

County of Wise, Virginia

Comprehensive Annual Financial Report



For the Fiscal Year Ended
June 30, 2011

“Nestled Progress”

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JUNE 30, 2011

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Wise County Board of Supervisors



Office of County Administrator

COURTHOUSE

WISE, VIRGINIA 24293

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CAFR- LETTER OF TRANSMITTAL

January 23, 2012

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, 2011. 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 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.

Wise County integrated three software systems as of July 1, 2010. The Treasurer had previously used Keystone for tax administration and collection in Fiscal 2010. Beginning July 1, the Wise County Administrator's Office began utilizing Keystone for its financial accounting system and payroll system as well. Prior that date, payroll and the accounting

system were on two separate systems. This integration created efficiency for the county and eliminated some duplicate costs.

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 of the fiscal year ended June 30, 2011 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. Therefore, the County School Board and the Wise County Public Service Authority are reported in a discrete presentation. Based upon 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. This organization is administered by a Board 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 41,703. US routes 23 and 58 and State routes 83, 72, 74, 78, 160, 620, 646, 640 and 636 are the primary routes that transverse the County. Wise County has a diversified economy with manufacturing, trade services, coal mining, and agricultural sectors. Manufacturing activities include: hardwood flooring, cabinetry, and steel molding and fabrication. Wise County has a coal-fired utility plant that will come online during calendar 2012. 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 has not experienced the growth in unemployment that the rest of the state has experienced but has begun to feel some affects of the global economic downturn.

MAJOR INITIATIVES

For Fiscal Year 2011

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 Attorney, and County Finance 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:

- Discussion continues between Wise County and VDOT officials regarding development of Innovation Highway between US Route 58 and State Route 646 to service access to the Lonesome Pine Business and Technology Park, the Lonesome Pine Airport, UVA-Wise and the Wise County Fair Grounds.
- After completing acquisition of approximately 17 acres of land just off State Route 646 near the current Wise County Christian School, the Wise County IDA has now completed necessary infrastructure; roads, water, sewer, electricity, TV cable and communication cable network to allow for future industrial and technological development.
- The Wise County IDA, has completed a two-lane VDOT approved entrance into the 17 acre development behind the current Wise County Christian School. It is anticipated that coal severance funds will be used to cover the cost of construction of this road.

- Wise County continues to work using coal severance funds to secure expansion of State Route 757 into a 3 lane road to facilitate development in that area. Necessary funds have been identified from unused funds on another project to be combined with VDOT Revenue Sharing Funds to fund the design of Rt. 757 improvements and possibly facilitate the beginning of construction.
- The Wise County PSA Stephens/Guest River Sewer Interceptor Sewer Lines was substantially completed as of June 30, 2011. This system will service the wastewater needs of the Guest River Watershed areas from the Glamorgan community to the Esserville community.
- The Spearhead Trails Program consisting of Wise County, the City of Norton and neighboring counties continues to move forward to secure funding. After a successful regional symposium was held in Norton, interest has peaked and work continues to secure a director, design trails and secure funding.
- Wise County is moving forward toward completion of the Justice Center renovations which will house the Wise County Central Dispatch, the Magistrate's Office, Sheriff's Office, and the GIS Office. Future plans will also include EOC as well as other county offices.
- The County of Wise and the City of Norton completed an agreement between the two parties that allows for wastewater flow from the new Stephens/Guest River Sewer Interceptor Lines into and thru the City of Norton.
- Work on the Dominion Energy-Virginia City Coal Fired Plant continues toward completion with an anticipated completion date of Summer 2012.
- After securing grant funding from VCEDA, the VA Tobacco Commission and the Virginia Department of Housing and Community Development, the Wise County IDA has made much progress toward completion of the restoration of the exterior of the Wise Inn. Work moves forward in such a way as to protect future financial assistance from the Department of Historical Resources and investment tax credits.
- Wise County PSA has completed design work on a sewer project for the area around State Route 757 with an estimated construction cost of \$1,800,000 with construction to begin in the spring of 2012.
- The long awaited expansion of the Wise County Landfill at Blackwood saw completion. The completion of the 4.5 acre cell allows the County additional landfill space.
- Wise County IDA has acquired title, as a place holder, to the abandoned Norfolk-Southern Railway right-of-way between Appalachia and Big Stone Gap to develop a bicycle/pedestrian trail between the two towns.

- Wise County, working in conjunction with “Hands Across the Mountain” moves forward with the Black Mountain Overlook Project with an estimated cost of \$105,000.00.
- Wise County IDA conveyed approximately two acres of land in the Bear Creek Business Park to the Health Wagon, on which a new 5,000 sq. ft. structure has been erected to provide a centralized location for delivery of health related services to the citizens of Wise and Dickenson
- Wise County IDA has recruited a manufacturing company from Georgia to lease the Wise County Manufacturing Building and woodworking equipment for the continuance of manufacturing operations at that location.
- Wise County PSA has worked with the City of Norton to see construction completed and the sewer system turned over to the Wise County PSA in the Josephine community.
- Wise County PSA sees completion of construction draw near for the sewer project in the Mullins Fork of the Bold Camp Community.
- Wise County PSA secured funding for a water system for the Williams Hollow community just outside of Big Stone Gap.
- Wise County PSA assisted in securing funds for sewer development in the upper Exeter community of Appalachia.
- Wise County IDA also purchased the former Bandag building on West Main Street, Appalachia, to be used as a trail head as the trails project evolves.

Prospects for the Future

- Wise County Board of Supervisors and the Wise County Public Schools have a \$60M plan that provides for two new high schools, Union and Central, a new wing for Eastside High School, and a new Appalachia Elementary Gym.
- Wise County IDA is in ongoing negotiations with King College for the establishment of a satellite medical clinic that will be used for training medical professionals resulting from the development of the proposed King College School of Medicine
- Southern Coal acquired approximately four acres of land from the Wise County IDA in the Lonesome Pine Business and Industrial Park for the development of a corporate office.
- Wise County IDA renegotiated a lease purchase arrangement with a company to ensure the continual operation of the saw mill operation near Appalachia.

- Wise County IDA secured grant funding for the benefit of Virginia Carbonite to renovate the former coal load-out facility at Blackwood. The product will be carbonite (high tech coke) for use in foundry operations.
- After securing the necessary land and hosting a successful groundbreaking, the Wise County IDA continues to try to secure approval for construction of the new dental clinic building and related structures.
- The Wise County IDA is working with the funding provided by the Wise County Coal Severance Tax Committee to see completion of the road into the area of the new Appalachian America Energy Research Center, the entrance road for development of a new 17 acre parcel off Coeburn Mountain Road State Route 646 and the extension of the 4-lane road running thru the Technology Park to Pole Bridge Road near the entrance to the Lonesome Pine Airport Terminal Building.
- The Wise County IDA continues to move forward after securing a developer/operator for the Wise Inn to bring to Wise County and the Southwest Virginia region a first class historical hotel and restaurant. Development of tourism and the basic economy, demand that an area have four (4) areas covered; 1. A strong branding- The Crooked Road, the Artisan Trail and Country Music Highway, 2. Something to sell-mountain culture, mountain music, mountain crafts and rich cultural history, 3. A place or places to sleep and 4. A place or places for people to eat. The restoration of the Wise Inn will move us closer to that goal.
- The Wise County IDA continues to work with the Cumberland Airport Commission for the necessary physical expansion of the airport property to allow for installation of equipment necessary for instrument landing at the Lonesome Pine Airport.
- Engineering studies and conversations continue with funding agencies for moving forward with a waste water treatment plant on the Powell River.
- Wise County participates with others to continue to evaluate the economic impact of development of the Spearhead Trails Program and especially ATV and Waterways Trails.
- Wise County continues to offer support to Dominion Energy in their efforts to develop a wind energy turbine project in Wise County.
- Wise County has made applications for a VDOT Enhancement Grant in the amount of \$425,000.00 - \$450,000.00 which will extend the Powell River Trails Project from Bee Rock Tunnel to the Powell River. Estimated Construction Cost of \$450,000.00
- The Wise County PSA has filed applications for funding and completed necessary community canvassing to secure sewer improvements for the Roda Community.

- Working with the Wise County Coal Severance Committee, Wise County has identified funds to complete the new service road and second entrance and exit for Mountain Empire Community College.
- Wise County has signed an agreement to participate in the expansion of the CNW Treatment Plant from 4 mgd to 6.5 mgd. Estimated cost of the CNW Plant expansion is \$10 million to \$12 million. The Wise County PSA could possibly use fifty (50) percent of the expanded capacity.
- The Wise County PSA has secured funding in the amount of \$4,500,000.00 to improve water flow from the Club Scotty area thru Dunbar and into Appalachia. This project would complete a loop from the Wise County PSA to the Town of Appalachia.
- The Wise County PSA is seeking funding for improvements related to a Pump Station and water tank at Bull Run which will allow for an alternate system to pump from the water treatment plant at Carbo to enter the entire Wise County PSA Water system.
- The Wise County PSA has secured funding for improvements in water flow in the area of Pole Bridge Road and Coeburn Mountain by installation of a water tank at the Fairgrounds area.
- The Wise County PSA has applied for funding for emergency generators at the Carfax Water Treatment Plant and pump stations located throughout the Wise County PSA water system.
- Wise County has completed plans associated with the County's participation in a new dispatch center along with all new equipment for Wise County Dispatch.
- Wise County continues to work with Dominion Energy personnel, as needed, in the completion of the coal-fired power plant at Virginia City and the IDA is deeply involved with a natural gas-fired electric generating plant and continuing in efforts to establish a wind turbine facility for generation of electricity with Dominion.
- Wise County continues to work with the AAERC tenant, Nanoquantics, to develop new products and promote research.

For the 2011-2012 Fiscal Year, the Board of Supervisors has approved a General Fund Operating Budget of \$52,355,852.

Cash Management

Cash temporarily idle during the year was invested in time deposits and various authorized money market instruments. The amount of interest and dividends received was \$686,825. This is a significant increase from interest and dividends earned on temporary investments in Fiscal Year 2009-2010 when the interest on investments totaled \$429,480. This increase is entirely due to a dissolution dividend from the Duffield Development Authority offset by continued low market rates for County investments.

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.

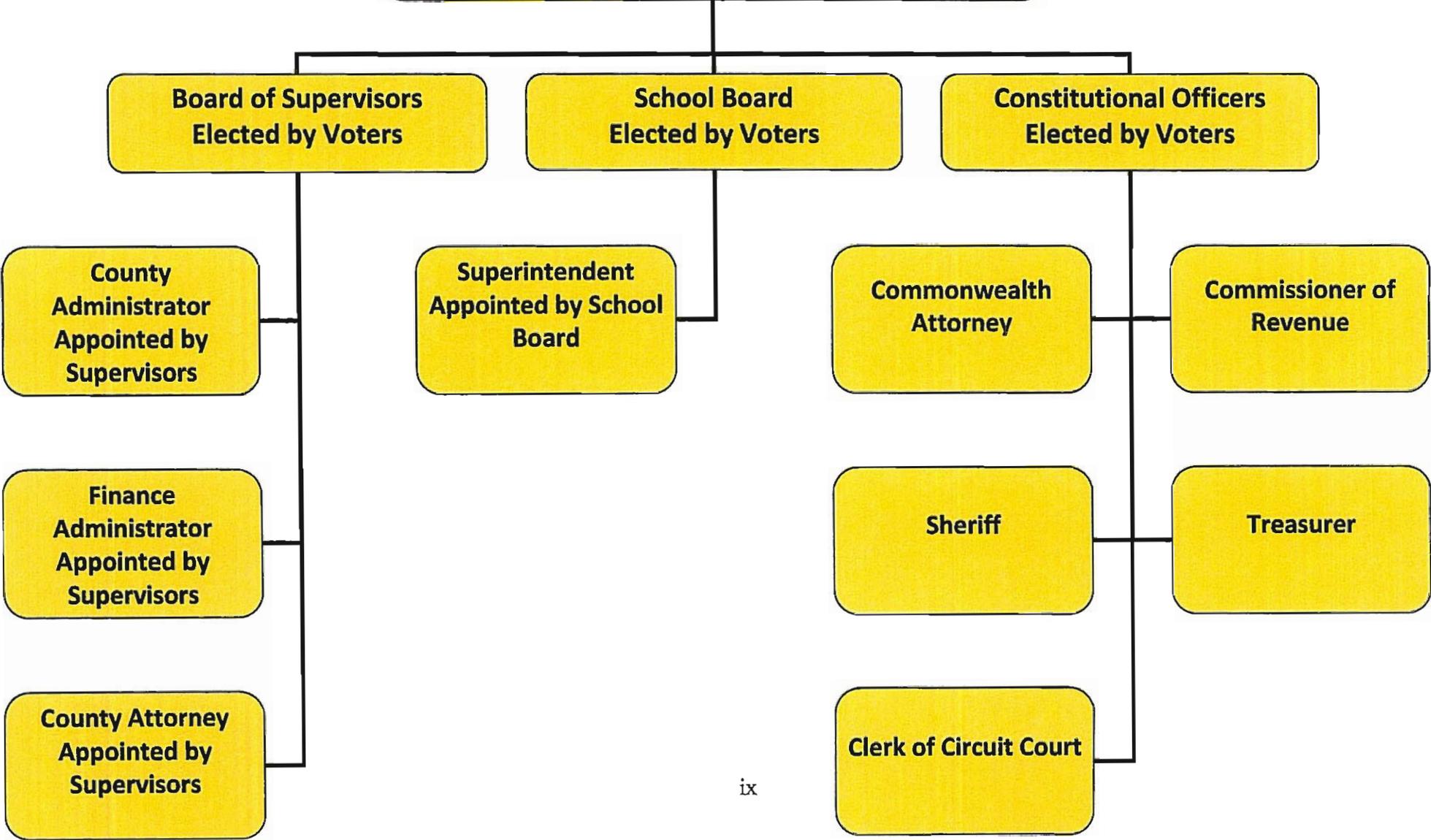
Acknowledgements

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

Respectfully submitted,

David L. Cox, CPA
County Finance Administrator

**COUNTY OF WISE, VIRGINIA
ORGANIZATION CHART
JUNE 30, 2011**



**COUNTY OF WISE, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS**

BOARD OF SUPERVISORS

Dana G. Kilgore, Chairperson
Robert R. Adkins, Vice Chairperson

Robbie E. Robbins
Steve Bates
J.H. Rivers

Ronald L.Shortt
Fred Luntsford
Virginia Meador

COUNTY SCHOOL BOARD

Ted Thompson, Chairperson
Nolan Kilgore, Vice Chairman

Mike Mullins
Rocky Cantrell
Betty Cornett

Jess Powers
Phillip Bates
Mark Hutchinson

Judy Clawson, Clerk of the School Board

WISE COUNTY PUBLIC SERVICE AUTHORITY

Dana Kilgore, Chairperson
Fred Luntsford, Vice Chairperson
J.H. Rivers, Treasurer

Danny Mullins
Ralph Gilley
Hibbert Tackett Jr.

Robert R. Adkins
Albert Elkins

COUNTY SOCIAL SERVICES BOARD

Charles Bennett, Chairperson
George Barton, Vice-Chairperson

James Bryant
Robert Stuart
Madonna Moore
J.D. Cassell

Danny Stallard
J. H. Rivers
Dianne Abbott

**COUNTY OF WISE, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICERS**

OTHER OFFICIALS

County Administration

County Administrator	Shannon C. Scott
County Finance Administrator	David L. Cox
County Attorney	Karen T. Mullins

Constitutional Officers

Clerk of the Circuit Court	Jack Kennedy
Commonwealth's Attorney	Ronald K. Elkins
Commissioner of the Revenue	Douglas Mullins, Jr.
Treasurer	Delores W. Smith
Sheriff	Ronnie D. Oakes

Courts

Chief Judge of the Circuit Court	John C. Kilgore
Judge of the Circuit Court	Joseph R. Carico
Judge of the Circuit Court	Tammy McElyea
Chief Judge of the District Court	Larry Lewis
Judge of the District Court	Chadwick S. Dotson
Judge of Juvenile & Domestic Relations Court	Elizabeth Wills
Judge of Juvenile & Domestic Relations Court	Jeff Hamilton

Component Units

Superintendent of Schools	Jeff Perry
Director of Public Service Authority	Danny Buchanan

Other

Director of Social Services	Thomas Stanley
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LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT

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VIRGINIA SOCIETY OF
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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, 2011, 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 an opinion 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 *Government 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.

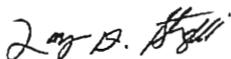
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wise, Virginia as of June 30, 2011, 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.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 23, 2012, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 81-94, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide an assurance.

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 non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I express no opinion or provide any issues on them.



Larry D. Sturgill
Certified Public Accountant
Wise, Virginia
March 23, 2012

Wise County Board of Supervisors



Office of County Administrator

COURTHOUSE

WISE, VIRGINIA 24293

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FAX 276-328-9780

P.O. BOX 570
206 E. MAIN STREET

March 19, 2012

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, 2011. 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-viii 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 \$54,046,993 (net assets). Of this amount, \$ 28,814,505 (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 \$29,265,469, an increase of \$1,633,528 in comparison with the prior year. Approximately forty-one percent of this total amount, \$12,119,696 is available for spending at the County's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,119,696, or 25% percent of total general fund expenditures.

The County of Wise, Virginia's total debt decreased by \$116,750 during the current fiscal year. Total capital leases due increased by \$3,380,277 which is for the Wise County Justice Center.

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.

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 \$54,046,993 at the close of the most recent fiscal year.

A portion of the County’s net assets (12.8 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide service to citizens: consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued)

<u>County of Wise, Virginia's Net Assets</u>		
	<u>Primary Governmental Activities and Business-Type Activities</u>	
	<u>2010</u>	<u>2011</u>
Current and other assets	\$ 36,911,877	\$ 53,495,187
Capital assets	<u>27,202,416</u>	<u>32,224,545</u>
 Total assets	 <u>\$ 64,114,293</u>	 <u>\$ 85,719,732</u>
Long-term liabilities outstanding	\$ 21,917,171	\$ 25,407,023
Current liabilities	<u>7,303,051</u>	<u>6,265,716</u>
Total liabilities	<u>\$ 29,220,222</u>	<u>\$ 31,672,739</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 13,283,086	\$ 12,207,180
Restricted- Capital Projects	9,000,000	9,160,748
Other Purposes	15,697,110	11,077,307
Unrestricted	<u>(3,086,125)</u>	<u>21,601,758</u>
Total net assets	<u>\$34,894,071</u>	<u>\$ 54,046,993</u>

At the end of the current fiscal year, the County is able to report positive balances in 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 \$1,905,670
Key elements of this increase are as follows:

County of Wise, Virginia’s Change in Net Assets		
	<u>Primary Governmental Activities and Business-Type Activities</u>	
	<u>2010</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,147,645	\$ 1,143,986
Operating grants and contributions	15,426,236	15,764,232
General Revenues:		
Property taxes	\$ 19,130,788	\$ 23,473,279
Other Local taxes	15,925,898	18,476,831
Grants & Contributions	6,247,142	6,176,531
Other	949,832	1,514,394
Total revenues	<u>\$ 58,827,541</u>	<u>\$ 66,549,253</u>
Expenses		
General government	\$ 2,960,325	\$ 3,299,053
Judicial administration	2,721,904	2,716,081
Public safety	7,782,248	8,250,120
Public works	1,120,083	968,626
Health and welfare	13,776,969	13,988,102
Education	14,945,799	15,496,497
Parks, recreation and culture	936,592	938,174
Community development	7,418,010	14,042,957
Nondepartmental	5,444,394	4,747,523
Interest	58,824	196,450
Total expenses	<u>\$ 57,165,148</u>	<u>\$ 64,643,583</u>
Increase (decrease) in net assets	\$ 1,662,393	\$ 1,905,670
Net assets – beginning	33,231,678	52,141,323
Net assets – ending	<u>\$ 34,894,071</u>	<u>\$ 54,046,993</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, unassigned 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 \$29,265,469 an increase of \$1,633,528 in comparison with the prior year. Approximately forty-one percent of this total amount \$12,119,696 constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, and nonspendable 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, unassigned fund balance of the general fund was \$12,119,696, while the total fund balance was \$21,150,858. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.8 percent of total general fund expenditures, while total fund balance represents 46.8 percent of that same amount.

The general fund balance increased \$3,161,189 during the current fiscal year.

