



Dominion Energy Plant – Virginia City
“Nestled Progress”

COUNTY OF WISE, VIRGINIA

AUDIT REPORT

JUNE 30, 2008

COUNTY OF WISE, VIRGINIA
 TABLE OF CONTENTS
 AUDIT REPORT
 JUNE 30, 2008

INTRODUCTORY SECTION

	<u>Pages</u>
LETTER OF TRANSMITTAL	i-iv
ORGANIZATIONAL CHART	v
DIRECTORY OF PRINCIPAL OFFICIALS	vi-vii

INDEPENDENT AUDITOR'S REPORTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENTS'S DISCUSSION AND ANALYSIS	3-10

BASIC FINANCIAL STATEMENTS

	<u>Exhibit</u>	<u>Pages</u>
GOVERNMENT-WIDE FINANCIAL STATEMENTS:		
STATEMENT OF NET ASSETS	1	11-12
STATEMENT OF ACTIVITIES	2	13-14
FUND FINANCIAL STATEMENTS:		
BALANCE SHEET – GOVERNMENTAL FUNDS	3	15
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	4	16
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5	17
COMBINED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS - ENTERPRISE FUNDS	6	18
COMBINED STATEMENT OF CASH FLOWS–ENTERPRISE FUNDS	7	19
STATEMENT OF FIDUCIARY NET ASSETS	8	20
NOTES TO FINANCIAL STATEMENTS		21-48

COUNTY OF WISE, VIRGINIA
 TABLE OF CONTENTS (CONTINUED)
 AUDIT REPORT
 JUNE 30, 2008

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

	<u>Exhibit</u>	<u>Pages</u>
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-GENERAL FUND	9	49
SCHEDULE OF CAPITAL ASSETS BY SOURCE	10	50
SCHEDULE OF CAPITAL ASSETS BY FUNCTION	11	51
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION	12	52
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS-AGENCY FUNDS	13	53
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS	14	54-55
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS	15	56-57
COMBINING STATEMENT OF NET ASSETS – PROPRIETARY FUNDS	16	58
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGE IN NET ASSETS – PROPRIETARY FUNDS	17	59
COMBINING STATEMENT OF CASH FLOW - PROPRIETARY FUNDS	18	60-61

**DISCRETELY PRESENTED COMPONENT UNIT –
 WISE COUNTY PUBLIC SERVICE AUTHORITY**

STATEMENT OF NET ASSETS – DISCRETELY PRESENTED COMPONENT UNIT - PROPRIETARY FUND	19	62
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS DISCRETELY PRESENTED COMPONENT UNIT - PROPRIETARY FUND	20	63
STATEMENT OF CASH FLOWS – DISCRETELY PRESENTED COMPONENT UNIT - PROPRIETARY FUND	21	64-65

COUNTY OF WISE, VIRGINIA
 TABLE OF CONTENTS (CONTINUED)
 AUDIT REPORT
 JUNE 30, 2008

**DISCRETELY PRESENTED COMPONENT UNIT –
 SCHOOL BOARD**

	<u>Exhibit</u>	<u>Pages</u>
COMBINED BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	22	66
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	23	67
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES – BUDGET & ACTUAL - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	24	68
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	25	69
SCHEDULE OF CAPITAL ASSETS BY SOURCE – DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	26	70
SCHEDULE OF CAPITAL ASSETS BY FUNCTION - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	27	71
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	28	72
COMBINING BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	29	73
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES – DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD	30	74

SUPPLEMENTARY SCHEDULES

	<u>Schedule</u>	<u>Pages</u>
STATEMENT OF REVENUES – BUDGET & ACTUAL - GOVERNMENTAL FUNDS & DISCRETELY PRESENTED COMPONENT UNITS	1	75-82
STATEMENT OF EXPENDITURES - BUDGET & ACTUAL - GOVERNMENTAL FUNDS & DISCRETELY PRESENTED COMPONENT UNITS	2	83-88
SCHEDULE OF FUNDING PROGRESS FOR COUNTY	3	89

COUNTY OF WISE, VIRGINIA
 TABLE OF CONTENTS (CONTINUED)
 AUDIT REPORT
 JUNE 30, 2008

STATISTICAL SCHEDULES

	<u>Schedule</u>	<u>Pages</u>
GOVERNMENTAL REVENUES BY SOURCE – LAST TEN FISCAL YEARS	4	90
GOVERNMENT EXPENDITURES BY FUNCTION – LAST TEN FISCAL YEARS	5	91
ASSESSED VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS	6	92
PROPERTY TAX RATES – LAST TEN FISCAL YEARS	7	93
PROPERTY TAX LEVIES & COLLECTIONS – LAST TEN FISCAL YEARS	8	94
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE & NET BONDED DEBT PER CAPITA – LAST TEN FISCAL YEARS	9	95
SCHEDULE OF LEGAL DEBT MARGIN	10	96

COMPLIANCE SECTION

	<u>Schedule</u>	<u>Pages</u>
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS		97-98
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		99-100
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	11	101-102
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	12	103
SCHEDULE OF CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS		104-107
INDEPENDENT AUDITOR’S COMMENTS ON RESOLUTION OF PRIOR YEAR AUDIT FINDINGS		108

Wise County Board of Supervisors



Office of County Administrator

COURTHOUSE

WISE, VIRGINIA 24293

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

P.O. BOX 570
206 E. MAIN STREET

CAFR – LETTER OF TRANSMITTAL

December 03, 2008

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, 2008. 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 judgments 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. A budget is approved for the general, emergency numbers, sewer enterprise and landfill enterprise funds. Within the general fund budget, annual appropriations are made to supplement the emergency numbers, sewer and landfill enterprise funds.

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, 2008 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 expenditures, as implemented through appropriations that the Board makes annually, may be greater or less than contemplated in the original 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, cabinetry, 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.

Wise County continues to enjoy a favorable unemployment rate, along with the remainder of the state.

MAJOR INITIATIVES

For Fiscal Year 2008

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 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:

- 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.
- Proper attention is being given to the need to either expand or close the Wise County Landfill at Blackwood.

Prospects for the Future

The shell (Crutchfield) building is now full at Esserville, and as soon as sewer is made available, VCEDA will market the other half of the Buster Brown building. The IDA continues to show the unused portion of the Verizon Building with a strong prospect for occupancy.

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

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.

Work is now completed for the "Safest Place on Earth" campaign to enhance the attractiveness of Wise County as a place for safe business development.

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.

County continues to recognize the need for public sewer in areas subject to development and rural areas, with recognition of need for a reasonable division of sewer funds being diverted to area for economic and residential development.

Work continues on efforts to secure funding for a sewer system to serve the VA KY District Fairgrounds.

A \$500,000.00 grant has been secured, as we now are working to determine the best use of the funds.

Progress is being made on the existing landfill property, considering the best and most efficient use of the property in the years to come by preparing the landfill for a 6.5 acre expansion and keeping open the option to haul from the transfer station.

For the 2008-2009 Fiscal Year, the Board of Supervisors has approved a General Fund Operating Budget of \$ 46,532,672.

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 \$ 1,028,395.00. This is a decrease from interest earned on temporary investments in Fiscal Year 2006-07 when the interest on investments totaled \$1,226,208.

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 the 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 included in this report.

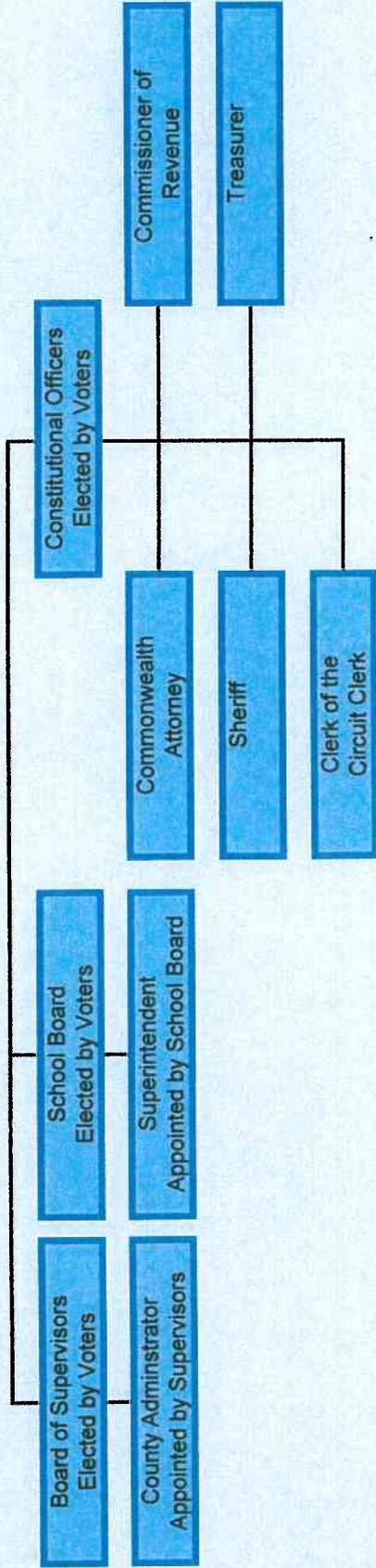
Acknowledgements

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,

Shannon C. Scott
Interim County Administrator

COUNTY OF WISE, VIRGINIA
ORGANIZATIONAL CHART
JUNE 30, 2008



COUNTY OF WISE, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

Robert R. Adkins, Chairperson
Virginia Meador, Vice-Chairperson

Dana G. Kilgore
Steve Bates
Robert E. Robbins

Ronald L. Shortt
Fred Luntsford
J. H. Rivers

COUNTY SCHOOL BOARD

Ted Thompson, Chairperson
Phillip Bates, Vice Chairman

Monty Salyer
Barry Nelson
Betty Cornett

Mike Mullins
Vanessa Perry
Mark Hutchinson

Judy Clawson, Clerk of the School Board

WISE COUNTY PUBLIC SERVICE AUTHORITY

Christopher Salyer, Chairperson
William Peace, Jr., Vice Chairperson
James Flanary, Treasurer

Dana G. Kilgore
Ralph Gilley
J. H. Rivers

Kathy Roberson
Albert Elkins

COUNTY SOCIAL SERVICES BOARD

Charles Bennett, Chairperson
George Barton, Vice-Chairperson

John Graham
Robert Stuart
Madonna Moore
Mary Kiser

Marilyn Bumgarner
J. H. Rivers
Rita McReynolds

COUNTY OF WISE, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

OTHER OFFICIALS

Chief Judge of the Circuit Court
Judge of the Circuit Court
Judge of the Circuit Court
Chief Judge of the District Court
Judge of the District Court
Judge of Juvenile & Domestic Relations Court
Judge of Juvenile & Domestic Relations Court
Clerk of the Circuit Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
County Administrator
Superintendent of Schools
Director of Social Services
Director of Public Service Authority

John C. Kilgore
Joseph R. Carico
Tammy McElyea
Larry Lewis
Chadwick S. Dotson
Elizabeth Wills
Jeff Hamilton
Jack Kennedy
Ronald K. Elkins
Douglas Mullins, Jr.
Delores W. Smith
Ronnie D. Oakes
Glen A. Skinner
Gregory N. Killough
Thomas Stanley
Danny Buchanan

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

CERTIFIED PUBLIC ACCOUNTANT

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

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

email: lsturpill@larrydsturgillcpa.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Supervisors:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia, as of and for the year ended June 30, 2008, 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, 2008, 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 December 02, 2008 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 75 through 96, 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
December 02, 2008

Wise County Board of Supervisors



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 3, 2008

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, 2008. 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 \$51,100,293 (net assets). Of this amount, \$ 4,983,777 (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 \$28,441,333, an increase of \$7,540,699 in comparison with the prior year. Approximately nineteen percent of this total amount, \$5,368,432 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 \$5,368,432, or 12.23% percent of total general fund expenditures.

The County of Wise, Virginia's total debt increased by \$4,416,298 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 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 \$51,100,293 at the close of the most recent fiscal year.

The largest portion of the County's net assets (37.40 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)

County of Wise, Virginia's Net Assets

	Primary Governmental Activities and Business-Type Activities	
	<u>2007</u>	<u>2008</u>
Current and other assets	\$ 27,344,814	\$ 35,169,198
Capital assets	<u>42,401,622</u>	<u>40,915,399</u>
Total assets	<u>\$ 69,746,436</u>	<u>\$ 76,084,597</u>
Long-term liabilities outstanding	\$ 15,181,041	\$ 19,937,839
Current liabilities	<u>4,518,941</u>	<u>5,046,465</u>
Total liabilities	<u>\$ 19,699,982</u>	<u>\$ 24,984,304</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 23,771,049	\$ 18,725,165
Contributed capital	7,138,222	7,138,222
Restricted	8,747,801	25,302,332
Unrestricted	<u>10,389,382</u>	<u>(65,426)</u>
Total net asset	<u>\$ 50,046,454</u>	<u>\$ 51,100,293</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 \$1,081,659. Key elements of this increase are as follows:

County of Wise, Virginia’s Change in Net Assets		
	Primary Governmental Activities and Business-Type Activities	
	<u>2007</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 744,391	\$ 972,725
Operating grants and contributions	15,969,200	16,183,816
General Revenues:		
Property taxes	\$ 17,519,214	\$ 17,728,354
Other Local taxes	16,155,686	17,560,187
Other	4,481,043	3,635,901
Total revenues	<u>\$ 54,869,534</u>	<u>\$ 56,080,983</u>
Expenses		
General government	\$ 2,588,357	\$ 3,027,883
Judicial administration	2,389,172	2,491,772
Public safety	6,110,425	7,205,889
Public works	986,551	973,753
Health and welfare	12,413,144	13,103,609
Education	16,265,619	15,407,654
Parks, recreation and culture	914,103	899,183
Community development	7,022,690	6,964,606
Nondepartmental	4,907,026	4,857,143
Interest	74,937	67,832
Total expenses	<u>\$ 53,672,024</u>	<u>\$ 54,999,324</u>
Increase (decrease) in net assets	\$ 1,197,510	\$ 1,081,659
Net assets – beginning	48,848,944	50,018,634
Net assets – ending	<u>\$ 50,046,454</u>	<u>\$ 51,100,293</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 \$28,441,333 an increase of \$7,540,699 in comparison with the prior year. Approximately seventy percent of this total amount \$5,368,432 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
- Future school projects
- Future employee benefits

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 \$5,368,432, while the total fund balance was \$20,707,390. 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 12.23 percent of total general fund expenditures, while total fund balance represents 12.23 percent of that same amount.

The general fund balance increased \$6,292,639 during the current fiscal year.

The special revenue funds has a total fund balance of \$7,733,942, all of which is reserved for future projects. The fund balance increased \$1,248,060 during the current year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$2,012,733 increase in appropriations) and can be briefly summarized as follows:

- \$195,001 increase in general government administration
- \$104,108 increase in judicial administration
- \$307,449 increase in public safety expenditures
- \$130,009 increase in public work expenditures
- \$1,059,728 increase in health and welfare expenditures
- \$465,867 increase in education expenditures

General Fund Budgetary Highlights (Continued)

- \$74,281 increase in community development
- \$(323,710) decrease in capital outlays

Of this increase, approximately \$1,236,096 was to be funded from additional state and federal grant sources and the remainder \$776,637 from various other sources. During the year, however, primary government revenues exceeded budgetary estimates by \$2,303,117 and primary government expenditures were less than budgetary estimates by \$2,109,194.

Capital Asset and Debt Administration

Capital assets – The county’s investment in capital assets for its governmental activities as of June 30, 2008 amounts to \$ 33,769,358 (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 \$ 5,045,884.

County of Wise, Virginia’s Change in Net Capital Assets

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2008</u>
Land	\$ 13,558,000	\$ 13,568,000
Buildings	31,767,628	31,092,796
Equipment	<u>2,945,557</u>	<u>3,847,998</u>
Total	48,271,185	48,508,794
Less: accumulated depreciation	<u>(13,261,764)</u>	<u>(14,739,436)</u>
Net capital assets	<u>\$ 35,009,421</u>	<u>\$ 33,769,358</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 \$16,268,196, including claims, judgements, and compensated absences of \$626,960. Of this amount \$15,641,236 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County’s total primary government debt increased by \$4,416,298. Additional information on the County of Wise, Virginia’s long-term debt can be found in Note 7 of this report.

Economic Factors

- The annual average unemployment rate for the County is 4.9 percent, which is above the rate of 3.7 percent in 2007. This exceeds the state's average unemployment rate of 4.2 percent and is below the national average rate of 6.0 percent for 2008.

All of these factors were considered in preparing the County's budget for the 2009 fiscal year.

