

County of Wise, Virginia

Comprehensive Annual Financial Report



For the Fiscal Year Ended
June 30, 2014

COUNTY OF WISE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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Wise County Board of Supervisors



Office of County Administrator

COURTHOUSE

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CAFR- LETTER OF TRANSMITTAL

July 9, 2015

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, 2014. 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.

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, 2012 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 three discretely reported 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, Wise County Industrial Development Authority 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.

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 41,452. 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, carbonized coal products, and steel molding and fabrication. Wise County has a coal-fired utility plant that came 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 hays the cash crops.

Wise County has experienced an increase in unemployment recently due to the impact of layoffs in the coal industry. The unemployment rate is still below the national average.

MAJOR INITIATIVES

For Fiscal Year 2014

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. In November 2012 VDOT places the Innovation Highway on the Six-Year-Plan and appropriated \$425,000 for preliminary engineering.
- Wise County began the process of a five-year update to the County's Comprehensive Plan which was first completed in 1998 with a major focus on where we are, the direction of the County (both actual and desired) and planning for the next 5, 10, 15 and 20 years. This will be a "road map" for Wise County's future.
- Wise County began a serious move toward an economic development plan for the County by taking the lead on the planning for a Coalfield County Economic Development Summit to take place on the campus of UVA-Wise sometime during the spring of 2015. Preliminary work has gone on for the past 6 months by the Economic Development Department of VA. Tech and the Workforce Investment Board. After data is gathered by these 2 organizations, a summit will be scheduled to hopefully cover the 7 coalfield counties of SWVA and the City Norton and be attended by the Governor, State Legislators, Cabinet Secretaries, VPI personnel, WIB Personnel and state , regional and local economic development professionals.
- Working with UVA-Wise and neighboring SWVA counties, Wise County witnessed completion of the first "Blueprint for advanced manufacturing for SWVA in an attempt to attract small manufacturing concerns to the area and a regional training center that would be available to the citizens of all the counties. This effort also undertook the task of evaluating the talents of the area workforce as to their preparedness for employment in advanced manufacturing.

- 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 and design work continues. Design is now better than 50% complete with construction scheduled to start sometime in 2015. The new road will facilitate travel to and from Central High School.
- Spearhead Trails opened their first motorized trail system in St. Paul on June 25, 2013. With seventy-five miles of stacked loop OHV trail, the Mountain View Trail (MV) is open to the public. Permits are required to access the system and several local businesses serve as “partner retailers” selling trail passes and merchandise. There are also lodging accommodations for trail riders. Trail rangers patrol the system to ensure safety, verify permit compliance and act as ambassadors for visitors.
- Construction of the High Knob Observation Tower began in the fall of 2013. Construction was completed and the dedication ceremony was held on August 22, 2014.
- Wise County completed renovations required at the Justice Center and that area currently houses Wise County Central Dispatch and the Magistrate’s Office. The Sheriff’s Office and Litter Control were relocated in September 2013 and was relocated in December 2013. The renovation has now been completed and the building is fully occupied and operational. Landscaping has been completed, an entry sign has been installed, and drainage issues have been identified and corrected.
- After securing grant funding from VCEDA, the VA Tobacco Commission and the Virginia Department of Housing and Community Development, the Wise County IDA made much progress toward plans to complete the restoration of the Wise Inn in Fiscal 2014 and a ribbon-cutting ceremony was held on December 9, 2014. The Wise Inn is now open for business.
- 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. Engineering is complete and work is ongoing. Rail and ties have been removed. The VDOT MAP Grant has been processed. Additional structural engineering is now required to determine the stability and safety of the tunnels. The railroad right-of-way was transferred from the Wise County IDA to the Town of Appalachia in December 2014. The Town will assume full responsibility for development of the trailhead and further development and maintenance of the 1.81 mile segment of the trail.
- The Wise County Board of Supervisors has seen completion of the landfill expansion of cell 4B. This new cell consists of 9.7 acres and has an anticipated life of approximately 15 years.
- Wise County IDA has recruited Opta- Fuels, a Research and Development company that now has under lease the entire structure formerly known as the Buster Brown building employing 28 people with plans for expansion. Renovations to the building have been completed, creating a state-of-the-art laboratory environment. Opta- Fuels is now nearing completion of the research and development phase of the project and is anticipating entering into the commercialization stage of the product in 2015.

- Funding for the design of the systems for the communities of Roda, Osaka and Stonega have been secured by the Wise County PSA and the design should be complete in the early part of 2013. There are funds currently in hand totaling \$2,266,000 and secured funds of \$1,200,000. Applications for additional funding will be made in fall 2013 and spring 2014 for funds totaling \$1.5M.
- Funding for the Bull Run Water Project has been secured and the project is currently being designed. Construction should begin by February 2014.
- Funding for the Emergency Generator Project has been secured by the Wise County PSA. Design is now completed. Construction on the project should begin in spring 2014.
- Wise County IDA renegotiated a lease purchase arrangement with a company to ensure the continued operation of the saw mill operation near Appalachia. Work is ongoing with the saw mill in an expansion phase and have hired 28 employees. The Wise County Industrial Development Authority is assisting with the financing of additional equipment to increase production. The IDA has assisted the company in the acquisition of additional equipment that will increase the operating efficiency of the company. The IDA has also assisted the company in the acquisition of timber tracts to ensure an adequate supply of raw materials.
- Wise County IDA secured grant funding for the benefit of Virginia Carbonite to renovate the former coal load-out facility at Blackwood. The product is carbonite (high tech coke) for use in foundry operations. They are now in the early stages of operation and have gone into the commercialization phase, currently employing 12 people and selling the entire product manufactured.

Prospects for the Future

- The Wise County IDA continues to move forward after securing a developer/operator agreement 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 opening is currently scheduled for October 2014 with 40 permanent employees. During the construction phase there are approximately 50 workers dedicated to the project. The Inn at Wise project achieved substantial completion and officially opened for business on December 1, 2014. The project has been widely acclaimed as a refreshing addition in the Town of Wise for the benefit of the entire region. The project provides employment for 52 area residents.
- With the scheduled completion of the long awaited new High Knob Tower, plans are already underway by stakeholders and members of the High Knob Enhancement group to bring more attention to the assets of the High Knob Recreational area, the Jefferson National Forest and the entire area that surrounds it.

- Working with the Crooked Road Board of Directors and the Executive Board of TCR, Wise County has begun plans along with the other 18 counties and 4 cities that make up the Crooked Road to bring to the entire footprint of the Crooked Road-a nine (9) day-330 mile long continuous Old Time and Bluegrass Music Festivals known as Mountains of Music Homecoming. Plans are underway to raise hundreds of thousands of dollars to promote and produce this music festival which is scheduled to take place between June 15 and June 24, 2015. National acts will hopefully be scheduled for major venues of this region.
- Wise County now looks forward to an even more successful of competition of Mine Rescue Teams on the campus of UVA-Wise during May of 2015. These plans come after a most successful event in May 2014 on the UVA-Wise campus with plans to expand the effort greatly. Wise County tourism personnel will be working with officials of DMME and the Virginia Mining Institute.
- Wise County IDA secured a \$65,000 Virginia Tobacco Commission grant to assist in a \$3.5 million expansion project at Mullican Flooring, Inc. that will create 28 additional job positions.
- The IDA assisted Sykes Enterprises, Inc. in an expansion project creating 100 additional employment opportunities at the Wise facility
- 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.
- 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. Work now is being completed under the administration of the LENOWISCO Planning Commission.
- Working with the Wise County Coal Severance Committee, Wise County contracted with Thompson & Litton, Inc. and Glass Machinery for completion of a second entrance and exit for Mountain Empire Community College. Construction was completed and the road was opened to the public by the Board of Supervisors and MECC personnel on April 10, 2014.
- Wise County received the final approval of termination of post-closure care activities at the former Wise County Appalachia Landfill Site on Boggs Avenue. This will save monitoring costs and remove the liability associated with that site.
- 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 (construction is underway with an anticipated completion date of spring 2015).
- An application for funding to construct a new water tank near the Wise Shopping Center. The tank will add additional capacity to better serve the Powell River, Guest River and Pound areas.

- The Wise County PSA has secured partial funding (\$833,000) for the Stephens Sewer extension. Application for the remaining funds was completed in March 2013. The total cost is \$1,833,000. The project has been designed and funding was obtained in June 2013 with construction to begin in early spring 2014.
- NanoQuantics has terminated the lease of the AAERC facility. The IDA is currently working with another company involved in research and development to occupy the facility.
- The IDA has secured funding from VCEDA to build out 10,000 square feet of the AAERC facility for the Micronic Technologies project. The work is expected to be completed for Micronics to occupy in June, 2015.
- Wise JAMS (Wise County Appalachian Musicians) has had a very successful beginning in the communities of Coeburn and St. Paul which began in January 2012 and saw an expansion of the children's music classes to the Towns of Appalachia and Big Stone Gap on January 2013. During the fiscal year ending June 30, 2014, the last three communities of Pound, Wise and the City of Norton began classes in September 2013.
- Wise County continues a collaborative effort with the Coeburn-Norton-Wise Regional Wastewater Authority in an effort to develop a sludge and septic drying facility using landfill gas from the Wise County Blackwood Sanitary Landfill. Wise County and the C-N-W authority are being assisted with engineering by Lane Engineering and Thompson & Litton, Inc. to assist in determining the feasibility of engineering, financing and constructing such a facility. The current plan calls for local natural gas possibly combined with some landfill gas. Plans are to continue to locate the sludge drying plant on the back side of the landfill. Tentative permission to use this site has been secured from the Office of Surface Mining and we are waiting on a decision from DEQ.
- The Clinch River Valley Initiative (CRVI) is an effort to build local economies in the coalfields of Southwest Virginia, focusing on the Clinch River which is one of the most bio-diverse river systems in North America. Wise County is working in conjunction with other counties and state agencies to assure the success of this effort and to maximize the benefits for Wise County. The primary goal of CRVI is to connect downtown revitalization, river access points, water quality, entrepreneurship and environmental education along the Clinch River. Long range planning includes development of the Clinch River State Park and the integration of access points, trails, and campgrounds along the Clinch River.

For the 2014-2015 Fiscal Year, the Board of Supervisors approved a General Fund Operating Budget of \$50,002,802.

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 \$193,916. This is a decrease from interest and dividends earned on temporary investments in Fiscal Year 2013-2014 when the interest on investments totaled \$356,140.