The special revenue funds have a total fund balance of \$8,114,611, all of which is restricted or committed for future projects. The fund balance decreased \$1,527,661 during the current year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,952,785 increase in appropriations) and can be briefly summarized as follows:

- \$324,926 increase in general government administration
- \$107,956 increase in judicial administration
- \$216,586 increase in public safety expenditures
- \$99,659 increase in public work expenditures
- \$449,441 increase in health and welfare expenditures

- \$0 increase in education expenditures
- \$15,394 increase in Parks, Recreation & Cultural
- \$254,494 increase in community development
- \$9,345 increase in non-departmental

This increase was primarily funded by higher than anticipated revenues from various sources. During the year, however, primary government revenues exceeded budgetary estimates by \$1,134,500 and primary government expenditures were less than budgetary estimates by \$6,659,059.

Capital Asset and Debt Administration

Capital assets – The county’s investment in capital assets for its governmental activities as of June 30, 2011 amounts to \$ 22,347,076 (net of accumulated depreciation). This investment in capital assets land, buildings and improvements, and machinery and equipment. The total increase in the County’s investment in capital assets for the current fiscal year was \$1,987,379.

<u>County of Wise, Virginia’s Change in Net Capital Assets</u>		
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2011</u>
Land	\$ 1,560,000	\$ 1,941,700
Buildings	28,921,108	30,872,940
Equipment	<u>4,310,331</u>	<u>4,653,490</u>
Total	34,791,439	37,468,130
Less: accumulated depreciation	<u>(14,431,742)</u>	<u>(15,121,054)</u>
Net capital assets	<u>\$ 20,359,697</u>	<u>\$22,347,076</u>

Additional information on the County’s capital assets can be found in Note 17.

Long-term debt - At the end of the current fiscal year, the County had total primary government debt outstanding of \$17,846,347, including claims, judgments, OPEB GASB 45 liability and compensated absences of \$1,048,512. Of this amount \$16,797,835 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County’s total primary government debt decreased by \$116,752.

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

Economic Factors

- Unemployment rate is one of the factors considered in preparing the County's budget for the 2012 fiscal year. The September 2011 unemployment rate for the County is 6.4 percent, which is a decrease from the rate of 6.7 percent in 2010. This is slightly less than the state's unemployment rate of 6.5 percent and is below the national average rate of 8.8 percent as of September 2011.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

Budget and Rates

The approved budget is \$ 52,355,852 for fiscal year 2011-2012. The appropriate tax rates for the 2011-2012 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.

Subsequent Events

The Wise County Board of Supervisors approved a resolution on June 15, 2011 providing funding of bond issuances for \$60,000,000 for Wise County School Construction Projects. This amount will be financed by three financings that occurred during the last quarter of calendar 2011. \$14,000,000 in lease revenue bond anticipation notes were issued on October 20, 2011 for a 5-year term through the Wise County Industrial Development Authority with a true interest cost of 2.05%. A \$29,265,000 Virginia Public School Authority Bond issuance was executed on November 9th, 2011 for a 25-year term with a true interest cost of 3.67%. In addition, a \$15,000,000 Qualified School Construction Bond issuance was completed in early December 2011 with a 0% interest cost.

An additional subsequent event was an application to correct assessment of local taxes from January 1, 2008 through December 31, 2011 filed on December 21, 2011 by Equitable Resources challenging the validity of the mineral severance license tax. This is discussed in further detail in Note 14.

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. David L. Cox, CPA, County Finance Administrator, P.O. Box 570, Wise, Virginia 24293.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

<u>ASSETS</u>	TOTAL GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENTAL ACTIVITIES
CURRENT ASSETS			
Cash Deposits	10,029,090	\$ 527,221	\$ 10,556,311
Perry Cash	6,000	-	6,000
Investments	15,040,108	13,838	15,053,946
Reserved Deposits	-	2,971,640	2,971,640
Bond Insurance Costs	-	-	-
Receivable (Net Of Allowances For Uncollectibles):			
Property Taxes:			
Delinquent	1,278,266	-	1,278,266
Not Yet Due	18,074,029	-	18,074,029
Other Taxes	2,308,177	148,552	2,456,729
Accounts	519,203	-	519,203
Prepaid and Assets	31,632	-	31,632
Due From Other Governmental Units	870,466	-	870,466
Due From Other Funds	1,126,965	-	1,126,965
TOTAL CURRENT ASSETS	49,283,936	3,661,251	52,945,187
NONCURRENT ASSETS			
Other Assets	-	550,000	550,000
Capital Assets:			
Bond Issuance Cost	-	-	-
Land	1,941,700	207,500	2,149,200
Buildings and equipment, net of depreciation	20,405,376	9,669,969	30,075,345
Total Capital Assets	22,347,076	9,877,469	32,224,545
TOTAL NONCURRENT ASSETS	22,347,076	10,427,469	32,771,545
TOTAL ASSETS	71,631,012	\$ 14,088,720	\$ 85,719,732
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 736,708	\$ 659,970	\$ 1,396,678
Due To Other Funds	675,543	212,898	888,441
Due To Other Governmental Units	767,678	-	767,678
Premium on Bonds Payable	-	-	-
Due To Customers - Deposits	-	-	-
OPEB GASB 45 Liability	211,485	36,485	247,970
Claims, Judgments & Compensated Absences	659,346	141,196	800,542
Capital Lease-Current	119,763	-	119,763
Current Portion of Long-Term Obligations	1,423,892	620,752	2,044,644
TOTAL CURRENT LIABILITIES	4,594,415	1,671,301	6,265,716
NONCURRENT LIABILITIES			
Landfill Closure Cost Liability	-	7,393,317	7,393,317
Capital Lease-Long-Term Obligation	3,260,514	-	3,260,514
Premium on Bonds Payable	-	-	-
Noncurrent Portion of Long-Term Obligations	10,955,853	3,797,339	14,753,192
TOTAL NONCURRENT LIABILITIES	14,216,367	11,190,656	25,407,023
TOTAL LIABILITIES	18,810,782	\$ 12,861,957	\$ 31,672,739
<u>NET ASSETS</u>			
Investment In Capital Assets, net of related debt	6,743,556	5,463,624	\$ 12,207,180
Restricted For:			
Capital Projects	9,156,502	4,246	9,160,748
Community Development	7,739,421	-	7,739,421
Public Safety	168,341	-	168,341
Technology	56,623	-	56,623
Education	80,019	-	80,019
Judicial	61,263	-	61,263
Water, Sewer, and Sanitation	-	2,971,640	2,971,640
Unrestricted Assets	28,814,505	(7,212,747)	21,601,758
TOTAL NET ASSETS	52,820,230	\$ 1,226,763	\$ 54,046,993
TOTAL LIABILITIES & NET ASSETS	71,631,012	\$ 14,088,720	\$ 85,719,732

COMPONENT UNITS			
SCHOOL BOARD		PUBLIC SERVICE AUTHORITY	
\$	1,421,416	\$	868,110
	200		-
	2,053,362		-
	-		3,624,219
	-		-
	-		-
	203,917		-
	-		238,754
	-		-
	2,286,739		4,861
	-		-
	5,965,634		4,735,944
	-		-
	-		10,860
	1,358,879		150,000
	27,031,814		27,343,575
	28,390,693		27,504,435
	28,390,693		27,504,435
\$	34,356,327	\$	32,240,379
\$	1,057,687	\$	150,931
	-		-
	-		-
	-		-
	-		372,360
	932,166		-
	239,108		57,896
	-		-
	182,977		270,037
	2,411,938		851,224
	-		-
	-		9,751
	1,177,335		5,286,370
	1,177,335		5,296,121
\$	3,589,273	\$	6,147,345
\$	27,030,381	\$	21,938,277
	1,314,507		3,251,859
	2,422,166		372,360
	-		530,538
\$	30,767,054	\$	26,093,034
\$	34,356,327	\$	32,240,379

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS and CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT:				
Governmental Activities				
General Government Administration	\$ 3,299,053	\$ 34,680	\$ -	\$ (3,264,373)
Judicial Administration	2,716,081	28,015	87,852	(2,600,214)
Public Safety	8,250,120	-	1,555,307	(6,694,813)
Public Works	968,626	49,858	-	(918,768)
Health & Welfare	13,988,102	200,549	11,582,164	(2,205,389)
Education	15,496,497	-	-	(15,496,497)
Parks, Recreation & Cultural	938,174	-	5,000	(933,174)
Community Development	14,042,957	-	2,476,192	(11,566,765)
Non-Departmental	75,144	-	-	(75,144)
Interest & Fiscal Charges	196,450	-	-	(196,450)
Total Governmental Activities	\$ 59,971,204	\$ 313,102	\$ 15,706,515	\$ (43,951,587)
Business-Type Activities				
Landfill	4,305,943	813,385	57,717	
Sewer	366,436	17,499	-	
Total Business-Type Activities	4,672,379	830,884	57,717	
Total Primary Government	\$ 64,643,583	\$ 1,143,986	\$ 15,764,232	
COMPONENT UNITS:				
School Board	65,363,061	1,172,303	61,347,219	
Public Service Authority	3,043,363	1,641,333	1,376,368	
Total Component Units	\$ 68,406,424	\$ 2,813,636	\$ 62,723,587	
General Revenues				
Taxes:				
Property Taxes, levied for general purposes			\$	23,473,279
Utility Taxes				473,612
Mineral Taxes				14,101,791
Franchise Taxes				171,611
Local Sales & Use Taxes				3,355,954
Other Local Taxes				373,863
Grants and Contributions, not restricted to specific programs				6,176,531
Investment Income				686,825
Miscellaneous				754,500
Operating Transfers				(3,247,570)
Total General Revenue			\$	46,320,396
Change in Net Assets			\$	2,368,809
Net Assets, July 01, 2010				50,451,421
Net Assets, June 30, 2011			\$	52,820,230

NET (EXPENSE) REVENUE
AND CHANGES IN NET ASSETS

BUSINESS-TYPE ACTIVITIES	COMPONENT UNITS		
	PRIMARY GOVERNMENT GOVERNMENTAL AND BUSINESS - TYPE ACTIVITIES	SCHOOL BOARD	PUBLIC SERVICE AUTHORITY
	\$ (3,264,373)		
	(2,600,214)		
	(6,694,813)		
	(918,768)		
	(2,205,389)		
	(15,496,497)		
	(933,174)		
	(11,566,765)		
	(75,144)		
	(196,450)		
	<u>\$ (43,951,587)</u>		
\$ (3,434,841)	\$ (3,434,841)		
\$ (348,937)	(348,937)		
<u>(3,783,778)</u>	<u>(3,783,778)</u>		
	\$ (47,735,365)		
		<u>(2,843,539)</u>	
			<u>(801,200)</u>
\$ -	23,473,279	\$ -	\$ -
-	473,612	-	-
-	14,101,791	-	-
-	171,611	-	-
-	3,355,954	-	-
-	373,863	-	-
-	6,176,531	-	3,129,074
37,311	724,136	37,807	(37,053)
35,758	790,258	369,589	58,173
<u>3,247,570</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 3,320,639	\$ 49,641,035	\$ 407,396	\$ 3,150,194
\$ (463,139)	\$ 1,905,670	\$ (2,436,143)	\$ 2,348,994
<u>1,689,902</u>	<u>52,141,323</u>	<u>33,203,197</u>	<u>23,744,040</u>
<u>\$ 1,226,763</u>	<u>\$ 54,046,993</u>	<u>\$ 30,767,054</u>	<u>\$ 26,093,034</u>



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FUND FINANCIAL STATEMENTS

COUNTY OF WISE, VIRGINIA
 BALANCE SHEET-GOVERNMENTAL FUNDS
 JUNE 30, 2011

EXHIBIT 3

	PRIMARY GOVERNMENT		
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 17,791,137	\$ 7,284,061	\$ 25,075,198
Receivables (Net of allowances for uncollectibles):			
Property Taxes:			
Delinquent	1,278,266	-	1,278,266
Not Yet Due	18,074,029	-	18,074,029
Other Taxes	1,082,306	959,774	2,042,080
Accounts	488,085	31,118	519,203
Prepaid and Other Assets	31,632	-	31,632
Due from Component Unit	1,442,157	-	1,442,157
Due from Other Funds	494,243	632,722	1,126,965
Due from Other Governmental Units	769,950	100,516	870,466
TOTAL ASSETS	\$ 41,451,805	\$ 9,008,191	\$ 50,459,996
LIABILITIES			
Accounts Payable	\$ 653,627	83,081	\$ 736,708
Due to Other Funds	632,722	42,821	675,543
Due to Other Governmental Units	-	767,678	767,678
Deferred Revenue	19,014,598	-	19,014,598
TOTAL LIABILITIES	\$ 20,300,947	\$ 893,580	\$ 21,194,527
FUND BALANCES			
Fund Balance:			
Nonspendable	31,162	-	31,162
Restricted	-	7,920,506	7,920,506
Committed	9,000,000	194,105	9,194,105
Assigned	-	-	-
Unassigned	12,119,696	-	12,119,696
TOTAL FUND BALANCES	\$ 21,150,858	\$ 8,114,611	\$ 29,265,469
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,451,805	\$ 9,008,191	\$ 50,459,996

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

Total Fund Balance June 30, 2011	\$ 29,265,469
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.	22,347,076
Adjustment for amounts due to/due from primary government	(1,442,157)
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.	19,280,695
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.	(16,630,853)
Net assets of General Government Activities	<u>\$ 52,820,230</u>

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 4

<u>PRIMARY GOVERNMENT</u>	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
General Property Taxes	21,869,359	-	\$ 21,869,359
Other Local Taxes	11,511,715	6,916,218	18,427,933
Permits, Privilege Fees & Regulatory Licenses	55,621	-	55,621
Fines & Forfeitures	23,489	5,534	29,023
Revenues From Use Of Money & Property	582,460	104,365	686,825
Charges For Services	300,620	12,482	313,102
Miscellaneous	76,772	410,275	487,047
Recovered Costs	267,453	-	267,453
Intergovernmental	18,786,585	3,096,462	21,883,047
TOTAL REVENUES	\$ 53,474,074	\$ 10,545,336	\$ 64,019,410
EXPENDITURES:			
Current:			
General Government Administration	\$ 3,279,856	132	\$ 3,279,988
Judicial Administration	2,706,447	8,915	2,715,362
Public Safety	7,714,196	506,087	8,220,283
Public Works	709,083	143,266	852,349
Health & Welfare	13,994,945	-	13,994,945
Education	15,946,517	-	15,946,517
Parks, Recreation & Cultural	895,284	-	895,284
Community Development	2,317,112	11,726,695	14,043,807
Non-Departmental	75,140	-	75,140
Debt Service:			
Principal Retirement	541,461	-	541,461
Interest & Fiscal Charges	196,450	-	196,450
TOTAL EXPENDITURES	\$ 48,376,491	\$ 12,385,095	\$ 60,761,586
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 5,097,583	\$ (1,839,759)	\$ 3,257,824
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ -	\$ 312,098	\$ 312,098
Operating Transfers Out	(3,559,668)	-	(3,559,668)
Proceeds from Issuance of Debt	353,535	-	353,535
TOTAL OTHER FINANCING SOURCES (USES)	\$ (3,206,133)	\$ 312,098	\$ (2,894,035)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ 1,891,450	\$ (1,527,661)	\$ 363,789
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	19,259,408	9,642,272	28,901,680
FUND BALANCE AT END OF YEAR	\$ 21,150,858	\$ 8,114,611	\$ 29,265,469

Notes are an integral part of the financial statements.

County of Wise, Virginia
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities

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	\$ 363,789
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 capital outlays exceeded the depreciation in the current period.	2,805,535
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,568,174
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.	104,448
Accrued OPEB GASB 45 Hospitalization Insurance Liability not payable from current year resources. In the Statement of Activities, these costs represent expenses of the current year.	(82,888)
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>(2,390,249)</u>
Change in net assets of governmental activities	<u>\$ 2,368,809</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN NET ASSETS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 6

OPERATING REVENUES:		
Landfill Usable Fees	\$ 751,403	
Sewer Rents	17,499	
Other Revenues	<u>61,982</u>	
TOTAL OPERATING REVENUES		\$ 830,884
OPERATING EXPENSES:		
Other Operating Charges	3,575,371	
Landfill Closure Expense	435,556	
Depreciation	<u>536,624</u>	
TOTAL OPERATING EXPENSES		<u>4,547,551</u>
NET OPERATING INCOME (LOSS)		\$ (3,716,667)
NON-OPERATING REVENUE AND EXPENSE		
Grant Receipts - Federal	\$ 44,736	
Grant Receipts - State	12,981	
Interest Revenue	37,311	
Interest Expense	(124,828)	
Gain on Sale of Assets	<u>35,758</u>	
TOTAL NON-OPERATING REVENUE AND EXPENSE		<u>5,958</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS		\$ (3,710,709)
NET OPERATING TRANSFERS		<u>3,247,570</u>
NET INCOME (LOSS)		\$ (463,139)
NET ASSETS AT BEGINNING OF YEAR		<u>1,689,902</u>
NET ASSETS AT END OF YEAR		<u>\$ 1,226,763</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 7

Cash Flow From Operating Activities:		
Cash Received from Customers	\$ 796,992	
Cash Payments to Suppliers for Goods & Services	<u>(3,789,961)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ (2,992,969)
Cash Flow from Noncapital Financing Activities:		
Operating Transfers From Other Funds	\$ 3,247,570	
Decrease in Due From Other Funds	<u>-</u>	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		3,247,570
Cash Flows from Capital & Related Financing Activities:		
Principal Paid on Revenue Bond Maturities	\$ -	
Interest Paid on Debt Obligations	(124,828)	
Principal Paid on General Obligation Loans	(216,855)	
Increase in Other Payable	550,000	
Proceeds of Loans	<u>1,089,465</u>	
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES		1,297,782
Cash Flows from Investing Activities:		
Sinking Fund Deposits	(230,000)	
Interest Earned on Investments	37,311	
State Grant Receipts	57,717	
Decrease in Investments	3,122,033	
Proceeds from Sale of Assets	100,000	
Purchase of Other Assets	(550,000)	
Purchase of Equipment	<u>(3,635,617)</u>	
NET CASH PROVIDED FORM INVESTING ACTIVITIES		<u>(1,098,556)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS		\$ 453,827
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>73,394</u>
CASH & CASH EQUIVALENTS AT END OF YEAR		<u>\$ 527,221</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income		\$ (3,716,667)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	\$ 536,624	
Decrease in Accounts Receivable	(33,892)	
Increase in Closure Cost Liability	435,556	
Increase (Decrease) in Accrued Compensation	8,408	
Increase (Decrease) in OPEB GASB 45 Liability	13,819	
Increase in Accounts Payable	<u>(236,817)</u>	
TOTAL ADJUSTMENTS		<u>723,698</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ (2,992,969)</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF FIDUCIARY NET ASSETS
 AT JUNE 30, 2011

EXHIBIT 8

<u>ASSETS</u>	<u>AGENCY FUNDS</u>
ASSETS	
Cash	\$ 151,141
Due From Other Governmental Units	<u>293,413</u>
TOTAL ASSETS	<u>\$ 444,554</u>
<u>LIABILITIES</u>	
LIABILITIES:	
Due To:	
Social Service Clients	\$ 79,137
Governmental Units	126,993
Due To Other Funds	<u>238,424</u>
TOTAL LIABILITIES	<u>\$ 444,554</u>
FUND BALANCE:	
Unassigned	<u>\$ -</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 444,554</u>



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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, County Finance Administrator, and the County Attorney. 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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

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

Budgetary comparison schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

A. The Financial Reporting Entity

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

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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Individual Component Unit Disclosures

Discretely Presented Component Units:

The columns for the component units in the financial statements include the financial data of the County's other component units. They are presented in separate columns to emphasize that they are legally separate from the County. The discretely presented component units are:

- (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.
- (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, the county has provided support agreements for Public Service Authority debt, and the county serves as the agent for grant receipts for capital projects.

Related Organizations:

The Board of Supervisors is also responsible for appointing all members of the following Boards but the County's accountability does not extend beyond making the appointments. The County does not have control over these organizations' operational or fiscal matters.

- (1) The Wise County Redevelopment and Housing Authority
- (2) The Wise County Industrial Development Authority

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,

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, Dog and Cat Fund, Community Corrections Fund, Development Fund, Information Technology Fund, Software Engineering Fund, Transient Occupancy Fund, Sheriff Funds and Community Development Fund.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(4) 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.

(5) 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 Finance 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.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Capital Assets

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

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

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

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

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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$785,618 at June 30, 2011.

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.

I. Prepaid Expenses and Assets

Prepayments are reported as assets of the specific governmental fund that will derive future benefits from the expenditures.

J. Net Assets/ Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted, and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through State statute.