Budget and Rates

The approved budget is \$ 46,532,672 for fiscal year 2008-2009. The appropriate tax rates for the 2008-2009 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 Mr. Shannon C. Scott, Interim County Administrator, Wise, Virginia 24293.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF WISE, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2008

EXHIBIT 1

ASSETS	GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL ACTIVITIES
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUE	
CURRENT ASSETS			
Cash	\$ 56,763	\$ 179,607	236,370
Petty Cash	5,900	-	5,900
Investments	12,578,046	7,037,067	19,615,113
Reserved Deposits	6,141,951	-	6,141,951
Bond Insurance Costs	-	-	-
Receivable (Net Of Allowances For Uncollectibles):			
Taxes	1,307,453	-	1,307,453
Accounts	185,581	-	185,581
Mineral Taxes	769,817	690,800	1,460,617
Due From Other Governmental Units	510,081	-	510,081
Due From Other Funds	768,140	580,244	1,348,384
TOTAL CURRENT ASSETS	22,323,732	8,487,718	30,811,450
NONCURRENT ASSETS			
Capital Assets:			
Land	13,568,000	-	13,568,000
Buildings and equipment, net of depreciation	19,751,660	449,698	20,201,358
TOTAL NONCURRENT ASSETS	33,319,660	449,698	33,769,358
TOTAL ASSETS	\$ 55,643,392	\$ 8,937,416	64,580,808
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 486,092	\$ 171,137	\$ 657,229
Due To Other Funds	580,244	42,821	623,065
Due To Other Governmental Units	-	539,817	539,817
Premium on Bonds Payable	395,882	-	395,882
Due To Customers - Deposits	-	-	-
Deferred Revenues - Taxes	-	-	-
Accrued Interest Payable	-	-	-
Claims, Judgments & Compensated Absences	538,780	-	538,780
Current Portion of Long-Term Obligations	1,304,782	40,187	1,344,969
TOTAL CURRENT LIABILITIES	3,305,780	793,962	4,099,742
NONCURRENT LIABILITIES			
Landfill Closure Cost Liability	-	-	-
Noncurrent Portion of Long-Term Obligations	13,699,164	-	13,699,164
TOTAL NONCURRENT LIABILITIES	13,699,164	-	13,699,164
TOTAL LIABILITIES	\$ 17,004,944	\$ 793,962	17,798,906
NET ASSETS			
Investment In Capital Assets, net of related debt	\$ 18,315,714	\$ 409,451	18,725,165
Contributed Capital	-	-	-
Restricted Assets	15,338,958	7,734,003	23,072,961
Unrestricted Assets	4,983,776	-	4,983,776
TOTAL NET ASSETS	\$ 38,638,448	\$ 8,143,454	46,781,902
TOTAL LIABILITIES & NET ASSETS	\$ 55,643,392	\$ 8,937,416	64,580,808

BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENTAL GOVERNMENTAL ACTIVITIES	COMPONENT UNITS	
		SCHOOL BOARD	PUBLIC SERVICE AUTHORITY
\$ 69,173	\$ 305,543	\$ 504,589	\$ 673,753
-	5,900	200	500
1,983,019	21,598,132	1,734,714	1,654,822
2,229,371	8,371,322	-	1,547,684
-	-	-	12,574
-	1,307,453	-	-
66,221	251,802	24,183	193,141
-	1,460,617	-	-
9,964	520,045	2,415,181	4,968
-	1,348,384	-	-
4,357,748	35,169,198	4,678,867	4,087,442
-	13,568,000	1,358,879	165,000
7,146,041	27,347,399	25,833,316	22,093,172
7,146,041	40,915,399	27,192,195	22,258,172
<u>\$ 11,503,789</u>	<u>\$ 76,084,597</u>	<u>\$ 31,871,062</u>	<u>\$ 26,345,614</u>
\$ 184,757	\$ 841,986	\$ 1,100,695	\$ 69,744
212,898	835,963	-	-
-	539,817	-	9,964
-	395,882	-	11,290
-	-	-	352,395
-	-	-	-
-	-	-	11,959
88,180	626,960	282,344	78,252
460,888	1,805,857	99,928	142,432
946,723	5,046,465	1,482,967	676,036
6,102,460	6,102,460	-	-
136,215	13,835,379	1,764,867	2,986,392
6,238,675	19,937,839	1,764,867	2,986,392
<u>\$ 7,185,398</u>	<u>\$ 24,984,304</u>	<u>\$ 3,247,834</u>	<u>\$ 3,662,428</u>
-	\$ 18,725,165	\$ 26,006,028	\$ 21,825,548
7,138,222	7,138,222	-	-
2,229,371	25,302,332	-	1,547,684
(5,049,202)	(65,426)	2,617,200	(690,046)
\$ 4,318,391	\$ 51,100,293	\$ 28,623,228	\$ 22,683,186
<u>\$ 11,503,789</u>	<u>\$ 76,084,597</u>	<u>\$ 31,871,062</u>	<u>\$ 26,345,614</u>

COUNTY OF WISE, VIRGINIA
STATEMENT OF ACTIVITIES
JUNE 30, 2008

EXHIBIT 2

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS and CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT:				
Governmental Activities				
General Government Administration	\$ 3,027,883	\$ 5,697	\$ 401,345	\$ (2,620,841)
Judicial Administration	2,491,772	47,562	1,134,146	(1,310,064)
Public Safety	7,205,889	-	3,372,856	(3,833,033)
Public Works	973,753	-	-	(973,753)
Health & Welfare	13,103,609	207,987	10,659,884	(2,235,738)
Education	15,407,654	-	-	(15,407,654)
Parks, Recreation & Cultural	899,183	-	58,737	(840,446)
Community Development	6,964,606	-	498,764	(6,465,842)
Non-Departmental	243,705	93	-	(243,612)
Interest & Fiscal Charges	67,832	-	-	(67,832)
Total Governmental Activities	\$ 50,385,886	\$ 261,339	\$ 16,125,732	\$ (33,998,815)
Business-Type Activities				
Landfill	4,447,213	661,084	58,084	
Sewer	166,225	50,302	-	
Total Business-Type Activities	4,613,438	711,386	58,084	
Total Primary Government	\$ 54,999,324	\$ 972,725	\$ 16,183,816	
COMPONENT UNITS:				
School Board	67,552,082	1,153,119	66,636,917	
Public Service Authority	2,642,156	1,933,079	1,357,621	
Total Component Units	\$ 70,194,238	\$ 3,086,198	\$ 67,994,538	
General Revenues				
Taxes:				
Property Taxes, levied for general purposes				\$ 17,728,354
Utility Taxes				1,593,387
Mineral Taxes				12,074,348
Franchise Taxes				203,714
Local Sales & Use Taxes				2,955,269
Other Local Taxes				733,469
Grants and Contributions, not restricted to specific programs				2,028,743
Investment Income				1,028,395
Miscellaneous				377,854
Operating Transfers				(3,300,853)
Total General Revenue				\$ 35,422,680
Change in Net Assets				\$ 1,423,865
Net Assets, July 01, 2007				45,358,037
Net Assets, June 30, 2008				\$ 46,781,902

NET (EXPENSE) REVENUE
AND CHANGES IN NET ASSETS

COMPONENT UNITS

BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT GOVERNMENTAL AND BUSINESS - TYPE ACTIVITIES	SCHOOL BOARD	PUBLIC SERVICE AUTHORITY
	\$ (2,620,841)		
	(1,310,064)		
	(3,833,033)		
	(973,753)		
	(2,235,738)		
	(15,407,654)		
	(840,446)		
	(6,465,842)		
	(243,612)		
	(67,832)		
	<u>\$ (33,998,815)</u>		
\$ (3,728,045)	\$ (3,728,045)		
<u>\$ (115,923)</u>	<u>(115,923)</u>		
<u>(3,843,968)</u>	<u>(3,843,968)</u>		
	<u>\$ (37,842,783)</u>		
		<u>237,954</u>	
			<u>648,544</u>
\$ -	17,728,354	\$ -	\$ -
-	1,593,387	-	-
-	12,074,348	-	-
-	203,714	-	-
-	2,955,269	-	-
-	733,469	-	-
-	2,028,743	-	-
200,909	1,229,304	85,137	193,100
-	377,854	3,045,673	71,091
<u>3,300,853</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,501,762</u>	<u>\$ 38,924,442</u>	<u>\$ 3,130,810</u>	<u>\$ 264,191</u>
<u>\$ (342,206)</u>	<u>\$ 1,081,659</u>	<u>\$ 3,368,764</u>	<u>\$ 912,735</u>
<u>4,660,597</u>	<u>50,018,634</u>	<u>25,254,464</u>	<u>21,770,451</u>
<u>\$ 4,318,391</u>	<u>\$ 51,100,293</u>	<u>\$ 28,623,228</u>	<u>\$ 22,683,186</u>



This page has been intentionally left blank.

FUND FINANCIAL STATEMENTS

COUNTY OF WISE, VIRGINIA
 BALANCE SHEET-GOVERNMENTAL FUNDS
 JUNE 30, 2008

EXHIBIT 3

	PRIMARY GOVERNMENT		
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 18,782,660	\$ 7,216,674	\$ 25,999,334
Receivables (Net of allowances for uncollectibles):			
Taxes, including penalties	2,077,269	690,800	2,768,069
Accounts	185,581	-	185,581
Due from Component Unit	1,758,560	-	1,758,560
Due from Other Funds	492,959	580,244	1,073,203
Due from Other Governmental Units	510,081	-	510,081
TOTAL ASSETS	\$ 23,807,110	\$ 8,487,718	\$ 32,294,828
LIABILITIES			
Accounts Payable	\$ 486,092	\$ 171,137	\$ 657,229
Due to Other Funds	580,244	42,821	623,065
Due to Other Governmental Units	-	539,817	539,817
Deferred Revenue	2,033,384	-	2,033,384
TOTAL LIABILITIES	\$ 3,099,720	\$ 753,775	\$ 3,853,495
FUND BALANCES			
Reserved	15,338,958	7,733,943	23,072,901
Unreserved	5,368,432	-	5,368,432
TOTAL FUND BALANCES	\$ 20,707,390	\$ 7,733,943	\$ 28,441,333
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,807,110	\$ 8,487,718	\$ 32,294,828

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

Total Fund Balance June 30, 2008 \$ 28,441,333

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. 33,769,358

Adjustment for amounts due to/due from primary government (1,758,560)

Because of focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance. 2,308,566

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. (15,978,795)

Net assets of General Government Activities \$ 46,781,902

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 4

<u>PRIMARY GOVERNMENT</u>	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
General Property Taxes	17,916,509	-	\$ 17,916,509
Other Local Taxes	11,254,154	5,910,158	17,164,312
Permits, Privilege Fees & Regulatory Licenses	54,549	-	54,549
Fines & Forfeitures	22,124	44,019	66,143
Revenues From Use Of Money & Property	799,529	228,866	1,028,395
Charges For Services	247,027	14,219	261,246
Miscellaneous	28,512	149,757	178,269
Recovered Costs	199,585	-	199,585
Intergovernmental	17,239,845	914,630	18,154,475
TOTAL REVENUES	\$ 47,761,834	\$ 7,261,649	\$ 55,023,483
EXPENDITURES:			
Current:			
General Government Administration	\$ 2,792,137	294	\$ 2,792,431
Judicial Administration	2,454,676	10,720	2,465,396
Public Safety	6,557,686	436,343	6,994,029
Public Works	686,693	271,857	958,550
Health & Welfare	13,081,322	-	13,081,322
Education	15,623,918	-	15,623,918
Parks, Recreation & Cultural	857,272	-	857,272
Community Development	1,180,586	5,622,211	6,802,797
Non-Departmental	243,705	-	243,705
Debt Service:			
Principal Retirement	339,342	76,042	415,384
Interest & Fiscal Charges	61,796	6,036	67,832
TOTAL EXPENDITURES	\$ 43,879,133	\$ 6,423,503	\$ 50,302,636
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,882,701	\$ 838,146	4,720,847
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ -	\$ 410,014	\$ 410,014
Operating Transfers Out	\$ (3,710,767)	(100)	(3,710,867)
Proceeds from Bond Issuance	\$ 5,724,823	-	5,724,823
Bond Premium	395,882	-	395,882
TOTAL OTHER FINANCING SOURCES (USES)	\$ 2,409,938	\$ 409,914	\$ 2,819,852
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ 6,292,639	\$ 1,248,060	\$ 7,540,699
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	14,414,751	6,485,883	20,900,634
FUND BALANCE AT END OF YEAR	\$ 20,707,390	\$ 7,733,943	\$ 28,441,333

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, 2008

EXHIBIT 5

	<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	\$ 7,540,699
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.	(400,519)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	87,027
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.	(32,674)
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>(5,770,668)</u>
Change in net assets of governmental activities	<u>\$ 1,423,865</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN NET ASSETS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 6

OPERATING REVENUES:

Landfill Usable Fees	\$ 651,938
Sewer Rents	50,302
Other Revenues	<u>9,146</u>

TOTAL OPERATING REVENUES \$ 711,386

OPERATING EXPENSES:

Other Operating Charges	3,602,333
Landfill Closure Expense	515,975
Depreciation	<u>478,983</u>

TOTAL OPERATING EXPENSES 4,597,291

NET OPERATING INCOME (LOSS) \$ (3,885,905)

NON-OPERATING REVENUE AND EXPENSE

Grant Receipts	\$ 58,084
Interest Revenue	200,909
Interest Expense	<u>(16,147)</u>

TOTAL NON-OPERATING REVENUE AND EXPENSE 242,846

INCOME (LOSS) BEFORE OPERATING TRANSFERS \$ (3,643,059)

NET OPERATING TRANSFERS 3,300,853

NET INCOME (LOSS) \$ (342,206)

NET ASSETS AT BEGINNING OF YEAR 4,660,597

NET ASSETS AT END OF YEAR \$ 4,318,391

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 7

Cash Flow From Operating Activities:		
Cash Received from Customers	\$ 705,630	
Cash Payments to Suppliers for Goods & Services	<u>(3,650,609)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ (2,944,979)
Cash Flow from Noncapital Financing Activities:		
Operating Transfers From Other Funds	\$ 3,300,807	
Decrease in Due From Other Funds	<u>(524)</u>	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		3,300,283
Cash Flows from Capital & Related Financing Activities:		
Principal Paid on Revenue Bond Maturities	\$ (27,601)	
Interest Paid on Debt Obligations	(16,147)	
Proceeds from General Obligation Loans	-	
Principal Paid on General Obligation Loans	<u>(147,148)</u>	
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES		(190,896)
Cash Flows form Investing Activities:		
Sinking Fund Deposits	(163,293)	
Interest Earned on Investments	200,909	
State Grant Receipts	58,084	
Decrease in Investments	(118,555)	
Purchase of Equipment	<u>(232,825)</u>	
NET CASH PROVIDED FORM INVESTING ACTIVITIES		<u>(255,680)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS		\$ (91,272)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>160,445</u>
CASH & CASH EQUIVALENTS AT END OF YEAR		<u>\$ 69,173</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income		\$ (3,885,905)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	\$ 478,983	
Decrease in Accounts Receivable	(5,756)	
Increase in Closure Cost Liability	515,996	
Increase (Decrease) in Accrued Compensation	(11,066)	
Increase in Accounts Payable	<u>(37,231)</u>	
TOTAL ADJUSTMENTS		<u>940,926</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ (2,944,979)</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF FIDUCIARY NET ASSETS
 AT JUNE 30, 2008

EXHIBIT 8

<u>ASSETS</u>	<u>AGENCY FUNDS</u>
ASSETS	
Cash	\$ 98,081
Due From Other Governmental Units	<u>287,706</u>
TOTAL ASSETS	<u>\$ 385,787</u>
<u>LIABILITIES</u>	
LIABILITIES:	
Due To:	
Social Service Clients	\$ 97,284
Governmental Units	51,263
Due To Other Funds	<u>237,240</u>
TOTAL LIABILITIES	<u>\$ 385,787</u>
FUND BALANCE:	
Unrestricted	\$ -
TOTAL LIABILITIES	<u>\$ 385,787</u>



This page has been intentionally left blank.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008

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 is 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, 2008

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 were 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, 2008

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, 2008

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 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, 2008

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, are 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 \$451,629 at June 30, 2008.

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, 2008

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:

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Certificates of Deposit	\$ 5,628,234	\$ -	\$ -	\$ 5,628,234	\$ 5,628,234
Investment in State Treasurer's Local Government Investment Pool (LGIP)				<u>\$ 17,886,680</u>	<u>\$ 17,886,680</u>
Total Investments				\$ 23,514,914	\$ 23,514,914
Total Deposits				702,713	
Total Reserved Deposits				<u>6,155,451</u>	
Total Deposits and Investments				<u>\$ 30,373,078</u>	

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008

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	\$ -	\$ -	\$ -	\$ -	\$ -
Total				\$ -	\$ -
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 1,734,714	\$ 1,734,714
Total Investments				\$ 1,734,714	\$ 1,734,714
Total Deposits				\$ 504,589	
Total Deposits and Investments				\$ 2,239,303	

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	\$ 1,857,936	\$ -	\$ -	\$ 1,857,936	\$ 1,857,936
Total Investments				\$ 1,857,936	\$ 1,857,936
Total Deposits				\$ 2,018,323	
Total Deposits and Investments				\$ 3,876,259	

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, 2008

NOTE 4: INTERFUND OBLIGATIONS

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General	\$ 2,251,519	\$ 580,244
Enterprise Funds	-	212,898
School Fund	-	1,758,560
Local Sales Tax Fund	-	237,240
Community Development Fund	-	42,821
Coal Road Improvement	<u>580,244</u>	<u>-</u>
TOTALS	<u>\$ 2,831,763</u>	<u>\$ 2,831,763</u>

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	\$ 199,585	\$ -	\$ -	\$ -
School Boards	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,057</u>
TOTAL LOCAL	<u>\$ 199,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,057</u>
Commonwealth of Virginia:				
Tax on Wills	\$ 10,769	\$ -	\$ -	\$ -
Shared Expenses	299,727	-	-	-
Local Sales Taxes	-	287,706	-	-
State Sales Taxes	-	-	-	515,792
School Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,352</u>
TOTAL STATE	<u>\$ 310,496</u>	<u>\$ 287,706</u>	<u>\$ -</u>	<u>\$ 537,144</u>
Federal Government:				
School Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,613,980</u>
TOTAL FEDERAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,613,980</u>
TOTAL DUE	<u><u>\$ 510,081</u></u>	<u><u>\$ 287,706</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,415,181</u></u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6: DUE TO OTHER GOVERNMENTAL UNITS