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

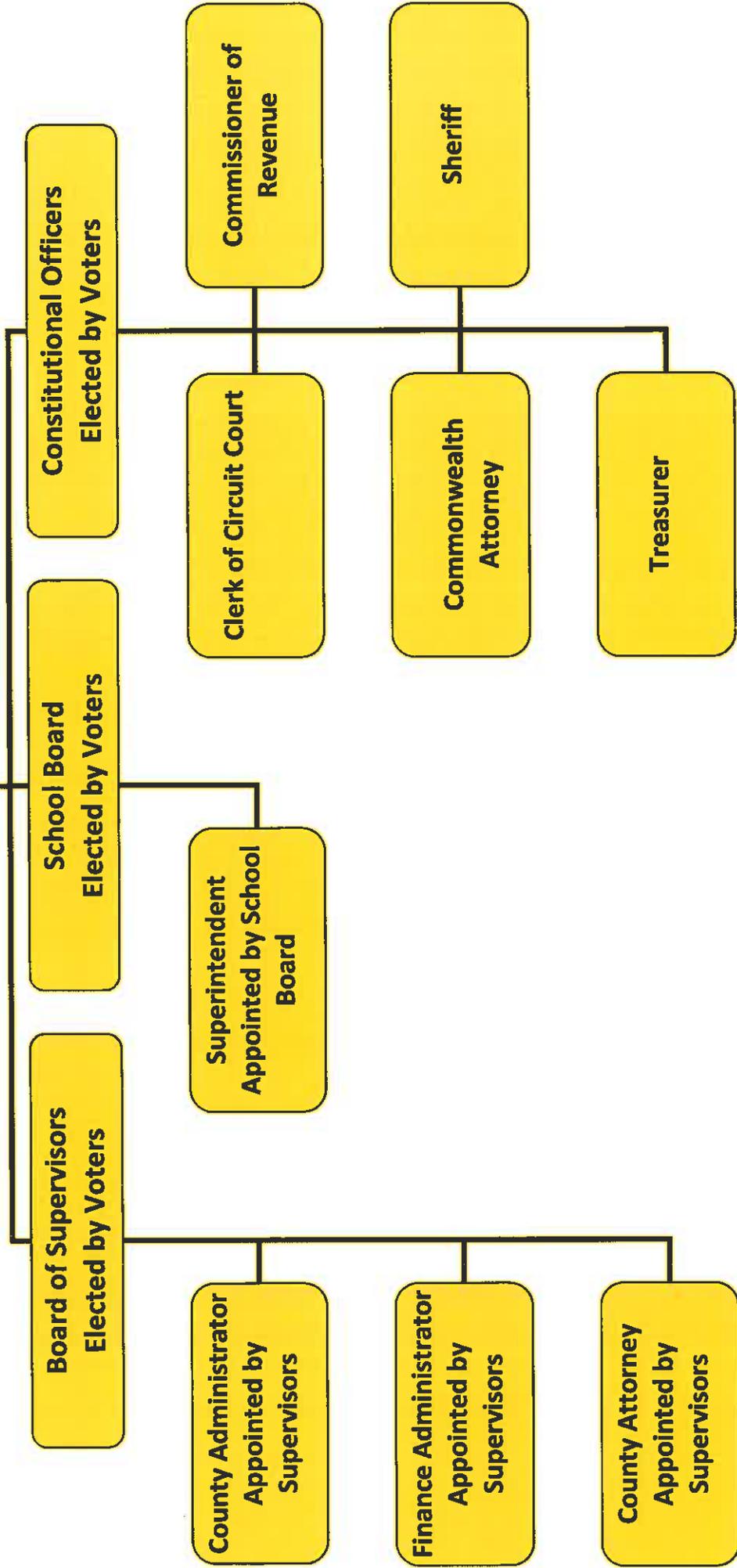
I would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



David L. Cox, CPA
County Finance Administrator

**COUNTY OF WISE, VIRGINIA
ORGANIZATION CHART
JUNE 30, 2014**



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

BOARD OF SUPERVISORS

Robert R. Adkins, Chairperson
Virginia Meador, Vice Chairperson

Robbie E. Robbins
Steve Bates
J.H. Rivers

Ronald L. Shortt
Fred Luntsford
Dana Kilgore

COUNTY SCHOOL BOARD

Nolan Kilgore, Chairperson
Larry Greear, Vice Chairman

Mike Mullins
Wayne Leftwich
Donnese Kern

Phillip Bates
John Schoolcraft
Mark Hutchinson

Judy Durham, Clerk of the School Board

WISE COUNTY PUBLIC SERVICE AUTHORITY

Fred Luntsford, Chairperson
Ralph Gilley, Vice Chairperson
J.H. Rivers, Treasurer

Danny Mullins
Dana Kilgore
Hibbert Tackett Jr.

Robert R. Adkins
Albert Elkins

COUNTY SOCIAL SERVICES BOARD

Charles Bennett, Chairperson
John D. Cassell, Vice-Chairperson

James Bryant
Bobby Cassell
Larry J. Hill
Charles Miller

Danny Stallard
Steve Bates
Dianne Abbott

COUNTY OF WISE, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICERS

OTHER OFFICIALS

County Administration

County Administrator
County Finance Administrator
County Attorney

Shannon C. Scott
David L. Cox
Karen T. Mullins

Constitutional Officers

Clerk of the Circuit Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff

Jack Kennedy
Ronald K. Elkins
Douglas Mullins, Jr.
Delores W. Smith
Ronnie D. Oakes

Courts

Chief Judge of the Circuit Court
Judge of the Circuit Court
Judge of the Circuit Court
Chief Judge of the District Court
Judge of the District Court
Judge of Juvenile & Domestic Relations Court
Judge of Juvenile & Domestic Relations Court

John C. Kilgore
Chadwick Dotson
Tammy McElyea
Larry Lewis
Clarence "Bud" Phillips
Elizabeth Wills
Jeff Hamilton

Component Units

Superintendent of Schools
Director of Public Service Authority

Jeff Perry
Allen Harrison

Other

Director of Social Services

Mike Mullins

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

TO THE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF WISE, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit - School Board, each major fund, and the aggregate remaining fund information of County of Wise, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of Wise County Industrial Development Authority or Wise County Public Service Authority.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Wise County Industrial Development Authority or Wise County Public Service Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the other component units, is based solely on the report of the other auditors. We conducted our audit 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 the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, the discretely presented component unit - School Board, each major fund, and the aggregate remaining fund information of County of Wise, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 4-11, 64-65, and 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Wise's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supporting schedules, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2015, on our consideration of County of Wise's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Wise's internal control over financial reporting and compliance.

Robinson, Fauser, Co. Associates

Blacksburg, Virginia

July 9, 2015

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, 2014. 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 and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$29,976,330 (net position). Of this amount, \$ 12,025,841 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors from the general fund.

As of the close of the current fiscal year; the County's funds reported combined ending fund balances of \$20,798,239, a decrease of \$22,787,029 in comparison with the prior year. The large decrease is attributed to restricted bond proceeds for school construction. Approximately fifty-four percent of this total amount, \$11,288,728 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 \$11,288,728, or 12.8% percent of total general fund expenditures. Adjusted for capital outlay expenditures, this percent of total general fund expenditures is 12.7% of operating general fund expenditures.

The County of Wise, Virginia's total debt decreased by \$1,257,415 during the current fiscal year in which included debt refunding of VPSA Bonds for Schools. Total capital leases due decreased by \$466,368 which is for the Wise County Justice Center and a Lease Purchase Agreement for various capital equipment and improvements.

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.

This report also contains required 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 deferred outflows and liabilities and deferred inflows, with the difference reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Overview of the Financial Statements (Continued)

The statement of activities presents information showing how the County's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in 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, public service authority, and an industrial development 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 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.

Overview of the Financial Statements (Continued)

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 \$29,976,330 at the close of the most recent fiscal year.

A portion of the County’s net assets (28.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Wise, Virginia’s Net Position

	Primary Governmental Activities and Business-Type Activities	
	<u>2013</u>	<u>2014</u>
Current and other assets	\$ 79,609,811	\$54,798,013
Capital assets	<u>75,306,684</u>	<u>95,601,878</u>
Total assets	<u>\$ 154,916,495</u>	<u>\$150,399,891</u>
Deferred outflows of resources	\$ <u>16,936</u>	\$ <u>16,936</u>
Long-term liabilities outstanding	\$ 89,863,064	\$ 89,198,302
Current liabilities	<u>8,973,340</u>	<u>6,093,302</u>
Total liabilities	<u>\$ 98,836,404</u>	<u>\$ 95,291,604</u>
Deferred inflows of resources	\$ <u>21,546,215</u>	\$ <u>23,524,798</u>
Net Position:		
Net Investment in Capital Assets	\$ 12,326,539	\$ 13,698,439
Restricted- Capital Projects	7,049,862	9,735
Restricted- Debt Service		4,549,862
Other Purposes	14,458,949	9,781,362
Unrestricted	<u>679,462</u>	<u>3,561,027</u>
Total Net Position	<u>\$34,550,812</u>	<u>\$31,600,425</u>

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

Government-wide Financial Analysis (Continued)

Governmental Activities – Governmental activities decreased the County’s net position by \$3,265,975
Key elements of this increase are as follows:

County of Wise, Virginia’s Change in Net Position

	<u>Primary Governmental Activities and Business-Type Activities</u>	
	<u>2013</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,114,258	\$ 1,080,213
Operating grants and contributions	13,711,562	11,076,893
General Revenues:		
Property taxes	\$ 25,491,426	\$ 27,604,620
Other Local taxes	10,143,685	8,173,503
Grants & Contributions	6,167,096	6,315,988
Other	<u>572,151</u>	<u>1,017,397</u>
Total revenues	<u>\$ 57,200,178</u>	<u>\$ 55,268,614</u>
Expenses		
General government	\$ 2,513,670	\$ 3,227,935
Judicial administration	2,917,968	2,969,871
Public safety	9,558,466	9,700,296
Public works	1,379,473	2,619,880
Health and welfare	13,967,744	10,961,298
Education	17,014,461	18,185,662
Parks, recreation and culture	1,050,295	1,024,785
Community development	7,652,569	4,455,867
Interest	723,949	793,150
Business-type activities	<u>4,156,448</u>	<u>4,595,845</u>
Total expenses	<u>\$ 60,935,043</u>	<u>\$ 58,534,589</u>
Increase (decrease) in Net Position	\$ (3,734,865)	\$ (3,265,975)
Net Position – beginning	<u>38,285,677</u>	<u>34,866,400</u>
Net Position – ending	<u>\$ 34,550,812</u>	<u>\$ 31,600,425</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 \$20,798,239 a decrease of \$22,787,029 which is principally due to the construction of the School projects. Approximately 54% of this total amount, \$11,288,728, constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, and non-spendable 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 debt service
- 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 \$11,288,728, while the total fund balance was \$15,882,978. 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. Adjusted for capital outlay expenditures, this percent of total general fund expenditures is 12.7% of operating general fund expenditures.

The general fund balance decreased \$21,238,404 during the current fiscal year which was due the use of bond proceeds acquired in Fiscal 2012 for School projects construction.

Major and Non-Major special revenue funds have a total fund balance of \$4,213,678, all of which is restricted or committed for future projects. The fund balance decreased \$2,086,635 during the current year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$905,291(increase in appropriations) and can be briefly summarized as follows:

- \$21,420 increase in general government administration
- \$85,922 increase in judicial administration
- \$118,373 increase in public safety expenditures
- \$50,000 increase in public work expenditures
- \$575,002 increase in health and welfare expenditures
- \$4,575 increase in community development

This increase was primarily due to additional funds being required for Comprehensive Services Act expenditures.