The Wise County Board of Supervisors has adopted a new fund balance policy effective with financial statements as of June 30, 2011 in conformity with GASB 54. Additionally, this fund balance policy is intended to maintain an investment grade rating for Wise County and protect the County from unforeseen circumstances.

Nonspendable fund balance- Consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for resale, and long-term receivables.

Restricted fund balance- Consists of amounts for which constraints are imposed on their use; either externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or by law through constitutional provisions or enabling legislation.

Committed fund balance- Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal policy, resolution or ordinance adopted by the Board of Supervisors. The Board of Supervisors of Wise County is the highest level of decision making authority in Wise County. This governing body has the authority to designate or rescind committed or assigned fund balance by a majority vote.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned fund balance- Consists of amounts which the County intends to used for specific purposes, but which neither restricted nor committed as previously defined.

Unassigned fund balance- Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Board will utilize funds in the following spending order for applicable expenditures; restricted, committed, assigned, and unassigned. This fund balance policy establishes a minimum of at least 10% of the total annual operating budget that will be included in the unassigned fund balance. This policy authorized the County Finance Administrator and County Treasurer to establish any standards and procedures necessary for implementation.

NOTE 2: DEPOSITS AND INVESTMENTS

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

Deposits: All cash of the Wise County School Board, a discretely presented component unit, is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400et.seq. of the Code of Virginia or covered by federal depository insurance.

Deposits: All cash of the Wise County Public Service Authority, a discretely presented component unit, County of Wise, Virginia is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400et.seq. of the Code of Virginia or covered by federal depository insurance.

Investments: Statutes authorize the local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) the Asian Development Bank, the African Development Bank, "prime quality", commercial paper and certain corporate notes; banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

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

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

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of Deposit	\$ 17,991,125	\$ -	\$ -	\$ 17,991,125	\$ 17,991,125
Investment in Virginia State Non-Arbitrage Program				\$ 4,246	\$ 4,246
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 30,215	\$ 30,215
Total Investments				\$ 18,025,586	\$ 18,025,586
Total Cash Deposits and Money Market Accounts				10,707,452	
Total Deposits and Investments				\$ 28,733,038	

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

	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of Deposit	\$ 2,004,185	\$ -	\$ -	\$ 2,004,185	\$ 2,004,185
Total				\$ 2,004,185	\$ 2,004,185
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 31,292	\$ 31,292
Investment in Virginia State Non-Arbitrage Program				\$ 17,885	\$ 17,885
Total Investments				\$ 2,053,362	\$ 2,053,362
Total Cash Deposits and Money Market Accounts				\$ 1,421,416	
Total Deposits and Investments				\$ 3,474,778	

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Cash and cash equivalents, including restricted and unrestricted balances for Wise County Public Service Authority were comprised of the following at June 30, 2011:

	<u>2011</u>	
Cash	\$ 3,197,475	
Cash Equivalents	\$ 1,294,854	
TOTAL		<u>\$ 4,492,329</u>

NOTE 3: TAXES RECEIVABLE

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

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

NOTE 4: INTERFUND OBLIGATIONS

The primary purpose of interfund transfers is to provide funding for operations; including the following:

FUND	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General	\$ 1,936,400	\$ 632,722
Enterprise Funds	-	212,898
School Fund	-	1,442,157
Local Sales Tax Fund	-	238,424
Community Development Fund	-	42,921
Emergency Numbers Fund	-	-
Coal Road Improvement	<u>632,722</u>	<u>-</u>
TOTALS	<u>\$ 2,569,122</u>	<u>\$ 2,569,122</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5: DUE TO OTHER GOVERNMENTAL UNITS

	<u>PRIMARY GOVERNMENT</u>	
	<u>SPECIAL REVENUE</u>	<u>FIDUCIARY</u>
Appalachia	\$ 47,444	\$ 16,068
Big Stone Gap	56,786	45,633
Coeburn	50,375	21,700
Pound	45,246	9,320
St. Paul	42,681	8,641
Wise	60,266	25,390
Norton	63,564	-
Public Service Authority	274,772	-
Others	126,544	241
TOTALS	<u>\$ 767,678</u>	<u>\$ 126,993</u>

NOTE 6: DUE FROM OTHER GOVERNMENTAL UNITS

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>FIDUCIARY FUND</u>	<u>SCHOOL BOARD</u>
Local Governmental Units:				
Towns	\$ 221,059	\$ -	\$ -	\$ -
School Boards	-	-	-	-
TOTAL LOCAL	<u>\$ 221,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commonwealth of Virginia:				
Tax on Wills	\$ 1,798	\$ -	\$ -	\$ -
Shared Expenses	282,351	-	-	-
Local Sales Taxes	-	-	293,413	-
State Sales Taxes	-	-	-	462,802
Other Funds	264,742	100,516	-	466,000
School Funds	-	-	-	-
TOTAL STATE	<u>\$ 548,891</u>	<u>\$ 100,516</u>	<u>\$ 293,413</u>	<u>\$ 928,802</u>
Federal Government:				
Grant Funds	\$ -	\$ -	\$ -	\$ -
School Funds	-	-	-	1,357,937
TOTAL FEDERAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,357,937</u>
TOTAL DUE	<u>\$ 769,950</u>	<u>\$ 100,516</u>	<u>\$ 293,413</u>	<u>\$ 2,286,739</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 7: LONG-TERM DEBT

PRIMARY GOVERNMENT

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

GENERAL LONG-TERM DEBT

YEAR ENDING JUNE 30,	GENERAL LONG-TERM FINANCING		ENTERPRISE FUNDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2012	498,555	20,743	620,752	114,128
2013	354,410	9,728	478,577	107,651
2014	160,265	1,182	461,444	102,074
2015	73,311	1,678	465,996	101,969
2016	31,051	184	345,767	89,536
2017			255,079	79,550
2018			265,079	68,926
2019			280,079	56,546
2020			295,079	43,811
2021		-	305,079	31,745
2022			315,079	20,371
2023		-	330,079	7,169
TOTALS	\$ 1,117,593	\$ 33,516	\$ 4,418,091	\$ 823,477

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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
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	11,265
2022	302,769	126,899	-	-
2023-2029	<u>2,373,003</u>	<u>425,449</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 5,333,925</u>	<u>\$ 2,601,870</u>	<u>\$ 5,928,227</u>	<u>\$ 641,145</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011, as categorized below:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amounts Due</u> <u>Within One Year</u>	<u>Long-Term</u>
<u>General Long-Term Debt:</u>						
General Long-Term Financing	\$ 1,185,796	\$ 353,535	\$ 421,738	\$ 1,117,593	\$ 498,555	\$ 619,038
Debt Acquired for School Purposes:						
General Obligations Bonds	-	-	-	-		
VPSA Bond	5,570,750	-	236,825	5,333,925	240,337	5,093,588
State Literary Loans	6,613,227	-	685,000	5,928,227	685,000	5,243,227
TOTAL LOANS AND BONDS	\$ 13,369,773	\$ 353,535	\$ 1,343,563	\$ 12,379,745	\$ 1,423,892	\$ 10,955,853
OPEB GASB 45 Liability	128,597	82,888	-	211,485	-	\$ 211,485
Claims, Judgments and Compensated Absences	763,794	-	104,448	659,346	164,836	\$ 494,509
TOTAL GENERAL LONG-TERM DEBT	\$ 14,262,164	\$ 436,423	\$ 1,448,011	\$ 13,250,576	\$ 1,588,728	\$ 11,661,847
<u>Enterprise Fund:</u>						
VRA Revenue Bonds	\$ -	\$ -	\$ -	\$ -		
VRA General Obligation Bonds	3,225,951	-	-	3,225,951	225,079	\$ 3,000,872
General Long-Term Financing Loans	319,530	1,089,465	216,854	1,192,141	395,672	\$ 796,469
TOTAL LOANS AND BONDS	\$ 3,545,480	\$ 1,089,465	\$ 216,854	\$ 4,418,091	\$ 620,751	\$ 3,797,340
OPEB GASB 45 Liability	22,666	13,819	-	36,485	-	\$ 36,485
Claims, Judgments and Compensated Absences	132,787	8,409	-	141,196	35,299	\$ 105,897
TOTAL ENTERPRISE FUND	\$ 3,700,933	\$ 1,111,693	\$ 216,854	\$ 4,595,772	\$ 656,050	\$ 3,939,722
TOTAL PRIMARY GOVERNMENT DEBT	\$ 17,963,097	\$ 1,548,116	\$ 1,664,865	\$ 17,846,347	\$ 2,244,778	\$ 15,601,569

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 7: LONG-TERM DEBT (Continued)

AMOUNT
 OUTSTANDING

DETAILS OF LONG-TERM INDEBTEDNESS

General Long-Term Debt:

General Long-Term Financing:

\$1,443,000 Loan payable to B B & T Bank issued November 16, 2010, due in 60 monthly installments of \$25,495; interest payable at 2.32% annually. 25% of this note is recorded in the General Long-Term Debt Account Group and 75% is recorded as Enterprise Liability.	314,369
\$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.	124,771
\$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.	144,413
978,000 Loan payable to First Bank and Trust issued August 19, 2008, due in 60 monthly installments of \$17,967.90: interest payable at 3.9% annually, 84% of this note is recorded in the General Long-Term Debt Account Group and 16% is recorded as Enterprise Liability	377,268
Powell Valley National Bank loan payable issued December 14, 2004, interest payable at 3.75% annually. 46% of this note is recorded in the General Long-Term Debt Account Group and 54% is recorded as Enterprise Liability.	<u>156,772</u>
TOTAL GENERAL LONG-TERM FINANCING	<u>\$ 1,117,593</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 7: LONG-TERM DEBT (Continued)

DETAILS OF LONG-TERM INDEBTEDNESS

General Long-Term Debt:

VPSA Bond:

\$5,834,463 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>\$ 5,333,925</u>
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TOTAL VPSA BONDS	<u>\$ 5,333,925</u>
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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%.	100,000
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\$3,700,000 State Literary Fund loan issued March 01, 2001, due in annual installments of \$185,000 through 2021; interest payable at 2%.	1,850,000
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\$2,978,227 State Literary Fund loan issued December 15, 2000, due in annual installments of \$150,000 through 2021; interest payable at 2%.	1,478,227
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\$5,000,000 State Literary Fund loan issued March 15, 2001, due in annual installments of \$250,000 through 2021; interest payable at 2%.	<u>2,500,000</u>
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TOTAL STATE LITERARY LOANS	<u>\$ 5,928,227</u>
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TOTAL LONG-TERM DEBT ACQUIRED FOR SCHOOL PURPOSES	<u>\$ 11,262,152</u>
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TOTAL OPEB GASB 45 LIABILITY	211,485
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TOTAL COMPENSATED ABSENCES	<u>659,346</u>
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TOTAL GENERAL LONG-TERM DEBT	<u>\$ 13,250,576</u>
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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LONG-TERM DEBT (Continued)

COMPONENT UNIT – SCHOOL BOARD

\$1,265,000 Loan payable to Suntrust Bank for an Energy Performance Contract, due in 144 monthly installments of \$10,800 until June 19, 2016; interest payable at an annual rate of 3.454%.	\$ 594,370
\$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>\$ 765,942</u>
Total Loans Payable	\$ 1,360,312
Total OPEB GASB 45 Liability	932,166
Total Compensated Absences Payable	<u>239,108</u>
TOTAL LONG-TERM DEBT – SCHOOL BOARD	<u>\$ 2,531,586</u>

Changes in Long-Term Debt:

The following is a summary of School Board long-term debt transactions for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year	Long-Term
Long-Term Debt:						
Long-Term Financing						
Loans	\$ 1,536,707	-	\$ 176,395	\$ 1,360,312	\$ 182,977	\$ 1,177,33
OPEB GASB 45 Liability	676,479	255,687	-	932,166	-	932,16
Claims, Judgments and Compensated Absences Payable	<u>262,283</u>	<u>-</u>	<u>23,175</u>	<u>239,108</u>	<u>\$ 59,777</u>	<u>179,33</u>
TOTAL LONG-TERM DEBT	<u>\$ 2,475,469</u>	<u>\$ 255,687</u>	<u>\$ 199,570</u>	<u>\$ 2,531,586</u>	<u>\$ 242,754</u>	<u>\$ 2,288,83</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LONG-TERM DEBT (Continued)

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

<u>LONG-TERM FINANCING LOANS</u>			
<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	182,977	48,107	231,084
2013	189,804	41,280	231,084
2014	196,990	34,195	231,185
2015	204,239	26,846	231,085
2016	211,764	19,219	230,983
2017	88,103	13,378	101,481
2018	91,692	9,789	101,481
2019	95,428	6,053	101,481
2020	99,315	2,165	101,480
TOTALS	\$ 1,360,312	\$ 201,032	\$ 1,561,344

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 <u>JUNE 30,</u>	<u>LONG-TERM OBLIGATIONS</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2012	270,037	127,361
2013	278,291	121,654
2014	266,698	115,920
2015	275,263	110,333
2016	278,995	104,520
2017	282,902	98,338
2018	286,994	91,799
2019	291,279	85,010
2020	280,768	78,354
2021	290,471	71,739
2022	300,399	64,643
2023	305,563	57,184
2024	298,513	49,732
2025	259,132	42,275
2026	275,079	34,279
2027	281,314	25,730
2028	277,852	17,136
2029	269,708	8,867
2030	178,464	1,502
2031	71,872	-
2032	62,062	-
2033	38,229	-
2034	37,214	-
2035	18,847	-
2036	18,847	-
2037	18,847	-
2038	18,846	-
2039	15,931	-
2040	7,990	-
<i>SUB-TOTALS</i>	<u>\$ 5,556,407</u>	<u>\$ 1,306,376</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011:

Beginning Balance	\$5,018,255
Additions:	
Virginia Resources Authority Bond	772,720
Retirements:	
Virginia Resources Authority Bonds	<u>(234,568)</u>
TOTAL BOND AND LOANS PAYABLE	<u>\$ 5,556,407</u>

Details of Bonds and Notes Outstanding

<p>\$106,131 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%.</p>	\$ 72,459
<p>\$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%.</p>	246,683
<p>\$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%.</p>	422,452
<p>\$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%.</p>	805,000
<p>\$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%.</p>	819,559
<p>\$417,379 North Fork Water Project. Water and Sewer Revenue Bond, Virginia Resources Authority issued July 31, 20006, due in semi-annual Installments beginning on January 01, 2007 and ending on July 1, 2036 Interest payable at 0%.</p>	338,331
<p>\$89,337 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 August 1, 2037 Interest payable at 0%.</p>	61,513
<p>\$175,000 Dunbar Water Project. Water and Sewer Revenue Bond, VRA issued August 29, 2008, due in semi-annual installments beginning on March 1, 2009 And ending on September 1, 2038, interest payable at 0%.</p>	160,417

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 7: LONG-TERM DEBT (Continued)

\$950,320 Stephens/Guest River Sewer, Water and Sewer Revenue Bond, Virginia Resources Authority issued 06/04/2010, due in semi-annual installments ending on December 1, 2030, interest payable at 0%	615,246
\$206,333 Lower Birchfield/Rt. 72 Water and Sewer Revenue Bond, Virginia Resources Authority issued 06/04/2010, due in semi-annual installments ending On June 1, 2040, interest payable at 0%	199,455
\$1,720,000 Dominion Project. Water Revenue Bond, BB&T Bank Issued, 12/15/2009, due in monthly installments beginning on January 15, 2010 and ending On 12/15/2029, interest payable monthly at the nominal annual rate of 5.05%	1,642,372
\$184,090 Disinfection By-Product Abatement. ARRA, VRA issued 02/16/2010, Installments ending on October 1, 2040, interest payable at 0%	<u>172,920</u>
TOTAL LONG-TERM OBLIGATIONS	<u>\$ 5,556,407</u>

NOTE 8: SHORT-TERM DEBT

Short-term debt outstanding at June 30, 2011 was -0-. Short term debt includes anticipation notes, lines of credit and similar loans.

NOTE 9: CAPITAL LEASES

The County has entered into a lease agreement with the Industrial Development Authority for financing the acquisition of the Wise County Justice Center. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The following is an analysis of the lease as of June 30, 2011:

	<u>Lease Obligation</u>	<u>Property Carrying Value</u>
General Fund		
Wise County Justice Center, 4.09%, \$21,349 monthly payment including interest, balloon payment due June 30, 2021	<u>\$ 3,380,277</u>	<u>\$ 3,442,831</u>
TOTAL CAPITAL LEASES	<u>3,380,277</u>	<u>3,442,831</u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 9: CAPITAL LEASES (Continued)

The following is a schedule of future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2011.

	<u>Years ending</u> <u>June 30,</u>	<u>General</u> <u>Fund Amount</u>
	2012	256,188
	2013	256,188
	2014	256,188
	2015	256,188
	2016	256,188
	2017	256,188
	2018	256,188
	2019	256,188
	2020	256,188
	2021	<u>2,099,766</u>
Total Minimum Lease Payments		4,405,462
Less Amount Representing Interest		<u>(1,025,185)</u>
Present Value of Future Minimum Lease Payments		<u>\$ 3,380,277</u>

NOTE 10: CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES

In accordance with NCGA Statement 4 "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences", the 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, 2011 the value of accrued vacation pay, for the primary government was \$800,542.

The amount of accrued vacation pay for the professional School Board employees was \$151,123 and non-professional employees was \$87,985. The total value of these liabilities for the Component Unit - School Board was \$239,108.

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 are covered by the Virginia Retirement System to retire and receive supplemental retirement benefits. As of June 30, 2011, the School Board held an investment account with SunTrust Bank with a market value of \$961,437. This account exceeds the total obligation under this plan of \$830,045 by \$131,392.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

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, 2011 the amount of accrual recorded is \$20,429, 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, 2011 the value of accrued vacation pay was \$37,468. The accrual for vacation and sick leave totals \$57,896.

NOTE 11: 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 (1.85% for sheriffs and, if the employer elects, other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from our web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.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. Plan 1 cost is assumed by Wise County and the employee pays if on Plan 2. 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 2011 was 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 2011, 2010 and 2009 amounted to \$3,058,813, \$4,364,164, and \$5,352,105, respectively, and represented, 17.82%, 15.64% and 15.71%, respectively.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 11: DEFINED BENEFIT PENSION PLAN (Continued)

C. Annual Pension Cost

For 2011, County of Wise and the School Board's Non-Professional Employees annual pension cost of \$1,127,690 and \$319,362, respectively, was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2010 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, 2011	\$1,127,690	100%	\$0
	June 30, 2010	\$1,080,978	100%	\$0
	June 30, 2009	\$1,063,143	100%	\$0
Wise County Schools	June 30, 2011	\$319,362	100%	\$0
	June 30, 2010	\$355,279	100%	\$0
	June 30, 2009	\$366,663	100%	\$0

NOTE 12: DEFERRED REVENUE

General Fund:

Deferred revenue represents an amount 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 \$19,014,598 is comprised of taxes not yet due of \$18,074,029 and uncollected delinquent tax billings of \$940,569 not available for funding of current expenditures.

NOTE 13: 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.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 14: SURETY BOND

	<u>Amount</u>
Constitutional Officer Risk Management Plan - Surety	
Jack Kennedy, Clerk of the Circuit Court	\$ 500,000
Delores W. Smith, Treasurer	500,000
Douglas Mullins, Jr., Commissioner of the Revenue	3,000
Ronnie D. Oakes, Sheriff	30,000
Travelers Casualty & Surety Co:	
Public Officials Bond- Board of Supervisors	3,000
United States Fidelity and Guaranty Company Surety:	
Jeff Perry, 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
All Social Services Employees: Blanket Bond	100,000

NOTE 15: LITIGATION

In regard to litigation involving the County of Wise, Virginia at June 30, 2011, the County’s legal counsel informed us that there is one court ruling and one case pending court action in which Wise County is a party:

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

The Equitable case is a suit challenging the County’s assessment methodology for gas wells in Wise County for the tax years 2002-2005 and requests a refund for payment of the assessments for said years. The Wise County Circuit Court issued a final order August 12, 2011 which, based upon previous rulings of the Court modifying the assessment methodology, set a refund to Equitable in the amount of \$1,996,541 plus accrued interest making the total \$2,059,454. However, the ruling triggered supplemental assessments for tax years 2008-2011 in the amount of \$3,737,012. The impact of the Circuit Court ruling to Wise County is a net gain of \$1,677,391. The ruling on tax years 2006-2007 remains pending with an unfavorable ruling potentially incurring repayment of an amount not to exceed \$500,000.