	<u>PRIMARY GOVERNMENT</u>	
	<u>SPECIAL REVENUE</u>	<u>FIDUCIARY</u>
Appalachia	\$ 41,180	\$ 7,629
Big Stone Gap	52,131	19,029
Coeburn	42,877	8,593
Pound	37,170	3,772
St. Paul	36,862	3,814
Wise	47,504	7,629
Norton	50,743	-
Public Service Authority	231,350	-
Others	-	797
TOTALS	<u>\$ 539,817</u>	<u>\$ 51,263</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>
2009	\$ 609,969	\$ 32,327	\$ 460,888	\$ 851
2010	204,600	21,893	74,663	442
2011	152,414	15,897	33,951	63
2012	102,831	11,222	27,601	-
2013	107,031	7,515	-	-
2014	64,238	-	-	-
TOTALS	<u>\$ 1,241,083</u>	<u>\$ 88,854</u>	<u>\$ 597,103</u>	<u>\$ 1,356</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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
2009	\$ 50,000	\$ 196,894	\$ 685,000	\$ 159,665
2010	199,073	285,450	685,000	145,965
2011	236,825	275,041	685,000	132,265
2012	240,337	264,057	685,000	118,565
2013	245,247	251,675	585,000	104,865
2014	250,413	239,035	585,000	93,165
2015	255,850	226,126	585,000	81,465
2016	261,572	212,931	585,000	69,765
2017	267,594	199,438	585,000	58,065
2018	273,929	185,629	585,000	46,365
2019	280,598	171,489	585,000	34,665
2020	287,614	156,999	585,000	22,965
2021	294,999	142,142	563,227	11,258
2022-2029	<u>2,675,772</u>	<u>552,348</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 5,819,823</u>	<u>\$ 3,359,254</u>	<u>\$ 7,983,227</u>	<u>\$ 1,079,038</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008, as categorized below:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
<u>General Long-Term Debt:</u>				
General Long-Term Financing	\$ 1,656,468	\$ -	\$ 415,385	\$ 1,241,083
Debt Acquired for School Purposes:				
General Obligations Bonds	150,000	-	55,000	95,000
VPSA Bond	-	5,724,823	-	5,724,823
State Literary Loans	<u>8,668,227</u>	<u>-</u>	<u>685,000</u>	<u>7,983,227</u>
Total Loans and Bonds	\$ 10,474,695	\$ 5,724,823	\$ 1,155,385	\$ 15,044,133
Claims, Judgments and Compensated Absences	<u>506,106</u>	<u>32,674</u>	<u>-</u>	<u>538,780</u>
Total General Long-Term Debt	<u>\$ 12,833,677</u>	<u>\$ 5,757,497</u>	<u>\$ 1,155,385</u>	<u>\$ 15,582,913</u>
<u>Enterprise Fund:</u>				
VRA Revenue Bonds	\$ 138,005	\$ -	\$ 27,601	\$ 110,404
General Long-Term Financing Loans	633,846	-	147,147	486,699
Claims, Judgements and Compensated Absences	<u>99,246</u>	<u>-</u>	<u>11,066</u>	<u>88,180</u>
Total Enterprise Fund	<u>\$ 871,097</u>	<u>\$ -</u>	<u>\$ 185,814</u>	<u>\$ 685,283</u>
Total Primary Government Debt	<u>\$ 13,704,774</u>	<u>\$ 5,757,497</u>	<u>\$ 1,341,199</u>	<u>\$ 16,268,196</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE 7: LONG-TERM DEBT (Continued)

AMOUNT
 OUTSTANDING

DETAILS OF LONG-TERM INDEBTEDNESS

General Long-Term Debt:

General Long-Term Financing:

\$200,000 Loan payable to B B & T Bank issued January 27, 2007, due in 36 monthly installments of \$5,891; interest payable at 3.840% annually.	\$ 40,711
\$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.	228,385
\$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.	-0-
\$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.	277,797
\$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.	281,213
\$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.	67,313
355,384 Loan payable to Government Corporation issued March 13, 2003, due in monthly installments of \$20,520; interest payable at 5.646% annually.	40,187
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% are recorded as Enterprise Liability.	305,477
TOTAL GENERAL LONG-TERM FINANCING	<u>\$ 1,241,083</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008

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>\$ 95,000</u>
--	------------------

TOTAL GENERAL OBLIGATIONS BONDS	<u>\$ 95,000</u>
--	-------------------------

VPSA Bond:

\$5,724,823 VPSA Fund loan issued May 15, 2008, due in principal annual installments and bi-annual interest payments through June 30, 2029; interest payable annually at 5.10%.	<u>\$ 5,724,823</u>
---	---------------------

TOTAL VPSA BONDS	<u>\$ 5,724,823</u>
-------------------------	----------------------------

State Literary Loans:

\$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%.	400,000
---	---------

\$3,700,000 State Literary Fund loan issued March 01, 2001, due in annual installments of \$185,000 through 2021; interest payable at 2%.	2,405,000
---	-----------

\$2,978,227 State Literary Fund loan issued December 15, 2000, due in annual installments of \$150,000 through 2021; interest payable at 2%.	1,928,227
--	-----------

\$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>3,250,000</u>
---	------------------

TOTAL STATE LITERARY LOANS	<u>\$ 7,983,227</u>
-----------------------------------	----------------------------

TOTAL LONG-TERM DEBT ACQUIRED FOR SCHOOL PURPOSES	<u>\$ 13,803,050</u>
--	-----------------------------

TOTAL COMPENSATED ABSENCES	<u>538,780</u>
-----------------------------------	-----------------------

TOTAL GENERAL LONG-TERM DEBT	<u>\$ 15,582,913</u>
-------------------------------------	-----------------------------

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008

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%. \$ 110,404

TOTAL VRA REVENUE BONDS \$ 110,404

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 as General Long-Term Debt and 11% is recorded as Enterprise Liability. \$ 27,050

\$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 as General Long-Term Debt and 60% is recorded as Enterprise Liability. 101,045

Line of Credit to Powell Valley National Bank issued December 14, 2004, interest payable at 3.75% annually. 46% of this note is recorded as General Long-Term and 54% is recorded as Enterprise Liability. 358,604

TOTAL GENERAL LONG-TERM FINANCING \$ 486,699

TOTAL COMPENSATED ABSENCES 88,180

TOTAL ENTERPRISE FUND LONG-TERM DEBT \$ 685,283

TOTAL PRIMARY GOVERNMENT DEBT \$16,268,196

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 until June 19, 2006; interest payable at an annual rate of 3.454%. \$ 904,795

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7: LONG-TERM DEBT (Continued)

\$960,000 Loan payable to Suntrust Bank for an Energy Performance Contract, due in 144 monthly installments of \$8,457 until June 20, 2020; interest payable at an annual rate of 4.00%.	\$ <u>960,000</u>
Total Loans Payable	\$ <u>1,864,795</u>
 Total Compensated Absences	 <u>282,344</u>
 TOTAL LONG-TERM DEBT – SCHOOL BOARD	 <u>\$ 2,147,139</u>

Changes in Long-Term Debt:

The following is a summary of School Board long-term debt transactions for the year ended June 30, 2008:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
<u>Long-Term Debt:</u>				
Long-Term Financing Loans	\$ 1,001,335	960,000	\$ 96,540	\$ 1,864,795
Claims, Judgments and Compensated Absences Payable	<u>275,707</u>	<u>6,637</u>	<u>-</u>	<u>282,344</u>
TOTAL LONG-TERM DEBT	<u>\$ 1,277,042</u>	<u>\$ 966,637</u>	<u>\$ 96,540</u>	<u>\$ 2,147,139</u>

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

<u>LONG-TERM FINANCING LOANS</u>			
YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2009	158,036	64,591	222,627
2010	170,052	60,852	230,904
2011	176,395	54,689	231,084
2012	182,977	48,107	231,084
2013	189,804	41,280	231,084
2014	196,889	34,195	231,084
2015	204,239	26,846	231,085
2016	211,864	19,219	231,083
2017	88,103	13,378	101,481
2018	91,692	9,789	101,481
2019	95,428	6,053	101,481
2020	<u>99,316</u>	<u>2,165</u>	<u>101,481</u>
TOTALS	<u>\$ 1,864,795</u>	<u>\$ 381,164</u>	<u>\$ 2,245,959</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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>
2009	\$ 142,432	\$ 53,071
2010	142,826	50,783
2011	148,225	48,313
2012	148,627	45,686
2013	154,034	42,827
2014	139,444	40,089
2015	144,859	37,652
2016	145,278	35,152
2017	145,701	32,454
2018	146,128	29,580
2019	146,559	26,645
2020	131,995	24,042
2021	137,435	21,690
2022	142,880	19,077
2023	143,329	16,333
2024	133,782	13,839
2025	134,241	11,596
2026	144,704	9,085
2027	145,171	6,303
2028	130,446	3,775
2029	105,057	1,886
2030	76,220	505
2031	37,024	-
2032	25,691	-
2033	18,368	-
2034	18,368	-
TOTAL	<u>\$ 3,128,824</u>	<u>\$ 570,383</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008:

Beginning Balance	\$3,162,190
Additions:	
Virginia Resources Authority Bond	107,099
Retirements:	
Virginia Resources Authority Bonds	<u>(140,465)</u>
TOTAL BOND AND LOANS PAYABLE	<u>\$3,128,824</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%.	\$ 83,062
\$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%.	282,783
\$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%.	477,555
\$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%.	960,000
\$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%.	938,782
\$481,875 North Fork Water Project. Water and Sewer Revenue Bond, Virginia Resources Authority issued June 30, 2006, due in semi-annual installments beginning on January 01, 2007 and ending on July 1, 2037. Interest payable at 0%.	316,055
\$90,745 Banner/Sandy Ridge Interconnect. Water and Sewer Revenue Bond, Virginia Resources Authority issued June 15, 2007, due in semi-annual installments beginning on February 01, 2008 and ending on November 1, 2038. Interest payable at 0%.	<u>70,587</u>
TOTAL LONG-TERM OBLIGATIONS	<u>\$3,128,824</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008 the value of accrued vacation pay, for the primary government was \$626,960.

The amount of accrued vacation pay for the professional School Board employees was \$182,151 and non-professional employees was \$100,193. The total value of these liabilities for the Component Unit - School Board was \$282,344.

The Wise County School Board adopted on March 28, 2000 the Local 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 and receive supplemental retirement benefits. As of June 30, 2008, the School Board held an investment account with SunTrust Bank with a market value of \$4,015,668. This account exceeds the total obligation under this plan of \$3,579,373 by \$436,295.

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, 2008 the amount of accrual recorded is \$35,492, 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, 2008 the value of accrued vacation pay was \$42,760. The accrual for vacation and sick leave totals \$78,252.

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.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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.

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 2008 were 5.00% of annual covered payroll. Total employer and employee contributions made to the VRS statewide teacher pool for professional employees by Wise County School Board for fiscal year 2008, 2007 and 2006 amounted to \$4,831,697, \$4,310,587, and \$3,457,157, respectively, and represented, 15.30%, 11.24% and 11.03%, respectively.

C. Annual Pension Cost

For 2008, County of Wise and the School Board's Non-Professional Employees annual pension cost of \$992,899 and \$339,570, respectively, was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2006 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%; an assumed annual cost-of-living adjustment of 2.50%; salary increases that range between 3.75% and 5.60% 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, 2007	\$992,899	100%	\$0
	June 30, 2006	\$959,198	100%	\$0
	June 30, 2005	\$641,154	100%	\$0
Wise County Schools	June 30, 2007	\$339,570	100%	\$0
	June 30, 2006	\$324,774	100%	\$0
	June 30, 2005	\$204,406	100%	\$0

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008

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 \$2,033,384 is comprised of deferred property tax revenue representing uncollected tax billings not available for funding of current expenditures in the amount of \$1,008,522 and collection of 2008 taxes not due until October 15, 2008 in the amount of \$1,024,862.

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
Delores W. Smith, 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, 2008

NOTE 13: LITIGATION

In regard to litigation involving the County of Wise, Virginia at June 30, 2008, the County's legal counsel informed us that there is one case pending court actions in which Wise County is a party:

Equitable Production Company v. County of Wise, Virginia, Wise County Circuit Court.

This case is a correction of erroneous assessment of property tax suit challenging the County's assessment methodology for gas well gathering systems and gas producing real property improvements for the periods 2002 to September 2005 and requests a refund for payment of the assessed fees. The County has agreed to compromise and settle the above styled case without detriment to the County and the agreement and final order are pending.

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, 2008 amounted to \$16,147.

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, 2008 amounted to \$54,680.

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
Land	\$ 207,500	\$ -	\$ 207,500
Buildings & Improvements	8,596,174	549,300	9,145,474
Equipment	3,971,934	-	3,971,934
Less: Accumulated Depreciation	(5,959,146)	(219,721)	(6,178,867)
Net Capital Assets	\$ 6,816,462	\$ 329,579	\$ 7,146,041

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 17: CAPITAL ASSETS

Primary Government:

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

	Total
Land	\$ 13,568,000
Buildings	31,092,796
Equipment & Vehicles	3,847,998
TOTAL CAPITAL ASSETS	\$ 48,508,794
Less: Accumulated Depreciation	(14,739,436)
NET CAPITAL ASSETS	\$ 33,769,358

Component Unit - School Board:

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

	Total
Land	\$ 1,358,879
Buildings & Improvements	44,306,965
Equipment & Vehicles	7,420,005
Construction In Progress	7,386,174
Total Capital Assets	60,472,023
Less: Accumulated Depreciation	(33,279,828)
Net Capital Assets	\$ 27,192,195

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 17: CAPITAL ASSETS (Continued)

A summary of changes in capital assets is as follows:

Primary Government:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Land	\$ 13,558,000	\$ 10,000	\$ -	\$ 13,568,000
Buildings and IOTB	31,792,629	40,167	740,000	31,092,796
Equipment & Vehicles	3,572,728	460,081	184,811	3,847,998
 Total Capital Assets	 \$ 48,923,357	 \$ 510,248	 \$ 924,811	 \$ 48,508,794

Component Unit School Board:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Land	\$ 1,358,879	\$ -	\$ -	\$ 1,358,879
Buildings & Improvements	43,566,965	740,000	-	44,306,965
Equipment & Vehicles	6,706,128	865,148	151,271	7,420,005
Construction in Progress	-	7,386,174	-	7,386,174
 TOTAL	 \$ 51,631,972	 \$ 8,991,322	 \$ 151,271	 \$ 60,472,023

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 has 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, 2008

NOTE 17: CAPITAL ASSETS (Continued)

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

	Total
Land and Easements	\$ 165,000
Construction in Progress	6,823,479
Utility Plant	22,082,477
Equipment	325,924
Automobiles	279,196
Office Furniture & Equipment	120,262
Plant Building	28,041
 Total Plant & Equipment	 \$ 29,824,379
Less: Accumulated Depreciation	(7,566,207)
 Net Capital Assets	 \$ 22,258,172

A summary of changes in capital assets is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Land	\$ 165,000	\$ -	\$ -	\$ 165,000
Construction in Progress	4,885,608	1,937,871	-	6,823,479
Utility Plant	22,041,333	41,144	-	22,082,477
Equipment	324,172	1,977	225	325,924
Automobiles	270,716	39,975	31,495	279,196
Office Furniture and Equipment	122,736	-	2,474	120,262
Plant Building	28,041	-	-	28,041
 Total Capital Assets	 \$ 27,837,606	 \$ 2,020,967	 \$ 34,194	 \$ 29,824,379

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

As of June 30, 2008, 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, 2008 is as follows:

	Balance
Capital Improvement Fund	\$ 288,794
Operating Reserve	56,203
Emergency Reserve	204,894
Replacement Reserve	282,592
Total Reserve Accounts	832,483
Customer Deposit Account	352,395
Debt Service Accounts	362,806
Total Restricted Cash	\$ 1,547,684

NOTE 19: LANDFILL CLOSURE COST LIABILITY

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

The total estimated closure and post closure care costs for the County's landfill operation is \$15,595,175. The accrued liability for these costs reported as of June 30, 2008 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 39% and the remaining life of the landfill is approximately 28 years. The remaining costs to be accrued in the future are as follows:

Total Estimated Liability	\$ 15,595,175
Accrued Liability as of June 30, 2008	6,102,460
Total Closure and Post closure Care Costs Remaining to be Recognized	\$ 9,492,715

It should be noted that the total estimated liability for the closure and post closure 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, 2008

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, 2008, the County has deposited \$2,215,871 into this fund.

NOTE 20: ACCOUNTS RECEIVABLE

Proprietary Fund:

	<u>Balance</u>
Accounts Receivable	
Landfill Fees	\$ 61,253
Riverview Sewer	<u>4,968</u>
NET ACCOUNTS RECEIVABLE	<u>\$ 66,221</u>

Component Unit - Wise County Public Service Authority:

	<u>Balance</u>
Accounts Receivable	\$ 186,993
Less: Allowance for Doubtful Accounts	<u>(0)</u>
NET ACCOUNTS RECEIVABLE	<u>\$ 186,993</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, 2008 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 on the next page:

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 21: CONTRIBUTED CAPITAL (Continued)

<u>SOURCE</u>	<u>AMOUNT</u>
Wise County Ind. Development Auth.	\$ 60,850
County of Wise	14,946,355
State Department of Health	820,052
Federal Government	10,473,299
Others	<u>2,159,246</u>
SUB-TOTAL	\$ 28,459,802
Less: Accumulated Amortization	<u>(6,634,254)</u>
Total Contributed Capital, Net of Amortization	<u>\$ 21,825,548</u>

**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 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.

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.