Capital Asset and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$ 82,758,041 (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 \$18,339,698.

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

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2014</u>
Land	\$ 2,850,643	\$ 2,810,228
Construction in Progress	42,364,131	—
Buildings	32,912,966	94,227,023
Equipment	<u>5,989,994</u>	<u>5,922,970</u>
Total	84,117,734	102,960,221
Less: Accumulated Depreciation	<u>(19,699,391)</u>	<u>(20,202,180)</u>
Net capital assets	64,418,343	82,758,041

Additional information on the County’s capital assets can be found in Note 16.

Long-term debt - At the end of the current fiscal year, the County had total primary government debt outstanding of \$74,440,363, including claims, judgments, OPEB GASB 45 liability and compensated absences of \$1,249,795. Of this amount \$68,077,212 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County’s total primary government debt decreased by \$1,770,350.

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 2014 fiscal year. The September 2014 unemployment rate for the County is 8.5 percent, which is a slight decrease from the rate of 8.6 percent in 2013. This is higher than the state’s unemployment rate of 5.0 percent and is above the national average rate of 5.9 percent as of September 2014.

All of these factors were considered in preparing the County’s budget for the 2015 fiscal year.

Budget and Rates

The approved budget is \$ 50,002,802 for fiscal year 2014-2015. The tax rates for the 2014-2015 year are as follows: .60 per \$100 value for real estate (Increase of \$.03 per \$100), mobile home taxes, and public utilities real estate, 1.56 per \$100 of assessed value for personal property (Increase of \$.07 per \$100) and public service personal property, 2.85 per \$100 of assessed value for merchants capital, and 1.41 per \$100 of assessed value for machinery and tools.

Acknowledgements

This financial report is designed to provide a general overview of the County of Wise, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. David L. Cox, CPA, County Finance Administrator, P.O. Box 570, Wise, Virginia 24293.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ASSETS	COMPONENT UNITS					
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	INDUSTRIAL DEVELOPMENT AUTHORITY		
				SCHOOL BOARD	PUBLIC SERVICE AUTHORITY	INDUSTRIAL DEVELOPMENT AUTHORITY
Cash & Cash Equivalents	\$ 13,446,717	\$ 144,594	\$ 13,591,311	\$ 2,610,858	\$ 639,220	\$ 1,346,415
Petty Cash	6,200	-	6,200	200	-	-
Investments	8,814,105	9,632	8,823,737	31,382	-	4,590,000
Receivable (Net Of Allowances For Uncollectibles):						
Property Taxes:						
Delinquent	2,280,805	-	2,280,805	-	-	-
Not Yet Due	21,072,102	-	21,072,102	-	-	-
Other Taxes	389,577	-	389,577	-	-	-
Accounts	881,521	118,865	1,000,386	66,787	378,904	-
Interest	-	-	-	-	2,588	1,259
Notes	-	-	-	-	-	1,424,737
Lease Receivable	-	-	-	-	-	4,470,161
Prepaid Items	34,653	-	34,653	-	-	-
Due From Other Governmental Units	2,016,395	-	2,016,395	1,368,776	107,719	-
Due From Other Funds & Primary Government	212,898	-	212,898	711,806	-	-
Restricted cash & cash equivalents	9,735	4,851,464	4,861,199	-	2,712,873	953,767
Other Assets	-	508,750	508,750	-	-	-
Capital Assets:						
Capital Assets not being depreciated:						
Land	2,810,228	314,816	3,125,044	2,018,464	202,880	3,355,339
Construction In Progress	-	-	-	-	4,007,952	9,091,990
Capital Assets (net of accumulated depreciation):						
Buildings and equipment	79,947,813	12,529,021	92,476,834	24,529,863	37,177,157	13,402,990
TOTAL ASSETS	\$ 131,922,749	\$ 18,477,142	\$ 150,399,891	\$ 31,338,136	\$ 45,229,293	\$ 38,636,658
Deferred Outflows of Resources:						
Debt Refunding	\$ 16,936	\$ -	\$ 16,936	\$ -	\$ -	\$ -
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 2,344,290	\$ 146,849	\$ 2,491,139	\$ 2,310,963	\$ 204,080	\$ 882,610
Due To Other Funds & Primary Government	711,806	212,898	924,704	-	-	-
Due To Other Governmental Units	237,274	-	237,274	-	-	-
Due To Customers - Deposits	-	-	-	-	376,225	-
Interest Payable	704,824	-	704,824	-	4,138	-
Long-term Liabilities:						
Amounts Due within one year:						
Compensated Absences	190,616	35,486	226,102	75,828	38,118	-
Capital Lease-Current	361,918	84,824	446,742	-	-	-
General Financing Loans	73,311	225,916	299,227	204,239	-	1,466,351
General Obligation Bonds-Sanitation & Water	-	405,000	405,000	-	230,332	-
Contractual Liability	-	-	-	-	16,625	-
QSCB Bonds	300,000	-	300,000	-	-	-
Premium on Bonds Payable	-	58,288	58,288	-	-	-
Amounts Due Beyond One Year:						
Landfill Closure Cost Liability	-	8,921,603	8,921,603	-	-	-
OPEB Liability	487,332	70,545	557,877	1,743,631	-	-
Compensated Absences	571,847	-	571,847	227,483	35,186	-
Contractual Liability	-	-	-	-	290,930	-
Capital Lease-Long-term Obligation	4,647,075	432,129	5,079,204	-	-	-
General Financing Loans	31,051	95,688	126,739	586,404	-	9,690,459
General Obligation Bonds-School	37,728,003	-	37,728,003	-	-	-
General Obligation Bonds-Sanitation & Water	-	5,400,000	5,400,000	-	4,764,299	-
QSCB Bonds	14,100,000	-	14,100,000	-	-	-
Lease Revenue Anticipation Notes-School	14,598,305	-	14,598,305	-	-	-
Premium on Bonds Payable	1,350,905	657,362	2,008,267	-	-	-
TOTAL LIABILITIES	\$ 78,438,557	\$ 16,746,588	\$ 95,185,145	\$ 5,148,548	\$ 5,959,933	\$ 12,039,420
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	\$ 23,096,472	\$ -	\$ 23,096,472	\$ -	\$ -	\$ -
Debt Refunding	428,326	-	428,326	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 23,524,798	\$ -	\$ 23,524,798	\$ -	\$ -	\$ -
NET POSITION						
Net Investment in Capital Assets	\$ 8,460,994	\$ 5,378,172	\$ 13,839,166	\$ 25,757,684	\$ 36,085,803	\$ 20,408,893
Restricted For:						
Capital Projects	9,735	-	9,735	851,332	2,336,649	1,133,281
Debt Service	4,549,862	-	4,549,862	-	-	-
Community Development	3,537,603	-	3,537,603	-	-	-
Public Safety	1,164,075	-	1,164,075	-	-	-
Technology	55,833	-	55,833	-	-	-
Education	88,754	-	88,754	-	-	-
Judicial	83,633	-	83,633	-	-	-
Water, Sewer, and Sanitation	-	4,851,464	4,851,464	-	-	-
Unrestricted (Deficit)	12,025,841	(8,605,541)	3,420,300	(419,427)	846,908	5,055,064
TOTAL NET POSITION	\$ 29,976,330	\$ 1,624,095	\$ 31,600,425	\$ 26,189,589	\$ 39,269,360	\$ 26,597,238

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT 2

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT:				
Governmental Activities				
General Government Administration	\$ 3,000,826	\$ 39,870	\$ 384,480	\$ (2,576,476)
Judicial Administration	2,769,871	15,555	1,802,136	(952,180)
Public Safety	9,700,296	173,036	3,694,647	(5,832,613)
Public Works	2,619,880	55,196	-	(2,564,684)
Health & Welfare	10,961,298	302,700	7,983,251	(2,675,347)
Education	18,185,662	-	-	(18,185,662)
Parks, Recreation & Cultural	1,024,785	-	5,000	(1,019,785)
Community Development	4,455,867	-	760,148	(3,695,719)
Interest & Fiscal Charges	793,150	-	-	(793,150)
Total Governmental Activities	\$ 53,511,635	\$ 586,357	\$ 14,629,662	\$ (38,295,616)
Business-Type Activities				
Landfill	\$ 3,998,594	\$ 592,383	\$ 13,979	
Sewer	597,251	60,629	-	
Total Business-Type Activities	\$ 4,595,845	\$ 653,012	\$ 13,979	
Total Primary Government	\$ 58,107,480	\$ 1,239,369	\$ 14,643,641	
COMPONENT UNITS:				
School Board	\$ 84,812,232	\$ 930,072	\$ 44,304,892	
Public Service Authority	3,871,908	2,536,478	1,017,408	
Industrial Development Authority	1,602,577	677,540	-	
Total Component Units	\$ 90,286,717	\$ 4,144,090	\$ 45,322,300	
General Revenues				
Taxes:				
Property Taxes, levied for general purposes			\$ 27,604,620	
Utility Taxes			516,963	
Mineral Taxes			4,675,933	
Consumption and Franchise Taxes			153,276	
Local Sales & Use Taxes			2,515,049	
Other Local Taxes			312,282	
Grants and Contributions, not restricted to specific programs			2,749,240	
Revenues From Use of Money and Property			194,916	
Miscellaneous			171,736	
Payments from the County of Wise			-	
Operating Transfers			(3,158,272)	
Total General Revenues and Transfers			\$ 35,735,743	
Change in Net Position			\$ (2,559,873)	
Net Position, July 01, 2013, as restated			32,536,203	
Net Position, June 30, 2014			\$ 29,976,330	

Notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE
AND CHANGES IN NET POSITION

BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS		
		SCHOOL BOARD	PUBLIC SERVICE AUTHORITY	INDUSTRIAL DEVELOPMENT AUTHORITY
	\$ (2,576,476)			
	(952,180)			
	(5,832,613)			
	(2,564,684)			
	(2,675,347)			
	(18,185,662)			
	(1,019,785)			
	(3,695,719)			
	(793,150)			
	<u>\$ (38,295,616)</u>			
\$ (3,392,232)	\$ (3,392,232)			
(536,622)	(536,622)			
<u>\$ (3,928,854)</u>	<u>\$ (3,928,854)</u>			
	\$ (42,224,470)			
		<u>\$ (39,577,268)</u>	\$ (318,022)	<u>\$ (925,037)</u>
\$	\$ 27,604,620	\$	\$ -	\$
	516,963			
	4,675,933			
	153,276			
	2,515,049			
	312,282			
	2,749,240			
64,480	259,396	42,392	10,961	2,360,324
	171,736	699,473	(71,809)	130,878
		38,832,304		(5,889)
3,158,272	-			
<u>\$ 3,222,752</u>	<u>\$ 38,958,495</u>	<u>\$ 39,574,169</u>	<u>\$ (60,848)</u>	<u>\$ 2,485,313</u>
\$ (706,102)	\$ (3,265,975)	\$ (3,099)	\$ (378,870)	\$ 1,560,276
2,330,197	34,866,400	26,192,688	39,648,230	25,036,962
<u>\$ 1,624,095</u>	<u>\$ 31,600,425</u>	<u>\$ 26,189,589</u>	<u>\$ 39,269,360</u>	<u>\$ 26,597,238</u>

Notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

	GENERAL FUND	COAL ROAD IMPROVEMENT FUND	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR CAPITAL PROJECT FUNDS	TOTAL
ASSETS					
Cash and Cash Equivalents	\$ 17,048,318	\$ 3,310,916	\$ 1,215,240	\$ 702,283	\$ 22,276,757
Receivables (Net of allowances for uncollectibles):					
Property Taxes:					
Delinquent	2,280,805	-	-	-	2,280,805
Second Half Installment	21,072,102	-	-	-	21,072,102
Other Taxes	246,713	142,864	-	-	389,577
Accounts	861,161	20,360	-	-	881,521
Prepaid Items	34,653	-	-	-	34,653
Due from Other Funds	213,598	153,257	-	-	366,855
Due from Other Governmental Units	2,016,395	-	-	-	2,016,395
TOTAL ASSETS	\$ 43,773,745	\$ 3,627,397	\$ 1,215,240	\$ 702,283	\$ 49,318,665
LIABILITIES					
Accounts Payable	\$ 1,918,393	\$ 401,138	\$ 24,759	\$ -	\$ 2,344,290
Due to Other Funds	153,257	-	-	700	153,957
Due to Component Unit	711,806	-	-	-	711,806
Due to Other Governmental Units	34,212	203,062	-	-	237,274
TOTAL LIABILITIES	\$ 2,817,668	\$ 604,200	\$ 24,759	\$ 700	\$ 3,447,327
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	\$ 25,073,099	\$ -	\$ -	\$ -	\$ 25,073,099
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 25,073,099	\$ -	\$ -	\$ -	\$ 25,073,099
FUND BALANCES					
Fund Balance:					
Nonspendable	\$ 34,653	\$ -	\$ -	\$ -	\$ 34,653
Restricted	9,735	3,023,197	1,190,481	701,583	4,924,996
Committed	4,549,862	-	-	-	4,549,862
Unassigned	11,288,728	-	-	-	11,288,728
TOTAL FUND BALANCES	\$ 15,882,978	\$ 3,023,197	\$ 1,190,481	\$ 701,583	\$ 20,798,239
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 43,773,745	\$ 3,627,397	\$ 1,215,240	\$ 702,283	\$ 49,318,665
Detailed explanation of adjustments from fund statements to government-wise statements of net assets:					
Total Fund Balance June 30, 2014					\$ 20,798,239
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 position includes those capital assets among the assets of the locality as a whole.					
					82,758,041
Because the 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 unavailable revenues in the governmental funds and thus are not included in the fund balance.					
					1,976,628
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 position.					
					(75,556,578)
Net Position of General Governmental Activities					<u>\$ 29,976,330</u>

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT 4

<u>PRIMARY GOVERNMENT</u>	GENERAL FUND	COAL ROAD IMPROVEMENT FUND	NON-MAJOR SPECIAL REVENUE FUND	NON-MAJOR CAPITAL PROJECT FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
General Property Taxes	\$ 27,259,792	\$ -	\$ -	\$ -	\$ 27,259,792
Other Local Taxes	5,936,340	2,212,579	24,584	-	8,173,503
Permits, Privilege Fees & Regulatory Licenses	52,913	-	-	-	52,913
Fines & Forfeitures	39,173	-	67,070	-	106,243
Revenues From Use Of Money & Property	158,584	35,283	49	-	193,916
Charges For Services	417,708	-	9,493	-	427,201
Miscellaneous	76,906	-	72,226	23,604	172,736
Recovered Costs	427,109	-	-	-	427,109
Intergovernmental:					
Commonwealth	11,787,544	-	134,957	-	11,922,501
Federal	4,055,582	-	640,671	760,148	5,456,401
TOTAL REVENUES	\$ 50,211,651	\$ 2,247,862	\$ 949,050	\$ 783,752	\$ 54,192,315
EXPENDITURES:					
Current:					
General Government Administration	\$ 3,081,896	\$ -	\$ -	\$ -	\$ 3,081,896
Judicial Administration	2,923,091	-	17,235	-	2,940,326
Public Safety	8,866,500	-	559,768	-	9,426,268
Public Works	874,720	1,645,086	-	-	2,519,806
Health & Welfare	10,837,444	-	-	-	10,837,444
Education	38,887,794	-	-	-	38,887,794
Parks, Recreation & Cultural	990,679	-	-	-	990,679
Community Development	763,186	2,995,859	434,633	245,742	4,439,420
Non-Departmental	3,888	-	-	-	3,888
Debt Service:					
Principal Retirement	14,840,633	-	-	-	14,840,633
Interest & Fiscal Charges	520,055	-	-	-	520,055
TOTAL EXPENDITURES	\$ 82,589,886	\$ 4,640,945	\$ 1,011,636	\$ 245,742	\$ 88,488,209
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (32,378,235)	\$ (2,393,083)	\$ (62,586)	\$ 538,010	\$ (34,295,894)
OTHER FINANCING SOURCES (USES):					
Transfers In	\$ -	\$ -	\$ 369,034	\$ -	\$ 369,034
Transfers Out	(3,527,306)	-	-	-	(3,527,306)
Proceeds from Issuance of Debt	14,667,137	-	-	-	14,667,137
TOTAL OTHER FINANCING SOURCES (USES)	\$ 11,139,831	\$ -	\$ 369,034	\$ -	\$ 11,508,865
NET CHANGE IN FUND BALANCES	\$ (21,238,404)	\$ (2,393,083)	\$ 306,448	\$ 538,010	\$ (22,787,029)
FUND BALANCE AT BEGINNING OF YEAR	37,121,382	5,416,280	884,033	163,573	43,585,268
FUND BALANCE AT END OF YEAR	\$ 15,882,978	\$ 3,023,197	\$ 1,190,481	\$ 701,583	\$ 20,798,239

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014

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	\$ (22,787,029)
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.	20,150,111
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	344,828
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.	(75,353)
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.	(92,831)
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 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>(99,599)</u>
Change in net position of governmental activities	<u>\$ (2,559,873)</u>

Notes are an integral part of the financial statements.

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash & Cash Equivalents	\$ 39,021	\$ 105,573	\$ 144,594
Investments	-	9,632	9,632
Restricted Cash & Investments	-	4,851,464	4,851,464
Receivables:			
Accounts (Net Allowance For Uncollectibles)	-	118,865	118,865
TOTAL CURRENT ASSETS	\$ 39,021	\$ 5,085,534	\$ 5,124,555
<u>NONCURRENT ASSETS</u>			
Other Assets (Net of Amortization)	\$ 508,750	-	\$ 508,750
Land		314,816	314,816
Machinery and Equipment (Net of Depreciation)		1,321,400	1,321,400
Buildings and Improvements (Net of Depreciation)	247,185	10,960,436	11,207,621
TOTAL NONCURRENT ASSETS	\$ 755,935	\$ 12,596,652	\$ 13,352,587
TOTAL ASSETS	\$ 794,956	\$ 17,682,186	\$ 18,477,142
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 58,883	\$ 87,966	\$ 146,849
Due to Other Funds	212,898	-	212,898
Compensated Absences	-	35,486	35,486
Current Portion of Long-Term Obligations	-	774,028	774,028
TOTAL CURRENT LIABILITIES	\$ 271,781	\$ 897,480	\$ 1,169,261
<u>NONCURRENT LIABILITIES</u>			
Noncurrent Portion of Long-Term Obligations	\$ -	\$ 6,691,637	\$ 6,691,637
OPEB GASB 45 Liability	-	70,545	70,545
Accrued Landfill Closure Costs	-	8,921,603	8,921,603
TOTAL NONCURRENT LIABILITIES	\$ -	\$ 15,683,785	\$ 15,683,785
TOTAL LIABILITIES	\$ 271,781	\$ 16,581,265	\$ 16,853,046
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 247,185	\$ 5,130,987	\$ 5,378,172
Restricted Assets			
Restricted for:			
Capital Projects		401,758	401,758
Landfill Closing		4,449,706	4,449,706
Unrestricted Assets	275,990	(8,881,531)	(8,605,541)
TOTAL NET POSITION	\$ 523,175	\$ 1,100,920	\$ 1,624,095

COUNTY OF WISE, VIRGINIA
STATEMENT OF REVENUES, EXPENSES
& CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT 7

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
OPERATING REVENUES:			
Landfill Usage Fees	\$ -	\$ 540,083	\$ 540,083
Other Revenue	60,629	52,300	112,929
TOTAL OPERATING REVENUE	\$ 60,629	\$ 592,383	\$ 653,012
OPERATING EXPENSES:			
Operation Expense	\$ 569,768	\$ 2,517,183	\$ 3,086,951
Landfill Closure Expense	-	488,862	488,862
Depreciation & Amortization	27,483	807,578	835,061
TOTAL OPERATING EXPENSES	\$ 597,251	\$ 3,813,623	\$ 4,410,874
OPERATING INCOME (LOSS)	\$ (536,622)	\$ (3,221,240)	\$ (3,757,862)
NON-OPERATING REVENUES (EXPENSES)			
Grants - State	\$ -	\$ 13,979	\$ 13,979
Interest Revenue	-	64,480	64,480
Interest Expense	-	(184,971)	(184,971)
TOTAL NON-OPERATING REVENUES AND EXPENSES	\$ -	\$ (106,512)	\$ (106,512)
INCOME (LOSS) BEFORE TRANSFERS	\$ (536,622)	\$ (3,327,752)	\$ (3,864,374)
TRANSFERS IN	\$ 504,850	\$ 2,653,422	\$ 3,158,272
CHANGE IN NET POSITION	\$ (31,772)	\$ (674,330)	\$ (706,102)
NET POSITION, BEGINNING OF YEAR	554,947	1,775,250	2,330,197
NET POSITION, END OF YEAR	\$ 523,175	\$ 1,100,920	\$ 1,624,095

Notes are an integral part of the financial statements.