Legal counsel informed us that there is an asserted claim from EQT regarding Wise County’s mineral severance license tax that was filed on December 21, 2011. An unfavorable ruling for the County could potentially incur repayment of approximately five million dollars plus interest at the County ordinance rate. The County anticipates a favorable ruling. The facts and evidence in support of the assessment is substantial and an unfavorable ruling while possible is not probable. There is currently pending legislation at the state level that if enacted may impact the validity of the filed claim.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest Paid - Proprietary Fund

Cash paid interest expense relating to debt for the year ended June 30, 2011 amounted to \$124,828.

NOTE 17: INTEREST PAID - WISE COUNTY PUBLIC SERVICE AUTHORITY

Cash paid interest expense relating to debt for the period ending June 30, 2011 amounted to \$125,565. 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 18: 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	11,612,959	549,300	12,162,259
Equipment	5,020,803	-	5,020,803
TOTAL CAPITAL ASSETS	16,841,262	549,300	17,390,562
Less: Accumulated Depreciation	(7,252,175)	(260,918)	(7,513,093)
NET CAPITAL ASSETS	\$ 9,589,087	\$ 288,382	\$ 9,877,469

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 19: CAPITAL ASSETS

Primary Government:

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

	Total
Land	\$ 1,941,700
Buildings	30,872,940
Equipment & Vehicles	4,653,490
TOTAL CAPITAL ASSETS	\$ 37,468,130
Less: Accumulated Depreciation	(15,121,054)
NET CAPITAL ASSETS	\$ 22,347,076

Component Unit - School Board:

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

	Total
Land	\$ 1,358,879
Buildings & Improvements	56,240,988
Equipment & Vehicles	7,953,796
Construction In Progress	-
TOTAL CAPITAL ASSETS	65,553,663
Less: Accumulated Depreciation	(37,162,969)
NET CAPITAL ASSETS	\$ 28,390,693

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 19: CAPITAL ASSETS (Continued)

A summary of changes in capital assets is as follows:

Primary Government:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Land	\$ 1,560,000	\$ 381,700	\$ -	\$ 1,941,700
Buildings and IOTB	28,921,108	3,236,906	1,285,074	30,872,940
Equipment & Vehicles	4,310,331	468,632	125,473	4,653,490
TOTAL CAPITAL ASSETS	\$ 34,791,439	\$ 4,087,238	\$ 1,410,547	\$ 37,468,130

Component Unit School Board:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Land	\$ 1,358,879	\$ -	\$ -	\$ 1,358,879
Buildings & Improvements	51,306,320	4,934,668	-	56,240,988
Equipment & Vehicles	7,956,364	52,678	55,246	7,953,796
Construction in Progress	3,317,697	-	3,317,697	-
TOTAL	\$ 63,939,260	\$ 4,987,346	\$ 3,372,943	\$ 65,553,663

COMPONENT UNIT - WISE COUNTY PUBLIC SERVICE AUTHORITY:

UTILITY PLANT AND EQUIPMENT IN SERVICE

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

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

Water/Sewer System	50 Years
Equipment	5 - 10 Years

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 19: CAPITAL ASSETS (Continued)

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

	<u>Total</u>
Land	\$ 150,000
Construction in Progress	3,507,011
Utility Plant	32,166,872
Equipment	441,637
Automobiles	423,903
Office Furniture & Equipment	159,011
Plant Building	59,749
TOTAL PLANT & EQUIPMENT	\$ 36,908,183
Less: Accumulated Depreciation	(9,414,608)
NET CAPITAL ASSETS	<u>\$ 27,493,575</u>

A summary of changes in capital assets is as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Land	\$ 165,000	\$ 5,000	\$ 20,000	\$ 150,000
Construction in Progress	2,538,049	3,494,772	2,525,810	3,507,011
Utility Plant	29,562,489	2,604,382	-	32,166,871
Equipment	340,222	101,415	-	441,637
Automobiles	362,925	60,979	-	423,904
Office Furniture and Equipment	118,058	40,953	-	159,011
Plant Building	54,041	5,708	-	59,749
TOTAL CAPITAL ASSETS	<u>\$ 33,140,784</u>	<u>\$ 6,313,209</u>	<u>\$ 2,545,810</u>	<u>\$ 36,908,183</u>

**NOTE 20: RESTRICTED CASH/DEBT RESERVE - COMPONENT UNIT:
 WISE COUNTY PUBLIC SERVICE AUTHORITY**

The balance of customer deposits held by the Public Service Authority at June 30, 2011 is \$372,360. This amount 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. The balance of the debt service account is \$173,488.

The Public Service Authority receives a portion of Local coal and gas road improvement and Virginia Coalfield Economic Development Authority tax as per Section 58.1-3713 of the Code of Virginia. This allocation of the Coal and Gas Road Improvement Fund may be used to fund the construction of new water and/or sewer systems and lines.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

**NOTE 20: RESTRICTED CASH/DEBT RESERVE - COMPONENT UNIT:
WISE COUNTY PUBLIC SERVICE AUTHORITY (Continued)**

Total restricted cash held by the Wise County Public Service Authority at June 30, 2011 is as follows:

Coal Road Improvement Funds:	<u>Balance</u>
Capital Improvement Fund	\$ 1,830,291
Operating Reserve	9,097
Emergency Reserve	183,707
Redi-Access	24,282
Debt Service Account	173,488
Replacement Reserve	30,994
PVNB CD# 068867	<u>1,000,000</u>
Total Coal Road Funds	3,251,859
Customer Deposit Account	<u>372,360</u>
TOTAL RESTRICTED CASH	<u><u>\$ 3,624,219</u></u>

NOTE 21: LANDFILL CLOSURE COST LIABILITY

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

The total estimated closure and postclosure care costs for the County's landfill operation is \$16,194,884. The accrued liability for these costs reported as of June 30, 2011 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 46% and the remaining life of the landfill is approximately 25 years. The remaining cost to be accrued in the future is as follows:

Total Estimated Liability	\$ 16,194,884
Accrued Liability as of June 30, 2011	<u>7,393,317</u>
Total Closure and Postclosure Care Costs Remaining to be Recognized	<u><u>\$ 8,801,567</u></u>

It should be noted that the total estimated liability for the closure and post-closure care costs is only an estimate based on current projections. The estimates are reviewed by our engineer, Thompson & Litton, on an annual basis. Inflation factors are provided by the Department of Environmental Quality to apply to the estimates. Uncontrollable factors such as inflation, changes in technology, and changes in applicable laws and regulations may affect these projections.

At this time the County complied with the regulations of the Virginia Financial Assurance Regulations for Solid Waste Facilities, 9 VAC 20-70-10 etseq. The regulation requires local government owners and operators

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 21: LANDFILL CLOSURE COST LIABILITY (Continued)

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. The closure and post closure costs are being funded by an annual transfer from the general fund to this fund. As of June 30, 2011, the County has a balance of \$2,971,640 in this fund which is the aggregate funding to date including interest earned.

NOTE 22: ACCOUNTS RECEIVABLE

Proprietary Fund:

	<u>Balance</u>
Accounts Receivable	
Landfill Fees	\$ 148,552
NET ACCOUNTS RECEIVABLE	<u>\$ 148,552</u>

Component Unit - Wise County Public Service Authority:

	<u>Balance</u>
Accounts Receivable	\$ 337,044
Less: Allowance for Doubtful Accounts	<u>(98,290)</u>
NET ACCOUNTS RECEIVABLE	<u>\$ 238,754</u>

NOTE 23: CONTRIBUTED CAPITAL

INVESTMENT IN CAPITAL ASSETS - COMPONENT UNIT:
WISE COUNTY PUBLIC SERVICE AUTHORITY

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.

Contributions in aid of construction at June 30, 2011 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:

SOURCE	<u>AMOUNT</u>
Wise County Ind. Development Auth.	\$ 105,850
County of Wise	17,655,671
State Department of Health	1,928,266
Federal Government	12,043,473
Others	2,953,352
SUB-TOTAL	<u>\$ 34,686,612</u>
Less: Accumulated Amortization	<u>(8,808,611)</u>
TOTAL NET CONTRIBUTED CAPITAL	<u><u>\$ 25,878,001</u></u>

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

**NOTE 24: 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 Governmental Auditing Standards and specifications for the audit of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Pursuant to these provisions all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance was 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 25: GASB STATEMENT 45 ACTUARIAL VALUATION FOR WISE COUNTY

The objective of Statement 45 is to accurately reflect the financial effects of OPEB (postemployment benefits other than pensions), including the amounts paid or contributed by the government. Statement 45 requires the disclosure of information about the funded status of the plan, including the UAAL (Unfunded Actuarial Accrued Liability).

The source of Wise County's GASB 45 liability is based upon the retiree health insurance being implicitly more expensive than active employee health coverage. The higher cost of coverage creates a GASB 45 liability assigned to the County. Below are the detailed calculations as prepared by our actuary.

Required Supplementary Information	<u>FY 2010-11</u>
Actuarial Accrued Liability as of the beginning of the year	\$ 9,800,899
Actuarial Value of Assets as of the beginning of the year	<u>-0-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 9,800,899</u>

Schedule of Employer Contributions

FYE	Employer Contributions A	Annual Required Contribution B	% of ARC Contributed C= A/B
6/30/2011	\$600,403	\$950,829	63.1%
6/30/2010	\$518,563	\$933,235	55.6%
6/30/2009	\$480,151	\$892,242	53.8%

Historical Annual OPEB Cost

FYE	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$952,796	63.0%	\$ 1,180,136
6/30/2010	\$934,215	55.5%	\$ 827,743
6/30/2009	\$892,242	53.8%	\$ 412,091

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 25: GASB STATEMENT 45 ACTUARIAL VALUATION FOR WISE COUNTY (Continued)

	AAL <u>As of July 1, 2010</u>	ARC <u>For FY 2010-11</u>	NOO <u>As of June 30, 2011</u>
Wise County	\$ 913,747	\$ 113,282	\$ 247,970
Wise County Schools	<u>\$ 8,887,152</u>	<u>\$ 837,547</u>	<u>\$ 932,166</u>
Total	<u>\$ 9,800,899</u>	<u>950,829</u>	<u>\$ 1,180,136</u>

NOTE 26: RESTATEMENT OF BEGINNING NET ASSETS

PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES

Net Assets at June 30, 2010, as previously reported	\$33,204,169
Net Asset Adjustment - Decrease of Deferred Revenue for tax collections prior to year-end but not due until October 15, 2010, recorded as Deferred Revenue in prior year.	1,089,022
Net Asset Adjustment - Decrease of Payroll Liabilities	180,718
Net Asset Adjustment - Property Tax Receivables for taxes assessed as of January 1, 2010, never recorded until billed and collectible in prior years.	<u>15,977,512</u>
 Net Assets at June 30, 2010, as restated	 <u>\$50,451,421</u>

NOTE 27: SUBSEQUENT EVENTS

The Wise County Board of Supervisors approved a resolution on June 15, 2011 providing funding of bond issuances for \$60,000,000 for Wise County School Construction Projects. This amount will be financed by three financings that were completed by the end of calendar 2011. \$14,000,000 in lease revenue bond anticipation notes were issued on October 20, 2011 for a 5-year term through the Wise County Industrial Development Authority with a true interest cost of 2.05%. A \$29,265,000 Virginia Public School Authority Bond issuance was executed on November 9th, 2011 for a 25-year term with a true interest cost of 3.67%. In addition, a \$15,000,000 Qualified School Construction Bond issuance was completed in early December 2011 with a 0% interest cost.

Subsequent events in regard to litigation are included in Note 15.

NOTE 28: GASB 54 FUND BALANCES

The General Fund has a non-spendable fund balance amount of \$31,162 which is for prepaid expenses and a \$9,000,000 committed amount which is for high school construction. As shown in Exhibit 14, the total restricted amount is \$7,920,506 which is restricted by laws or ordinances and \$194,105 is committed by the highest local governing body authority.

NOTE 29: OTHER ASSETS

The Sewer Enterprise Fund contains a balance of \$550,000 in Other Assets. This amount is for a connectivity fee with the City of Norton for the flow of wastewater. This agreement states that this fee is for a forty year period and will be amortized over that period.

**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, 2011

EXHIBIT 9

	GENERAL FUND			
	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
General Property Taxes	\$ 22,368,250	\$ 22,371,210	\$ 21,869,359	\$ (501,851)
Other Local Taxes	9,161,000	9,419,831	11,511,715	2,091,884
Permits, Privilege Fees & Regulatory Licenses	65,000	65,000	55,621	(9,379)
Fines & Forfeitures	17,000	17,000	23,489	6,489
Revenues From Use Of Money & Property	457,000	457,000	582,460	125,460
Charges For Services	258,500	258,500	300,620	42,120
Miscellaneous	100,000	222,394	76,772	(145,622)
Recovered Costs	256,000	272,951	267,453	(5,498)
Intergovernmental	18,391,653	18,951,816	18,786,585	(165,231)
TOTAL REVENUES	\$ 51,074,403	\$ 52,035,701	\$ 53,474,074	\$ 1,438,373
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,182,342	\$ 3,507,268	\$ 3,279,856	\$ 227,412
Judicial Administration	2,823,104	2,931,060	2,706,447	224,613
Public Safety	8,020,200	8,236,786	7,714,196	522,590
Public Works	620,298	719,977	709,083	10,894
Health & Welfare	13,538,517	13,987,958	13,994,945	(6,987)
Education	15,128,360	15,128,360	15,946,517	(818,157)
Parks, Recreation & Cultural	879,890	895,284	895,284	0
Community Development	2,490,134	2,744,628	2,317,112	427,516
Non-Departmental	96,372	105,717	75,140	30,577
Debt Service:				
Principal Retirement	430,594	417,019	541,461	(124,442)
Interest & Fiscal Charges	45,200	43,776	196,450	(152,674)
TOTAL EXPENDITURES	\$ 47,255,011	\$ 48,717,834	\$ 48,376,491	\$ 341,343
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,819,392	\$ 3,317,867	\$ 5,097,583	\$ 1,779,716
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	(4,219,392)	(3,717,867)	(3,559,668)	158,199
Proceeds From Issuance Of Debt	400,000	400,000	353,535	(46,465)
Prior Year Appropriations	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ (3,819,392)	(3,317,867)	\$ (3,206,133)	\$ 111,734
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & (USES)	\$ 0	0	\$ 1,891,450	\$ 1,891,450
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	-	-	19,259,408	19,259,408
FUND BALANCE AT END OF YEAR	\$ 0	0	\$ 21,150,858	\$ 21,150,858

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 10

	<u>TOTAL</u>
CAPITAL ASSETS:	
Land	\$ 1,941,700
Building and Building Improvements	30,563,388
Equipment	<u>4,963,042</u>
Total Capital Assets	<u>\$ 37,468,130</u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE:	
Proceeds from Indebtedness	\$ 15,760,022
General Fund Revenues	<u>21,708,108</u>
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 37,468,130</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION
 FOR THE YEAR ENDED JUNE 30, 2011

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	650,000.00	-	1,313,697.00	1,963,697.00
Judicial Administration	-	24,500.00	95,058.00	119,558.00
Public Safety	250,000.00	2,519,012.00	2,137,824.00	4,906,836.00
Public Works	541,700.00	12,801,280.00	110,231.00	13,453,211.00
Health & Welfare	275,000.00	3,014,830.00	589,357.00	3,879,187.00
Education	-	10,098,716.00	-	10,098,716.00
Parks, Recreation & Cultural	225,000.00	2,080,050.00	-	2,305,050.00
TOTAL GENERAL FUND CAPITAL ASSETS BY FUNCTION	1,941,700.00	30,538,388.00	4,246,167.00	36,726,255.00
<u>SPECIAL REVENUE FUNDS:</u>				
<u>EMERGENCY 911 FUND</u>				
Public Safety	-	25,000.00	664,223.00	689,223.00
<u>WISE DEVELOPMENT FUND</u>				
Community Development	-	-	52,652.00	52,652.00
TOTAL SPECIAL REVENUE FUND CAPITAL ASSETS BY FUNCTION	-	25,000.00	716,875.00	741,875.00
TOTAL PRIMARY GOVERNMENT CAPITAL ASSETS BY FUNCTION	<u>1,941,700.00</u>	<u>30,563,388.00</u>	<u>4,963,042.00</u>	<u>37,468,130.00</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 12

	CAPITAL ASSETS <u>JULY 1, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	CAPITAL ASSETS <u>JUNE 30, 2011</u>
PRIMARY GOVERNMENT:				
<u>GENERAL FUND:</u>				
General Government Administration	\$ 1,864,393	\$ 99,304		\$ 1,963,697
Judicial Administration	107,129	20,212	7,783	119,558
Public Safety	4,818,134	206,392	117,690	4,906,836
Public Works	9,804,374	3,648,836		13,453,210
Health & Welfare	3,844,471	34,716		3,879,187
Education	11,383,790		1,285,074	10,098,716
Parks, Recreation & Cultural	<u>2,299,100</u>	<u>5,950</u>		<u>2,305,050</u>
TOTAL GENERAL FUND	34,121,392	4,015,410	1,410,547	36,726,255
<u>SPECIAL REVENUE FUNDS:</u>				
<u>EMERGENCY 911 FUND</u>				
Public Safety	<u>617,395</u>	<u>71,828</u>	<u>-</u>	<u>689,223</u>
<u>Wise Development Fund</u>				
Public Safety	<u>52,652</u>	<u>-</u>	<u>-</u>	<u>52,652</u>
TOTAL SPECIAL REVENUE FUND	<u>670,047</u>	<u>71,828</u>	<u>-</u>	<u>741,875</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 34,791,439</u>	<u>\$ 4,087,238</u>	<u>\$ 1,410,547</u>	<u>\$ 37,468,130</u>



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FIDUCIARY FUNDS

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

COUNTY OF WISE, VIRGINIA
 COMBINING SCHEDULE OF FIDUCIARY
 NET ASSETS - AGENCY FUNDS
 AT JUNE 30, 2011

EXHIBIT 13

	SPECIAL WELFARE FUND	LOCAL SALES TAX FUND	LONESOME PINE YOUTH SERVICES FUND	TOTALS
<u>ASSETS</u>				
ASSETS:				
Cash	\$ 79,137	\$ 71,763	\$ 241	\$ 151,141
Due From Other Governmental Units	-	293,413	-	293,413
TOTAL ASSETS	\$ 79,137	\$ 365,176	\$ 241	\$ 444,554
<u>LIABILITIES</u>				
LIABILITIES:				
Due To:				
Social Service Clients	\$ 79,137	\$ -	\$ -	\$ 79,137
Governmental Units	-	126,752	241	126,993
Due To Other Funds	-	238,424	-	238,424
TOTAL LIABILITIES	\$ 79,137	\$ 365,176	\$ 241	\$ 444,554

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, 2011

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>	<u>COMMUNITY CORRECTIONS FUND</u>
Assets:					
Cash	\$ 21,681	\$ 62,061	\$ 557	\$ 29,501	\$ 74,063
Investments	-	-	-	6,454,976	-
Mineral Taxes Receivable	-	-	-	959,774	-
Accounts Receivable	-	-	-	31,118	-
Due From Other Funds	-	-	-	632,722	-
Governmental Units	-	-	-	-	-
TOTAL ASSETS	<u>\$ 21,681</u>	<u>\$ 62,061</u>	<u>\$ 557</u>	<u>\$ 8,108,091</u>	<u>\$ 74,063</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 4,380	\$ 798	\$ 480	\$ 22,678	\$ -
Due to Other Funds	-	-	-	-	-
Governmental Units	-	-	-	767,678	-
TOTAL LIABILITIES	<u>\$ 4,380</u>	<u>\$ 798</u>	<u>\$ 480</u>	<u>\$ 790,356</u>	<u>\$ -</u>
 FUND BALANCES:					
Restricted	\$ 17,301	\$ 61,263	\$ 77	\$ 7,317,735	\$ 16,600
Committed	-	-	-	-	57,463
TOTAL FUND BALANCES	<u>17,301</u>	<u>61,263</u>	<u>77</u>	<u>7,317,735</u>	<u>74,063</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,681</u>	<u>\$ 62,061</u>	<u>\$ 557</u>	<u>\$ 8,108,091</u>	<u>\$ 74,063</u>