NOTE 23: RESTATEMENT OF BEGINNING NET ASSETS

GOVERNMENTAL ACTIVITIES:

Net Assets, at June 30, 2007, as previously reported	\$ 45,385,857
Adjustment for prior year fixed assets	<u>(27,820)</u>
Net Assets-Governmental Activities, at June 30, 2007, as restated	<u>\$ 45,358,037</u>

COMPONENT UNIT-SCHOOL BOARD

Net Assets, at June 30, 2007, as previously reported	\$ 25,813,533
Adjustment for prior year accumulated depreciation	(1,753,463)
Adjustment for change in liability for early retirement	<u>1,194,394</u>
Net Assets-School Board, at June, 30, 2007, as restated	<u>\$ 25,254,464</u>

**PRIMARY GOVERNMENT
GOVERNMENTAL FUNDS**

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 9

	GENERAL FUND			
	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
General Property Taxes	\$ 16,910,267	\$ 16,914,727	\$ 17,916,509	\$ 1,001,782
Other Local Taxes	10,578,750	10,578,750	11,254,154	675,404
Permits, Privilege Fees & Regulatory Licenses	62,500	62,500	54,549	(7,951)
Fines & Forfeitures	25,000	25,000	22,124	(2,876)
Revenues From Use Of Money & Property	870,000	870,000	799,529	(70,471)
Charges For Services	262,000	262,500	247,027	(15,473)
Miscellaneous	38,000	38,000	28,512	(9,488)
Recovered Costs	219,455	230,901	199,585	(31,316)
Intergovernmental	15,915,632	17,151,728	17,239,845	88,117
TOTAL REVENUES	\$ 44,881,604	\$ 46,134,106	\$ 47,761,834	\$ 1,627,728
EXPENDITURES:				
Current:				
General Government Administration	\$ 2,642,009	\$ 2,837,010	\$ 2,792,137	\$ 44,873
Judicial Administration	2,489,966	2,594,074	2,454,676	139,398
Public Safety	6,579,982	6,887,431	6,557,686	329,745
Public Works	508,368	638,377	686,693	(48,316)
Health & Welfare	11,483,457	12,543,185	13,081,322	(538,137)
Education	15,643,430	16,109,297	15,623,918	485,379
Parks, Recreation & Cultural	845,272	845,272	857,272	(12,000)
Community Development	971,518	1,045,799	1,180,586	(134,787)
Non-Departmental	1,775,034	1,451,324	243,705	1,207,619
Debt Service:				
Principal Retirement	588,350	588,350	339,342	249,008
Interest & Fiscal Charges	75,000	75,000	61,796	13,204
TOTAL EXPENDITURES	\$ 43,602,386	\$ 45,615,119	\$ 43,879,133	\$ 1,735,986
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,279,218	\$ 518,987	\$ 3,882,701	\$ 3,363,714
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ -	\$ 1,273	\$ -	\$ (1,273)
Operating Transfers Out	(3,423,215)	(3,423,215)	(3,710,767)	(287,552)
Proceeds From Issuance Of Debt	1,473,500	1,523,500	-	(1,523,500)
Proceeds From Bond Issuance	-	-	5,724,823	5,724,823
Bond Premium	-	-	395,882	395,882
Prior Year Appropriations	670,497	1,379,455	-	(1,379,455)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,279,218)	\$ (518,987)	\$ 2,409,938	\$ 2,928,925
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & (USES)	\$ -	\$ -	\$ 6,292,639	\$ 6,292,639
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	-	-	14,414,751	14,414,751
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 20,707,390	\$ 20,707,390

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 10

	<u>TOTAL</u>
CAPITAL ASSETS:	
Land	\$ 13,568,000
Building and Building Improvements	31,092,796
Equipment	<u>3,847,998</u>
Total Capital Assets	<u>\$ 48,508,794</u>

INVESTMENT IN CAPITAL ASSETS BY SOURCE:

Proceeds from Indebtedness	\$ 9,279,123
General Fund Revenues	<u>39,229,671</u>
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 48,508,794</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 11

	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
PRIMARY GOVERNMENT:				
<u>GENERAL FUND</u>				
General Government Administration	650,000	7,328,024	1,002,702	8,980,726
Judicial Administration	-	24,500	42,629	67,129
Public Safety	250,000	2,519,012	1,753,920	4,522,932
Public Works	160,000	372,170	99,050	631,220
Health & Welfare	275,000	3,014,830	322,526	3,612,356
Education	-	7,673,922	-	7,673,922
Parks, Recreation & Cultural	225,000	2,064,100	-	2,289,100
Community Development	12,008,000	8,071,238	-	20,079,238
TOTAL GENERAL FUND CAPITAL ASSETS BY FUNCTION	13,568,000	31,067,796	3,220,827	47,856,623
<u>SPECIAL REVENUE FUNDS:</u>				
<u>EMERGENCY 911 FUND</u>				
Public Safety	-	25,000	592,395	617,395
<u>WISE DEVELOPMENT FUND</u>				
Public Safety	-	-	34,776	34,776
TOTAL SPECIAL REVENUE FUND CAPITAL ASSETS BY FUNCTION	-	25,000	627,171	652,171
TOTAL PRIMARY GOVERNMENT CAPITAL ASSETS BY FUNCTION	<u>13,568,000</u>	<u>31,092,796</u>	<u>3,847,998</u>	<u>48,508,794</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 12

	<u>CAPITAL ASSETS JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>CAPITAL ASSETS JUNE 30, 2008</u>
PRIMARY GOVERNMENT:				
<u>GENERAL FUND:</u>				
General Government Administration	\$ 8,936,495	\$ 44,231	\$ -	\$ 8,980,726
Judicial Administration	67,129	-	-	67,129
Public Safety	4,320,464	315,589	113,121	4,522,932
Public Works	550,962	80,258	-	631,220
Health & Welfare	3,613,876	70,170	71,690	3,612,356
Education	8,413,922	-	740,000	7,673,922
Parks, Recreation & Cultural	2,289,100	-	-	2,289,100
Community Development	20,079,238	-	-	20,079,238
TOTAL GENERAL FUND	48,271,186	510,248	924,811	47,856,623
<u>SPECIAL REVENUE FUNDS:</u>				
<u>EMERGENCY 911 FUND</u>				
Public Safety	617,395	-	-	617,395
<u>Wise Development Fund</u>				
Public Safety	34,776	-	-	34,776
TOTAL SPECIAL REVENUE FUND	652,171	-	-	652,171
TOTAL PRIMARY GOVERNMENT	\$ 48,923,357	\$ 510,248	\$ 924,811	\$ 48,508,794



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, 2008

EXHIBIT 13

	<u>SPECIAL WELFARE FUND</u>	<u>LOCAL SALES TAX FUND</u>	<u>LONESOME PINE YOUTH SERVICES FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>				
ASSETS:				
Cash	\$ 97,284	\$ -	\$ 797	\$ 98,081
Due From Other Governmental Units	-	287,706	-	287,706
TOTAL ASSETS	\$ 97,284	\$ 287,706	\$ 797	\$ 385,787
<u>LIABILITIES</u>				
LIABILITIES:				
Due To:				
Social Service Clients	\$ 97,284	\$ -	\$ -	\$ 97,284
Governmental Units	-	50,466	797	51,263
Due To Other Funds	-	237,240	-	237,240
TOTAL LIABILITIES	\$ 97,284	\$ 287,706	\$ 797	\$ 385,787

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
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 AT JUNE 30, 2008

EXHIBIT 14

<u>ASSETS</u>	<u>EMERGENCY NUMBERS FUND</u>	<u>LAW LIBRARY FUND</u>	<u>DOG AND CAT STERILIZATION FUND</u>	<u>COAL ROAD IMPROVEMENT FUND</u>
Assets:				
Cash	\$ 26,912	\$ 71,850	\$ 1,255	\$ 30,091
Investments	-	-	-	6,438,889
Mineral Taxes Receivable	-	-	-	690,800
Accounts Receivable	-	-	-	-
Due From Other Funds	-	-	-	580,244
Governmental Units	-	-	-	-
TOTAL ASSETS	<u>\$ 26,912</u>	<u>\$ 71,850</u>	<u>\$ 1,255</u>	<u>\$ 7,740,024</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 11,152	\$ 1,420	\$ -	\$ 141,741
Due to Other Funds	-	-	-	-
Governmental Units	-	-	-	539,817
TOTAL LIABILITIES	<u>\$ 11,152</u>	<u>\$ 1,420</u>	<u>\$ -</u>	<u>\$ 681,558</u>
 FUND BALANCES:				
Restricted	<u>\$ 15,760</u>	<u>\$ 70,430</u>	<u>\$ 1,255</u>	<u>\$ 7,058,466</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 26,912</u>	<u>\$ 71,850</u>	<u>\$ 1,255</u>	<u>\$ 7,740,024</u>

COMMUNITY DEVELOPMENT FUND	WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT FUND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	SHERIFF DRUG SEIZURE & FORFEITURE AND COMMISSION FUND	TOTALS
\$ 12,778	\$ 205,257	\$ 57,448	\$ -	\$ -	\$ 73,105	\$ 478,696
-	-	-	121,000	178,089	-	6,737,978
-	-	-	-	-	-	690,800
-	-	-	-	-	-	-
-	-	-	-	-	-	580,244
-	-	-	-	-	-	-
<u>\$ 12,778</u>	<u>\$ 205,257</u>	<u>\$ 57,448</u>	<u>\$ 121,000</u>	<u>\$ 178,089</u>	<u>\$ 73,105</u>	<u>\$ 8,487,718</u>
\$ -	\$ 16,824	\$ -	\$ -	\$ -	\$ -	\$ 171,137
42,821	-	-	-	-	-	42,821
-	-	-	-	-	-	539,817
<u>\$ 42,821</u>	<u>\$ 16,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,775</u>
<u>\$ (30,043)</u>	<u>\$ 188,433</u>	<u>\$ 57,448</u>	<u>\$ 121,000</u>	<u>\$ 178,089</u>	<u>\$ 73,105</u>	<u>\$ 7,733,943</u>
<u>\$ 12,778</u>	<u>\$ 205,257</u>	<u>\$ 57,448</u>	<u>\$ 121,000</u>	<u>\$ 178,089</u>	<u>\$ 73,105</u>	<u>\$ 8,487,718</u>

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES &
 CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 15

	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COAL ROAD IMPROVEMENT FUND
REVENUES:				
Other Local Taxes	\$ -	\$ -	\$ -	\$ 5,872,415
Revenues From Use of Money & Property	1,544	-	-	227,322
Charges for Services	-	14,219	-	-
Fines & Forfeitures	-	-	-	-
Miscellaneous	-	-	1,192	-
Intergovernmental	\$ 75,660	-	-	-
TOTAL REVENUES	\$ 77,204	\$ 14,219	\$ 1,192	\$ 6,099,737
EXPENDITURES:				
General Government Administration	\$ -	\$ -	\$ -	\$ 294
Judicial Administration	-	10,720	-	-
Public Safety	313,137	-	2,900	-
Public Works	-	-	-	271,857
Community Development	-	-	-	4,619,355
Debt Service:				
Principal Retirement	76,042	-	-	-
Interest & Fiscal Charges	6,036	-	-	-
TOTAL EXPENDITURES	\$ 395,215	\$ 10,720	\$ 2,900	\$ 4,891,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (318,011)	\$ 3,499	\$ (1,708)	\$ 1,208,231
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	247,937	-	3,000	\$ -
Operating Transfers Out	-	-	-	-
Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 247,937	\$ -	\$ 3,000	\$ -
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ (70,074)	\$ 3,499	\$ 1,292	\$ 1,208,231
FUND BALANCE AT THE BEGINNING OF YEAR	85,834	66,931	(37)	5,850,235
FUND BALANCE AT THE END OF YEAR	\$ 15,760	\$ 70,430	\$ 1,255	\$ 7,058,466

COMMUNITY DEVELOPMENT FUND	WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT UND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	DRUG SEIZURE & FORFEITURE, COMMISSION & RAID FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 37,743	\$ -	\$ 5,910,158
-	-	-	-	-	-	228,866
-	-	-	-	-	-	14,219
-	-	-	-	-	44,019	44,019
71,186	-	-	-	-	77,379	149,757
455,364	383,606	\$ -	\$ -	-	-	914,630
<u>\$ 526,550</u>	<u>\$ 383,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,743</u>	<u>\$ 121,398</u>	<u>7,261,649</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 294
-	-	-	-	-	-	10,720
-	-	-	-	-	120,306	436,343
-	-	-	-	-	-	271,857
526,550	472,306	-	4,000	-	-	5,622,211
-	-	-	-	-	-	76,042
-	-	-	-	-	-	6,036
<u>\$ 526,550</u>	<u>\$ 472,306</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 120,306</u>	<u>\$ 6,423,503</u>
\$ -	\$ (88,700)	\$ -	\$ (4,000)	\$ 37,743	\$ 1,092	\$ 838,146
100	158,977	-	-	-	-	410,014
(100)	-	-	-	-	-	(100)
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 158,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,914</u>
\$ -	\$ 70,277	\$ -	\$ (4,000)	\$ 37,743	\$ 1,092	\$ 1,248,060
(30,043)	118,156	57,448	125,000	140,346	72,013	6,485,883
<u>\$ (30,043)</u>	<u>\$ 188,433</u>	<u>\$ 57,448</u>	<u>\$ 121,000</u>	<u>\$ 178,089</u>	<u>\$ 73,105</u>	<u>\$ 7,733,943</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, 2008

EXHIBIT 16

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 26,867	\$ 42,306	\$ 69,173
Investments	-	1,983,019	1,983,019
Reserved Escrow Deposit	13,500	-	13,500
Sinking Fund Deposits	-	2,215,871	2,215,871
Due From Other Funds	-	-	-
Due from Other Gov't Units	9,964	-	9,964
Receivables:			
Accounts (Net Allowance For Uncollectibles)	4,968	61,253	66,221
TOTAL CURRENT ASSETS	55,299	4,302,449	4,357,748
NONCURRENT ASSETS			
Land and Building (Net of Depreciation)	-	637,817	637,817
Equipment (Net of Depreciation)	-	751,517	751,517
Improvements Other Than Buildings (Net of Depreciation)	329,579	5,427,128	5,756,707
TOTAL NONCURRENT ASSETS	329,579	6,816,462	7,146,041
TOTAL ASSETS	\$ 384,878	\$ 11,118,911	\$ 11,503,789
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts Payable	\$ 9,255	\$ 175,502	\$ 184,757
Due to Other Funds	212,898	-	212,898
Accrued Compensated Absences	-	88,180	88,180
Current Portion of Long-Term Obligations	27,601	433,287	460,888
TOTAL CURRENT LIABILITIES	249,754	696,969	946,723
NONCURRENT LIABILITIES			
Noncurrent Portion of Long-Term Obligations	82,804	53,411	136,215
Accrued Landfill Closure Costs	-	6,102,460	6,102,460
TOTAL NONCURRENT LIABILITIES	82,804	6,155,871	6,238,675
TOTAL LIABILITIES	\$ 332,558	\$ 6,852,840	\$ 7,185,398
<u>NET ASSETS</u>			
Investment in Capital Assets, net of related debt	\$ -	\$ 7,138,222	\$ 7,138,222
Restricted Assets			
Restricted for:			
Cash for Debt Reserve	\$ 13,500	\$ -	\$ 13,500
Cash for Landfill Closing	-	2,215,871	2,215,871
Unrestricted Assets	\$ 38,820	\$ (5,088,022)	\$ (5,049,202)
TOTAL NET ASSETS	\$ 52,320	\$ 4,266,071	\$ 4,318,391
TOTAL LIABILITIES AND NET ASSETS	\$ 384,878	\$ 11,118,911	\$ 11,503,789

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 17

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
OPERATING REVENUES:			
Landfill Usage Fees	\$ -	\$ 651,938	\$ 651,938
Sewer Rents	50,302	-	50,302
Other Revenue	-	9,146	9,146
TOTAL REVENUE	<u>\$ 50,302</u>	<u>\$ 661,084</u>	<u>\$ 711,386</u>
OPERATING EXPENSES:			
Operation Expense	\$ 152,493	\$ 3,449,840	\$ 3,602,333
Landfill Closure Expense	-	515,975	515,975
Depreciation & Amortization	13,732	465,251	478,983
TOTAL OPERATING EXPENSES	<u>\$ 166,225</u>	<u>\$ 4,431,066</u>	<u>\$ 4,597,291</u>
NET OPERATING INCOME (LOSS)	<u>\$ (115,923)</u>	<u>\$ (3,769,982)</u>	<u>\$ (3,885,905)</u>
NON-OPERATING REVENUE (EXPENSE)			
Grants	\$ -	\$ 58,084	58,084
Interest Revenue	1,865	199,044	200,909
Interest Expense	-	(16,147)	(16,147)
TOTAL NON-OPERATING REVENUE AND EXPENSE	<u>1,865</u>	<u>240,981</u>	<u>242,846</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ (114,058)</u>	<u>\$ (3,529,001)</u>	<u>\$ (3,643,059)</u>
OPERATING TRANSFERS IN	96,812	3,204,041	\$ 3,300,853
OPERATING TRANSFERS OUT	-	-	\$ -
NET OPERATING TRANSFERS	<u>96,812</u>	<u>3,204,041</u>	<u>3,300,853</u>
NET INCOME (LOSS)	(17,246)	(324,960)	(342,206)
NET ASSETS, BEGINNING OF YEAR	<u>69,566</u>	<u>4,591,031</u>	<u>4,660,597</u>
NET ASSETS, END OF YEAR	<u>\$ 52,320</u>	<u>\$ 4,266,071</u>	<u>\$ 4,318,391</u>

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Cash Flow From Operating Activities:			
Cash Received From Customers	\$ 49,534	\$ 656,096	\$ 705,630
Cash Payments to Suppliers for Goods & Services	(199,678)	(3,450,931)	(3,650,609)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (150,144)	\$ (2,794,835)	\$ (2,944,979)
Cash Flow From Noncapital Financing Activities:			
Operating Transfers From Other Funds	\$ 96,812	\$ 3,203,995	\$ 3,300,807
Decrease in Due To Other Gov't Units	(524)	-	(524)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ 96,288	\$ 3,203,995	\$ 3,300,283
Cash Flows From Capital & Related Financing Activities:			
Principal Paid on Bond Maturities	\$ (27,601)	\$ -	\$ (27,601)
Interest Paid on Debt Obligations	-	(16,147)	(16,147)
Principal Paid on General Obligation Loans	-	(147,148)	(147,148)
Proceeds on General Obligation Loans	-	-	-
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	\$ (27,601)	\$ (163,295)	\$ (190,896)
Cash Flows From Investing Activities:			
Interest Revenue Earned on Investments	\$ 1,865	\$ 199,044	\$ 200,909
State Grant Receipts	-	58,084	58,084
Sinking Fund Deposits	-	(163,293)	(163,293)
Increase in Investments	-	(118,555)	(118,555)
Purchase of Equipment and IOTB	-	(232,825)	(232,825)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ 1,865	\$ (257,545)	\$ (255,680)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	\$ (79,592)	\$ (11,680)	\$ (91,272)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	106,459	53,986	160,445
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 26,867	\$ 42,306	\$ 69,173

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF CASH FLOW
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Net Operating Income	\$ (115,923)	\$ (3,769,982)	\$ (3,885,905)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	\$ 13,732	\$ 465,251	\$ 478,983
(Increase) Decrease in Accounts Receivable	(768)	(4,988)	(5,756)
Increase (Decrease) in Closure Cost Liability	-	515,975	515,975
Increase (Decrease) in Accrued Compensation	-	(11,066)	(11,066)
Increase (Decrease) in Accounts Payable	(47,185)	9,954	(37,231)
TOTAL ADJUSTMENTS	\$ (34,221)	\$ 975,126	\$ 940,905
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (150,144)	\$ (2,794,856)	\$ (2,945,000)



