06	1,466,488,034	\$	320,440,992	\$	241,866,889		27,474,402		\$ 40,590,687
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

FISCAL YEAR	PERSONAL PROPERTY		REAL ESTATE		MERCHANTS CAPITAL		TOTAL
		\$		\$		\$	
2005-06	523,376	\$	83,993,059	\$	90,500	\$	2,181,467,939
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

SCHEDULE 9

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

FISCAL YEARS	PUBLIC UTILITIES									
	REAL ESTATE	PERSONAL PROPERTY	MACHINERY & TOOLS	MERCHANT'S CAPITAL	MOBILE HOMES	PERSONAL PROPERTY	REAL ESTATE	MERCHANT'S CAPITAL		
2005-06	0.57	1.49	1.15	2.85	0.57	1.49	0.57	2.85		
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		

- (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
2005-06	\$17,383,552	\$ 16,600,213	95.49%	\$ 1,429,301	\$ 18,029,514	103.72%	\$ 1,672,576	9.62%
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%

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.

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 SERVICE MONIES AVAILABLE (4)	DEBT PAYABLE FROM ENTERPRISE REVENUES (5)	NET BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2004-05	40,123	\$ 2,181,467,939	\$ 12,776,974	0	\$ 936,725	\$ 11,840,249	0.54%	\$ 295.10
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

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, 2006

LEGAL DEBT LIMIT	
10% OF ASSESSED VALUE OF TAXABLE REAL ESTATE (INCLUDING PUBLIC UTILITY REAL ESTATE) (1,550,481,093 x .10)	\$ 155,048,109
DEDUCT	
GROSS BONDED DEBT	<u>12,776,974</u>
LEGAL MARGIN FOR CREATION OF ADDITIONAL DEBT	<u><u>\$ 142,271,135</u></u>