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 60,628	\$ 566,921	\$ 627,549
Cash Payments to Suppliers for Goods & Services	(537,595)	(2,733,891)	(3,271,486)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (476,967)	\$ (2,166,970)	\$ (2,643,937)
Cash Flows From Noncapital Financing Activities:			
Transfers From General Fund	\$ 504,850	\$ 2,653,422	\$ 3,158,272
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	\$ 504,850	\$ 2,653,422	\$ 3,158,272
Cash Flows From Capital & Related Financing Activities:			
Principal Paid on Bond Maturities	\$ -	\$ (273,290)	\$ (273,290)
Interest Paid on Debt Obligations	-	(184,971)	(184,971)
Principal Paid on General Obligation Loans	-	(359,077)	(359,077)
NET CASH PROVIDED BY (USED FOR) CAPITAL & RELATED FINANCING ACTIVITIES	\$ -	\$ (817,338)	\$ (817,338)
Cash Flows From Investing Activities:			
Interest Revenue Earned on Investments	\$ -	\$ 64,480	\$ 64,480
Grant Receipts	-	13,979	13,979
Sinking Fund Deposits	-	(432,430)	(432,430)
Sale of Investments	-	3,560,553	3,560,553
Purchase of Equipment and IOTB	-	(2,776,807)	(2,776,807)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	\$ -	\$ 429,775	\$ 429,775
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	\$ 27,883	\$ 98,889	\$ 126,772
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	11,138	6,684	17,822
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 39,021	\$ 105,573	\$ 144,594

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (536,622)	\$ (3,221,240)	\$ (3,757,862)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	\$ 27,483	\$ 807,578	\$ 835,061
(Increase) Decrease in Accounts Receivable		(25,462)	(25,462)
Increase (Decrease) in Accrued Landfill Closure Costs		488,862	488,862
Increase (Decrease) in Compensated Absences		5,876	5,876
Increase (Decrease) in OPEB GASB 45 Liability		6,529	6,529
Increase (Decrease) in Accounts Payable	32,172	(229,113)	(196,941)
TOTAL ADJUSTMENTS	\$ 59,655	\$ 1,054,270	\$ 1,113,925
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (476,967)	\$ (2,166,970)	\$ (2,643,937)

COUNTY OF WISE, VIRGINIA
 STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 AT JUNE 30, 2014

EXHIBIT 9

<u>ASSETS</u>	<u>AGENCY FUNDS</u>
ASSETS	
Cash	\$ 147,352
Due From Other Governmental Units	284,260
TOTAL ASSETS	<u>\$ 431,612</u>
<u>LIABILITIES</u>	
LIABILITIES:	
Due To:	
Social Service Clients	\$ 97,177
Governmental Units	101,848
Other Funds	232,587
TOTAL LIABILITIES	<u>\$ 431,612</u>

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Wise, Virginia was established by an act of the Virginia General Assembly in 1856. It is a political subdivision of the Commonwealth of Virginia operating under the board-administrator form of government. The Board of Supervisors consists of a chairman and seven other board members elected from four magisterial districts. The Board is responsible for appointing the County Administrator, County Attorney and County Finance Administrator. The County has taxing powers subject to statewide restrictions and tax limits. The accompanying financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the County. The County and its component units are together referred to herein as the reporting entity.

Discretely Presented Component Units

(1) School Board: The County provides education through its own school system administered by the Wise County School Board (the School Board). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate, but financially dependent. The Board of Supervisors administers the School Board's appropriation of funds at the category level, approves transfers between categories and authorizes school debt issuances. The eight member school board is elected by Wise County voters with two members being elected per magisterial district. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.

(2) Wise County Public Service Authority: The County is financially accountable for the Wise County Public Service Authority (the Authority), including the appointment of the Authority's governing body, the contribution of a material amount of funds to the Authority, providing support agreements for the Authority's debt, and serving as the agent for grant receipts for the Authority's capital projects. Separate financial statements may be obtained from the Wise County Public Service Authority.

(3) Wise County Industrial Development Authority: The County has a financial accountability for the Wise County Industrial Development Authority (the IDA), including the appointment of the IDA's governing body, and the issuance of debt in conjunction with the IDA. Separate financial statements may be obtained from the Wise County Industrial Development Authority.

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

B. Financial Statement Presentation

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).

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the primary government (the County) and its component units, exclusive of fiduciary activities. For the most part, the effect of inter-fund 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 Position – The Statement of Net Position is designed to display the 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 Position and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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 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, net of estimated uncollectible amounts, 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.

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 are recorded only when payment is due.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, Financial Statement Presentation (Continued)

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.

Governmental Funds

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. The general fund is a major fund.

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. Major Special Revenue Funds consist of the Coal Road Improvement Fund. Non-major Special Revenue Funds consist of the Law Library Fund, Emergency Numbers Fund, Dog and Cat Sterilization Fund, Community Corrections Fund, Wise Development Fund, Information Technology Improvement Fund, Software Engineering Initiative Fund, Transient Occupancy Tax Fund, Drug Court Fund, Drug Seizure and Forfeiture and Special Fund, and the Commonwealth Attorney Special Fund.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The Community Development Fund is the only capital projects fund.

Proprietary Funds

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, Virginia is that the cost of providing services to the general public be financed or recovered through user charges. Enterprise Funds consist of the Riverview Sewer Project Fund and VPA Landfill Enterprise Fund.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, Financial Statement Presentation (Continued)

Fiduciary Funds

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

Component Unit-School Board

Governmental Funds

School Operating Fund

The School Operating Fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Wise and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Funds

The Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Major Special Revenue Funds consist of School Cafeteria Fund and School Textbook Rental Fund.

School Capital Project Fund

The School Capital Project Fund accounts for all financial resources used for the acquisition or construction of major capital needs. This fund is considered a major fund.

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.
- (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.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting (Continued)

(8) All budgetary data presented in the accompanying financial statements is the revised budget for the year.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. 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 original maturities of 90 days or less.

2. Investments

Investments are reported at fair value. 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.

3. 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 and component units 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 the asset's life 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

4. 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 \$844,630 at June 30, 2014.

5. Prepaid Items

Prepayments are recorded as prepaid items in the specific governmental fund that will derive future benefits from the expenditures. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under the modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and the amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. The County also has a deferred inflow from the refinancing of bonds.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

9. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Net Position/ Fund Balances

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents 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 County reports fund balance in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Additionally, this fund balance policy is intended to maintain an investment grade rating for Wise County and protect the County from unforeseen circumstances.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Net Position/ Fund Balances (Continued)

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.

Assigned fund balance- Consists of amounts which the County intends to use for specific purposes, but which meets 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.

11. Adoption of Accounting Principles

Upcoming Pronouncements:

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits, for the County of Wise and Wise County School Board are considered fully collateralized.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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).

Custodial Credit Risk: At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County's name.

Interest Rate Risk: The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Concentration of Credit Risk: At June 30, 2014, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

At year-end, the County of Wise, Virginia's deposit and investment balances were as follows:

Investment Type	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year	1-5 Year	
Demand and time deposits	\$ 8,823,737	\$ 12,243,487	\$ -	N/A
Virginia LGIP	61,767	61,767	-	AAAm
Virginia SNAP fund	411,293	411,293	-	AAAm
Federal Agency bonds and notes	999,771	-	999,771	AAA
Total Primary Government	\$ 10,296,568	\$ 12,716,547	\$ 999,771	

At year-end, the Component Unit- School Board and Fiduciary deposit and investment balances were as follows:

Investment Type	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year		
Virginia LGIP	\$ 31,382	\$ 31,382		AAAm
Total Component Unit-Schools	\$ 31,382	\$ 31,382		

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COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

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 31st and October 31st. 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 AND INTERFUND TRANSFERS

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

<u>FUND</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Interfund Obligations		
Due To/Due From Other Funds		
General-Major Fund	\$ 681,073	\$ 153,257
Coal Road Improvement-Major Special Revenue Fund	153,257	-
Riverview Sewer Project Fund-Enterprise Fund	-	212,898
Local Sales Tax Fund-Fiduciary Fund	-	468,175
	<hr/>	<hr/>
Total Due To/Due From Other Funds	\$ 834,330	\$ 834,330
Due To/Due From Component Unit		
General Fund	\$ -	\$ 711,806
School Operating Fund	711,806	-
	<hr/>	<hr/>
Total Due To/Due From Component Units	\$ 711,806	\$ 711,806
	<hr/>	<hr/>
Total Interfund Obligations	\$ 1,546,136	\$ 1,546,136

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COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 5: DUE TO OTHER GOVERNMENTAL UNITS

	GENERAL FUND	COAL ROAD IMPROVEMENT FUND	TOTAL	FIDUCIARY
Appalachia	\$ -	\$ 12,660	\$ 12,660	\$ 14,953
Big Stone Gap	-	15,221	15,221	34,316
Coeburn	-	13,744	13,744	16,909
Pound	-	12,118	12,118	8,473
St. Paul	-	11,478	11,478	7,016
Wise	-	16,207	16,207	19,938
Norton	-	17,093	17,093	-
Public Service Authority	-	73,890	73,890	-
Others	34,212	30,651	64,863	243
TOTALS	\$ 34,212	\$ 203,062	\$ 237,274	\$ 101,848

NOTE 6: DUE FROM OTHER GOVERNMENTAL UNITS

	PRIMARY GOVERNMENT		COMPONENT UNIT
	GENERAL FUND	FIDUCIARY FUND	SCHOOL BOARD
Local Governmental Units:			
Towns	\$ 227,109	\$ -	\$ -
County of Wise- Loan Funds	-	-	986,026
TOTAL LOCAL	\$ 227,109	\$ -	\$ 986,026
Commonwealth of Virginia:			
Shared Expenses	\$ 296,013	\$ -	\$ -
Local Sales Taxes	-	284,260	-
State Sales Taxes	-	-	471,964
Other Funds	1,146,943	-	-
TOTAL STATE	\$ 1,442,956	\$ 284,260	\$ 471,964
Federal Government:			
Grant Funds	\$ 346,330	\$ -	\$ -
School Funds	-	-	681,945
TOTAL FEDERAL	\$ 346,330	\$ -	\$ 681,945
TOTAL DUE	\$ 2,016,395	\$ 284,260	\$ 2,139,935

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7: INTERFUND TRANSFERS

	<u>Transfer In</u>	<u>Transfer Out</u>
Emergency Numbers Fund	\$ 344,034	\$ -
Software Engineering Fund	25,000	-
Riverview Sewer Project Fund	504,850	-
VRA Landfill Enterprise Fund	2,653,422	-
General Fund	<u> </u>	<u>3,527,306</u>
Total Interfund Transfers	<u>\$ 3,527,306</u>	<u>\$ 3,527,306</u>

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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8: LONG-TERM OBLIGATIONS