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, 2008

EXHIBIT 19

<u>ASSETS</u>	<u>PUBLIC SERVICE</u>	
CURRENT ASSETS		
Cash	\$ 673,753	
Petty Cash	500	
Investments	1,654,822	
Reserved Deposits	1,547,684	
Due From Others	6,148	
Due From Other Governmental Units	4,968	
Bond Issuance Costs	12,574	
Receivable (Net Of Allowances For Uncollectibles):		
Accounts	186,993	
TOTAL CURRENT ASSETS		\$ 4,087,442
NONCURRENT ASSETS		
Capital Assets:		
Land and Easements	\$ 165,000	
Buildings and Equipment, Net of Depreciation	22,093,172	
TOTAL NONCURRENT ASSETS		22,258,172
TOTAL ASSETS		\$ 26,345,614
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 81,703	
Due To Other Gov't Units	9,964	
Due To Customers - Deposits	352,395	
Premium on Bonds Payable	11,290	
Claims, Judgments & Compensated Absences	78,252	
Current Portion of Long-Term Obligations	142,432	
TOTAL CURRENT LIABILITIES		\$ 676,036
NONCURRENT LIABILITIES		
Noncurrent Portion of Long-Term Obligations	\$ 2,986,392	
TOTAL NONCURRENT LIABILITIES		\$ 2,986,392
TOTAL LIABILITIES		\$ 3,662,428
 <u>NET ASSETS</u>		
Investment in Capital Assets, net of related debt	21,825,548	
Restricted Assets (Debt Service)	362,806	
Restricted Assets (Reserve Accounts)	832,483	
Restricted Assets (Customer Deposits)	352,395	
Unrestricted Assets	(690,046)	
TOTAL NET ASSETS		\$ 22,683,186
TOTAL LIABILITIES & NET ASSETS		\$ 26,345,614

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, 2008

EXHIBIT 20

OPERATING REVENUES:

Water Charges	\$ 1,911,032	
Miscellaneous	22,047	
	<u>22,047</u>	
TOTAL OPERATING INCOME		\$ 1,933,079

OPERATING EXPENSES:

Salaries	\$ 832,996	
Payroll Taxes	62,676	
VRA Retirement & Life	86,863	
Hospitalization Insurance	188,302	
Dental Insurance	12,587	
Workers Compensation Insurance	21,985	
Uniform Rental	6,979	
Water Purchased	163,857	
Utilities	231,931	
Line Crew Supplies & Plant Expenses	92,344	
Chemicals	89,937	
Sampling	12,223	
Repairs & Maintenance	58,876	
Telephone & Telemetry	35,048	
Professional Services	16,060	
Office Expense/Postage	40,807	
Office Utilities & Telephone	11,547	
Office Rent	5,500	
Conferences & Continuing Education	2,044	
Licenses, Fees & Tags	2,755	
Insurance	20,327	
Vehicle Expense	52,169	
State Waterworks Fee	9,149	
Travel	12,115	
Miscellaneous	1,690	
Contribution Expense	500	
Compensation - Board Members	8,400	
Depreciation	508,268	
	<u>508,268</u>	
TOTAL OPERATING EXPENSES		<u>2,587,935</u>

Net Operating Income (Loss) \$ (654,856)

NON-OPERATING REVENUES & (EXPENSES):

Interest Income	\$ 193,100	
Penalties and Finance Charges	35,618	
Connection Fees	27,965	
Gain (Loss) on Asset Disposal	7,508	
Interest Expense	(54,221)	
	<u>(54,221)</u>	
NET NON-OPERATING REVENUES (EXPENSES)		<u>209,970</u>

Income (Loss) Before Other Revenues, Gains, Losses, and Transfers \$ (444,886)

Federal Grants	455,364	
County of Wise, Virginia	824,704	
Other	77,553	
	<u>77,553</u>	

Increase in Net Assets	912,735	
Net Assets, Beginning Of Year	21,770,451	
Net Assets, End Of Year	<u>\$ 22,683,186</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, 2008

EXHIBIT 21
PAGE 1

Cash Flow from Operating Activities:

Cash Received from Customers	\$ 1,891,792
Cash Payments to Suppliers for Goods & Services	(1,246,527)
Cash Payments to Employees for Services	(819,887)
Other Operating Revenues	<u>22,047</u>

NET CASH PROVIDED BY OPERATING
ACTIVITIES

\$ (152,575)

Cash Flow from Noncapital Financing Activities:

Increase in Customer Deposits	\$ 9,500
Connection Fees	27,965
Penalties and Finance Charges	<u>35,618</u>

NET CASH PROVIDED BY NONCAPITAL
FINANCING ACTIVITIES

73,083

Cash Flows from Investing Activities:

Interest on Investments	<u>\$ 193,100</u>
-------------------------	-------------------

NET CASH PROVIDED BY INVESTING
ACTIVITIES

193,100

Cash Flows from Capital & Related Financing Activities:

Increase in Due to Other Governmental Units	\$ 525
Increase in Due From Others	43,365
Purchase of Equipment	(83,097)
Construction of Capital Assets	(1,937,871)
Contributions & Grants	1,357,619
Gain on Asset Disposal	7,508
Provision for Bond Premium and Issuance Costs	59
Proceeds from Issuance of Debt	107,099
Principal Paid on FHA Bonds	(140,464)
Interest Paid on Revenue Bonds & Equipment Contracts	<u>(54,680)</u>

NET CASH USED FOR CAPITAL & RELATED
FINANCING ACTIVITIES

(699,937)

NET INCREASE IN CASH & CASH EQUIVALENTS

\$ (586,329)

CASH & CASH EQUIVALENTS AT
BEGINNING OF YEAR

4,463,087

CASH & CASH EQUIVALENTS AT END OF YEAR

\$ 3,876,758

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, 2008

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating Income (Loss)		\$ (654,856)
-------------------------	--	--------------

Adjustments to Reconcile Operating Income
to Net Cash Provided by Operating Activities:

Depreciation	\$ 508,268
Provision for Uncollectible Accounts	(62,732)
Provision for Compensated Absences	7,943
Change in Assets & Liabilities:	
(Increase) Decrease in Accounts Receivable	43,492
Increase (Decrease) in Accounts Payable	145
Increase (Decrease) in Wages Payable	<u>5,165</u>

TOTAL ADJUSTMENTS		<u>502,281</u>
-------------------	--	----------------

NET CASH PROVIDED BY OPERATING ACTIVITIES		<u><u>\$ (152,575)</u></u>
---	--	----------------------------



This page has been intentionally left blank.

**DISCRETE COMPONENT UNIT
SCHOOL BOARD**

COUNTY OF WISE, VIRGINIA
 COMBINED BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2008

EXHIBIT 22

COMPONENT UNIT
 SCHOOL BOARD

ASSETS

ASSETS:

Cash and Cash Equivalents	\$ 2,239,503
Accounts Receivable	24,183
Due From Other Governmental Units	<u>2,415,181</u>
 TOTAL ASSETS	 <u>\$ 4,678,867</u>

LIABILITIES

LIABILITIES:

Accounts Payable	\$ 1,100,695
Due to Primary Government	<u>1,758,560</u>
 TOTAL LIABILITIES	 \$ 2,859,255

FUND EQUITY

FUND BALANCES:

Undesignated	<u>\$ 1,819,612</u>
 TOTAL FUND EQUITY	 <u>\$ 4,678,867</u>

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

FUND BALANCE JUNE 30, 2008	\$ 1,819,612
----------------------------	--------------

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.	\$ 27,192,195
---	---------------

Adjustment for amounts due to / due from primary government.	\$ 1,758,560
--	--------------

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>\$ (2,147,139)</u>
--	-----------------------

Net Assets of General Government Activities	<u>\$ 33,302,095</u>
---	----------------------

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 & CHANGES IN FUND BALANCES
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 23

COMPONENT UNIT
 SCHOOL FUND

	<u>TOTALS</u>
REVENUES:	
Revenues From Use Of Money & Property	\$ 85,137
Charges For Services	1,153,119
Miscellaneous	2,789,859
Recovered Costs	255,814
Intergovernmental	<u>66,882,746</u>
TOTAL REVENUES	<u>\$ 71,166,675</u>
EXPENDITURES:	
Education	67,655,507
Capital Outlay	<u>7,386,174</u>
TOTAL EXPENDITURES	<u>\$ 75,041,681</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (3,875,006)</u>
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	\$ 14,890
Operating Transfers Out	(14,890)
Proceeds From Debt	<u>960,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 960,000</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ (2,915,006)
FUND BALANCE AT BEGINNING OF YEAR	<u>4,734,618</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 1,819,612</u></u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 & CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 24

	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
REVENUES:			
Revenues From Use Of Money & Property	\$ 47,500	\$ 85,137	\$ 37,637
Charges For Services	1,562,300	1,153,119	(409,181)
Miscellaneous	7,181,900	2,789,859	(4,392,041)
Recovered Costs	272,500	255,814	(16,686)
Intergovernmental	67,613,567	66,882,746	(730,821)
TOTAL REVENUES	\$ 76,677,767	\$ 71,166,675	\$ (5,511,092)
EXPENDITURES:			
General Government Administration	\$ -	\$ -	\$ -
Judicial Administration	-	-	-
Public Works	-	-	-
Education	73,162,767	67,655,507	5,507,260
Community Development	-	-	-
Non-Departmental	-	-	-
Capital Outlay	11,737,500	7,386,174	4,351,326
TOTAL EXPENDITURES	\$ 84,900,267	\$ 75,041,681	\$ 9,858,586
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (8,222,500)	\$ (3,875,006)	\$ 4,347,494
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ -	14,890	\$ 14,890
Operating Transfers Out	-	(14,890)	(14,890)
Proceeds From Debt	8,222,500	960,000	(7,262,500)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 8,222,500	\$ 960,000	\$ (7,262,500)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ -	\$ (2,915,006)	\$ (2,915,006)
FUND BALANCE AT BEGINNING OF YEAR (As Restated)	-	4,734,618	4,734,618
FUND BALANCE AT END OF YEAR	\$ -	\$ 1,819,612	\$ 1,819,612

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, 2008

EXHIBIT 25

	<u>COMPONENT UNIT SCHOOL BOARD</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (2,915,006)
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.	\$ (6,637)
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.	\$ (1,109,289)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	<u>7,399,696</u>
Change in net assets of governmental activities	<u>\$ 3,368,764</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY SOURCE
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 26

	<u>COMPONENT UNIT- SCHOOL BOARD</u>
CAPITAL ASSETS:	
Land	\$ 1,358,879
Building and Building Improvements	44,306,965
Equipment	7,420,005
Construction in Progress	<u>7,386,174</u>
TOTAL CAPITAL ASSETS	<u>\$ 60,472,023</u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE:	
Primary Government Revenues	<u>60,472,023</u>
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 60,472,023</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 27

	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTAL</u>
EDUCATION	<u>\$ 1,358,879</u>	<u>\$ 44,306,965</u>	<u>\$ 7,420,005</u>	<u>\$ 7,386,174</u>	<u>\$ 60,472,023</u>
TOTAL	<u><u>\$ 1,358,879</u></u>	<u><u>\$ 44,306,965</u></u>	<u><u>\$ 7,420,005</u></u>	<u><u>\$ 7,386,174</u></u>	<u><u>\$ 60,472,023</u></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, 2008

EXHIBIT 28

	<u>CAPITAL ASSETS JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>CAPITAL ASSETS JUNE 30, 2008</u>
EDUCATION	<u>\$ 51,631,972</u>	<u>\$ 8,991,322</u>	<u>\$ 151,271</u>	<u>\$ 60,472,023</u>
TOTAL	<u><u>\$ 51,631,972</u></u>	<u><u>\$ 8,991,322</u></u>	<u><u>\$ 151,271</u></u>	<u><u>\$ 60,472,023</u></u>

COUNTY OF WISE, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2008

EXHIBIT 29

	GOVERNMENTAL FUNDS				TOTALS
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	
<u>ASSETS</u>					
Cash	\$ 10,871	\$ 371,771	\$ 80,938	\$ 41,009	\$ 504,589
Petty Cash	200	-	-	-	200
Investments	-	479,306	1,017,990	237,418	1,734,714
Accounts Receivable	288,240	-	-	-	288,240
Due From Other Governmental Units	2,129,772	21,352	-	-	2,151,124
Due From Other Funds	-	-	-	-	-
Fixed Assets (Net of Accumulated Depreciation)	-	-	-	-	-
Amount to Be Provided For the Retirement of General Long-Term Obligations	-	-	-	-	-
TOTAL ASSETS	\$ 2,429,083	\$ 872,429	\$ 1,098,928	\$ 278,427	4,678,867
<u>LIABILITIES</u>					
Accounts Payable	\$ 670,323	\$ 5,508	\$ -	\$ 424,864	1,100,695
Due To Other Funds	1,758,560	-	-	-	1,758,560
Claims, Judgments & Compensated Absences	-	-	-	-	-
State Literary Fund Loans	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-
TOTAL LIABILITIES	\$ 2,428,883	\$ 5,508	\$ -	\$ 424,864	2,859,255
<u>FUND EQUITY</u>					
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	-
FUND BALANCES:					
Undesignated	200	866,921	1,098,928	(146,437)	1,819,612
TOTAL FUND EQUITY	\$ 200	\$ 866,921	\$ 1,098,928	\$ (146,437)	1,819,612
TOTAL LIABILITIES & FUND EQUITY	\$ 2,429,083	\$ 872,429	\$ 1,098,928	\$ 278,427	4,678,867

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, 2008

EXHIBIT 30

	GOVERNMENTAL FUNDS				TOTALS
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	
REVENUES:					
Revenues From Use Of Money & Property	\$ 16,800	\$ 27,123	\$ 41,214	\$ -	\$ 85,137
Charges For Services	133,040	1,020,079	-	-	1,153,119
Miscellaneous	1,170,301	-	1,699	1,617,859	2,789,859
Recovered Costs	255,814	-	-	-	255,814
Intergovernmental	62,719,612	1,632,428	524,833	2,005,873	66,882,746
TOTAL REVENUES	\$ 64,295,567	\$ 2,679,630	\$ 567,746	\$ 3,623,732	\$ 71,166,675
EXPENDITURES:					
Education	64,746,544	2,620,790	288,173	-	67,655,507
Capital Outlay	-	-	-	7,386,174	7,386,174
TOTAL EXPENDITURES	\$ 64,746,544	\$ 2,620,790	\$ 288,173	\$ 7,386,174	\$ 75,041,681
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (450,977)	\$ 58,840	\$ 279,573	\$ (3,762,442)	\$ (3,875,006)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ -	\$ 14,890	\$ -	\$ -	\$ 14,890
Operating Transfers Out	(14,890)	-	-	-	(14,890)
Proceeds From Debt	-	-	-	960,000	960,000
TOTAL OTHER FINANCING SOURCES (USES)	\$ (14,890)	\$ 14,890	\$ -	\$ 960,000	\$ 960,000
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ (465,867)	\$ 73,730	\$ 279,573	\$ (2,802,442)	\$ (2,915,006)
FUND BALANCE AT BEGINNING OF YEAR	466,067	793,191	819,355	2,656,005	4,734,618
FUND BALANCE AT END OF YEAR	\$ 200	\$ 866,921	\$ 1,098,928	\$ (146,437)	1,819,612

SUPPLEMENTARY SCHEDULE

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 8,500,000	\$ 8,500,000	\$ 9,067,363	\$ 567,363
Service Corporation Taxes	440,000	440,000	461,253	21,253
Personal Property Taxes	3,509,767	3,509,767	3,575,599	65,832
Machinery & Tool Taxes	3,030,500	3,030,500	3,367,291	336,791
Merchants Capital Taxes	790,000	790,000	813,710	23,710
Mobile Home Taxes	220,000	220,000	215,796	(4,204)
Penalties & Interest	420,000	424,460	415,497	(8,963)
TOTAL GENERAL PROPERTY TAXES	\$ 16,910,267	\$ 16,914,727	\$ 17,916,509	\$ 1,001,782
Other Local Taxes:				
Local Sales & Use Tax	\$ 2,560,000	\$ 2,560,000	\$ 2,919,539	\$ 359,539
Coal Severance Tax	6,250,000	6,250,000	6,201,933	(48,067)
Consumer's Utility Tax	840,000	840,000	454,344	(385,656)
Franchise Tax	270,000	270,000	81,637	(188,363)
Consumption Tax	120,000	120,000	122,077	2,077
Communication Taxes	240,000	240,000	1,139,043	899,043
Taxes on Recordation & Wills	170,000	170,000	201,316	31,316
County Decal Licenses	110,000	110,000	109,238	(762)
Transient Occupancy Tax	18,750	18,750	25,027	6,277
TOTAL OTHER LOCAL TAXES	\$ 10,578,750	\$ 10,578,750	\$ 11,254,154	\$ 675,404
Permits, Privilege Fees & Regulatory Licenses:				
Animal Licenses	\$ 2,500	\$ 2,500	\$ 7,393	\$ 4,893
Permits & Other Licenses	60,000	60,000	47,156	(12,844)
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	\$ 62,500	\$ 62,500	\$ 54,549	\$ (7,951)
Fines & Forfeitures:	\$ 25,000	\$ 25,000	\$ 22,124	\$ (2,876)
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ 800,000	\$ 800,000	\$ 726,258	\$ (73,742)
Revenue From The Use of Property	70,000	70,000	73,271	3,271
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ 870,000	\$ 870,000	\$ 799,529	\$ (70,471)
Charges For Services:				
Charges For Commonwealth's Attorney	\$ 32,000	\$ 32,500	\$ 2,458	\$ (30,042)
Charges For County Offices	27,000	27,000	5,697	(21,303)
Charges For Court	98,000	98,000	30,885	(67,115)
Charges For Health	35,000	35,000	33,568	(1,432)
Charges For Social Services	70,000	70,000	174,419	104,419
TOTAL CHARGES FOR SERVICES	\$ 262,000	\$ 262,500	\$ 247,027	\$ (15,473)
Miscellaneous:				
Miscellaneous	\$ 38,000	\$ 38,000	\$ 28,512	\$ (9,488)
TOTAL MISCELLANEOUS REVENUE	\$ 38,000	\$ 38,000	\$ 28,512	\$ (9,488)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