COMMUNITY DEVELOPMENT FUND	WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT FUND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	SHERIFF DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	TOTALS
\$ 116,206	\$ 48,420	\$ 56,623	\$ 86,317	\$ -	\$ 89,477	\$ 584,906
-	-	-	-	244,179	-	6,699,155
-	-	-	-	-	-	959,774
-	-	-	-	-	-	31,118
-	-	-	-	-	-	632,722
100,516	-	-	-	-	-	100,516
<u>\$ 216,722</u>	<u>\$ 48,420</u>	<u>\$ 56,623</u>	<u>\$ 86,317</u>	<u>\$ 244,179</u>	<u>\$ 89,477</u>	<u>\$ 9,008,191</u>
\$ -	\$ 44,814	\$ -	\$ 6,298	\$ -	\$ 3,633	\$ 83,081
42,821	-	-	-	-	-	42,821
-	-	-	-	-	-	767,678
<u>\$ 42,821</u>	<u>\$ 44,814</u>	<u>\$ -</u>	<u>\$ 6,298</u>	<u>\$ -</u>	<u>\$ 3,633</u>	<u>\$ 893,580</u>
\$ 173,901	\$ 3,606	\$ -	\$ -	\$ 244,179	\$ 85,844	\$ 7,920,506
-	-	56,623	80,019	-	-	194,105
<u>173,901</u>	<u>3,606</u>	<u>56,623</u>	<u>80,019</u>	<u>244,179</u>	<u>85,844</u>	<u>8,114,611</u>
<u>\$ 216,722</u>	<u>\$ 48,420</u>	<u>\$ 56,623</u>	<u>\$ 86,317</u>	<u>\$ 244,179</u>	<u>\$ 89,477</u>	<u>\$ 9,008,191</u>

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES &
 CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 15

	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COAL ROAD IMPROVEMENT FUND	COMMUNITY CORRECTIONS FUND
REVENUES:					
Other Local Taxes	\$ -	\$ -	\$ -	\$ 6,880,473	\$ -
Revenues From Use of Money & Property	-	-	-	104,346	-
Charges for Services	-	12,482	-	-	-
Fines & Forfeitures	-	-	-	-	-
Miscellaneous	-	-	1,288	247,183	16,600
Intergovernmental	\$ 118,421	-	-	-	-
TOTAL REVENUES	\$ 118,421	\$ 12,482	\$ 1,288	\$ 7,232,002	\$ 16,600
EXPENDITURES:					
General Government Administration	\$ -	\$ -	\$ -	\$ 132	\$ -
Judicial Administration	-	8,915	-	-	-
Public Safety	376,232	-	2,366	-	-
Public Works	-	-	-	143,266	-
Community Development	-	-	-	8,646,136	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest & Fiscal Charges	-	-	-	-	-
TOTAL EXPENDITURES	\$ 376,232	\$ 8,915	\$ 2,366	\$ 8,789,534	\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (257,811)	\$ 3,567	\$ (1,078)	\$ (1,557,532)	\$ 16,600
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	254,385	-	-	\$ -	57,463
Operating Transfers Out	-	-	-	-	-
Debt Proceeds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 254,385	\$ -	\$ -	\$ -	\$ 57,463
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ (3,426)	\$ 3,567	\$ (1,078)	\$ (1,557,532)	\$ 74,063
FUND BALANCE AT THE BEGINNING OF YEAR	20,727	57,696	1,155	8,875,267	-
FUND BALANCE AT THE END OF YEAR	\$ 17,301	\$ 61,263	\$ 77	\$ 7,317,735	\$ 74,063

COMMUNITY DEVELOPMENT FUND	WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT UND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 35,745	\$ -	\$ 6,916,218
-	-	-	-	19	-	104,365
-	-	-	-	-	-	12,482
-	-	-	-	-	5,534	5,534
25,978	-	-	-	-	119,226	410,275
<u>2,465,261</u>	<u>512,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>3,096,462</u>
<u>\$ 2,491,239</u>	<u>\$ 512,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,764</u>	<u>\$ 124,760</u>	<u>10,545,336</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132
-	-	-	-	-	-	8,915
-	-	-	-	-	127,489	506,087
-	-	-	-	-	-	143,266
2,364,745	641,632	-	43,658	30,524	-	11,726,695
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,364,745</u>	<u>\$ 641,632</u>	<u>\$ -</u>	<u>\$ 43,658</u>	<u>\$ 30,524</u>	<u>\$ 127,489</u>	<u>\$ 12,385,095</u>
<u>\$ 126,494</u>	<u>\$ (128,852)</u>	<u>\$ -</u>	<u>\$ (43,658)</u>	<u>\$ 5,240</u>	<u>\$ (2,729)</u>	<u>\$ (1,839,759)</u>
-	-	-	-	-	250	312,098
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 312,098</u>
\$ 126,494	\$ (128,852)	\$ -	\$ (43,658)	\$ 5,240	\$ (2,479)	\$ (1,527,661)
<u>47,407</u>	<u>132,458</u>	<u>56,623</u>	<u>123,677</u>	<u>238,939</u>	<u>88,323</u>	<u>9,642,272</u>
<u>\$ 173,901</u>	<u>\$ 3,606</u>	<u>\$ 56,623</u>	<u>\$ 80,019</u>	<u>\$ 244,179</u>	<u>\$ 85,844</u>	<u>\$ 8,114,611</u>



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ENTERPRISE FUNDS

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

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 24,817	\$ 502,404	\$ 527,221
Investments	-	13,838	13,838
Sinking Fund Deposits	-	2,971,640	2,971,640
Due From Other Funds	-	-	-
Due from Other Gov't Units	-	-	-
Receivables:			
Accounts (Net Allowance For Uncollectibles)	-	148,552	148,552
TOTAL CURRENT ASSETS	24,817	3,636,434	3,661,251
NONCURRENT ASSETS			
Other Assets	550,000	-	550,000
Land	-	207,500	207,500
Equipment (Net of Depreciation)	-	1,446,530	1,446,530
Construction in Progress	-	-	-
Improvements Other Than Buildings (Net of Depreciation)	288,382	7,935,057	8,223,439
TOTAL NONCURRENT ASSETS	838,382	9,589,087	10,427,469
TOTAL ASSETS	\$ 863,199	\$ 13,225,521	\$ 14,088,720
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts Payable	\$ 580,709	\$ 79,261	\$ 659,970
Due to Other Funds	212,898	-	212,898
Accrued Compensated Absences	-	141,196	141,196
OPEB GASB 45 Liability	-	36,485	36,485
Current Portion of Long-Term Obligations	-	620,752	620,752
TOTAL CURRENT LIABILITIES	793,607	877,694	1,671,301
NONCURRENT LIABILITIES			
Noncurrent Portion of Long-Term Obligations	-	3,797,339	3,797,339
Accrued Landfill Closure Costs	-	7,393,317	7,393,317
TOTAL NONCURRENT LIABILITIES	-	11,190,656	11,190,656
TOTAL LIABILITIES	\$ 793,607	\$ 12,068,350	\$ 12,861,957
<u>NET ASSETS</u>			
Investment in Capital Assets, net of related debt	\$ -	\$ 12,215,670	\$ 12,215,670
Restricted Assets			
Restricted for:			
Cash for Capital Projects	\$ -	\$ 4,246	\$ 4,246
Cash for Landfill Closing	-	2,971,640	2,971,640
Unrestricted Assets	\$ 69,592	\$ (14,034,385)	\$ (13,964,793)
TOTAL NET ASSETS	\$ 69,592	\$ 1,157,171	\$ 1,226,763
TOTAL LIABILITIES AND NET ASSETS	\$ 863,199	\$ 13,225,521	\$ 14,088,720

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 17

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
OPERATING REVENUES:			
Landfill Usage Fees	\$ -	\$ 751,403	\$ 751,403
Sewer Rents	17,499	-	17,499
Other Revenue	-	61,982	61,982
TOTAL REVENUE	<u>\$ 17,499</u>	<u>\$ 813,385</u>	<u>\$ 830,884</u>
OPERATING EXPENSES:			
Operation Expense	\$ 352,704	\$ 3,222,667	\$ 3,575,371
Landfill Closure Expense	-	435,556	435,556
Depreciation & Amortization	13,732	522,892	536,624
TOTAL OPERATING EXPENSES	<u>\$ 366,436</u>	<u>\$ 4,181,115</u>	<u>\$ 4,547,551</u>
NET OPERATING INCOME (LOSS)	<u>\$ (348,937)</u>	<u>\$ (3,367,730)</u>	<u>\$ (3,716,667)</u>
NON-OPERATING REVENUE (EXPENSE)			
Grants - Federal	\$ -	\$ 44,736	44,736
Grants - State	-	12,981	12,981
Interest Revenue	-	37,311	37,311
Interest Expense	-	(124,828)	(124,828)
Gain on Sale of Assets	-	35,758	35,758
TOTAL NON-OPERATING REVENUE AND EXPENSE	<u>-</u>	<u>5,958</u>	<u>5,958</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ (348,937)</u>	<u>\$ (3,361,772)</u>	<u>\$ (3,710,709)</u>
OPERATING TRANSFERS IN	329,000	2,918,570	\$ 3,247,570
OPERATING TRANSFERS OUT	-	-	\$ -
NET OPERATING TRANSFERS	<u>329,000</u>	<u>2,918,570</u>	<u>3,247,570</u>
NET INCOME (LOSS)	(19,937)	(443,202)	(463,139)
NET ASSETS, BEGINNING OF YEAR	<u>89,529</u>	<u>1,600,373</u>	<u>1,689,902</u>
NET ASSETS, END OF YEAR	<u>\$ 69,592</u>	<u>\$ 1,157,171</u>	<u>\$ 1,226,763</u>

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Cash Flow From Operating Activities:			
Cash Received From Customers	\$ 17,499	\$ 779,493	\$ 796,992
Cash Payments to Suppliers for Goods & Services	(351,577)	(3,438,384)	(3,789,961)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (334,078)	\$ (2,658,891)	\$ (2,992,969)
Cash Flow From Noncapital Financing Activities:			
Operating Transfers From General Fund	\$ 329,000	\$ 2,918,570	\$ 3,247,570
Decrease in Due To Other Gov't Units	-	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ 329,000	\$ 2,918,570	\$ 3,247,570
Cash Flows From Capital & Related Financing Activities:			
Principal Paid on Bond Maturities	\$ -	\$ -	\$ -
Interest Paid on Debt Obligations	-	(124,828)	(124,828)
Principal Paid on General Obligation Loans	-	(216,855)	(216,855)
Increase in Other Payable	550,000	-	550,000
Proceeds on Loans	-	1,089,465	1,089,465
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	\$ 550,000	\$ 747,782	\$ 1,297,782
Cash Flows From Investing Activities:			
Interest Revenue Earned on Investments	\$ -	\$ 37,311	\$ 37,311
Grant Receipts	-	57,717	57,717
Sinking Fund Deposits	-	(230,000)	(230,000)
Decrease in Investments	-	3,122,033	3,122,033
Proceeds from Sale of Assets	-	100,000	100,000
Purchase of Other Assets	(550,000)	-	(550,000)
Purchase of Equipment and IOTB	-	(3,635,617)	(3,635,617)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (550,000)	\$ (548,556)	\$ (1,098,556)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	\$ (5,078)	\$ 458,905	\$ 453,827
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	29,895	43,499	73,394
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 24,817	\$ 502,404	\$ 527,221

	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	\$ (348,937)	\$ (3,367,730)	\$ (3,716,667)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	\$ 13,732	\$ 522,892	\$ 536,624
(Increase) Decrease in Accounts Receivable	-	(33,892)	(33,892)
Increase (Decrease) in Closure Cost Liability	-	435,556	435,556
Increase (Decrease) in Accrued Compensation	-	8,408	8,408
Increase (Decrease) in OPEB GASB 45 Liability	-	13,819	13,819
Increase (Decrease) in Accounts Payable	1,127	(237,944)	(236,817)
TOTAL ADJUSTMENTS	\$ 14,859	\$ 708,839	\$ 723,698
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (334,078)	\$ (2,658,891)	\$ (2,992,969)



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**DISCRETE COMPONENT UNIT
WISE COUNTY PUBLIC SERVICE AUTHORITY**

COUNTY OF WISE, VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT
WISE COUNTY PUBLIC SERVICE AUTHORITY
JUNE 30, 2011

EXHIBIT 19

<u>ASSETS</u>	<u>PUBLIC SERVICE</u>	
CURRENT ASSETS		
Unrestricted cash and cash equivalents	\$ 868,110	
Restricted cash and cash equivalents	3,624,219	
Investments	-	
Reserved Deposits	-	
Due From Others	-	
Due From Other Governmental Units	4,861	
Bond Issuance Costs	-	
Accounts Receivable- less allowance for uncollectibles of \$98,290	238,754	
TOTAL CURRENT ASSETS		\$ 4,735,944
NON-CURRENT ASSETS		
Bond Issuance Costs	10,860	
Land	\$ 150,000	
Building- less accumulated depreciation of \$19,597	40,152	
Utility plant and lines- less accumulated depreciation of \$8,684,247	23,482,625	
Equipment- less accumulated depreciation of \$710,763	313,787	
Construction in progress- plant and lines	3,507,011	
TOTAL NONCURRENT ASSETS		27,504,435
TOTAL ASSETS		\$ 32,240,379
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 111,595	
Accrued Wages Payable	25,519	
Accrued Compensated Absences	57,896	
Interest Payable	13,817	
Customer deposits payable	372,360	
Current portion of bonds and notes payable	270,037	
TOTAL CURRENT LIABILITIES		\$ 851,224
NONCURRENT LIABILITIES		
Bonds and notes payable- net of current portion	5,286,370	
Premium on Bonds Payable	\$ 9,751	
TOTAL NONCURRENT LIABILITIES		\$ 5,296,121
TOTAL LIABILITIES		\$ 6,147,345
NET ASSETS		
Investment in Capital Assets, net of related debt	21,938,277	
Restricted- Coal Road Funds	3,251,859	
Restricted - Customer Deposits	372,360	
Unrestricted Assets (deficit)	530,538	
TOTAL NET ASSETS		\$ 26,093,034
TOTAL LIABILITIES & NET ASSETS		\$ 32,240,379

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, 2011

OPERATING REVENUES:

Water Charges	\$ 1,879,074	
Sewer Charges	140,742	
Miscellaneous	54,343	
	<u> </u>	
TOTAL OPERATING INCOME		\$ 2,074,159

OPERATING EXPENSES:

Operation and maintenance	\$ 1,684,968	
Administration and general	504,709	
Other operating expenses	2,926	
	<u> </u>	
TOTAL OPERATING EXPENSES		<u>2,192,603</u>

DEPRECIATION		<u>682,756</u>
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OPERATING INCOME (LOSS)		\$ (801,200)
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NON-OPERATING REVENUES & (EXPENSES):

Interest Income	\$ 58,173	
Penalties and Finance Charges	56,024	
Connection Fees	28,600	
Interest Expense	(127,923)	
Gain/(loss) on asset disposal	6,246	
	<u> </u>	
TOTAL NON-OPERATING REVENUE (EXPENSES)		<u>21,120</u>

NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		\$ (780,080)
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Federal Grants		1,495,777
County of Wise, Virginia		899,273
State Department of Health		634,837
Other		99,187
		<u> </u>
TOTAL CAPITAL CONTRIBUTIONS		<u>3,129,074</u>

CHANGE IN NET ASSETS		2,348,994
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NET ASSETS (DEFICIT)- Beginning of year		<u>23,744,040</u>
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Net Assets, End Of Year		<u>\$ 26,093,034</u>
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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, 2011

EXHIBIT 21
PAGE 1

Cash Flow from Operating Activities:	
Cash Received from Customers	\$ 1,970,002
Cash Payments to Suppliers for Goods & Services	(1,309,073)
Cash Payments to Employees for Services	(838,662)
Other Operating Revenues	<u>54,343</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (123,390)
Cash Flow from Noncapital Financing Activities:	
Increase in Customer Deposits	\$ 5,580
Connection Fees	28,600
Penalties and Finance Charges	<u>56,024</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	90,204
Cash Flows from Capital & Related Financing Activities:	
Increase in Due to Other Governmental Units	\$ (319)
Purchase of Buildings & Other Structures	(10,708)
Purchase of Equipment	(203,347)
Purchase of Utility Plant Items	(2,604,382)
Construction of Capital Assets	(968,962)
Proceeds from Issuance of Debt	772,720
Provision for Bond Premium and Issuance Costs	59
Principal Paid on bonds and notes payable	(234,568)
Interest Paid on Revenue Bonds & Equipment Contracts	(125,052)
Contributions and grants	3,129,074
Gain on asset disposal	<u>6,246</u>
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	<u>(239,239)</u>
Cash Flow from Investing Activities	
Interest on CDs	<u>58,173</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>58,173</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (214,252)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,706,581</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,492,329</u></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, 2011

Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)		\$ (801,200)
Adjustments to Reconcile Operating Income		
to Net Cash Provided by Operating Activities:		
Depreciation	\$ 682,756	
Operations and maintenance non-cash item	20,000	
Provision for Compensated Absences	-	
Change in Assets & Liabilities:		
Provision for uncollectible accounts	34,845	
Provision for uncollectible accounts	940	
(Increase) Decrease in Accounts Receivable	(84,659)	
Increase (Decrease) in Accounts Payable	22,664	
Increase (Decrease) in Wages Payable	1,264	
TOTAL ADJUSTMENTS		<u>677,810</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ (123,390)</u>



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**DISCRETE COMPONENT UNIT
SCHOOL BOARD**

COUNTY OF WISE, VIRGINIA
 COMBINED BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2011

EXHIBIT 22

COMPONENT UNIT
 SCHOOL BOARD

ASSETS

ASSETS:

Cash and Cash Equivalents	\$ 3,474,978
Accounts Receivable	203,917
Due From Other Governmental Units	<u>2,286,739</u>
 TOTAL ASSETS	 <u>\$ 5,965,634</u>

LIABILITIES

LIABILITIES:

Accounts Payable	\$ 1,057,687
Due to Primary Government	<u>1,442,157</u>
 TOTAL LIABILITIES	 \$ 2,499,844

FUND EQUITY

FUND BALANCES:

Restricted	<u>\$ 3,465,790</u>
 TOTAL FUND EQUITY	 <u>\$ 5,965,634</u>

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

FUND BALANCE JUNE 30, 2011	\$ 3,465,790
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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.

\$ 28,390,693

Adjustment for amounts due to / due from primary government.

\$ 1,442,157

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.