Changes in long-term obligations:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year	Long-Term
<u>Governmental Activities:</u>						
Loans and Bonds:						
General Financing Loans	\$ 302,422	\$ -	\$ 198,059	\$ 104,362	\$ 73,311	\$ 31,051
Debt Acquired for School Purposes:						
VPSA General Obligation Bonds	33,678,342	13,910,000	9,860,339	37,728,003	-	37,728,003
Premium on VPSA Bonds	1,833,968	757,138	1,240,202	1,350,905	-	1,350,905
Lease Revenue Bonds	14,655,000	-	-	14,655,000	-	14,655,000
Discount on Lease Revenue Bonds	(75,327)	-	(18,632)	(56,695)	-	(56,695)
QSCB Bonds	14,700,000	-	300,000	14,400,000	300,000	14,100,000
State Literary Loans	4,658,227	-	4,658,227	-	-	-
TOTAL LOANS AND BONDS	\$ 69,752,632	\$ 14,667,138	\$ 16,238,195	\$ 68,181,575	\$ 373,311	\$ 67,808,263
Other Obligations:						
OPEB Liability	\$ 394,502	\$ 92,830	\$ -	\$ 487,332	\$ -	\$ 487,332
Capital Leases	5,376,470	-	367,476	5,008,993	361,918	4,647,075
Compensated Absences	687,110	75,353	-	762,463	190,616	571,847
Total Other Obligations	\$ 6,458,082	\$ 168,183	\$ 367,476	\$ 6,258,789	\$ 552,534	\$ 5,706,255
TOTAL GOVERNMENTAL ACTIVITIES	\$ 76,210,714	\$ 14,835,321	\$ 16,605,671	\$ 74,440,364	\$ 925,845	\$ 73,514,518
<u>Business-Type Activities</u>						
Loans and Bonds:						
VRA General Obligation Bonds	\$ 6,020,000	\$ -	\$ 215,000	\$ 5,805,000	\$ 405,000	\$ 5,400,000
Premium on VRA Bonds	773,939	-	58,289	715,650	58,288	657,362
General Financing Loans	581,789	-	260,185	321,604	225,916	95,688
TOTAL LOANS AND BONDS	\$ 7,375,728	\$ -	\$ 533,474	\$ 6,842,254	\$ 689,204	\$ 6,153,050
Other Obligations:						
OPEB Liability	\$ 64,016	\$ 6,529	\$ -	\$ 70,545	\$ -	\$ 70,545
Capital Lease	615,846	-	98,892	516,954	84,824	432,129
Landfill Closure Liability	8,432,741	488,862	-	8,921,603	-	8,921,603
Compensated Absences	136,069	5,876	-	141,945	35,486	106,459
Total Other Obligations	\$ 9,248,672	\$ 501,267	\$ 98,892	\$ 9,651,046	\$ 120,311	\$ 9,530,736
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 16,624,400	\$ 501,267	\$ 632,366	\$ 16,493,301	\$ 809,514	\$ 15,683,786
TOTAL PRIMARY GOVERNMENT	\$ 92,835,114	\$ 15,336,588	\$ 17,238,037	\$ 90,933,664	\$ 1,735,358	\$ 89,198,304

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

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

YEAR ENDING JUNE 30,	GENERAL LONG-TERM DEBT SCHOOL PURPOSES		GENERAL LONG TERM FINANCING	
	GENERAL OBLIGATION BONDS		PRINCIPAL	INTEREST
	PRINCIPAL	INTEREST		
2015	\$ 300,000	\$ 1,663,421	\$ 73,311	\$ 1,678
2016	300,000	1,815,154	31,051	184
2017	14,955,000	1,815,154	-	-
2018	1,200,000	1,566,019	-	-
2019	1,200,000	1,566,019	-	-
2020	1,880,000	1,549,019	-	-
2021	2,020,000	1,511,519	-	-
2022	2,065,000	1,469,394	-	-
2023-2027	15,235,408	6,007,876	-	-
2028-2037	27,627,595	4,919,746	-	-
TOTALS	\$ 66,783,003	\$ 23,883,321	\$ 104,362	\$ 1,862

YEAR ENDING JUNE 30,	ENTERPRISE FUNDS GENERAL OBLIGATION BONDS AND FINANCING LOANS	
	PRINCIPAL	INTEREST
2015	\$ 689,204	\$ 245,522
2016	573,977	226,905
2017	493,289	209,575
2018	513,289	190,470
2019	533,289	168,499
2020	558,289	145,789
2021	583,289	122,508
2022	603,289	101,953
2023	623,289	79,185
2024	308,210	59,338
2025	323,210	46,738
2026	333,210	34,334
2027	348,210	21,256
2028	358,210	7,250
TOTALS	\$ 6,842,254	\$ 1,659,322

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

	<u>AMOUNT OUTSTANDING</u>
<u>DETAILS OF LONG-TERM OBLIGATIONS</u>	
<u>General Long-Term Debt:</u>	
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 an Enterprise Liability.	\$ <u>104,362</u>
Total General Financing Loans	\$ <u>104,362</u>
TOTAL GENERAL LONG-TERM FINANCING	\$ <u>104,362</u>
 <u>Debt Acquired for School Purposes:</u>	
VPSA Bond:	
\$29,265,000 par VPSA Bonds issued November 09, 2011, due in principal semi-annual installments and semi-annual interest payments through 07/15/2036 at 3.67%	
Par Value. Bonds \$21,445,000	
Bond Premium <u>593,767</u>	22,038,767
\$15,000,000 par value VPSA- Qualified School Construction Bonds issued December 15, 2011, due in principal annual Installments through 12/01/2030 at 0.00%	14,400,000
\$3,490,000 par value VPSA- Refunding of Literary Loans Bonds Issued May 15, 2014, due in principal annual Installments through 08/01/2023 at 2.39%	
Par Value Bonds \$ 3,490,000	
Bond Premium <u>695,714</u>	4,185,714
\$10,420,000 par value VPSA- Partial Refunding of 2011B & 2008A Bonds issued May 15, 2014, due in principal annual Installments through 08/01/2039 at 3.54%	
Par Value Bonds \$10,420,000	
Bond Premium <u>61,423</u>	10,481,423

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

DETAILS OF LONG TERM OBLIGATIONS (Continued)

\$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>\$ 2,373,003</u>
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TOTAL VPSA AND QSCB BONDS	<u>\$ 53,478,907</u>
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Bond Anticipation Notes:

\$14,655,000 Public Facilities Lease Revenue Anticipation Notes (Literary Loan Anticipation Notes) issued 12/19/2012 with semi-annual interest payments through 06/30/2017 at 1.7%.	
Par Value, Bonds \$14,655,000	
Bond Discount <u>(56,695)</u>	<u>\$14,598,305</u>

TOTAL LONG-TERM DEBT ACQUIRED FOR SCHOOL PURPOSES	<u>\$ 68,077,212</u>
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TOTAL OPEB LIABILITY	\$ 487,332
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CAPITAL LEASES	5,008,993
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TOTAL COMPENSATED ABSENCES	<u>762,463</u>
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TOTAL GENERAL LONG-TERM OBLIGATIONS	<u>\$74,440,362</u>
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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

DETAILS OF LONG-TERM OBLIGATIONS (Continued)

BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS

**AMOUNT
OUTSTANDING**

Enterprise Fund:

VRA General Obligation Bonds:

\$3,225,951 Virginia Resources Authority, Virginia Revolving
Loan Fund issued May 25, 2010, due in annual installments
through October 1, 2022, interest payable annually at 3.275%.

	Par Value, Bonds	\$ 2,355,000	
	Bond Premium	<u>180,712</u>	<u>\$ 2,535,712</u>

\$4,023,147 Virginia Resources Authority, Virginia Revolving
Loan Fund issued Jun 05, 2013, due in semi-annual installments
through April 1, 2028, interest payable annually at 2.48%.

	Par Value, Bonds	\$ 3,450,000	
	Bond Premium	<u>534,938</u>	<u>\$ 3,984,938</u>

	<u>TOTAL VRA GENERAL OBLIGATION BONDS</u>	<u>\$ 6,520,650</u>
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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 an Enterprise Liability.

\$ 321,604

	<u>TOTAL GENERAL LONG-TERM FINANCING</u>	<u>\$ 321,604</u>
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TOTAL OPEB LIABILITY	\$ 70,545
TOTAL COMPENSATED ABSENCES	141,945
TOTAL LANDFILL CLOSURE LIABILITY	8,921,603
TOTAL CAPITAL LEASES	<u>516,954</u>

	<u>TOTAL BUSINESS-TYPE LONG-TERM OBLIGATIONS</u>	<u>\$ 16,493,301</u>
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	<u>TOTAL PRIMARY GOVERNMENT DEBT</u>	<u>\$90,933,663</u>
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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8: LONG-TERM OBLIGATIONS(Continued)

COMPONENT UNIT – SCHOOL BOARD

Changes in Long-Term Obligations:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year	Long-Term
<u>Long-Term Debt:</u>						
Long-Term Financing						
Loans	\$ 987,531	-	\$ 196,888	\$ 790,643	\$ 204,239	\$ 586,404
OPEB GASB 45 Liability	1,471,673	720,044	448,086	1,743,631	-	1,743,631
LROP	15,270	4,550	-	19,820	3,818	16,002
Compensated Absences	185,444	98,047	-	283,491	72,010	211,481
TOTAL LONG-TERM OBLIGATIONS	\$ 2,659,918	\$ 822,641	\$ 644,974	\$ 2,837,585	\$ 280,067	\$ 2,557,518

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

YEAR ENDING JUNE 30,	<u>LONG-TERM FINANCING LOANS</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2015	\$ 204,239	\$ 26,846
2016	211,764	19,219
2017	88,103	13,378
2018	91,692	9,789
2019	95,428	6,053
2020	99,417	2,165
TOTALS	\$ 790,643	\$ 77,450

Description of Long Term Obligations:

\$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%.	\$ 250,109
\$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>\$ 540,534</u>
Total Loans Payable	<u>\$ 790,643</u>
Total OPEB GASB 45 Liability	\$ 1,743,631
Total LROP Payable	19,820
Total Compensated Absences	<u>283,491</u>
TOTAL LONG-TERM DEBT – SCHOOL BOARD	<u>\$ 2,837,585</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

COMPONENT UNIT – SCHOOL BOARD

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 County has also entered into a lease agreement with U.S Bank for financing capital assets purchases for both the General Fund and the Enterprise-Landfill Fund.

The following is an analysis of the leases as of June 30, 2014:

	<u>Lease Obligation</u>	<u>Carrying Value</u>
Wise County Justice Center, 2.63%, \$32,389.74 monthly payment including interest, maturity date Feb 12, 2028	\$ 4,470,161	\$ 4,940,877
Various Capital Equipment, 1.36%, \$16,857.66 monthly payment including interest, maturity date Dec 21, 2019	\$ 1,055,784	\$ 1,083,160
TOTAL CAPITAL LEASES	<u>\$ 5,525,945</u>	<u>6,024,037</u>

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, 2014

Years ending June 30	Governmental Activities		Business-Type Activities	
	IDA General Fund	US Bank General Fund	US Bank Landfill	Enterprise
2015	\$ 388,677	\$ 103,248	\$ 99,048	
2016	388,677	103,248	99,048	
2017	388,677	103,248	99,048	
2018	388,677	103,248	99,048	
2019	388,677	103,248	99,048	
2020	388,677	51,624	49,524	
2021	388,677		-	
2022	388,677		-	
2023-2028	2,234,886	-	-	
Total Minimum Lease Payments	\$ 5,344,301	\$ 567,864	\$ 544,764	
Less Amount Representing Interest	(874,140)	(29,032)	(27,811)	
Present Value of Future Minimum Lease Payments	\$ 4,470,161	\$ 538,832	\$ 516,954	

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10: COMPENSATED ABSENCES

In accordance with GASB Statement 16 *Accounting for Compensated Absences*, the County has accrued the liability arising from outstanding 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, 2014 the value of accrued vacation pay, for the primary government was \$904,408.

The amount of accrued vacation pay for School Board employees was \$283,491 as of June 30, 2014.

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. The total obligation under this plan is \$19,820.