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	\$ -	\$ -	\$ 199,585	\$ 199,585
CEDA Tourism	119,455	119,455	-	(119,455)
Miscellaneous	100,000	111,446	-	(111,446)
Adult Confinement Local Facilities	-	-	-	-
TOTAL RECOVERED COSTS	\$ 219,455	\$ 230,901	\$ 199,585	\$ (31,316)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 28,965,972	\$ 28,982,378	\$ 30,521,989	\$ 1,539,611
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Payments in Lieu of Taxes	\$ 160,000	\$ 160,000	\$ 196,645	\$ 36,645
ABC Profits	16,000	16,000	16,028	28
Wine Taxes	16,000	16,000	16,800	800
Rolling Stock Tax	108,000	108,000	111,456	3,456
Mobile Home Titling Taxes	170,000	170,000	215,646	45,646
Recordation Tax	27,000	27,000	46,206	19,206
Personal Property Tax Reimbursement	1,380,233	1,380,233	1,380,233	-
Miscellaneous Grants	23,400	41,485	70,867	29,382
Motor Vehicle Rental Tax	3,000	3,000	2,106	(894)
TOTAL NON-CATEGORICAL AID	\$ 1,903,633	\$ 1,921,718	\$ 2,055,987	\$ 134,269
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 678,041	\$ 753,087	\$ 616,358	\$ (136,729)
Sheriff	2,098,076	2,098,076	2,138,005	39,929
Commissioner of Revenue	198,941	198,941	205,828	6,887
Treasurer	179,170	179,170	183,437	4,267
Medical Examiner	900	900	-	(900)
Jail	-	-	-	-
Registrar/Electoral Board	61,500	72,900	12,080	(60,820)
Clerk of Circuit Court	396,578	396,578	398,229	1,651
TOTAL SHARED EXPENSES	\$ 3,613,206	\$ 3,699,652	\$ 3,553,937	\$ (145,715)
Other Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 2,548,127	\$ 2,933,350	\$ 3,061,162	\$ 127,812
M H & R Service Board	2,333,044	3,007,549	2,980,777	(26,772)
VA Heritage Music-Crooked Road	89,798	89,798	58,737	(31,061)
Dept of Military-Defense Preparedness	-	-	-	-
Disaster Planning-PL-Level II	-	-	1,799	1,799
Disaster Planning-PL-Level III	-	-	2,364	2,364
Domestic Violence Grant	-	-	20,000	20,000
Haz-Mat - General	40,000	40,000	15,000	(25,000)
Haz-Mat - Training	-	-	1,000	1,000
Haz-Mat - Emergency Services	-	-	4,170	4,170
SWVA Corrections - Justice	569,710	578,767	569,710	(9,057)
Victim Witness Grant - Justice	-	-	-	-
LLEBG Grant	-	57,928	2,984	(54,944)
Victim Witness Grant - Justice	55,844	55,844	-	(55,844)
Cultural Arts Grant	-	-	5,000	5,000
Fire Program Funds	69,000	72,071	72,071	-
Four-For-Life Rescue	30,000	31,781	54,852	23,071
School Resource Officer Grant	-	-	-	-
TOTAL OTHER CATEGORICAL AID	\$ 5,735,523	\$ 6,867,088	\$ 6,849,626	\$ (17,462)
TOTAL CATEGORICAL AID	\$ 9,348,729	\$ 10,566,740	\$ 10,403,563	\$ (163,177)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Revenue From The Commonwealth:				
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 11,252,362	\$ 12,488,458	\$ 12,459,550	\$ (28,908)
Revenue From The Federal Government:				
Payments in Lieu of Taxes	\$ -	\$ -	\$ 38,623	\$ 38,623
Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 3,563,270	\$ 3,563,270	\$ 3,554,554	\$ (8,716)
M H & R Service Board	1,100,000	1,100,000	1,063,391	(36,609)
LLEBG Grant	-	-	1,155	1,155
LLEBG Grant	-	-	15,377	15,377
Emergency Services-2006 GET	-	-	4,994	4,994
Emergency Services-2004 GET	-	-	5,000	5,000
Violence Against Women - Justice	-	-	28,692	28,692
Community Development Grant-Napoleon Hill	-	-	43,400	43,400
Ground Transportation	-	-	10,638	10,638
DMV Litter Pick-up Grant	-	-	14,471	14,471
TOTAL CATEGORICAL AID	\$ 4,663,270	\$ 4,663,270	\$ 4,741,672	\$ 78,402
 TOTAL REVENUE FROM THE FEDERAL GOVT.	 \$ 4,663,270	 \$ 4,663,270	 \$ 4,780,295	 \$ 117,025
 TOTAL GENERAL FUND	 \$ 44,881,604	 \$ 46,134,106	 \$ 47,761,834	 \$ 1,627,728
Special Revenue Funds:				
Emergency Numbers Funds:				
Revenue From Local Sources:				
Other Local Taxes:				
911 Emergency Number Tax	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Revenue From the Use of Money & Property:				
Revenue From the Use of Money	\$ 2,500	\$ 2,500	\$ 1,544	\$ (956)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 252,500	\$ 252,500	\$ 1,544	\$ (250,956)
Revenue From The Commonwealth:				
Categorical Aid:				
Department of Technology Planning	67,300	67,300	75,660	8,360
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 67,300	\$ 67,300	\$ 75,660	\$ 8,360
 TOTAL EMERGENCY NUMBERS FUND	 \$ 319,800	 \$ 319,800	 \$ 77,204	 \$ (242,596)
Law Library Fund:				
Revenue From Local Sources:				
Charges For Services:				
Charges For Law Library	\$ 12,500	\$ 12,500	\$ 14,219	\$ 1,719
TOTAL LAW LIBRARY FUND	\$ 12,500	\$ 12,500	\$ 14,219	\$ 1,719

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
PRIMARY GOVERNMENT:				
Special Revenue Fund:				
Coal Road Improvement Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Coal Severance Tax	\$ 5,600,000	\$ 5,600,000	\$ 5,872,415	\$ 272,415
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 227,322	\$ 227,322
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 5,600,000	\$ 5,600,000	\$ 6,099,737	\$ 499,737
Drug Seizure & Forfeiture, Commission and Special Funds:				
Sheriff Department:				
Revenue From Local Sources:				
Fines & Forfeitures:				
Fines & Forfeitures	\$ -	\$ -	\$ 44,019	\$ 44,019
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 77,379	\$ 77,379
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 121,398	\$ 121,398
TOTAL DRUG SEIZURE & FORFEITURE, COMMISSION & RAID FUND	\$ -	\$ -	\$ 121,398	\$ 121,398
Transient Occupancy Tax Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Transient Occupancy Tax	\$ -	\$ -	\$ 37,743	\$ 37,743
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ -	\$ -
TOTAL TRANSIENT OCCUPANCY TAX FUND	\$ -	\$ -	\$ 37,743	\$ 37,743
Dog & Cat Sterilization Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ 1,600	\$ 1,600	\$ 1,192	\$ (408)
TOTAL REVENUE FROM LOCAL	\$ 1,600	\$ 1,600	\$ 1,192	\$ (408)
TOTAL DOG & CAT STERILIZATION FUND	\$ 1,600	\$ 1,600	\$ 1,192	\$ (408)
Wise Development Fund:				
Revenue From The Commonwealth:				
Categorical Aid:				
State Grant	\$ -	\$ -	\$ 34,180	\$ 34,180
TOTAL REVENUE FROM THE COMMONWEALTH	\$ -	\$ -	\$ 34,180	\$ 34,180
Revenue From The Federal Government:				
Categorical Aid:				
Research Cooperative Agreement-NASA	\$ 652,360	\$ 652,360	\$ 349,426	\$ (302,934)
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 652,360	\$ 652,360	\$ 349,426	\$ (302,934)
TOTAL WISE DEVELOPMENT FUND	\$ 652,360	\$ 652,360	\$ 383,606	\$ (268,754)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Software Engineering Initiative Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ -	\$ -
TOTAL SOFTWARE ENGINEERING INITIATIVE FUND	\$ -	\$ -	\$ -	\$ -
Community Development Fund:				
Revenue From Local Sources:				
Nouth Fork Water Project; Miscellaneous	\$ -	\$ -	\$ 71,186	\$ 71,186
TOTAL REVENUE FROM LOCAL	\$ -	\$ -	\$ 71,186	\$ 71,186
Revenue From The Federal Government:				
Categorical Aid:				
Lower Birchfield Project	\$ -	\$ -	\$ 450,364	\$ 450,364
Nouth Fork Water Project	-	-	5,000	5,000
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ -	\$ -	\$ 455,364	\$ 455,364
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 526,550	\$ 526,550
TOTAL SPECIAL REVENUE FUNDS	\$ 6,586,260	\$ 6,586,260	\$ 7,261,649	\$ 675,389
GRAND TOTAL REVENUES - PRIMARY GOVERNMENT	\$ 51,467,864	\$ 52,720,366	\$ 55,023,483	\$ 2,303,117
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Property	\$ 47,500	\$ 47,500	\$ 16,800	\$ (30,700)
Charges For Services:				
Charges For Education	\$ 12,000	\$ 12,000	\$ 133,040	\$ 121,040
Miscellaneous Revenue:				
Miscellaneous	\$ 5,010,200	\$ 5,010,200	\$ 1,170,301	\$ (3,839,899)
Recovered Costs:				
Payments From Other Localities	\$ 272,500	\$ 272,500	\$ 255,814	\$ (16,686)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 5,342,200	\$ 5,342,200	\$ 1,575,955	\$ (3,766,245)
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 15,715,867	\$ 15,715,867	\$ 14,790,488	\$ (925,379)
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ 15,715,867	\$ 15,715,867	\$ 14,790,488	\$ (925,379)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From The Commonwealth:				
Categorical Aid:				
Share of State Sales & Use Taxes	\$ 6,298,600	\$ 6,298,600	\$ 6,009,627	\$ (288,973)
Basic School Aid	22,367,800	22,367,800	22,413,723	45,923
Remedial Education SOQ	705,900	705,900	701,312	(4,588)
Remedial Education - Summer	90,700	90,700	91,322	622
Gifted SOQ	216,000	216,000	214,581	(1,419)
Special Education	1,948,200	1,948,200	1,810,850	(137,350)
Vocational Education	1,118,200	1,118,200	989,164	(129,036)
Vocational Education-Adult	-	-	38,246	38,246
Share of Fringe Benefits	3,155,600	3,155,600	3,134,969	(20,631)
Reading Intervention	102,800	102,800	135,584	32,784
Governors/Magnet Schools	74,800	74,800	74,810	10
Electronic Classroom	453,300	453,300	41,112	(412,188)
SOL Algebra Readiness	96,400	96,400	94,090	(2,310)
Alternative Education	255,800	255,800	255,761	(39)
Primary Class Size/K-3 Initiative	941,600	941,600	932,822	(8,778)
Foster Care	-	-	32,543	32,543
Compensation Supplement	1,469,800	1,469,800	1,475,895	6,095
Adult Literacy	401,400	401,400	268,586	(132,814)
Adult Occupational Prep & Equipment	-	-	78,896	78,896
Adult Secondary	-	-	27,146	27,146
GED Prep Program - ISAEP	23,600	23,600	23,576	(24)
GED	-	-	69,087	69,087
GED Testing	-	-	4,995	4,995
Enrollment Loss	-	-	224,550	224,550
At Risk	847,400	847,400	841,842	(5,558)
At Risk - Four-Year Olds	567,400	567,400	363,158	(204,242)
Technology Initiative	518,000	518,000	445,373	(72,627)
Homebound	-	-	86,610	86,610
Virtual Advanced Placement	-	-	12,966	12,966
Leadership Development Grants	-	-	100,000	100,000
English As A Second Language (ESL)	-	-	13,747	13,747
VPI Start Up Expansion	-	-	75,000	75,000
Project Graduation	-	-	1,393	1,393
Mentor Teacher HTS	-	-	1,536	1,536
Industry Certification	-	-	5,090	5,090
Teacher Incentive-Mentor	-	-	4,675	4,675
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 41,653,300	\$ 41,653,300	\$ 41,094,637	\$ (558,663)
Revenue From The Federal Government:				
Categorical Aid:				
Adult Literacy	\$ 261,200	\$ 261,200	\$ 249,299	\$ (11,901)
Title I	3,177,000	3,177,000	2,209,234	(967,766)
Title II - Part A	20,900	20,900	840,446	819,546
Title II - Ed Technology / Part D	258,700	258,700	555,284	296,584
Forest Reserve	20,000	20,000	20,076	76
JROTC	-	-	53,312	53,312
Homeless	498,600	498,600	45,944	(452,656)
National Community Service	-	-	27,609	27,609
Drug Free Schools	-	-	45,721	45,721
Title VI - B - Flow Through	1,432,300	1,432,300	1,431,416	(884)
Vocational Education	164,000	164,000	225,427	61,427
Title IV Part A, Subpart 1 / Drug Free	40,900	40,900	-	(40,900)
Title V-A Innovative Programs	17,300	17,300	47,524	30,224
Title X Grant - 21st Century	518,200	518,200	489,473	(28,727)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From The Federal Government:				
Categorical Aid: (Continued)				
Title VI - Rural/Low Income Schools	-	-	151,981	151,981
Crude Oil Overbill (Department of Energy)	-	-	145	145
Pre-School Special Education	-	-	43,726	43,726
Peace Project	-	-	92,510	92,510
Hammer	-	-	155,360	155,360
TOTAL CATEGORICAL AID	\$ 6,409,100	\$ 6,409,100	\$ 6,684,487	\$ 275,387
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 6,409,100	\$ 6,409,100	\$ 6,684,487	\$ 275,387
Debt Service:				
Revenue from Commonwealth:				
Categorical Aid:				
Lottery Funds	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
TOTAL CATEGORICAL AID	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
TOTAL SCHOOL OPERATING FUND	\$ 69,270,467	\$ 69,270,467	\$ 64,295,567	\$ (4,974,900)
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 27,123	\$ 27,123
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ -	\$ -	\$ 27,123	\$ 27,123
Charges For Services:				
Cafeteria Sales	\$ 1,550,300	\$ 1,550,300	\$ 1,020,079	\$ (530,221)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 1,550,300	\$ 1,550,300	\$ 1,047,202	\$ (503,098)
Revenue From The Commonwealth:				
Categorical Aid:				
School Food	\$ 42,000	\$ 42,000	\$ 43,173	\$ 1,173
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 42,000	\$ 42,000	\$ 43,173	\$ 1,173
Revenue From The Federal Government:				
Categorical Aid:				
School Food Program Grant	\$ 1,400,000	\$ 1,400,000	\$ 1,589,255	\$ 189,255
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 1,400,000	\$ 1,400,000	\$ 1,589,255	\$ 189,255
TOTAL SCHOOL CAFETERIA FUND	\$ 2,992,300	\$ 2,992,300	\$ 2,679,630	\$ (312,670)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Fund:				
School Textbook Rental Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 41,214	\$ 41,214
Miscellaneous	\$ 371,700	\$ 371,700	\$ 1,699	\$ (370,001)
TOTAL FROM LOCAL SOURCES	\$ 371,700	\$ 371,700	\$ 42,913	\$ (328,787)
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ -	\$ -	\$ -
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ -	\$ -	\$ -	\$ -
Revenue From The Commonwealth:				
Categorical Aid:				
Total Rental Payments	\$ 528,300	\$ 528,300	\$ 524,833	\$ (3,467)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 528,300	\$ 528,300	\$ 524,833	\$ (3,467)
TOTAL TEXTBOOK RENTAL FUND	\$ 900,000	\$ 900,000	\$ 567,746	\$ (332,254)
TOTAL SPECIAL REVENUE FUNDS	\$ 73,162,767	\$ 73,162,767	\$ 67,542,943	\$ (5,619,824)
School Capital Project Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Miscellaneous	\$ 1,800,000	\$ 1,800,000	\$ 1,617,859	\$ (182,141)
TOTAL FROM LOCAL SOURCES	\$ 1,800,000	\$ 1,800,000	\$ 1,617,859	\$ (182,141)
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ -	\$ 780,500	\$ 780,500
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ -	\$ -	\$ 780,500	\$ 780,500
Revenue From The Commonwealth:				
Categorical Aid:				
Lottery Funds	\$ 1,505,200	\$ 1,505,200	\$ 1,016,062	\$ (489,138)
Public School Construction	209,800	209,800	209,311	(489)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 1,715,000	\$ 1,715,000	\$ 1,225,373	\$ (489,627)
TOTAL CAPITAL OUTLAY FUND	\$ 3,515,000	\$ 3,515,000	\$ 3,623,732	\$ 108,732
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	\$ 76,677,767	\$ 76,677,767	\$ 71,166,675	\$ (5,511,092)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 363,878	\$ 396,944	417,866	\$ (20,922)
General & Financial Administration:				
County Administrator	\$ 414,376	\$ 437,099	\$ 424,430	\$ 12,669
Legal Services	126,484	131,593	127,495	4,098
Commissioner Of Revenue	530,501	530,501	517,479	13,022
Assessor	175,614	184,701	187,126	(2,425)
Data Processing	184,465	189,836	181,239	8,597
Treasurer	535,020	591,980	576,140	15,840
Geographic Information	144,996	195,204	190,522	4,682
TOTAL GENERAL & FINANCIAL ADMINISTRATION	\$ 2,111,456	\$ 2,260,914	\$ 2,204,431	\$ 56,483
Board Of Elections:				
Electoral Board & Officials	\$ 58,850	\$ 58,850	\$ 63,535	\$ (4,685)
Registrar	107,825	120,302	106,305	13,997
TOTAL BOARD OF ELECTIONS	\$ 166,675	\$ 179,152	\$ 169,840	\$ 9,312
TOTAL GENERAL GOVERNMENT ADMINISTRATION	\$ 2,642,009	\$ 2,837,010	\$ 2,792,137	\$ 44,873
Judicial Administration:				
Courts:				
Clerk Of The Circuit Court	\$ 751,045	\$ 778,255	\$ 768,296	\$ 9,959
District Court	8,125	8,125	7,968	157
Magistrate	1,775	1,775	1,751	24
Juvenile & Domestic Relations Court	424,435	424,834	423,752	1,082
Sheriff	398,296	398,296	401,159	(2,863)
TOTAL COURTS	\$ 1,583,676	\$ 1,611,285	\$ 1,602,926	\$ 8,359
Commonwealth Attorney	\$ 850,446	\$ 926,245	\$ 795,523	\$ 130,722
Victim Witness Protection	55,844	56,544	56,227	317
TOTAL JUDICIAL ADMINISTRATION	\$ 2,489,966	\$ 2,594,074	\$ 2,454,676	\$ 139,398
Public Safety:				
Law Enforcement & Traffic Control:				
Sheriff	\$ 2,996,415	\$ 3,232,338	\$ 3,075,031	\$ 157,307
Dispatcher/E911	227,640	227,640	228,251	(611)
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	\$ 3,224,055	\$ 3,459,978	\$ 3,303,282	\$ 156,696
Fire & Rescue Services:				
Fire & Rescue Departments	\$ 453,300	\$ 458,153	\$ 457,808	\$ 345
TOTAL FIRE & RESCUE SERVICES	\$ 453,300	\$ 458,153	\$ 457,808	\$ 345
Correction & Detention:				
SWVA Community Corrections Center	\$ 569,710	\$ 578,767	\$ 577,945	\$ 822
SW Regional Jail Authority	1,671,962	1,671,962	1,624,433	47,529