\$ (2,531,586)

Net Assets of General Government Activities

\$ 30,767,054

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, 2011

EXHIBIT 23

	COMPONENT UNIT SCHOOL FUND
	<u>TOTALS</u>
REVENUES:	
Revenues From Use Of Money & Property	\$ 37,807
Charges For Services	1,172,303
Miscellaneous	219,928
Recovered Costs	149,661
Intergovernmental	<u>61,347,219</u>
TOTAL REVENUES	<u>\$ 62,926,918</u>
EXPENDITURES:	
Education	63,284,904
Capital Outlay	<u>561,341</u>
TOTAL EXPENDITURES	<u>\$ 63,846,245</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (919,327)</u>
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	\$ 660,816
Operating Transfers Out	(660,816)
Proceeds From Debt	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ (919,327)
FUND BALANCE AT BEGINNING OF YEAR	<u>4,385,117</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,465,790</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, 2011

EXHIBIT 24

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL BUDGET	AS AMENDED		FROM AMENDED POSITIVE (NEGATIVE)
REVENUES:				
Revenues From Use Of Money & Property	\$ 28,000	\$ 28,000	\$ 37,807	\$ 9,807
Charges For Services	1,398,100	1,398,100	1,172,303	(225,797)
Miscellaneous	5,187,400	5,187,400	219,928	(4,967,472)
Recovered Costs	355,700	355,700	149,661	(206,039)
Intergovernmental	63,081,900	63,081,900	61,347,219	(1,734,681)
TOTAL REVENUES	\$ 70,051,100	\$ 70,051,100	\$ 62,926,918	\$ (7,124,182)
EXPENDITURES:				
General Government Administration	\$ -	\$ -	\$ -	\$ -
Judicial Administration	-	-	-	-
Public Works	-	-	-	-
Education	68,301,100	68,301,100	63,284,904	5,016,196
Community Development	-	-	-	-
Non-Departmental	1,200,000	1,200,000	-	1,200,000
Capital Outlay	800,000	800,000	561,341	238,659
TOTAL EXPENDITURES	\$ 70,301,100	\$ 70,301,100	\$ 63,846,245	\$ 6,454,855
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (250,000)	\$ (250,000)	\$ (919,327)	\$ (669,327)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 500,000	\$ 500,000	660,816	\$ 160,816
Operating Transfers Out	(250,000)	(250,000)	(660,816)	(410,816)
Proceeds From Debt	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ -	\$ -	\$ (919,327)	\$ (919,327)
FUND BALANCE AT BEGINNING OF YEAR	-	-	4,385,117	4,385,117
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 3,465,790	\$ 3,465,790

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, 2011

	<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	\$ (919,327)
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.	\$ (232,512)
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.	\$ 176,395
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>(1,460,699)</u>
Change in net assets of governmental activities	<u><u>\$ (2,436,143)</u></u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY SOURCE
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 26

	<u>COMPONENT UNIT- SCHOOL BOARD</u>
CAPITAL ASSETS:	
Land	\$ 1,358,879
Building and Building Improvements	56,240,988
Equipment	<u>7,953,796</u>
TOTAL CAPITAL ASSETS	<u>\$ 65,553,663</u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE:	
Primary Government Revenues	<u>65,553,663</u>
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 65,553,663</u>

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT 27

	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
EDUCATION	<u>\$ 1,358,879</u>	<u>\$ 56,240,988</u>	<u>\$ 7,953,796</u>	<u>\$ 65,553,663</u>
TOTAL	<u><u>\$ 1,358,879</u></u>	<u><u>\$ 56,240,988</u></u>	<u><u>\$ 7,953,796</u></u>	<u><u>\$ 65,553,663</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, 2011

EXHIBIT 28

	<u>CAPITAL ASSETS JULY 1, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>CAPITAL ASSETS JUNE 30, 2011</u>
EDUCATION	<u>\$ 63,939,260</u>	<u>\$ 4,987,346</u>	<u>\$ 3,372,943</u>	<u>\$ 65,553,663</u>
TOTAL	<u><u>\$ 63,939,260</u></u>	<u><u>\$ 4,987,346</u></u>	<u><u>\$ 3,372,943</u></u>	<u><u>\$ 65,553,663</u></u>

COUNTY OF WISE, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2011

EXHIBIT 29

GOVERNMENTAL FUNDS					
<u>ASSETS</u>	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	TOTALS
Cash	\$ 2,990	\$ 39,045	\$ 66,219	\$ 22,075	\$ 130,329
Petty Cash	200	-	-	-	200
Investments	-	1,264,576	787,441	1,292,432	3,344,449
Accounts Receivable	193,085	5,416	5,416	-	203,917
Due From Other Governmental Units	2,278,454	8,285	-	-	2,286,739
Due From Other Funds	-	-	-	-	-
Fixed Assets (Net of Accumulated Depreciation)	-	-	-	-	-
Amount to Be Provided For the Retirement of General Long-Term Obligations	-	-	-	-	-
TOTAL ASSETS	\$ 2,474,729	\$ 1,317,322	\$ 859,076	\$ 1,314,507	5,965,634
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,032,372	\$ 25,315	\$ -	\$ -	1,057,687
Due To Other Funds	1,442,157	-	-	-	1,442,157
Claims, Judgments & Compensated Absences	-	-	-	-	-
State Literary Fund Loans	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-
TOTAL LIABILITIES	\$ 2,474,529	\$ 25,315	\$ -	\$ -	2,499,844
<u>FUND EQUITY</u>					
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	-
FUND BALANCES:					
Restricted	200	1,292,007	859,076	1,314,507	3,465,790
TOTAL FUND EQUITY	\$ 200	\$ 1,292,007	\$ 859,076	\$ 1,314,507	3,465,790
TOTAL LIABILITIES & FUND EQUITY	\$ 2,474,729	\$ 1,317,322	\$ 859,076	\$ 1,314,507	5,965,634

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, 2011

EXHIBIT 30

	GOVERNMENTAL FUNDS				TOTALS
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	
REVENUES:					
Revenues From Use Of Money & Property	\$ 13,700	\$ 9,929	\$ 14,178	\$ -	\$ 37,807
Charges For Services	131,433	1,040,870	-	-	1,172,303
Miscellaneous	201,644	-	402	17,882	219,928
Recovered Costs	149,661	-	-	-	149,661
Intergovernmental	59,345,538	1,729,382	272,299	-	61,347,219
TOTAL REVENUES	\$ 59,841,976	\$ 2,780,181	\$ 286,879	\$ 17,882	\$ 62,926,918
EXPENDITURES:					
Education	60,481,160	2,563,309	240,435	-	63,284,904
Capital Outlay	-	-	-	561,341	561,341
TOTAL EXPENDITURES	\$ 60,481,160	\$ 2,563,309	\$ 240,435	\$ 561,341	\$ 63,846,245
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (639,184)	\$ 216,872	\$ 46,444	\$ (543,459)	\$ (919,327)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 650,000	\$ 10,816	\$ -	\$ -	\$ 660,816
Operating Transfers Out	(10,816)	-	(500,000)	(150,000)	(660,816)
Proceeds From Debt	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 639,184	\$ 10,816	\$ (500,000)	\$ (150,000)	\$ -
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ -	\$ 227,688	\$ (453,556)	\$ (693,459)	\$ (919,327)
FUND BALANCE AT BEGINNING OF YEAR	200	1,064,319	1,312,632	2,007,966	4,385,117
FUND BALANCE AT END OF YEAR	\$ 200	\$ 1,292,007	\$ 859,076	\$ 1,314,507	\$ 3,465,790

SUPPLEMENTARY SCHEDULE

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 9,375,000	\$ 9,375,000	\$ 10,036,902	\$ 661,902
Service Corporation Taxes	3,108,250	3,108,250	2,739,191	(369,059)
Personal Property Taxes	5,300,000	5,300,000	4,477,130	(822,870)
Machinery & Tool Taxes	3,025,000	3,025,000	3,095,466	70,466
Merchants Capital Taxes	1,000,000	1,000,000	924,420	(75,580)
Mobile Home Taxes	220,000	220,000	212,298	(7,702)
Penalties & Interest	340,000	342,960	383,952	40,992
TOTAL GENERAL PROPERTY TAXES	\$ 22,368,250	\$ 22,371,210	\$ 21,869,359	\$ (501,851)
Other Local Taxes:				
Local Sales & Use Tax	\$ 3,200,000	\$ 3,346,000	\$ 3,391,700	\$ 45,700
Coal Severance Tax	5,060,000	5,172,831	7,221,318	2,048,487
Consumer's Utility Tax	500,000	500,000	473,612	(26,388)
Bank Stock Tax	-	-	10,774	10,774
Consumption Tax	141,000	141,000	171,611	30,611
Taxes on Recordation & Wills	150,000	150,000	116,494	(33,506)
County Decal Licenses	110,000	110,000	102,395	(7,605)
Transient Occupancy Tax	-	-	23,811	23,811
TOTAL OTHER LOCAL TAXES	\$ 9,161,000	\$ 9,419,831	\$ 11,511,715	\$ 2,091,884
Permits, Privilege Fees & Regulatory Licenses:				
Animal Licenses	\$ 10,000	\$ 10,000	\$ 6,417	\$ (3,583)
Permits & Other Licenses	55,000	55,000	49,204	(5,796)
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	\$ 65,000	\$ 65,000	\$ 55,621	\$ (9,379)
Fines & Forfeitures:	\$ 17,000	\$ 17,000	\$ 23,489	\$ 6,489
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ 385,000	\$ 385,000	\$ 470,764	\$ 85,764
Revenue From The Use of Property	72,000	72,000	111,696	39,696
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ 457,000	\$ 457,000	\$ 582,460	\$ 125,460
Charges For Services:				
Charges For Commonwealth's Attorney	\$ 2,500	\$ 2,500	\$ 2,773	\$ 273
Charges For County Offices	-	-	34,680	34,680
Charges For Courthouse Maintenance Fees	-	-	49,858	49,858
Charges For Court	33,000	33,000	12,760	(20,240)
Charges For Health	36,000	36,000	42,773	6,773
Charges For Social Services	187,000	187,000	157,776	(29,224)
TOTAL CHARGES FOR SERVICES	\$ 258,500	\$ 258,500	\$ 300,620	\$ 42,120
Miscellaneous:				
Miscellaneous	\$ 100,000	\$ 222,394	\$ 76,772	\$ (145,622)
TOTAL MISCELLANEOUS REVENUE	\$ 100,000	\$ 222,394	\$ 76,772	\$ (145,622)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 250,000	\$ 250,000	\$ 221,059	\$ (28,941)
Miscellaneous	6,000	22,951	46,394	23,443
TOTAL RECOVERED COSTS	\$ 256,000	\$ 272,951	\$ 267,453	\$ (5,498)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 32,682,750	\$ 33,083,885	\$ 34,687,489	\$ 1,603,604
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Payments in Lieu of Taxes	\$ 216,200	\$ 216,200	\$ 189,571	\$ (26,629)
ABC Profits	-	-	-	-
Wine Taxes	-	-	-	-
Rolling Stock Tax	129,000	129,000	130,691	1,691
Mobile Home Titling Taxes	210,000	210,000	138,203	(71,797)
Recordation Tax	20,000	20,000	62,511	42,511
Personal Property Tax Reimbursement	-	-	1,380,233	1,380,233
Reduction in Aide to Localities	-	-	(251,160)	(251,160)
Miscellaneous	-	-	-	-
Communication Taxes	1,000,000	1,000,000	982,605	(17,395)
Motor Vehicle Rental Tax	4,000	4,000	2,793	(1,207)
TOTAL NON-CATEGORICAL AID	\$ 1,579,200	\$ 1,579,200	\$ 2,635,447	\$ 1,056,247
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 621,183	\$ 621,183	\$ 648,444	\$ 27,261
Sheriff	1,945,301	1,945,301	1,975,792	30,491
Commissioner of Revenue	166,908	166,908	171,080	4,172
Treasurer	136,182	136,182	139,663	3,481
Medical Examiner	-	-	-	-
Jail	-	-	-	-
Registrar/Electoral Board	65,000	65,000	43,128	(21,872)
Clerk of Circuit Court	377,943	440,650	446,915	6,265
TOTAL SHARED EXPENSES	\$ 3,312,517	\$ 3,375,224	\$ 3,425,022	\$ 49,798
Other Categorical Aid:				
Public Assistance & Welfare Administration	\$ 3,704,478	\$ 4,041,088	\$ 3,610,641	\$ (430,447)
M H & R Service Board	4,583,845	4,583,845	3,482,847	(1,100,998)
Community Development-Southern River	-	-	10,931	10,931
Domestic Violence Grant-LLEBG	-	-	2,921	2,921
Circuit Court Clerk State Grant	-	-	-	-
Miscellaneous Grant	2,000	2,000	8,904	6,904
Domestic Violence Grant	-	-	40,000	40,000
Haz-Mat - Emergency Services	-	14,817	30,090	15,273
Haz-Mat - Emergency Services	-	70,000	16,000	(54,000)
SWVA Corrections - Justice	592,094	587,827	587,824	(3)
GIS Wireless	94,110	94,110	11,352	(82,758)
DMV Grant-Equipment	-	-	-	-
Victim Witness Grant - Justice	55,844	55,844	15,774	(40,070)
Cultural Arts Grant	-	5,000	5,000	-
Fire Program Funds	75,000	75,000	78,942	3,942
Four-For-Life Rescue	35,000	35,895	35,895	0
School Resource Officer Grant	166,671	166,671	106,668	(60,003)
TOTAL OTHER CATEGORICAL AID	\$ 9,309,042	\$ 9,732,097	\$ 8,043,789	\$ (1,688,308)
TOTAL CATEGORICAL AID	\$ 12,621,559	\$ 13,107,321	\$ 11,468,811	\$ (1,638,510)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 14,200,759	\$ 14,686,521	\$ 14,104,258	\$ (582,263)
Revenue From The Federal Government:				
Payments in Lieu of Taxes	\$ 38,000	\$ 38,000	\$ 34,370	\$ (3,630)
Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 3,952,894	\$ 3,952,894	\$ 3,539,186	\$ (413,708)
Public Assistance & Welfare-ARRA	-	-	59,705	59,705
M H & R Service Board	-	-	889,785	889,785
Emergency Services-Preparedness	-	44,736	54,946	10,210
Emergency Services-Preparedness	-	5,444	5,000	(444)
Violence Against Women - Justice	-	-	60,503	60,503
Violence Against Women - Justice	-	-	11,575	11,575
Rents and Royalties	-	-	2,425	2,425
Ground Transportation	-	21,300	8,015	(13,285)
Ground Transportation	-	2,921	16,817	13,896
Community Development Grant-Napoleon Hill	200,000	200,000	-	(200,000)
TOTAL CATEGORICAL AID	\$ 4,152,894	\$ 4,227,295	\$ 4,647,957	\$ 420,662
TOTAL REVENUE FROM THE FEDERAL GOVT.	\$ 4,190,894	\$ 4,265,295	\$ 4,682,327	\$ 417,032
TOTAL GENERAL FUND	\$ 51,074,403	\$ 52,035,701	\$ 53,474,074	\$ 1,438,373
Special Revenue Funds:				
Emergency Numbers Funds:				
Revenue From Local Sources:				
Revenue From the Use of Money & Property:				
Revenue From the Use of Money	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ -	\$ -
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Communication Taxes	\$ 74,000	\$ 74,000	\$ 79,268	\$ 5,268
TOTAL NON-CATEGORICAL AID	\$ 74,000	\$ 74,000	\$ 79,268	\$ 5,268
Categorical Aid:				
Department of Technology Planning	65,000	65,000	39,153	(25,847)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 139,000	\$ 139,000	\$ 118,421	\$ (20,579)
TOTAL EMERGENCY NUMBERS FUND	\$ 139,000	\$ 139,000	\$ 118,421	\$ (20,579)
Law Library Fund:				
Revenue From Local Sources:				
Charges For Services:				
Charges For Law Library	\$ 12,500	\$ 12,500	\$ 12,482	\$ (18)
TOTAL LAW LIBRARY FUND	\$ 12,500	\$ 12,500	\$ 12,482	\$ (18)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
Special Revenue Fund:				
Coal Road Improvement Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Coal Severance Tax	\$ 4,400,000	\$ 4,400,000	\$ 6,880,473	\$ 2,480,473
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 104,346	\$ 104,346
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 247,183	\$ 247,183
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 4,400,000	\$ 4,400,000	\$ 7,232,002	\$ 2,832,002
Drug Seizure & Forfeiture and Special Funds:				
Sheriff Department:				
Revenue From Local Sources:				
Fines & Forfeitures:				
Fines & Forfeitures	\$ -	\$ -	\$ 5,534	\$ 5,534
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 119,226	\$ 119,226
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 124,760	\$ 124,760
TOTAL DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	\$ -	\$ -	\$ 124,760	\$ 124,760
Transient Occupancy Tax Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Transient Occupancy Tax	\$ -	\$ -	\$ 35,745	\$ 35,745
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 19	\$ 19
TOTAL TRANSIENT OCCUPANCY TAX FUND	\$ -	\$ -	\$ 35,764	\$ 35,764
Dog & Cat Sterilization Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ 2,900	\$ 2,900	\$ 1,288	\$ (1,612)
TOTAL REVENUE FROM LOCAL	\$ 2,900	\$ 2,900	\$ 1,288	\$ (1,612)
TOTAL DOG & CAT STERILIZATION FUND	\$ 2,900	\$ 2,900	\$ 1,288	\$ (1,612)
Community Corrections Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 16,600	\$ 16,600
TOTAL REVENUE FROM LOCAL	\$ -	\$ -	\$ 16,600	\$ 16,600
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ 16,600	\$ 16,600
Wise Development Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE FROM LOCAL	\$ -	\$ -	\$ -	\$ -

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
Revenue From The Federal Government:				
Categorical Aid:				
Research Cooperative Agreement-NASA	\$ 770,250	\$ 770,250	\$ 512,780	\$ (257,470)
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ 770,250</u>	<u>\$ 770,250</u>	<u>\$ 512,780</u>	<u>\$ (257,470)</u>
TOTAL WISE DEVELOPMENT FUND	<u>\$ 770,250</u>	<u>\$ 770,250</u>	<u>\$ 512,780</u>	<u>\$ (257,470)</u>
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Software Engineering Initiative Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE FROM LOCAL SOURC	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL SOFTWARE ENGINEERING INITIATIVE FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community Development Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 25,978	\$ 25,978
TOTAL REVENUE FROM LOCAL SOURC	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,978</u>	<u>\$ 25,978</u>
Revenue From The Commonwealth:				
Categorical Aid:				
Bold Camp Sewer Project	-	-	732,935	732,935
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,935</u>	<u>\$ 732,935</u>
Revenue From The Federal Government:				
Categorical Aid:				
Bold Camp Sewer Project	\$ -	\$ -	\$ 947,090	\$ 947,090
Stephens Guest River Project	-	-	785,236	785,236
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,732,326</u>	<u>\$ 1,732,326</u>
TOTAL COMMUNITY DEVELOPMENT FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,491,239</u>	<u>\$ 2,491,239</u>
TOTAL SPECIAL REVENUE FUNDS	<u>\$ 5,324,650</u>	<u>\$ 5,324,650</u>	<u>\$ 10,545,336</u>	<u>\$ 5,220,686</u>
GRAND TOTAL REVENUES - PRIMARY GOVERNMENT	<u>\$ 56,399,053</u>	<u>\$ 57,360,351</u>	<u>\$ 64,019,410</u>	<u>\$ 6,659,059</u>
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money &				
Property:				
Revenue From The Use of Property	\$ 28,000	\$ 28,000	\$ 13,700	\$ (14,300)
Charges For Services:				
Charges For Education	\$ 12,500	\$ 12,500	\$ 131,433	\$ 118,933
Miscellaneous Revenue:				
Miscellaneous	\$ 2,687,400	\$ 2,687,400	\$ 201,644	\$ (2,485,756)
Recovered Costs:				
Payments From Other Localities	\$ 355,700	\$ 355,700	\$ 149,661	\$ (206,039)
TOTAL REVENUE FROM LOCAL SOURCES	<u>\$ 3,083,600</u>	<u>\$ 3,083,600</u>	<u>\$ 496,438</u>	<u>\$ (2,587,162)</u>

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 15,071,900	\$ 15,071,900	\$ 15,890,057	\$ 818,157
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ 15,071,900	\$ 15,071,900	\$ 15,890,057	\$ 818,157
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From The Commonwealth:				
Categorical Aid:				
Share of State Sales & Use Taxes	\$ 5,617,200	\$ 5,617,200	\$ 5,863,436	\$ 246,236
Basic School Aid	21,384,600	21,384,600	20,237,953	(1,146,647)
Remedial Education SOQ	757,100	757,100	756,673	(427)
Remedial Education - Summer	98,100	98,100	80,652	(17,448)
Gifted SOQ	233,300	233,300	233,221	(79)
Special Education	2,153,300	2,153,300	2,021,250	(132,050)
Vocational Education	1,115,800	1,115,800	979,529	(136,271)
Vocational Education-Adult	-	-	44,164	44,164
Vocational Education-Equip Replacement	-	-	12,511	12,511
Share of Fringe Benefits	2,198,700	2,198,700	2,197,462	(1,238)
Reading Intervention	125,700	125,700	128,214	2,514
Governors/Magnet Schools	74,800	74,800	74,810	10
Electronic Classroom	453,300	453,300	-	(453,300)
SOL Algebra Readiness	103,700	103,700	106,134	2,434
Alternative Education	266,300	266,300	266,297	(3)
Primary Class Size/K-3 Initiative	908,500	908,500	884,063	(24,437)
Foster Care Children - Regular	-	-	8,933	8,933
Foster Care Children - Special Ed	-	-	15,221	15,221
Support For Schools	317,100	317,100	325,964	8,864
Adult Literacy	425,700	425,700	284,972	(140,728)
Adult Occupational Prep & Equipment	-	-	75,696	75,696
Adult Secondary	-	-	26,747	26,747
GED Prep Program - ISAFP	23,600	23,600	23,576	(24)
GED	-	-	59,783	59,783
GED Testing	-	-	8,256	8,256
Enrollment Loss	-	-	-	-
At Risk	863,100	863,100	863,490	390
At Risk - Four-Year Olds	540,500	540,500	540,459	(41)
Technology Initiative	466,000	466,000	440,000	(26,000)
Homebound	-	-	90,279	90,279
Middle School Teacher Corps	-	-	10,000	10,000
Leadership Development Grants	-	-	-	-
English As A Second Language (ESL)	-	-	33,729	33,729
Project Graduation	-	-	75,000	75,000
Project Graduation	-	-	46,707	46,707
Mentor Teacher HTS	4,300	4,300	-	(4,300)
Industry Certification	-	-	9,405	9,405
Teacher Incentive-Mentor	-	-	-	-
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 38,130,700	\$ 38,130,700	\$ 36,824,586	\$ (1,306,114)
Revenue From The Federal Government:				
Categorical Aid:				
Adult Literacy	\$ 331,500	\$ 331,500	\$ 227,144	\$ (104,356)
Title I	3,084,500	3,084,500	1,994,969	(1,089,531)
Title II - Part A	23,200	23,200	464,915	441,715
Title II - Ed Technology / Part D	260,600	260,600	51,263	(209,337)
Forest Reserve	20,000	20,000	62,265	42,265
AFROTC	-	-	54,730	54,730
Homeless	515,300	515,300	29,258	(486,042)
National Community Service	-	-	-	-
Drug Free Schools	-	-	4,749	4,749
Title VI - B - Flow Through	1,463,700	1,463,700	989,567	(474,133)
Vocational Education	159,400	159,400	167,651	8,251
Title IV Part A, Subpart I / Drug Free	17,200	17,200	-	(17,200)
Title V-A Innovative Programs	-	-	-	-
Federal Stimulus (Titles I, VI, Voc Ed)	1,469,800	1,469,800	2,237,689	767,889
Title X Grant - 21st Century	485,000	485,000	210,480	(274,520)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