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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS- Plan 1

1. Plan Overview - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. Eligible Members - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. Hybrid Opt-In Election - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

VRS- Plan 1 (Continued)

4. Retirement Contributions - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. Creditable Service - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. Vesting - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. Calculating the Benefit - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. Average Final Compensation - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. Service Retirement Multiplier - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. Normal Retirement Age - Age 65.
11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

VRS- Plan 1 (Continued)

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. Eligibility - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

VRS- Plan 2

1. Plan Overview - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
2. Eligible Members - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
3. Hybrid Opt-In Election - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. Retirement Contributions – Same as VRS Plan 1—Refer to Section 4.
5. Creditable Service – Same as VRS Plan 1— Refer to Section 5.
6. Vesting – Same as VRS Plan 1—Refer to Section 6.
7. Calculating the Benefit – Same as VRS Plan 1—Refer to Section 7.
8. Average Final Compensation - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. Service Retirement Multiplier - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. Normal Retirement Age - Normal Social Security retirement age.
11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

VRS- Plan 2 (Continued)

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. Eligibility – Same as VRS Plan 1–Refer to Section 14.
15. Exceptions to COLA Effective Dates – Same as VRS Plan 1–Refer to Section 15.
16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service – Same as VRS Plan 1–Refer to Section 17.

HYBRID RETIREMENT PLAN

1. Plan Overview - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. Eligible Members - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

Hybrid Plan (Continued)

- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
3. *Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
- Members of the State Police Officers' Retirement System (SPORS)
 - Members of the Virginia Law Officers' Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. Retirement Contributions - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

Hybrid Plan (Continued)

6. Vesting (Continued)

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component – Same as VRS Plan 1–Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- 8. Average Final Compensation** – Same as VRS Plan 2–Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.
- 9. Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component – Same as VRS Plan 2–Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

Hybrid Plan (Continued)

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component – Not Applicable.

14. Eligibility – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component – Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, Wise County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's Contribution rate for fiscal year ended 2014 was 9.31% of annual covered payroll.

Discretely Presented Component Unit – School Board (Non-Professional Employees):

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's Contribution rate for fiscal year ended 2014 was 12.11% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of \$1,302,172 was equal to the County's required and actual contributions.

For fiscal year 2014, School Board's annual pension cost of \$290,165 was equal to the School Board's required and actual contributions.

	Fiscal Year Ending	Three-Year Trend Information		Net Pension Obligation
		Annual Pension Cost (APC)	Percentage of APC Contributed	
Primary Government				
County	6/30/2014	\$ 1,302,172	100%	-
	6/30/2013	1,114,956	100%	-
	6/30/2012	1,160,045	100%	-
Discretely Presented- Component Unit:				
School Board Non-Professional	6/30/2014	\$ 290,165	100%	-
	6/30/2013	256,845	100%	-
	6/30/2012	297,477	100%	-

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funding Status and Progress

Primary Government:

As of June 30, 2013, the most recent actuarial valuation date, the plan was 71.84% funded. The actuarial accrued liability for benefits was \$50,917,289, and the actuarial value of assets was \$36,576,896, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,340,393. The covered payroll (annual payroll of active employees covered by the plan) was \$9,927,662 and ratio of the UAAL to the covered payroll was 144.45%.

Discretely Presented Component Unit- School Board (Non-Professional Employees)

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 61.48% funded. The actuarial accrued liability for benefits was \$12,380,635, and the actuarial value of assets was \$7,611,753, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,768,882. The covered payroll (annual payroll of active employees covered by the plan) was \$1,638,298 and ratio of the UAAL to the covered payroll was 291.09%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Discretely Presented Component Unit- School Board (Professional Employees)

Plan Description

The Wise County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress (Continued)

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the Actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees.

The School Board's contributions for professional employees were \$4,914,272, \$5,360,684, and \$3,638,140, for the fiscal years ended 2014, 2013, and 2012, respectively. Required employer contributions represented 11.66% for 2014, 18.96% for 2013, and 12.21% for 2012 of current covered payroll, respectively.

NOTE 12: UNAVAILABLE REVENUE

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$25,073,099 is comprised of the following:

Unavailable Property Tax Revenue – Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$23,048,729 (including 2nd ½ tax billings of \$21,072,101 not due until December 5) at June 30, 2014.

Prepaid Property Taxes – Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$1,268,982.

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, 2014

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
Judy Durham, 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, 2014, the County's legal counsel informed the County that there are no pending court actions in which Wise County is a party.

NOTE 16: BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 314,816	\$ -	\$ -	\$ 314,816
Construction in progress	781,073	-	(781,073)	-
Total capital assets not being depreciated	\$ 1,095,889	\$ -	\$ (781,073)	\$ 314,816
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,707,928	\$ 3,475,221	\$ -	\$ 16,183,149
Machinery and equipment	5,117,679	82,658	(262,333)	4,938,004
Total capital assets being depreciated	\$ 17,825,607	\$ 3,557,879	\$ (262,333)	\$ 21,121,153
Less: accumulated depreciation for:				
Buildings and improvements	\$ (4,625,973)	\$ (349,555)	\$ -	\$ (4,975,528)
Machinery and equipment	(3,407,182)	(471,755)	262,333	(3,616,604)
Total accumulated depreciation	\$ (8,033,155)	\$ (821,310)	\$ 262,333	\$ (8,592,132)
Total capital assets being depreciated, net	\$ 9,792,452	\$ 2,736,569	\$ -	\$ 12,529,021
Business-Type capital assets, net	\$ 10,888,341	\$ 2,736,569	\$ (781,073)	\$ 12,843,837

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 17: GOVERNMENTAL ACTIVITIES CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,850,643	\$ -	\$ (40,415)	\$ 2,810,228
Construction in progress	42,364,131	-	(42,364,131)	-
Total capital assets not being depreciated	<u>\$ 45,214,774</u>	<u>\$ -</u>	<u>\$ (42,404,546)</u>	<u>\$ 2,810,228</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 32,912,966	\$ 61,334,682	\$ (20,625)	\$ 94,227,023
Machinery and equipment	5,989,994	227,267	(294,291)	5,922,970
Total capital assets being depreciated	<u>\$ 38,902,960</u>	<u>\$ 61,561,949</u>	<u>\$ (314,916)</u>	<u>\$ 100,149,993</u>
Less: accumulated depreciation for:				
Buildings and improvements	\$ (15,375,412)	\$ (397,970)	\$ -	\$ (15,773,382)
Machinery and equipment	(4,323,979)	(418,052)	313,233	(4,428,798)
Total accumulated depreciation	<u>\$ (19,699,391)</u>	<u>\$ (816,022)</u>	<u>\$ 313,233</u>	<u>\$ (20,202,180)</u>
Total capital assets being depreciated, net	<u>\$ 19,203,569</u>	<u>\$ 60,745,927</u>	<u>\$ (1,683)</u>	<u>\$ 79,947,813</u>
Governmental activities capital assets, net	<u>\$ 64,418,343</u>	<u>\$ 60,745,927</u>	<u>\$ (42,406,229)</u>	<u>\$ 82,758,041</u>

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

General government administration	\$ 115,303
Judicial administration	16,122
Public safety	290,040
Public works	265,674
Health and welfare	83,878
Parks, recreation, and cultural	45,005
Total depreciation expense-governmental activities	<u>\$ 816,022</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 17: CAPITAL ASSETS (Continued)

Discretely Presented Component Unit School Board:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
School Board				
Capital assets, not being depreciated:				
Land	\$ 1,318,464	\$ 700,000	\$ -	\$ 2,018,464
Capital assets, being depreciated:				
Buildings and improvements	\$ 54,871,314	\$ 977,645	\$ (12,770)	\$ 55,861,729
Machinery and equipment	8,035,017	659,534	(50,800)	8,745,351
Total capital assets being depreciated	<u>\$ 62,906,331</u>	<u>\$ 1,637,179</u>	<u>\$ (63,570)</u>	<u>\$ 64,607,081</u>
Less: accumulated depreciation for:				
Buildings and improvements	\$ (31,067,438)	\$ (1,596,614)	\$ -	\$ (32,664,053)
Machinery and equipment	(7,051,529)	(412,437)	(50,800)	(7,413,166)
Total accumulated depreciation	<u>\$ (38,118,967)</u>	<u>\$ (2,009,050)</u>	<u>\$ (50,800)</u>	<u>\$ (40,077,218)</u>
Total capital assets being depreciated, net	<u>\$ 24,787,364</u>	<u>\$ (371,871)</u>	<u>\$ (114,370)</u>	<u>\$ 24,529,862</u>
School Board capital assets, net	<u>\$ 26,105,828</u>	<u>\$ 328,129</u>	<u>\$ (114,370)</u>	<u>\$ 26,548,326</u>

NOTE 18: 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 \$17,099,739. The accrued liability for these costs reported as of June 30, 2014 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 52% and the remaining life of the landfill is approximately 22 years. The remaining cost to be accrued in the future is as follows:

Total Estimated Liability	\$ 17,099,739
Accrued Liability as of June 30, 2014	<u>8,921,603</u>
Total Closure and Postclosure Care Costs Remaining to be Recognized	<u>\$ 8,178,136</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.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 18: LANDFILL CLOSURE COST LIABILITY (Continued)

The County demonstrated financial assurance requirements for closure and post-closure costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with 9 VAC 20-70-10 of the Virginia Administrative Code. The regulation requires local government owners and operators to maintain a financial mechanism, or combination of mechanisms, demonstrating assurance for the closure, post-closure care, and, if applicable, corrective actions costs associated with their owned and operated solid waste facilities. The County has fulfilled the requirements as set forth in the financial ratio test mechanism.

The County has a reserve 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, 2014, the County has a balance of \$4,449,706 in this fund which is the aggregate funding to date including interest earned.

NOTE 19: ACCOUNTS RECEIVABLE

Business Type Activities:

	<u>Balance</u>
Accounts Receivable	
Landfill Fees	\$ <u>118,865</u>
NET ACCOUNTS RECEIVABLE	\$ <u>118,865</u>

NOTE 20: OTHER POSTEMPLOYMENT BENEFITS

The County and Component-unit School Board recognize the cost of postemployment health care in the year(s) when employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County and School Board's future cash flows.

Primary Government

A. Plan Description

The County of Wise administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 5 years of service with the County and the employee must have attained the age of fifty-five (55) or 10 years of service with the County and the employee must have attained the age of fifty (50) . The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 20: OTHER POSTEMPLOYMENT BENEFITS (continued)

Primary Government (Continued)

B. Funding Policy

The County of Wise, Virginia currently pays for post-retirement health care benefits on a pay-as-you-go basis. The County of Wise, Virginia currently has 255 employees that are eligible for the program. In addition, for retirees of the County of Wise, Virginia, 100 percent of premiums are the responsibility of the retiree. The rates were as follows:

Participants	Premiums Health Insurance	
	Option 1	Option 2
Employee	\$ 583	\$ 541
Employee / Spouse	1,079	1,001

The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

C. Annual OPEB Cost and Net OPEB Obligation

For 2014, the County's annual contribution of \$43,060 did not equal the annual OPEB cost of \$142,420. The obligation calculation is as follows:

Annual required contribution	\$ 141,584
Interest on net OPEB obligation	13,896
Adjustment to annual required contribution	(13,061)
Annual OPEB cost (expense)	\$ 142,419
Contributions made	43,060
Increase in net OPEB obligation	\$ 99,359
Net OPEB obligation - beginning of year	458,518
Net OPEB obligation - ending of year	\$ 557,877

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 238,751	65.13%	\$ 366,084
6/30/2013	201,427	54.11%	458,518
6/30/2014	142,419	30.23%	557,877

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 20: OTHER POSTEMPLOYMENT BENEFITS (continued)

Primary Government (continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2013 (the most recent valuation), was as follows:

Actuarial accrued liability (AAL)	\$	1,435,736
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		1,435,736
Funded ratio (actuarial value of plan assets/AAL)		-
Covered payroll (active plan members)		7,000,257
UAAL as a percentage of covered payroll		20.51%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, the most recent actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 3.0%, an investment rate of return at 4.5%, and a health care trend rate of 8% graded to 5% over 10 years. The UAAL is being amortized as a level percentage on an open basis, which at July 1, 2013, was 30 years.