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 2,241,672	\$ 2,250,729	\$ 2,202,378	\$ 48,351
Inspections:				
Building Inspector	\$ 264,965	\$ 273,598	\$ 239,736	\$ 33,862
TOTAL INSPECTIONS	\$ 264,965	\$ 273,598	\$ 239,736	\$ 33,862
Other Protection:				
Emergency Services	\$ 181,360	\$ 217,610	\$ 127,480	\$ 90,130
Animal Control	214,630	227,363	227,002	361
TOTAL OTHER PROTECTION	\$ 395,990	\$ 444,973	\$ 354,482	\$ 90,491
TOTAL PUBLIC SAFETY	\$ 6,579,982	\$ 6,887,431	\$ 6,557,686	\$ 329,745
Public Works:				
Maintenance Of Buildings & Grounds:				
General Properties	\$ 508,368	\$ 638,377	\$ 686,693	\$ (48,316)
TOTAL PUBLIC WORKS	\$ 508,368	\$ 638,377	\$ 686,693	\$ (48,316)
Welfare/Social Services:				
Health & Welfare:				
Health:				
Supplement To Local Health Department	\$ 556,041	\$ 556,041	\$ 556,041	\$ -
TOTAL HEALTH	\$ 556,041	\$ 556,041	\$ 556,041	\$ -
Mental Health & Mental Retardation:				
Mental Health	3,559,903	4,234,408	4,234,407	1
TOTAL MENTAL HEALTH & MENTAL RETARDATION	\$ 3,559,903	\$ 4,234,408	\$ 4,234,407	\$ 1
Welfare/Social Services:				
Welfare Administration	\$ 7,268,713	\$ 7,653,936	\$ 7,952,540	\$ (298,604)
Property Tax Relief for Elderly	-	-	240,534	(240,534)
MEOC	-	-	-	-
Youth Service Board	20,000	20,000	20,000	-
Agency On Aging	78,800	78,800	77,800	1,000
Group Home	-	-	-	-
TOTAL WELFARE/SOCIAL SERVICES	\$ 7,367,513	\$ 7,752,736	\$ 8,290,874	\$ (538,138)
TOTAL HEALTH & WELFARE	\$ 11,483,457	\$ 12,543,185	\$ 13,081,322	\$ (538,137)
Education:				
Local Public Schools	\$ 15,590,500	\$ 16,056,367	\$ 15,570,988	\$ 485,379
UVA-Engineering Project	-	-	-	-
Community Colleges	\$ 52,930	\$ 52,930	\$ 52,930	\$ -
TOTAL EDUCATION	\$ 15,643,430	\$ 16,109,297	\$ 15,623,918	\$ 485,379

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DESCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 805,272	\$ 805,272	\$ 805,272	\$ -
TOTAL LIBRARY	<u>\$ 805,272</u>	<u>\$ 805,272</u>	<u>\$ 805,272</u>	<u>\$ -</u>
Cultural:				
Pro-Art Association	\$ -	\$ -	\$ 12,000	\$ (12,000)
TOTAL CULTURAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ (12,000)</u>
TOTAL PARKS, RECREATION & CULTURAL	<u>\$ 845,272</u>	<u>\$ 845,272</u>	<u>\$ 857,272</u>	<u>\$ (12,000)</u>
Planning & Community Development:				
Economic Development	\$ 233,840	\$ 242,096	\$ 113,712	\$ 128,384
Housing Authority	25,000	25,000	25,000	-
Cumberland Airport Commission	90,000	156,025	148,759	7,266
Lenowisco	66,684	66,684	66,684	-
Planning Commission	8,600	8,600	8,575	25
Industrial Development Authority	244,201	244,201	702,000	(457,799)
Music Trail-Crooked Road	89,798	89,798	54,436	35,362
CEDA - Tourism	119,455	119,455	-	119,455
TOTAL PLANNING & COMMUNITY DEVELOPMENT	<u>\$ 877,578</u>	<u>\$ 951,859</u>	<u>\$ 1,119,166</u>	<u>\$ (167,307)</u>
Community Development:				
Cooperative Extension Program:				
VPI & SU Extension Office	\$ 93,940	\$ 93,940	\$ 61,420	\$ 32,520
TOTAL COOPERATIVE EXTENSION PROGRAM	<u>\$ 93,940</u>	<u>\$ 93,940</u>	<u>\$ 61,420</u>	<u>\$ 32,520</u>
TOTAL COMMUNITY DEVELOPMENT	<u>\$ 971,518</u>	<u>\$ 1,045,799</u>	<u>\$ 1,180,586</u>	<u>\$ (134,787)</u>
Non-Departmental:				
Non-Departmental	\$ 1,775,034	\$ 1,451,324	\$ 243,705	\$ 1,207,619
TOTAL NON-DEPARTMENTAL	<u>\$ 1,775,034</u>	<u>\$ 1,451,324</u>	<u>\$ 243,705</u>	<u>\$ 1,207,619</u>
Debt Service:				
Principal Retirement	\$ 588,350	\$ 588,350	\$ 339,342	\$ 249,008
Interest & Fiscal Charges	75,000	75,000	61,796	13,204
TOTAL DEBT SERVICE	<u>\$ 663,350</u>	<u>\$ 663,350</u>	<u>\$ 401,138</u>	<u>\$ 262,212</u>
TOTAL GENERAL FUND	<u>\$ 43,602,386</u>	<u>\$ 45,615,119</u>	<u>\$ 43,879,133</u>	<u>\$ 1,735,986</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DESCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 12,500	\$ 12,500	\$ 10,720	\$ 1,780
TOTAL LAW LIBRARY FUND	\$ 12,500	\$ 12,500	\$ 10,720	\$ 1,780
Coal Road Improvement Fund:				
General Government Administration	\$ -	\$ -	\$ 294	\$ (294)
Public Works:				
Maintenance Of Highways, Streets, Bridges & Sidewalks:				
Coal Road Projects	\$ 200,000	\$ 200,000	\$ 271,857	\$ (71,857)
TOTAL PUBLIC WORKS	\$ 200,000	\$ 200,000	\$ 271,857	\$ (71,857)
Community Development:				
Distribution to Towns	\$ 1,120,000	\$ 1,120,000	\$ 1,133,811	\$ (13,811)
Community Development	4,280,000	4,280,000	3,485,544	794,456
TOTAL COMMUNITY DEVELOPMENT	\$ 5,400,000	\$ 5,400,000	\$ 4,619,355	\$ 780,645
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 5,600,000	\$ 5,600,000	\$ 4,891,506	\$ 708,494
Emergency Numbers Fund:				
Public Safety:				
Law Enforcement & Traffic Control:				
911 System	\$ 322,751	\$ 322,751	\$ 313,137	\$ 9,614
TOTAL PUBLIC SAFETY	\$ 322,751	\$ 322,751	\$ 313,137	\$ 9,614
Debt Service:				
Principal Retirement	\$ 76,500	\$ 76,500	\$ 76,042	\$ 458
Interest & Fiscal Charges	6,000	6,000	6,036	(36)
TOTAL DEBT SERVICE	\$ 82,500	\$ 82,500	\$ 82,078	\$ 422
TOTAL EMERGENCY NUMBERS FUND	\$ 405,251	\$ 405,251	\$ 395,215	\$ 10,036
Drug Seizure & Forfeiture, Commission & Special Funds:				
Sheriff Department:				
Public Safety:				
Sheriff	\$ -	\$ -	\$ 120,306	\$ (120,306)
TOTAL PUBLIC SAFETY	\$ -	\$ -	\$ 120,306	\$ (120,306)
TOTAL DRUG SEIZURE & FORFEITURE, COMMISSION AND RAID FUND	\$ -	\$ -	\$ 120,306	\$ (120,306)
Dog & Cat Sterilization Fund:				
Public Safety				
Other Protection:				
Animal Control	\$ 1,600	\$ 1,600	\$ 2,900	\$ 1,300
TOTAL PUBLIC SAFETY	\$ 1,600	\$ 1,600	\$ 2,900	\$ 1,300

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 1,600	\$ 1,600	\$ 2,900	\$ (1,300)
Information Technology Improvement Fund:				
Community Development:				
Technology	\$ -	\$ -	\$ 4,000	\$ (4,000)
TOTAL INFORMATION TECHNOLOGY IMPROVEMENT FUND	\$ -	\$ -	\$ 4,000	\$ (4,000)
TOTAL INFORMATION TECHNOLOGY FUND	\$ -	\$ -	\$ 4,000	\$ (4,000)
Wise Development Fund:				
Community Development:				
Community Project	\$ 652,360	\$ 777,360	\$ 472,306	\$ 305,054
TOTAL COMMUNITY DEVELOPMENT	\$ 652,360	\$ 777,360	\$ 472,306	\$ 305,054
TOTAL WISE DEVELOPMENT FUND	\$ 652,360	\$ 777,360	\$ 472,306	\$ 305,054
Community Development Fund:				
Community Development:				
Lower Birchfield Project	\$ -	\$ -	\$ 450,364	\$ (450,364)
North Fork Water Project	-	-	76,186	(76,186)
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ -	\$ 526,550	\$ (526,550)
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 526,550	\$ (526,550)
TOTAL SPECIAL REVENUE FUNDS	\$ 6,671,711	\$ 6,796,711	\$ 6,423,503	\$ 373,208
GRAND TOTAL EXPENDITURES - PRIMARY GOVERNMENT	<u>\$ 50,274,097</u>	<u>\$ 52,411,830</u>	<u>\$ 50,302,636</u>	<u>\$ 2,109,194</u>
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration Of Schools	\$ 963,400	\$ 963,400	\$ 898,609	\$ 64,791
Instruction Costs:				
Classroom	\$ 51,946,167	\$ 51,946,167	\$ 39,289,102	\$ 12,657,065
Instructional Support:				
Student	-	-	1,900,291	(1,900,291)
Staff	-	-	3,711,815	(3,711,815)
Administration	-	-	4,128,910	(4,128,910)
TOTAL INSTRUCTION COSTS	<u>\$ 51,946,167</u>	<u>\$ 51,946,167</u>	<u>\$ 49,030,118</u>	<u>\$ 2,916,049</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 998,200	\$ 998,200	\$ 1,004,513	\$ (6,313)
Pupil Transportation	3,571,800	3,571,800	3,438,709	133,091
Operation & Maintenance Of School Plant	5,429,600	5,429,600	5,433,675	(4,075)
Non-Instructional	<u>5,437,900</u>	<u>5,437,900</u>	<u>4,017,627</u>	<u>1,420,273</u>
TOTAL OPERATING COSTS	<u>\$ 15,437,500</u>	<u>\$ 15,437,500</u>	<u>\$ 13,894,524</u>	<u>\$ 1,542,976</u>
TOTAL EDUCATION	<u>\$ 68,347,067</u>	<u>\$ 68,347,067</u>	<u>\$ 63,823,251</u>	<u>\$ 4,523,816</u>
Debt Service:				
Principal Retirement	\$ 773,400	\$ 773,400	\$ 740,000	\$ 33,400
Interest & Fiscal Charges	<u>150,000</u>	<u>150,000</u>	<u>183,293</u>	<u>(33,293)</u>
TOTAL DEBT SERVICE	<u>\$ 923,400</u>	<u>\$ 923,400</u>	<u>\$ 923,293</u>	<u>\$ 107</u>
TOTAL SCHOOL OPERATING FUND	<u>\$ 69,270,467</u>	<u>\$ 69,270,467</u>	<u>\$ 64,746,544</u>	<u>\$ 4,523,923</u>
School Cafeteria Fund:				
Education:				
Operating Costs	<u>\$ 2,992,300</u>	<u>\$ 2,992,300</u>	<u>\$ 2,620,790</u>	<u>\$ 371,510</u>
TOTAL SCHOOL CAFETERIA FUND	<u>\$ 2,992,300</u>	<u>\$ 2,992,300</u>	<u>\$ 2,620,790</u>	<u>\$ 371,510</u>
Textbook Rental Fund:				
Education:				
Operating Costs	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 288,173</u>	<u>\$ 611,827</u>
TOTAL TEXTBOOK RENTAL FUND	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 288,173</u>	<u>\$ 611,827</u>
Capital Project Fund:				
School Construction:				
Capital Outlays	<u>\$ 11,737,500</u>	<u>\$ 11,737,500</u>	<u>\$ 7,386,174</u>	<u>\$ 4,351,326</u>
TOTAL SCHOOL CONSTRUCTION	<u>\$ 11,737,500</u>	<u>\$ 11,737,500</u>	<u>\$ 7,386,174</u>	<u>\$ 4,351,326</u>
TOTAL CAPITAL PROJECT FUND	<u>\$ 11,737,500</u>	<u>\$ 11,737,500</u>	<u>\$ 7,386,174</u>	<u>\$ 4,351,326</u>
GRAND TOTAL EXPENDITURES, COMPONENT UNIT - SCHOOL BOARD	<u>\$ 84,900,267</u>	<u>\$ 84,900,267</u>	<u>\$ 75,041,681</u>	<u>\$ 9,858,586</u>

COUNTY OF WISE, VIRGINIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR COUNTY
 JUNE 30, 2008

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, 2007	\$32,139,174	\$32,921,775	\$782,601	97.62%	\$9,447,042	8.28%
June 30, 2006	\$27,613,660	\$28,674,533	\$1,060,873	96.30%	\$8,364,880	12.68%
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%

WISE COUNTY SCHOOLS (NON-PROFESSIONAL EMPLOYEES)

June 30, 2007	\$7,474,327	\$9,332,330	\$1,858,003	80.09%	\$1,848,676	100.50%
June 30, 2006	\$6,498,023	\$8,080,477	\$1,582,454	80.42%	\$1,712,525	92.40%
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%

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	PERMIT, PRIVILEGE FEES AND REGULATORY LICENSES		
2007-08	\$ 17,916,509	\$ 17,164,312	\$ 54,549	\$ 66,143	\$ 1,113,532	\$ 1,113,532
2006-07	17,004,359	16,201,166	51,681	69,353	1,299,948	1,299,948
2005-06	17,145,306	17,184,970	80,303	77,620	1,025,314	1,025,314
2004-05	16,057,621	15,941,319	65,871	30,617	452,287	452,287
2003-04	14,012,432	12,846,072	72,344	32,720	245,191	245,191
2002-03	12,690,890	10,852,884	102,136	28,675	232,917	232,917
2001-02	11,748,220	10,939,149	50,295	4,347	360,656	360,656
2000-01	12,724,188	11,932,668	26,169	5,663	827,540	827,540
1999-00	11,820,028	10,387,563	29,626	2,663	729,208	729,208
1998-99	13,971,459	9,739,941	41,424	2,195	636,882	636,882

FISCAL YEAR	CHARGES FOR SERVICES		RECOVERED COSTS		INTER-GOVERNMENTAL		TOTAL
	CHARGES FOR SERVICES	MISCELLANEOUS	RECOVERED COSTS	GOVERNMENTAL	INTER-GOVERNMENTAL	TOTAL	
2007-08	\$ 1,414,365	\$ 1,350,269	\$ 455,399	\$ 83,031,348	\$ 122,566,426	\$ 122,566,426	
2006-07	1,291,195	530,450	502,072	80,807,592	117,757,816	117,757,816	
2005-06	1,196,407	662,857	402,123	76,554,141	114,329,041	114,329,041	
2004-05	1,259,067	587,221	665,678	75,748,924	110,808,605	110,808,605	
2003-04	1,244,203	1,017,386	724,298	72,647,211	102,841,857	102,841,857	
2002-03	1,172,673	306,224	715,021	57,636,789	83,738,209	83,738,209	
2001-02	1,359,270	261,069	773,571	50,218,574	75,715,151	75,715,151	
2000-01	1,405,243	222,240	667,942	53,670,774	81,482,427	81,482,427	
1999-00	1,375,845	269,135	684,133	45,267,547	70,565,748	70,565,748	
1998-99	1,406,267	200,931	580,880	42,457,123	69,037,102	69,037,102	

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
					WELFARE	EDUCATION	
2007-08	\$ 2,792,431	\$ 2,465,396	\$ 6,994,029	\$ 958,550	\$ 13,081,322	\$ 83,279,425	
2006-07	2,609,378	2,460,677	6,768,362	920,170	18,156,152	79,244,980	
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	

PARKS,

FISCAL YEAR	RECREATION & CULTURAL	COMMUNITY DEVELOPMENT	CAPITAL PROJECT	DEBT SERVICE	TOTALS
2006-07	872,192	532,441	255,603	502,768	112,322,723
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

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

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

FISCAL YEAR	PERSONAL		MACHINERY		MERCHANT'S		MOBILE HOMES
	REAL ESTATE	PROPERTY	AND TOOLS	CAPITAL	CAPITAL		
2007-08	\$ 1,569,201,913	\$ 344,388,992	\$ 289,224,955	\$ 29,678,518	\$ 43,365,050		
2006-07	1,498,797,637	342,140,366	281,527,290	31,157,558	43,613,739		
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		

FISCAL YEAR	PUBLIC UTILITIES		MERCHANT'S		TOTAL
	PERSONAL	REAL ESTATE	CAPITAL	CAPITAL	
2007-08	\$ 395,768	\$ 77,052,759	\$ 26,000	\$ 2,353,333,955	
2006-07	418,372	75,756,574	99,202	2,273,510,738	
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	

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

SCHEDULE 7

FISCAL YEARS	PUBLIC UTILITIES									
	REAL ESTATE	PERSONAL PROPERTY	MACHINERY & TOOLS	MERCHANT'S CAPITAL	MOBILE HOMES	PERSONAL PROPERTY	REAL ESTATE	MERCHANT'S CAPITAL		
2007-08	0.57	1.49	1.15	2.85	0.57	1.49	0.57	2.85	0.57	0.57
2006-07	0.57	1.49	1.15	2.85	0.57	1.49	0.57	2.85	0.57	0.57
2005-06	0.57	1.49	1.15	2.85	0.57	1.49	0.57	2.85	0.57	0.57
2004-05	0.57	1.49	1.15	2.85	0.57	1.49	0.57	2.85	0.57	0.57
2003-04	0.48	1.15	1.15	2.85	0.48	1.15	0.48	2.85	0.48	0.48
2002-03	0.48	1.15	1.15	2.85	0.48	1.15	0.48	2.85	0.48	0.48
2001-02	0.52	1.15	1.15	2.85	0.52	1.15	0.52	2.85	0.52	0.52
2000-01	0.52	1.15	1.15	2.85	0.52	1.15	0.52	2.85	0.52	0.52
1999-00	0.52	1.15	1.15	2.85	0.52	1.15	0.52	2.85	0.52	0.52
1998-99	0.52	1.15	1.15	2.85	0.52	1.15	0.52	2.85	0.52	0.52

- (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

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
2007-08	\$18,940,894	\$ 17,857,624	94.28%	\$ 1,023,621	\$ 18,881,245	99.69%	\$ 2,164,886	11.43%
2006-07	18,541,708	16,936,338	91.34%	1,122,341	18,058,679	97.39%	2,282,018	12.31%
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%

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 9

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

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (IN THOUSANDS) (2)	GROSS BONDED DEBT (3)	LESS: DEBT		NET BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
				SERVICE MONIES AVAILABLE (4)	PAYABLE FROM ENTERPRISE REVENUES (5)			
2007-08	40,123	\$ 2,353,333,955	\$ 15,641,236	0	\$ 597,103	\$ 15,044,133	0.64%	\$ 374.95
2006-07	40,123	2,273,510,738	11,246,545	0	771,850	10,474,695	0.46%	261.06
2005-06	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

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, 2008

LEGAL DEBT LIMIT	
10% OF ASSESSED VALUE OF TAXABLE REAL ESTATE (INCLUDING PUBLIC UTILITY REAL ESTATE) (1,646,254,672 x .10)	\$ 164,625,467
DEDUCT	
GROSS BONDED DEBT	<u>15,641,236</u>
LEGAL MARGIN FOR CREATION OF ADDITIONAL DEBT	<u><u>\$ 148,984,231</u></u>



This page has been intentionally left blank.