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	-	-	122,659	122,659
Crude Oil Overbill (Department of Energy)	-	-	-	-
Pre-School Special Education	-	-	13,556	13,556
Peace Project	-	-	-	-
Hammer	-	-	-	-
TOTAL CATEGORICAL AID	<u>\$ 7,830,200</u>	<u>\$ 7,830,200</u>	<u>\$ 6,630,895</u>	<u>\$ (1,199,305)</u>
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ 7,830,200</u>	<u>\$ 7,830,200</u>	<u>\$ 6,630,895</u>	<u>\$ (1,199,305)</u>
Debt Service:				
Revenue from Commonwealth:				
Categorical Aid:				
Lottery Funds	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>
TOTAL CATEGORICAL AID	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>
TOTAL SCHOOL OPERATING FUND	<u>\$ 64,266,400</u>	<u>\$ 64,266,400</u>	<u>\$ 59,841,976</u>	<u>\$ (4,424,424)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,929</u>	<u>\$ 9,929</u>
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,929</u>	<u>\$ 9,929</u>
Charges For Services:				
Cafeteria Sales	<u>\$ 1,385,600</u>	<u>\$ 1,385,600</u>	<u>\$ 1,040,870</u>	<u>\$ (344,730)</u>
TOTAL REVENUE FROM LOCAL SOURCES	<u>\$ 1,385,600</u>	<u>\$ 1,385,600</u>	<u>\$ 1,050,799</u>	<u>\$ (334,801)</u>
Revenue From The Commonwealth:				
Categorical Aid:				
School Food	<u>\$ 51,600</u>	<u>\$ 51,600</u>	<u>\$ 52,229</u>	<u>\$ 629</u>
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 51,600</u>	<u>\$ 51,600</u>	<u>\$ 52,229</u>	<u>\$ 629</u>
Revenue From The Federal Government:				
Categorical Aid:				
School Food Program Grant	<u>\$ 1,575,000</u>	<u>\$ 1,575,000</u>	<u>\$ 1,677,153</u>	<u>\$ 102,153</u>
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ 1,575,000</u>	<u>\$ 1,575,000</u>	<u>\$ 1,677,153</u>	<u>\$ 102,153</u>
TOTAL SCHOOL CAFETERIA FUND	<u>\$ 3,012,200</u>	<u>\$ 3,012,200</u>	<u>\$ 2,780,181</u>	<u>\$ (232,019)</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
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	\$ -	\$ -	\$ 14,178	\$ 14,178
Miscellaneous	\$ 500,000	\$ 500,000	\$ 402	\$ (499,598)
TOTAL FROM LOCAL SOURCES	\$ 500,000	\$ 500,000	\$ 14,580	\$ (485,420)
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ -	\$ -	\$ -
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ -	\$ -	\$ -	\$ -
Revenue From The Commonwealth:				
Categorical Aid:				
Total Rental Payments	\$ 272,500	\$ 272,500	\$ 272,299	\$ (201)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 272,500	\$ 272,500	\$ 272,299	\$ (201)
TOTAL TEXTBOOK RENTAL FUND	\$ 772,500	\$ 772,500	\$ 286,879	\$ (485,621)
TOTAL SPECIAL REVENUE FUNDS	\$ 68,051,100	\$ 68,051,100	\$ 62,909,036	\$ (5,142,064)
School Capital Project Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Miscellaneous	\$ 2,000,000	\$ 2,000,000	\$ 17,882	\$ (1,982,118)
TOTAL FROM LOCAL SOURCES	\$ 2,000,000	\$ 2,000,000	\$ 17,882	\$ (1,982,118)
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ -	\$ -	\$ -
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ -	\$ -	\$ -	\$ -
Revenue From The Commonwealth:				
Categorical Aid:				
Subsidy Grant Funds	\$ -	\$ -	\$ -	\$ -
Public School Construction	-	-	-	-
TOTAL REVENUE FROM THE COMMONWEALTH	\$ -	\$ -	\$ -	\$ -
TOTAL CAPITAL OUTLAY FUND	\$ 2,000,000	\$ 2,000,000	\$ 17,882	\$ (1,982,118)
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	\$ 70,051,100	\$ 70,051,100	\$ 62,926,918	\$ (7,124,182)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DESCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 352,350	\$ 395,350	361,592	\$ 33,758
General & Financial Administration:				
County Administrator	\$ 520,680	\$ 508,239	\$ 497,525	\$ 10,714
Legal Services	211,756	467,402	460,318	7,084
Commissioner Of Revenue	544,785	549,952	556,636	(6,684)
Assessor	199,778	202,038	206,260	(4,222)
Data Processing	310,555	311,847	277,856	33,991
Treasurer	554,784	563,234	538,172	25,062
Geographic Information	302,080	322,340	222,976	99,364
TOTAL GENERAL & FINANCIAL ADMINISTRATION	\$ 2,644,417	\$ 2,925,052	\$ 2,759,743	\$ 165,309
Board Of Elections:				
Electoral Board & Officials	\$ 69,990	\$ 69,990	\$ 44,426	\$ 25,564
Registrar	115,585	116,877	114,095	2,782
TOTAL BOARD OF ELECTIONS	\$ 185,575	\$ 186,867	\$ 158,521	\$ 28,346
TOTAL GENERAL GOVERNMENT ADMINISTRATION	\$ 3,182,342	\$ 3,507,268	\$ 3,279,856	\$ 227,412
Judicial Administration:				
Courts:				
Clerk Of The Circuit Court	\$ 800,850	\$ 896,857	\$ 885,642	\$ 11,215
District Court	9,175	9,175	8,308	867
Magistrate	3,190	3,190	2,823	367
Juvenile & Domestic Relations Court	526,875	526,875	524,793	2,082
Sheriff	377,270	379,531	249,085	130,446
TOTAL COURTS	\$ 1,717,360	\$ 1,815,628	\$ 1,670,651	\$ 144,977
Commonwealth Attorney	\$ 1,049,775	\$ 1,058,495	\$ 979,491	\$ 79,004
Victim Witness Protection	55,969	56,938	56,305	633
TOTAL JUDICIAL ADMINISTRATION	\$ 2,823,104	\$ 2,931,060	\$ 2,706,447	\$ 224,613
Public Safety:				
Law Enforcement & Traffic Control:				
Sheriff	\$ 3,209,590	\$ 3,340,367	\$ 3,475,841	\$ (135,474)
Dispatcher/E911	283,655	286,239	227,585	58,654
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	\$ 3,493,245	\$ 3,626,606	\$ 3,703,426	\$ (76,820)
Fire & Rescue Services:				
Fire & Rescue Departments	\$ 544,800	\$ 553,195	\$ 546,713	\$ 6,482
TOTAL FIRE & RESCUE SERVICES	\$ 544,800	\$ 553,195	\$ 546,713	\$ 6,482
Correction & Detention:				
SWVA Community Corrections Center	\$ 592,091	\$ 587,824	\$ 587,724	\$ 100
SW Regional Jail Authority	2,778,769	2,778,769	2,237,320	541,449

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 3,370,860	\$ 3,366,593	\$ 2,825,044	\$ 541,549
Inspections:				
Building Inspector	\$ 302,170	\$ 288,753	\$ 258,636	\$ 30,117
TOTAL INSPECTIONS	\$ 302,170	\$ 288,753	\$ 258,636	\$ 30,117
Other Protection:				
Emergency Services	\$ 46,125	\$ 135,732	\$ 105,567	\$ 30,165
Animal Control	263,001	265,908	274,810	(8,902)
TOTAL OTHER PROTECTION	\$ 309,126	\$ 401,640	\$ 380,377	\$ 21,263
TOTAL PUBLIC SAFETY	\$ 8,020,200	\$ 8,236,786	\$ 7,714,196	\$ 522,590
Public Works:				
Maintenance Of Buildings & Grounds:				
General Properties	\$ 620,298	\$ 719,977	\$ 709,083	\$ 10,894
TOTAL PUBLIC WORKS	\$ 620,298	\$ 719,977	\$ 709,083	\$ 10,894
Welfare/Social Services:				
Health & Welfare:				
Health:				
Supplement To Local Health Department	\$ 491,234	\$ 491,234	\$ 475,638	\$ 15,596
TOTAL HEALTH	\$ 491,234	\$ 491,234	\$ 475,638	\$ 15,596
Mental Health & Mental Retardation:				
Mental Health	4,718,700	4,718,700	4,514,317	204,383
TOTAL MENTAL HEALTH & MENTAL RETARDATION	\$ 4,718,700	\$ 4,718,700	\$ 4,514,317	\$ 204,383
Welfare/Social Services:				
Welfare Administration	\$ 8,223,283	\$ 8,672,724	\$ 8,553,183	\$ 119,541
Property Tax Relief for Elderly	-	-	349,007	(349,007)
MEOC	-	-	-	-
Youth Service Board	25,000	25,000	25,000	-
Agency On Aging	80,300	80,300	77,800	2,500
Group Home	-	-	-	-
TOTAL WELFARE/SOCIAL SERVICES	\$ 8,328,583	\$ 8,778,024	\$ 9,004,990	\$ (226,966)
TOTAL HEALTH & WELFARE	\$ 13,538,517	\$ 13,987,958	\$ 13,994,945	\$ (6,987)
Education:				
Local Public Schools	\$ 15,071,900	\$ 15,071,900	\$ 15,890,057	\$ (818,157)
UVA-Engineering Project	-	-	-	-
Community Colleges	56,460	56,460	56,460	-
TOTAL EDUCATION	\$ 15,128,360	\$ 15,128,360	\$ 15,946,517	\$ (818,157)

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	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
TOTAL PARKS & RECREATION	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Library:				
Contributions To Local Libraries	\$ 829,890	\$ 845,284	\$ 845,284	\$ 0
TOTAL LIBRARY	<u>\$ 829,890</u>	<u>\$ 845,284</u>	<u>\$ 845,284</u>	<u>\$ 0</u>
Cultural:				
Pro-Art Association	\$ -	\$ -	\$ -	\$ -
TOTAL CULTURAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL PARKS, RECREATION & CULTURAL	<u>\$ 879,890</u>	<u>\$ 895,284</u>	<u>\$ 895,284</u>	<u>\$ 0</u>
Planning & Community Development:				
Economic Development	\$ 324,805	\$ 575,451	\$ 525,174	\$ 50,277
Economic & Community Development	166,235	169,437	273,304	(103,867)
Housing Authority	25,000	25,000	25,000	-
Cumberland Airport Commission	123,000	123,000	123,000	-
Lenowisco	66,684	66,684	66,684	-
Planning Commission	9,300	9,300	7,825	1,475
Industrial Development Authority	1,671,000	1,671,000	1,227,579	443,421
Music Trail-Crooked Road	-	-	-	-
CEDA - Tourism	-	-	-	-
TOTAL PLANNING & COMMUNITY DEVELOPMENT	<u>\$ 2,386,024</u>	<u>\$ 2,639,872</u>	<u>\$ 2,248,566</u>	<u>\$ 391,306</u>
Community Development:				
Cooperative Extension Program:				
VPI & SU Extension Office	\$ 104,110	\$ 104,756	\$ 68,546	\$ 36,210
TOTAL COOPERATIVE EXTENSION PROGRAM	<u>\$ 104,110</u>	<u>\$ 104,756</u>	<u>\$ 68,546</u>	<u>\$ 36,210</u>
TOTAL COMMUNITY DEVELOPMENT	<u>\$ 2,490,134</u>	<u>\$ 2,744,628</u>	<u>\$ 2,317,112</u>	<u>\$ 427,516</u>
Non-Departmental:				
Non-Departmental	\$ 96,372	\$ 105,717	\$ 75,140	\$ 30,577
TOTAL NON-DEPARTMENTAL	<u>\$ 96,372</u>	<u>\$ 105,717</u>	<u>\$ 75,140</u>	<u>\$ 30,577</u>
Debt Service:				
Principal Retirement	\$ 430,594	\$ 417,019	\$ 541,461	\$ (124,442)
Interest & Fiscal Charges	45,200	43,776	196,450	(152,674)
TOTAL DEBT SERVICE	<u>\$ 475,794</u>	<u>\$ 460,795</u>	<u>\$ 737,911</u>	<u>\$ (277,116)</u>
TOTAL GENERAL FUND	<u>\$ 47,255,011</u>	<u>\$ 48,717,834</u>	<u>\$ 48,376,491</u>	<u>\$ 341,343</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 8,915	\$ 3,585
TOTAL LAW LIBRARY FUND	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ 8,915</u>	<u>\$ 3,585</u>
Coal Road Improvement Fund:				
General Government Administration	\$ -	\$ -	\$ 132	\$ (132)
Public Works:				
Maintenance Of Highways, Streets, Bridges & Sidewalks:				
Coal Road Projects	\$ 100,000	\$ 100,000	\$ 143,266	\$ (43,266)
TOTAL PUBLIC WORKS	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 143,266</u>	<u>\$ (43,266)</u>
Community Development:				
Distribution to Towns	\$ 880,000	\$ 880,000	\$ 1,279,809	\$ (399,809)
Community Development	<u>3,420,000</u>	<u>8,924,490</u>	<u>7,366,327</u>	<u>1,558,163</u>
TOTAL COMMUNITY DEVELOPMENT	<u>\$ 4,300,000</u>	<u>\$ 9,804,490</u>	<u>\$ 8,646,136</u>	<u>\$ 1,158,354</u>
TOTAL COAL ROAD IMPROVEMENT FUND	<u>\$ 4,400,000</u>	<u>\$ 9,904,490</u>	<u>\$ 8,789,534</u>	<u>\$ 1,114,956</u>
Emergency Numbers Fund:				
Public Safety:				
Law Enforcement & Traffic Control:				
911 System	\$ 383,980	\$ 382,965	\$ 376,232	\$ 6,733
TOTAL PUBLIC SAFETY	<u>\$ 383,980</u>	<u>\$ 382,965</u>	<u>\$ 376,232</u>	<u>\$ 6,733</u>
TOTAL EMERGENCY NUMBERS FUND	<u>\$ 383,980</u>	<u>\$ 382,965</u>	<u>\$ 376,232</u>	<u>\$ 6,733</u>
Drug Seizure & Forfeiture and Special Funds:				
Sheriff Department:				
Public Safety:				
Sheriff	\$ -	\$ -	\$ 127,489	\$ (127,489)
TOTAL PUBLIC SAFETY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,489</u>	<u>\$ (127,489)</u>
TOTAL DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,489</u>	<u>\$ (127,489)</u>
Dog & Cat Sterilization Fund:				
Public Safety				
Other Protection:				
Animal Control	\$ 2,500	\$ 2,500	\$ 2,366	\$ (134)
TOTAL PUBLIC SAFETY	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,366</u>	<u>\$ (134)</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

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:				
TOTAL DOG & CAT STERILIZATION FUND	\$ 2,500	\$ 2,500	\$ 2,366	\$ 134
Information Technology Improvement Fund:				
Community Development:				
Technology	\$ -	\$ -	\$ -	\$ -
TOTAL INFORMATION TECHNOLOGY IMPROVEMENT FUND	\$ -	\$ -	\$ -	\$ -
TOTAL INFORMATION TECHNOLOGY FUND	\$ -	\$ -	\$ -	\$ -
Community Corrections Fund:				
Community Development:				
Public Safety	\$ -	\$ -	\$ -	\$ -
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ -	\$ -
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ -	\$ -
Wise Development Fund:				
Community Development:				
Community Project	\$ 770,035	\$ 770,250	\$ 641,632	\$ 128,618
TOTAL COMMUNITY DEVELOPMENT	\$ 770,035	\$ 770,250	\$ 641,632	\$ 128,618
TOTAL WISE DEVELOPMENT FUND	\$ 770,035	\$ 770,250	\$ 641,632	\$ 128,618
Transient Occupancy Fund:				
Community Development:				
Community Project	\$ -	\$ 1,600	\$ 30,524	\$ (28,924)
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ 1,600	\$ 30,524	\$ (28,924)
TOTAL TRANSIENT OCCUPANCY FUND	\$ -	\$ 1,600	\$ 30,524	\$ (28,924)
Software Engineering Initiative Fund				
Community Development:				
Community Project	\$ -	\$ 1,600	\$ 43,658	\$ (42,058)
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ 1,600	\$ 43,658	\$ (42,058)
TOTAL SOFTWARE ENGINEERING INITIATIVE FUND	\$ -	\$ 1,600	\$ 43,658	\$ (42,058)
Community Development Fund:				
Community Development:				
Courthouse Renovation Project	\$ -	\$ -	\$ -	\$ -
Bold Camp Sewer Project	-	-	1,579,509	(1,579,509)
Stephens Guest River Project	-	-	785,236	(785,236)
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ -	\$ 2,364,745	\$ (2,364,745)
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 2,364,745	\$ (2,364,745)
TOTAL SPECIAL REVENUE FUNDS	\$ 5,569,015	\$ 11,075,905	\$ 12,385,095	\$ (1,309,190)
GRAND TOTAL EXPENDITURES - PRIMARY GOVERNMENT	\$ 52,824,026	\$ 59,793,739	\$ 60,761,586	\$ (967,847)

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:				
Education:				
Administration Of Schools	\$ 890,600	\$ 890,600	\$ 722,523	\$ 168,077
Instruction Costs:				
Classroom	\$ 40,774,100	\$ 40,774,100	\$ 38,288,673	\$ 2,485,427
Instructional Support:				
Student	1,549,000	1,549,000	1,634,096	(85,096)
Staff	3,160,600	3,160,600	3,137,520	23,080
Administration	1,950,000	1,950,000	3,942,901	(1,992,901)
TOTAL INSTRUCTION COSTS	<u>\$ 47,433,700</u>	<u>\$ 47,433,700</u>	<u>\$ 47,003,190</u>	<u>\$ 430,510</u>
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Operating Costs:				
Attendance & Health Services	\$ 984,400	\$ 984,400	\$ 1,063,982	\$ (79,582)
Pupil Transportation	3,424,900	3,424,900	2,686,107	738,793
Operation & Maintenance Of School Plant	5,384,200	5,384,200	5,463,361	(79,161)
Technology	2,151,600	2,151,600	1,617,384	534,216
Non-Instructional	3,166,700	3,166,700	594,833	2,571,867
TOTAL OPERATING COSTS	<u>\$ 15,111,800</u>	<u>\$ 15,111,800</u>	<u>\$ 11,425,667</u>	<u>\$ 3,686,133</u>
TOTAL EDUCATION	<u>\$ 63,436,100</u>	<u>\$ 63,436,100</u>	<u>\$ 59,151,380</u>	<u>\$ 4,284,720</u>
Debt Service:				
Principal Retirement	\$ 921,800	\$ 921,800	\$ 921,825	\$ (25)
Interest & Fiscal Charges	408,500	408,500	407,955	545
TOTAL DEBT SERVICE	<u>\$ 1,330,300</u>	<u>\$ 1,330,300</u>	<u>\$ 1,329,780</u>	<u>\$ 520</u>
TOTAL SCHOOL OPERATING FUND	<u>\$ 64,766,400</u>	<u>\$ 64,766,400</u>	<u>\$ 60,481,160</u>	<u>\$ 4,285,240</u>
School Cafeteria Fund:				
Education:				
Operating Costs	\$ 3,012,200	\$ 3,012,200	\$ 2,563,309	\$ 448,891
TOTAL SCHOOL CAFETERIA FUND	<u>\$ 3,012,200</u>	<u>\$ 3,012,200</u>	<u>\$ 2,563,309</u>	<u>\$ 448,891</u>
Textbook Rental Fund:				
Education:				
Operating Costs	\$ 522,500	\$ 522,500	\$ 240,435	\$ 282,065
TOTAL TEXTBOOK RENTAL FUND	<u>\$ 522,500</u>	<u>\$ 522,500</u>	<u>\$ 240,435</u>	<u>\$ 282,065</u>
Capital Project Fund:				
School Construction:				
Capital Outlays	800,000	800,000	561,341	\$ 238,659
Contingency	\$ 1,200,000	\$ 1,200,000	\$ -	\$ 1,200,000
TOTAL SCHOOL CONSTRUCTION	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 561,341</u>	<u>\$ 1,438,659</u>
TOTAL CAPITAL PROJECT FUND	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 561,341</u>	<u>\$ 1,438,659</u>
GRAND TOTAL EXPENDITURES, COMPONENT UNIT - SCHOOL BOARD	<u>\$ 70,301,100</u>	<u>\$ 70,301,100</u>	<u>\$ 63,846,245</u>	<u>\$ 6,454,855</u>

COUNTY OF WISE, VIRGINIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR COUNTY
 JUNE 30, 2011

SCHEDULE 3

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, 2010	\$35,964,789	\$44,270,387	\$8,305,598	81.24%	\$9,476,611	87.64%
June 30, 2009	\$35,787,336	\$40,263,087	\$4,475,751	88.88%	\$9,572,846	46.75%
June 30, 2008	\$35,056,452	\$37,130,428	\$2,073,976	94.41%	\$9,102,239	22.79%
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, 2010	\$8,235,880	\$11,957,409	\$3,721,529	68.88%	\$2,013,628	184.82%
June 30, 2009	\$8,299,143	\$10,945,237	\$2,646,094	75.82%	\$2,090,400	126.58%
June 30, 2008	\$8,220,987	\$10,010,334	\$1,789,347	82.13%	\$1,916,646	93.36%
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%

STATISTICAL SCHEDULES

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

SCHEDULE 4

FISCAL YEAR	GENERAL PROPERTY TAXES	OTHER LOCAL TAXES	PERMIT, PRIVILEGE FEES AND REGULATORY LICENSES	FINES & FORFEITURES	REVENUE FROM USE OF MONEY AND PROPERTY
2010-11	\$ 21,869,359	\$ 18,427,933	\$ 55,621	\$ 29,023	\$ 724,632
2009-10	18,726,850	15,906,381	50,992	35,352	472,975
2008-09	18,116,122	18,924,049	69,524	40,603	1,075,909
2007-08	17,916,509	17,164,312	54,549	66,143	1,113,532
2006-07	17,004,359	16,201,166	51,681	69,353	1,299,948
2005-06	17,145,306	17,184,970	80,303	77,620	1,025,314
2004-05	16,057,621	15,941,319	65,871	30,617	452,287
2003-04	14,012,432	12,846,072	72,344	32,720	245,191
2002-03	12,690,890	10,852,884	102,136	28,675	232,917
2001-02	11,748,220	10,939,149	50,295	4,347	360,656

FISCAL YEAR	CHARGES FOR SERVICES	MISCELLANEOUS	RECOVERED COSTS	INTER- GOVERNMENTAL	TOTAL
2010-11	\$ 1,485,405	\$ 689,093	\$ 417,114	\$ 83,230,266	\$ 126,928,446
2009-10	1,629,097	1,274,689	390,135	89,632,813	128,119,284
2008-09	1,357,206	2,175,678	682,036	86,669,949	129,111,076
2007-08	1,414,365	1,350,269	455,399	83,031,348	122,566,426
2006-07	1,291,195	530,450	502,072	80,807,592	117,757,816
2005-06	1,196,407	662,857	402,123	76,554,141	114,329,041
2004-05	1,259,067	587,221	665,678	75,748,924	110,808,605
2003-04	1,244,203	1,017,386	724,298	72,647,211	102,841,857
2002-03	1,172,673	306,224	715,021	57,636,789	83,738,209
2001-02	1,359,270	261,069	773,571	50,218,574	75,715,151

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

SCHEDULE 5

FISCAL YEAR	GENERAL ADMINISTRATION	JUDICIAL ADMINISTRATION	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	EDUCATION
2010-11	\$ 3,279,988	\$ 2,715,362	\$ 8,220,283	\$ 852,349	\$ 13,994,945	\$ 79,231,421
2009-10	2,991,817	2,669,072	7,530,719	1,841,285	13,879,772	84,472,780
2008-09	2,974,848	2,598,386	7,246,622	1,628,213	13,999,745	93,285,331
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

FISCAL YEAR	PARKS, RECREATION & CULTURAL	COMMUNITY DEVELOPMENT	CAPITAL PROJECT	DEBT SERVICE	TOTALS
2010-11	\$ 895,284	\$ 14,043,807	\$ 75,140	\$ 737,911	\$ 124,046,490
2009-10	894,648	7,439,329	268,434	479,134	122,466,990
2008-09	879,848	7,079,993	624,294	522,233	130,839,513
2007-08	857,272	6,802,797	243,705	483,216	117,958,143
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

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

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

SCHEDULE 6

<u>FISCAL YEAR</u>	<u>REAL ESTATE</u>	<u>PERSONAL PROPERTY</u>	<u>MACHINERY AND TOOLS</u>	<u>MERCHANT'S CAPITAL</u>	<u>MOBILE HOMES</u>
2010-11	\$ 1,783,287,784	\$ 414,733,423	\$ 305,819,130	\$ 35,346,281	\$ 41,181,520
2009-10	1,741,463,965	370,590,217	257,961,483	32,586,054	39,163,119
2008-09	1,610,887,320	358,482,416	259,709,887	32,705,319	44,779,700
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

PUBLIC UTILITIES

<u>FISCAL YEAR</u>	<u>PERSONAL PROPERTY</u>	<u>REAL ESTATE</u>	<u>MERCHANT'S CAPITAL</u>	<u>TOTAL</u>
2010-11	\$ 287,561	\$ 589,715,216	\$ 251,089	\$ 3,170,622,004
2009-10	277,470	111,625,698	190,000	2,553,858,006
2008-09	325,916	81,297,579	118,000	2,388,306,137
2007-08	395,768	77,052,759	130,000	2,353,437,955
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

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

SCHEDULE 7

FISCAL YEARS	REAL ESTATE	PERSONAL PROPERTY	MACHINERY & TOOLS	MERCHANT'S CAPITAL	MOBILE HOMES	PUBLIC UTILITIES		
						PERSONAL PROPERTY	REAL ESTATE	MERCHANT'S CAPITAL
2010-11	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2009-10	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2008-09	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2007-08	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2006-07	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2005-06	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2004-05	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2003-04	0.48	1.15	1.15	2.85	0.48	1.15	0.48	0.48
2002-03	0.48	1.15	1.15	2.85	0.48	1.15	0.48	0.48
2001-02	0.52	1.15	1.15	2.85	0.52	1.15	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 FIVE FISCAL YEARS

SCHEDULE 8

FISCAL YEAR	TOTAL (1) TAX LEVY	ADJUSTMENTS TO ORIGINAL LEVY IN CURRENT YEAR	COLLECTIONS WITHIN THE FISCAL YEAR OF THE LEVY	PERCENT OF ORIGINAL LEVY COLLECTED	ADJUSTMENTS TO ORIGINAL LEVY IN SUBSEQUENT YEARS	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL ADJUSTED LEVY	TOTAL COLLECTIONS TO DATE	PERCENT OF TOTAL LEVY COLLECTED
2010-11	\$ 21,231,925	\$ (587,846)	\$ 19,660,958	95.24%	\$ (68,481)	\$ 289,569	\$ 20,575,598	\$ 19,950,527	96.96%
2009-10	20,589,874	(727,940)	18,777,570	94.54%	(145,689)	569,832	19,716,245	19,347,402	98.13%
2008-09	19,789,315	(1,006,993)	18,013,570	95.91%	(58,572)	410,816	18,723,750	18,424,386	98.40%
2007-08	18,745,690	(215,978)	17,826,256	96.20%	14,171	503,244	18,543,883	18,329,500	98.84%
2006-07	18,719,889	(537,241)	17,480,629	96.14%	(18,315)	533,764	18,164,333	18,014,393	99.17%

- Notes:
- (1) The current tax collections also include reimbursement from the Commonwealth under the Personal Property Tax Relief Act.
 - (2) Adjustments to the original levy include exonerations, credits, tax relief, and supplemental assessments.

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

SCHEDULE 9

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (IN THOUSANDS) (2)	GROSS BONDED DEBT (3)	LESS: DEBT SERVICE MONIES AVAILABLE	DEBT PAYABLE FROM ENTERPRISE REVENUES (4)	NET BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2010-11	41,452	\$ 3,170,622,004	\$ 16,797,836	0	\$ 1,192,141	\$ 15,605,695	0.49%	\$ 376.48
2009-10	42,209	2,553,858,006	16,915,254	0	319,530	16,595,724	0.65%	393.18
2008-09	42,209	2,384,049,068	15,214,037	0	539,881	14,674,156	0.62%	347.65
2007-08	42,209	2,353,333,955	15,641,236	0	597,103	15,044,133	0.64%	356.42
2006-07	42,209	2,273,510,738	11,246,545	0	771,850	10,474,695	0.46%	248.16
2005-06	42,209	2,181,467,939	12,776,974	0	936,725	11,840,249	0.54%	280.51
2004-05	42,209	2,263,725,005	12,514,637	0	495,597	12,019,040	0.53%	284.75
2003-04	42,209	2,074,137,816	13,850,603	0	1,095,334	12,755,269	0.61%	317.90
2002-03	42,209	1,867,582,969	14,699,145	0	1,898,410	12,800,735	0.69%	319.03
2001-02	42,209	1,664,447,012	16,523,934	0	2,810,168	13,713,766	0.82%	341.79

Notes:

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

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF LEGAL DEBT MARGIN
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

LEGAL DEBT LIMIT	
10% OF ASSESSED VALUE OF TAXABLE REAL ESTATE (INCLUDING PUBLIC UTILITY REAL ESTATE) (2,373,003,000 x .10)	\$ 237,300,300
DEDUCT	
GROSS BONDED DEBT	<u>15,605,695</u>
LEGAL MARGIN FOR CREATION OF ADDITIONAL DEBT	<u>\$ 221,694,605</u>

COMPLIANCE SECTION



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LARRY D. STURGILL, P. C.

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

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

Supervisors:

I have audited the financial statements of the governmental activities and the business-type activities of the County of Wise, Virginia as of and for the year ended June 30, 2011, and have issued my report thereon dated March 23, 2012, 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 of Wise, Virginia'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, but not for the purpose of expressing an opinion on the effectiveness of the County of Wise, Virginia's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the County of Wise, Virginia's internal control over financial reporting.

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

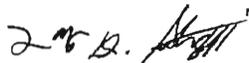
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I consider the deficiency described in the accompanying schedule of findings, responses, and questioned costs (reference 2011-1 through 2011-2) to be material weaknesses in internal control over financial reporting. I noted other matters I consider to be opportunities to strengthen internal controls in a letter to the board dated March 9, 2012.

Compliance

As part of obtaining reasonable assurance about whether the County of Wise, Virginia's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, board of supervisors, others within the entity 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
March 23, 2012

LARRY D. STURGILL, P. C.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCIULAR A-133**

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

Supervisors:

I have audited the County of Wise, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Wise, Virginia's major federal programs for the year ended June 30, 2011. The County of Wise, Virginia's major federal program is 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 program is the responsibility of the County of Wise, Virginia's management. My responsibility is to express an opinion on the County of Wise, Virginia'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 on a major federal program occurred. An audit includes examining, on a test basis, evidence about the

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

County of Wise, Virginia'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 of the County of Wise, Virginia's compliance with those requirements.

In my opinion, the County of Wise, Virginia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

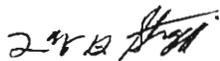
Internal Control over Compliance

Management of the County of Wise, Virginia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the County of Wise, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the County of Wise, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Supervisors, others within the entity, 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
Wise, Virginia
March 23, 2012

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 194,976
Department Of Social Services:		
General Administration - Food Stamp Program (Cluster)	10.561	603,546
Department Of Education:		
National School Lunch Program (SL-4) (SL-11) *	10.555	1,254,757
National School Breakfast *	10.553	414,111
National Summer Feeding Program *	10.555	8,285
Total National School Food (Cluster)		<u>1,677,153</u>
Federal Land Use - Forest Reserve	10.665	62,265
USDA Natural Resources Conservation Service	N/A	-
DEPARTMENT OF HEALTH & HUMAN SERVICES:		
Department of Social Services:		
Pass Through Payments:		
Department of Social Services:		
Admin Energy Assist - LIHEAP	93.568	\$ 49,325
Administration Refuge Other/Eligibility	93.566	245
TANF (Cluster)	93.558	808,430
Foster Care - Title IV-E (Cluster)	93.658	504,034
Adoption Assistance	93.659	382,857
Child Welfare State Grant	93.645	3,035
Administration FAMIS Allocation	93.767	18,338
Medicaid Cluster:		
Administration \ TXIX Allocation-Medical Asst Program	93.778	321,351
Administration \ Administration LSCA-TXIX	93.778	23,917
Central Service Cost Allocation	93.778	-
Administration - Medicaid	93.778	14,747
Total Medicaid (Cluster)		<u>360,016</u>
Child Day Care (Cluster)		
Child Care Dev. Fund - Head Start	93.575	61,156
Child Care Dev. Fund - Head Start- ARRA	93.575	-
Subtotal Child Care Dev. Fund		61,156
Tanf Ed / Trng.: Non Jobs	93.575	560
Tanf Ed / Trng.: Non Jobs ARRA	93.575	-
Subtotal Tanf Ed/ Trng.: Non Jobs		560
Child Care- CCDF	93.596	158,238
Child Care- CCDF- ARRA	93.596	-
Subtotal Child Care- CCDF		<u>158,238</u>
Total Child Day Care (CCDF) (Cluster)		219,954
Chafee Foster Care Independence Pro	93.674	21,452
Chafee Education & Training Vouchers Program	93.599	18,299
Social Service Block Grant	93.667	572,853
Protective Services Promoting Safe and Stable Families	93.556	36,506
Department Of Mental Health and Mental Retardation		
Mental Health Planning **	93.959	663,381
Alcohol Abuse Services (50847-49) **	93.958	104,987
Education Funds** *	84.181	80,377
Education Funds** * ARRA	84.181	41,040
Subtotal Education Funds **		<u>121,417</u>
DEPARTMENT OF INTERIOR:		
Direct Payments:		
Bureau Of Land Management:		
Payment In Lieu Of Taxes - Public Law 97-258, (National Forest Acreage In The Localities)	15.000	36,794
FEDERAL EMERGENCY MANAGEMENT AGENCY:		
Direct Payments:		
State Homeland Security Grant	97.042	59,946
DEPARTMENT OF EDUCATION:		

COUNTY OF WISE, VIRGINIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
Pass Through Payments:		
Department of Education:		
Adult Education - State Administration		
Program (7E002694) (8E002615)	84.002	227,144
ST Fiscal Stabilization ARRA *	84.394	945,488
Education Consolidation & Improvement Act of 1981:		
Title I:		
Financial Assistance To Meet Special Educational Needs Of Disadvantaged Children - Programs Operated By Local Education Agencies (7E005740) (8E00570) *	84.010	1,994,969
ARRA *	84.369	265,831
Title II:		
Part A *	84.367	464,915
Part D- Technology	84.318	51,263
Vocational Education:		
Basic Grants To States (8E002628) (7E002685) (8E002607) (7E002688)	84.048	167,651
Special Projects:		
Drug Free Schools and Communities (7E003333)	84.186	4,749
Twenty First Century Grant	84.287	210,480
IDEA 619 Flow-Through *	84.027	989,567
IDEA 619 Flow-Through Part B ARRA *	84.391	990,463
Pre-School Special Education Part B * ARRA *	84.392	35,907
Pre-School Special Education *	84.173	13,556
Title VI - Rural and Low-Income Schools	84.358	122,659
Title VI Innovative Education	84.298	-
Homeless	84.196	29,258
Learn & Serve	94.004	-
AFROTC	84.999	54,730
Hammer Program	N/A	-
DEPARTMENT OF CRIMINAL JUSTICE SERVICES:		
Violence Against Women	16.588	20,350
Violence Against Women	16.588	7,338
Juvenile Justice & Delq Prevention-Title II	16.575	39,598
Juvenile Justice & Delq Prevention-Title II***	16.540	16,250
NASA LANGLEY RESEARCH CENTER:		
Research Cooperation Agreement-Wise Development Funds	N/A	512,780
DEPARTMENT OF MOTOR VEHICLES:		
Ground Transportation Open Container/Alcohol Impaired Driving	20.607	38,211
Compensation Board		
Financial Assistance for Sheriff's Offices ARRA	N/A	-
DEPARTMENT OF MILITARY AFFAIRS		
Defense Preparedness	N/A	-
DEPARTMENT OF ENVIRONMENTAL QUALITY		
Rents & Royalties	N/A	2,425
Wise County VCWSTM ARRA	N/A	785,236
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:		
Community Development Grant-Napolcon Hill Project	14.228	-
Economic Development - Lower Birchfield Project *	14.228	947,090
TOTAL FEDERAL ASSISTANCE		<u>\$ 15,457,718</u>

* Identified as a major program

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

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

COUNTY OF WISE, VIRGINIA
Schedule of Findings and Questioned Costs
For Year Ended 6-30-11

Section I - Summary of Auditor's Results**Financial Statements**

Type of Auditor's reports issued:	Unqualified
Internal Control over financial reporting: Material weaknesses identified?	Yes
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 programs: 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	CDBG - Lower Birchfield	High
84.010/84.369	A	Title I - Grants to Local Education Agencies	High
84.027/84.391	A	IDEA Part B 611 Flow Through	High
84.173/84.392	A	Special Education Pre-School	High
84.394	A	State Fiscal Stabilization Fund	High
10.553/10.555	A	National School Lunch Program	High
84.181	B	Early Intervention Services	High
84.367	A	Title II - Improving Teacher Quality	High
66.468	A	Stephens Guest River - ARRA	High

Dollar threshold used to distinguish between Type A
and Type B programs \$463,732

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings**Follow-up on Prior Year Audit Findings:****Finding-2010-1- Corrected**

Auditor's Comment: The County has been successful in establishing a sound computer system that integrated the general ledger and payroll systems. The system provides for the desired level of control over the County's fixed assets.

Finding 1-2011: Failure to Comply with Laws, Rules and Regulations:

Criteria: The Code of VA requires that any change to the budget greater than 1% of the adopted budget is duly advertised to inform the public and required a public hearing for the purpose of receiving public comment.

Condition: In March-2011 the County entered into a contract in the amount of \$550,000. This amount was recorded by journal entry during the year-end closing process. The County subsequently published the notice of public hearing on October 21 and October 28, 2011. The public hearing was subsequently held on November 3, 2011.

Cause: The failure to communicate issues resulted in the failure to advertise a budget change greater than 1% of the original approved budget.

Effect: The governing board cannot enter into contracts or incur debt in an amount exceeding 1% of the adopted budget without following the legal requirements of due processes of advertisement and public hearings.

Recommendation: It is recommended that Management of the County and the Board establish lines of communication, as required to ensure that all legal requirements are met prior to incurring debt in the excess of 1% of the approved budget.

Managements Response: We concur with the auditor's finding. In order to prevent this from reoccurring in future years, we intend to strengthen our procedures. Upon the County's discovery, we immediately advertise a public hearing and prepared the necessary amendment prior to disbursing the funds.

Finding 2-2011: Failure of the Information and Communciation component of Internal Control:

Criteria: SAS 115 requires that internal control include the infomation and communication componet. OMB-Circular A-133 recognition of responsibilities as sub-recipient of a grant.

Cause: The County acted as fiscal agent for receiving and expending grant revenues. The County failed to obtain a legal agreement between the County and the intended recipient of the resulting assets derived from proceeds of the the grant upon completion of the project.

Condition: Failure in communication between the County and the Public Service Authority (component unit) resulted in a material misstatement in the Authority's financial statements. Both current and prior year adjustments to the Authority's fiancial statements was subsequently removed by auditors from the Authority's 2011 financial statements. This condition caused significant delays in both audits.

Recommendation: The County's governing board should ensure that future grants and the administration, reporting and recording responsibilities are clearly understood and communciated.

Managements Response: Due to the current administration oversight required for the proper documentaion of these projects for both Wise County and the Wise County PSA, we plan to utilize the knowledge and experience of LENOWISCO- an agency specializing in grant administration for future related projects. Management agrees with the auditor's recommendation and plans to use LENOWISCO for future grant administration.

Section III – Federal Award Findings and Questioned Costs

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

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