COMPLIANCE SECTION



This page has been intentionally left blank.

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: lsturgill@larrydsturgillcpa.com

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

I have audited the financial statements of the governmental activities, and the major funds of the County of Wise, Virginia as of and for the year ended June 30 2008, and have issued my report thereon dated December 3, 2008, which collectively comprise the County of Wise, Virginia's basic financial statements. 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's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood

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

that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. I consider the control deficiencies in internal control to be significant deficiencies over the financial reporting, See the Internal Control Compliance Findings and Recommendation on pages 104 to 109.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control. I believe the significant deficiencies referenced above left unresolved may lead to material weaknesses. In addition, I noted other matters involving the internal control and its operation that I have reported to management that would improve operations and internal accounting control.

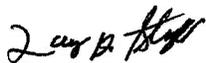
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

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*.

The County's response to the finding identified in my audit is described in the accompanying schedule of findings and responses. I did not audit the County's response and, accordingly, I express no opinion on it.

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
December 02, 2008

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: lsturgill@larrydsturgillcpa.com

**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, 2008. 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, 2008.

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
December 02, 2008

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2008

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 - Schools	10.555	\$ 207,103
Department Of Social Services:		
General Administration - Food Stamp Program (Cluster)	10.561	525,824
Department Of Education:		
National School Lunch Program (SL-4) (SL-11)	10.555	1,210,822
National School Breakfast	10.553	357,082
National Summer Feeding Program	10.555	21,352
Total National School Food (Cluster) *		<u>1,589,256</u>
Federal Land Use - Forest Reserve	10.665	20,076
DEPARTMENT OF HEALTH & HUMAN SERVICES:		
Department of Social Services:		
Pass Through Payments:		
Department of Social Services:		
Admin Energy Assist - LIHEAP	93.568	\$ 14,661
Administration Refuge Other/Eligibility	93.566	2,172
Administration TANF Allocation	93.558	26,538
View Transportation	93.558	117,880
View Supportive Services	93.558	13,056
View - Jobs Purchase TANF	93.558	355,167
Temporary Assistance to Families-TANF	93.558	84,467
Foster Care - Title IV-E Administrative Foster Care	93.658	31,239
Foster Care - Title IV-E Admin Foster/Adoption TR	93.658	25,313
Foster Care - Title IV-LSCA	93.658	141,932
Foster Care - Title IV-E Central Service Cost Alloc	93.658	21,350
Miscellaneous Grant	N/A	1,256
Administration Sub Adoption	93.659	261,349
Child Welfare State Grant	93.645	4,279
Administration FAMIS Allocation	93.767	28,706
Foster Care Cluster:		
Foster Care - Title IV-E Agency Foster Homes PC	93.658	176,825
Foster Care - Title IV-E Residential Foster Care	93.658	59,664
Total Foster Care (Cluster)		<u>236,489</u>
Medicaid Cluster:		
Administration \ TXIX Allocation-Medical Asst Program	93.778	333,035
Administration \ Administration LSCA-TXIX	93.778	25,427
Central Service Cost Allocation	93.778	24,032
Administration - Medicaid	93.778	12,840
Total Medicaid (Cluster)		<u>395,334</u>
Child Day Care (Cluster)		
Child Care Dev. Fund - Head Start	93.575	340
Child Day Care Fee at Risk	93.575	105,025
Tanf Ed / Trng.: Non Jobs	93.575	3,545
Child Day Care - Quality Initiative	93.575	5,939
Child Day Care - Admin LSCA	93.596	11,395
Child Day Care-Administration	93.596	19,571
Child Day Care-Eligibility	93.596	73,217
Child Day Care-Non-Direct	93.596	4,779
Child Day Care - Quality Initiative	93.596	23,296
Day Care - View, Transitional, Tanf.	93.596	78,307
Total Child Day Care (Cluster)		<u>325,414</u>
Chafee Foster Care Independence Program	93.674	16,945
Social Service Block Grant	93.667	850,217
Protective Services Promoting Safe and Stable Families	93.556	74,966

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
Department Of Mental Health and Mental Retardation		
Mental Health Planning **	93.959	811,520
Alcohol Abuse Services (50847-49) **	93.958	145,058
Education Funds**	84.181	106,813
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	38,623
FEDERAL EMERGENCY MANAGEMENT AGENCY:		
Direct Payments:		
State Homeland Security Grant	97.004	25,372
DEPARTMENT OF EDUCATION:		
Pass Through Payments:		
Department of Education:		
Adult Education - State Administration Program (7E002694) (8E002615)	84.002	555,284
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	2,209,234
Title II:		
Part A	84.367	249,299
Vocational Education:		
Basic Grants To States (8E002628) (7E002685) (8E002607) (7E002688)	84.048	225,427
Special Projects:		
Drug Free Schools and Communities (7E003333)	84.186	45,721
Twenty First Century Grant	84.287	489,473
IDEA 619 Flow-Through	84.027	1,431,416
Title VI - Rural and Low-Income Schools	84.358	151,981
Title VI Part A	84.999	27,609
Title VI Innovative Education	84.298	47,524
Homeless	84.196	45,944
Pre-School Special Education	84.173	43,726
Regulation of Pro Title II	84.367	840,446
Peace Project	N/A	92,510
AFROTC	N/A	53,312
Hammer Program	N/A	155,360
Crude Oil Overcharge	N/A	145
DEPARTMENT OF CRIMINAL JUSTICE SERVICES:		
Violence Against Women	16.588	28,692
Juvenile Justice & Delq Prevention-Title II***	16.540	65,000
NASA LANGLEY RESEARCH CENTER:		
Research Cooperation Agrrement-Wise Development Funds	N/A	349,426
DEPARTMENT OF MOTOR VEHICLES:		
Ground Transportation Open Container/Acohol Impaired Driving	20.607	25,109
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:		
Community Development Grant-Napoleon Hill Project	14.228	43,400
Economic Development - Lower Birchfield Project *	14.228	450,364
Economic Development - North Fork Water Projects	14.228	5,000
TOTAL FEDERAL ASSISTANCE		\$ 14,129,777

* 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, 2008

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
Significant Deficiencies identified not considered to be material weaknesses?	Yes
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
Significant Deficiencies 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	Economic Development Block Grant	High
	84.010	A	Title I	High
	10.555	A	Nutritional School Food	High

Dollar threshold used to distinguish between Type A and Type B programs	\$423,894
---	-----------

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.



This page has been intentionally left blank.

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CURRENT AND PRIOR YEARS INTERNAL
CONTROL FINDINGS AND RECOMMENDATIONS

Finding 2007- 1: Departmental Internal Control- Segregation of Duties (Significant Deficiency): During our audit, I found that the County does not have adequate staff to segregate duties sufficiently to reduce the risks of fraud or error and properly safeguard the assets of the County. The County failed to establish policies and procedures which address the risks associated with achieving the County's internal control objectives. The County's internal control system failed to provide a low audit risk. The County's governing body failed to provide effective oversight of the County's financial reporting and internal control. Management (the Board) is responsible for establishing internal control that provides for the achievement of the County's objectives with regard to reliable financial reporting, effectiveness, and efficiency of operations, and compliance with applicable laws and regulations. The County utilized an independent external Certified Public Accountant to provide direct oversight over financial reporting throughout fiscal year of 2008 and that mitigated the risk of a material misstatement through error or fraud not being detected.

Recommendation: I recommend that management (the Board) oversight be done on a periodic basis to review departmental reconciliations and hire additional staff sufficient to ensure a proper segregation of duties. The Board should continue constantly be aware of the need for adequate separation of duties to have a proper internal control structure.

Response: The County concurs that a lack of segregation of duties exists.

Remediation: The County failed to successfully fill the Chief Financial Officer position. The County is currently seeking to fill the position. The Chief Financial Officer position has the full support of the governing Board of Supervisors to reorganize the County's internal structure and hire additional staff accordingly. Interim controls implemented includes the approval and monitoring of all adjusting entries by the County Administrator and the Treasurer which ensures reconciliation between the County's general ledger and payroll accounting systems. The County Administrator is reviewing and approving, as evident by signature, all expenditures of the County. The Board of Supervisors is providing the current administrative staff with recommendations and providing direct oversight of the budgeting and expenditure process.

Current Status: Remediation Action Not Taken.

Restated as Finding 2008-1

Finding 2007- 2: Control Environment (Significant Deficiency): The County failed to define the policies and procedures in a manner that identifies internal control relevant to budgetary control, receiving, processing and distributing vendor and payroll checks on the behalf of the County's constitutional officers. .

Recommendation: I recommend that the governing Board, the County Attorney and all Constitutional Officers become familiar with generally accepted accounting principles and the audit guideline requirement of the Auditor of Public Accounts as defined in Audit Specifications for Towns, Cities, and Counties.

Response: The County concurs that a less than desirable relationship exists between the County's general administration and the constitutional offices.

Remediation: The County's administration understands the need for a supportive attitude toward internal control at all times throughout the government. In reorganizing the County's internal system, the County's Administration is working closely with the County Attorney and with the Constitutional Offices to develop sound working relationships based on the administration's need for defined internal control policies and procedures. The current and future administrative staff has full support of the Board of Supervisors in defining, developing and implementing the County's internal control system.

Current Status: Remediation Action Not Taken.

Restated as Finding 2008-2

Finding 2007- 3: Organizational Structure (Significant Deficiency): The County's organizational structure does not properly define authority between the Board and County's general administration, in particular as to monitoring, approving and controlling budget line transfers. The County's organizational structure does not provide for the assignment of authority and responsibility, empowerment and accountability, and does not define the appropriate lines of reporting.

Recommendation: I recommend that the Board reviews the existing organizational structure and reorganize the structure in a manner that clearly identifies the assignment of authority and responsibility, empowerment and accountability, and defines the appropriate lines of reporting.

Response: The County concurs that the County's organizational structure does not properly define the limit of authority and responsibility, empowerment and accountability and does not define the appropriate lines of reporting between the County's general administration and the governing Board.

Remediation: The Board of Supervisors, throughout fiscal year 2008, will work closely with the Administrator, the Chief Financial Officer, and the Constitutional offices to redefine the county's organizational structure in a manner that clearly allows the auditor to distinguish management's authority.

Current Status: Remediation Action Not Taken.

Restated as Finding 2008-3

Finding 4: Information and Communication (Significant Deficiency): The flow of information between the Board of Supervisors, Component Units, Constitutional Offices and the County's general administration did not initially provide the auditors with a low level of assurance that the flow of data between related offices was appropriate, timely, current, accurate, and accessible. The lack of reliable information and communication required the auditors to perform extensive additional procedures to arrive at a low level of assurance that no misstatement existed in the financial statement causing a delay in issuing the audit report. In particular, the additional procedures applied resulted in removing \$746,153 from the Schedule of Federal Financial Assistance.

Recommendation: I recommend that County's government work closely to monitor and assure proper accountability and reporting between the components and the County's financial management.

Response: The County concurs that a less than desired relationship in the flow of information exists between the County's general government, the Component Units and Constitutional Offices.

Remediation: The County's internal control structure will include written evidence of the components internal control process, including its objectives and control activities. The Board of Supervisors will work closely with all components of the government to raise awareness of the importance and relevance of effective internal control by communicating the general government's risk appetite and risk tolerances. The Board of

Supervisors support the County's general administration and will work accordingly with the respective boards and offices to ensure an understanding of and adherence to the internal controls established by the County.

Current Status: Remediation Action Not Taken.

Restated as Finding 2008-4

**Auditor of Public Accounts
Special Requirement – Child Welfare Trust Accounts**

Finding 2008-5: Control Activities (Control Deficiency) Wise County Department of Social Services failed to define and implement internal control over Special Welfare Trust Accounts which adversely affects the Departments' ability to compute and credit interest to the individual cases contained in the Special Welfare Trust account ledger.

Recommendation: We recommend that interest earned be credited to the respective accounts on a monthly basis and that the interest recorded is agreed to the monthly bank statement provided by the Wise County Treasurer's office.

Managements Response: Management concurs that interest has not been properly credited to Special Welfare Trust Accounts.

Remediation: Management has contacted the Treasurer's office and is in the process of implementing internal control procedures to ensure proper accounting over the Special Welfare Trust Accounts.

Risk Assessment and Monitoring (Other Matter)

When internal controls are initially implemented, they are usually designed to adequately safeguard assets. However, over time, these controls can become ineffective due to changes in technology, operations, etc. In addition, changes in personnel and structure, as well as the addition of new programs and service, can add risks that previously did not exist. As a result, the County should periodically perform a risk assessment to anticipate, identify, analyze and manage the risk of misappropriation. Risk assessment, including fraud risk assessment, is one element of internal control. The County does not adequately perform this assessment.

The fraud risk assessment can be formal or informal, and should be performed by a management-level employee who has extensive knowledge of the County's operations. Ordinarily, the management-level employee would conduct interviews or lead group discussions with personnel who have extensive knowledge of the County's operations, its environment, and its processes. The fraud risk assessment process should consider the County's vulnerability to misappropriation of assets.

When conducting the assessment, the following questions should be considered.

1. What assets are susceptible to misappropriation?
2. What departments receive cash receipts?
3. What departments have movable inventory?
4. What operations are the most complex?
5. How could assets be stolen?
6. Are there any know internal control weaknesses that would allow misappropriations of assets to occur and remain undetected?
7. How could potential misappropriation of assets be concealed?

Once the areas vulnerable to fraud have been identified, a review of the County's systems, procedures, and Existing controls related to these areas should be conducted. The County should consider what additional

controls need to be implemented to reduce the risk.

After the risk has been assessed and controls implemented the County should periodically monitor these controls to evaluate the operational effectiveness.

GASB Statement No. 45, Financial Reporting For Post-employment Benefits Other Than Pension Plans (Other Matter)

GASB issued a statement on post employment benefit plans that will affect the County in the future. As a result of this issuance, the County will be required to implement this new GASB.

Generally, the statement requires the County to calculate the amount of the annual post employment benefit costs, such as healthcare benefits and other types of post employment healthcare benefits, such as life insurance. Once determined, the cost will then be presented and recognized on the financial statements of the County, similar to the requirement for compensated absences.

The method of calculation will be determined by a number of plan members. For plans with more than 200 members, an actuarial valuation should be performed at least biennially and for plans with fewer than 200 members, an actuarial valuation should be performed at least triennially. For plans that have less than 100 members, the County has the option to calculate the liability by an alternative measurement method, in lieu of an actuarial valuation.

The effective dates for implementation of this statement will parallel GASB Statement No 34. Implementation for governments with total annual revenue of \$10 million dollars or more but less than \$100 million dollars is periods beginning after 12/15/07 period.

I recommend that the County keep abreast with this future requirement. In this way, the County will be familiar with the statement and have little difficulty with implementation when the time comes.

Additionally, there will be more GASB Statements in the future that will affect the County. I recommend the County stay current with these statements to ease the implementation process.

Accounting/Financial Policies and Procedures Manual (Other Matter):

The County does not have a current and comprehensive accounting policies and procedures manual. All governments should document their accounting policies and procedures. Although other methods might suffice, this document is traditionally in the form of an accounting policies and procedures manual. This manual should document the accounting policies and procedures which make up the County's internal control system.

An accounting policies and procedures manual will enhance employees' understanding of their role and function in the internal control system, establish responsibilities, provide guidance for employees, improve efficiency and consistency of transaction processing, and improve compliance with established policies. It can also help prevent deterioration of key elements of the County internal control system and help to avoid the circumvention of County's policies.

I recommend the County develop and document the accounting policies and procedures manual. The accounting policies and procedures manual should be prepared by appropriate levels of management and be approved by the Board of Supervisors to emphasize its importance and authority. The documentation should describe procedures as they are intended to be performed, indicate which employees are to perform which procedures, and explain the design and purpose of control-related procedures to increase employee understanding and support of controls.

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: lsturpill@larrydsturgillcpa.com

INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION

OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2008

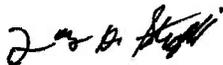
December 2, 2008

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

Board Members:

I have reviewed the prior year report during the course of this audit to determine if the County of Wise, Virginia has implemented adequate corrective action with respect to previously reported audit findings. Corrective actions have not been address during the current fiscal year ended June 30, 2008. However, management has begun to address the previously reported findings during the current fiscal year June 30, 2009. The June 30, 2007 audit report was not issued until September 01, 2008, after the closing of the June 30 2008 year end.

Respectfully



Larry D. Sturgill
Certified Public Accountant
Wise, Virginia

Wise County Board of Supervisors
P. O. Box 570
Wise, Virginia 24293
Telephone (276) 328-2321
Fax (276) 328-9780