Component Unit: School Board

A. Plan Description

The Component Unit - Wise County School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 5 years of service with the County and the employee must have attained the age of fifty-five (55) or 10 years of service with the County and the employee must have attained the age of fifty (50) . The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 20: OTHER POSTEMPLOYMENT BENEFITS (continued)

Component Unit: School Board: (continued)

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 812 employees that are eligible for the program. In addition, for retirees of the School Board, 100 percent of premiums are the responsibility of the retiree. The rates were as follows:

Participants	Premiums	
	High DV	Base DV
Employee	\$ 492	\$ 482
Employee / Spouse	921	902

The Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

C. Annual OPEB Cost and Net OPEB Obligation

For 2014, the Board's annual contribution of \$448,044 did not equal the annual OPEB cost of \$720,002. The obligation calculation is as follows:

Annual required contribution	\$ 715,655
Interest on net OPEB obligation	72,961
Adjustment to annual required contribution	(68,572)
Annual OPEB cost (expense)	\$ 720,044
Contributions made	448,044
Increase in net OPEB obligation	\$ 272,000
Net OPEB obligation - beginning of year	1,471,673
Net OPEB obligation - ending of year	\$ 1,743,673

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years were as follows:

		Percentage of	
Fiscal	Annual	Annual OPEB Cost	Net OPEB
Year Ended	OPEB Cost	Contributed	Obligation
6/30/2012	\$ 756,045	36.24%	\$ 1,206,173
6/30/2013	610,643	56.52%	1,471,673
6/30/2014	720,044	62.23%	1,743,673

COUNTY OF WISE, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 20: OTHER POSTEMPLOYMENT BENEFITS (continued)

Component Unit: School Board: (continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2013 (the most recent valuation), was as follows:

Actuarial accrued liability (AAL)	\$	7,537,612
Actuarial value of plan assets		7,537,612
Unfunded actuarial accrued liability (UAAL)		7,537,612
Funded ratio (actuarial value of plan assets/AAL)		100%
Covered payroll (active plan members)		36,751,348
UAAL as a percentage of covered payroll		20.51%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, the most recent actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 3.0%, an investment rate of return at 4.5%, and a health care trend rate of 8% graded to 5% over 10 years. The UAAL is being amortized as a level percentage on an open basis, which at July 1, 2013, was 30 years.

NOTE 21: OTHER POSTEMPLOYMENT BENEFITS - VRS HEALTH INSURANCE CREDIT

Professional Employees – Discretely Presented Component Unit School Board

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the School Board, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 21: OTHER POSTEMPLOYMENT BENEFITS - VRS HEALTH INSURANCE CREDIT (Continued)

Professional Employees – Discretely Presented Component Unit School Board (Continued)

A. Plan Description (Continued)

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

NOTE 22: GASB 54 FUND BALANCES

The General Fund has a non-spendable fund balance amount of \$34,653 which is for prepaid expenses and a \$4,549,862 committed amount which is for debt service. The restricted amount in capital projects of \$187,177 is for fees collected through the court for courthouse renovations and \$514,406 for a Sewer Project Grant. For major special revenue funds as illustrated in Exhibit 3, the total restricted amount is \$3,023,198 which is restricted by laws or ordinances. For non-major special revenue funds, the total restricted amount is \$967,503 also restricted by laws or ordinances and \$222,978 is committed by the highest local governing body authority.

NOTE 23: OTHER ASSETS

The Sewer Enterprise Fund contains a balance of \$508,750 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. Accumulated amortization as of June 30, 2014 amounted to \$41,250.

NOTE 24: BUDGET FOR SCHOOL CAPITAL OUTLAY

The Board of Supervisors approved the issuance of bonds in Fiscal 2011 for school project construction. The bonds were subsequently issued in Fiscal 2012 and a public hearing for a budget amendment was held and those funds were subsequently budgeted for use in Fiscal 2012. In Fiscal 2013 and Fiscal 2014 those funds were budgeted within capital outlay of the Schools-Component Unit and subsequently appropriated within capital outlay budget of the Wise County School System. The budgets within the financial statements reflect the funds transfers for all requisitions to Schools- Capital Outlay from the General Fund.

NOTE 25: RELATED PARTY

Lonesome Pine Office on Youth (LPOY) is a related party to Wise County in that it is a vendor for Wise County's Comprehensive Services Act expenditures. In addition, LPOY reports its payroll through Wise County's Employer Identification Number as well as reporting Virginia Retirement Systems payments for its full time personnel. LPOY maintains its own finances but does receive annual discretionary contributions from Wise County. Wise County appoints a minority number of Board Members for LPOY.

NOTE 26: RESTATEMENT OF NET ASSETS

Governmental Net Assets, as previously reported	\$ 32,220,615
Adjustment to capital leases previously reported	<u>315,588</u>
Governmental Net Assets, as restated	\$ <u>32,536,203</u>

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT 10

	GENERAL FUND			
	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
General Property Taxes	\$ 26,679,767	\$ 26,694,037	\$ 27,259,792	\$ 565,755
Other Local Taxes	7,715,000	7,715,000	5,936,340	(1,778,660)
Permits, Privilege Fees & Regulatory Licenses	57,500	57,500	52,913	(4,587)
Fines & Forfeitures	17,000	17,000	39,173	22,173
Revenues From Use Of Money & Property	265,000	265,000	158,584	(106,416)
Charges For Services	327,750	327,750	417,708	89,958
Miscellaneous	69,000	74,000	76,906	2,906
Recovered Costs	456,000	456,000	427,109	(28,891)
Intergovernmental:				
Commonwealth	14,797,920	15,324,323	11,787,544	(3,536,779)
Federal	4,348,887	4,360,975	4,055,582	(305,393)
TOTAL REVENUES	\$ 54,733,824	\$ 55,291,585	\$ 50,211,651	\$ (5,079,934)
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,250,796	\$ 3,272,216	\$ 3,081,896	\$ 190,320
Judicial Administration	2,962,346	3,048,266	2,923,091	125,176
Public Safety	8,978,281	9,096,653	8,866,500	230,153
Public Works	947,975	997,975	874,720	123,255
Health & Welfare	14,139,555	14,714,556	10,837,444	3,877,112
Education	40,395,990	40,395,990	38,887,794	1,508,196
Parks, Recreation & Cultural	1,014,928	1,014,928	990,679	24,249
Community Development	2,211,135	2,215,710	763,186	1,452,524
Non-Departmental	65,998	65,998	3,888	62,110
Debt Service:				
Principal Retirement	447,764	447,764	14,840,633	(14,392,869)
Interest & Fiscal Charges	220,542	220,542	520,055	(299,514)
TOTAL EXPENDITURES	\$ 74,635,309	\$ 75,490,598	\$ 82,589,886	\$ (7,099,287)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (19,901,485)	\$ (20,199,012)	\$ (32,378,235)	\$ (12,179,222)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Operating Transfers Out	(7,912,314)	(7,701,986)	(3,527,306)	4,174,680
Issuance Of Debt	4,000,000	4,000,000	14,667,137	10,667,137
Prior Year Appropriations-Bond Proceeds	20,422,527	20,422,527	-	(20,422,527)
Prior Year Appropriations-School Reserves	3,291,272	3,378,473	-	(3,378,473)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 19,901,485	\$ 20,199,014	\$ 11,139,831	\$ (9,059,183)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ (21,238,404)	\$ (21,238,405)
FUND BALANCE AT BEGINNING OF YEAR,	\$ -	\$ -	37,121,382	37,121,382
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 15,882,978	\$ 15,882,977

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT 11

	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Taxes	\$ 4,000,000	\$ 4,000,000	\$ 2,212,579	\$ (1,787,421)
Revenues From Use Of Money & Property	-	-	35,283	35,283
TOTAL REVENUES	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 2,247,862</u>	<u>\$ (1,752,138)</u>
EXPENDITURES:				
Current:				
Public Works	\$ 100,000	\$ 100,000	\$ 1,645,086	\$ (1,545,086)
Community Development	3,900,000	3,900,000	2,995,859	904,141
TOTAL EXPENDITURES	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,640,945</u>	<u>\$ (640,945)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,393,083)</u>	<u>\$ (2,393,083)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>5,416,280</u>	<u>5,416,280</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,023,197</u>	<u>\$ 3,023,197</u>

RETIREMENT PLAN

PRIMARY GOVERNMENT

	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
June 30, 2013	\$36,576,896	\$50,917,289	\$14,340,393	71.84%	\$9,927,662	144.45%
June 30, 2012	\$36,023,570	\$49,422,849	\$13,399,279	72.89%	\$9,261,822	144.67%
June 30, 2011	\$36,706,864	\$47,109,982	\$10,403,118	77.92%	\$9,333,258	111.46%
June 30, 2010	\$35,964,789	\$44,270,387	\$8,305,598	81.24%	\$9,476,611	87.64%

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

June 30, 2013	\$7,611,753	\$12,380,635	\$4,768,882	61.48%	\$1,638,298	291.09%
June 30, 2012	\$7,717,496	\$12,230,753	\$4,513,257	63.10%	\$1,660,731	271.76%
June 30, 2011	\$7,959,864	\$11,985,556	\$4,025,692	66.41%	\$1,789,977	224.90%
June 30, 2010	\$8,235,880	\$11,957,409	\$3,721,529	68.88%	\$2,013,628	184.82%

OTHER POST-EMPLOYMENT BENEFITS

PRIMARY GOVERNMENT

	(a)	(b)	(b - a)	(b/a)	(c)	(c/e)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
July 1, 2013	\$	\$1,435,736	\$1,435,736	0.00%	\$ 7,000,257	20.5%
July 1, 2012	\$	1,469,174	1,469,174	0.00%	6,796,366	21.6%
July 1, 2011	\$	1,523,425	1,523,425	0.00%	5,660,746	26.9%

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

July 1, 2013	\$	\$ 7,537,612	\$ 7,550,492	0.00%	\$ 36,751,348	20.5%
July 1, 2012	\$	7,487,263	7,487,263	0.00%	35,680,920	21.0%
July 1, 2011	\$	8,632,745	8,632,745	0.00%	32,077,561	26.9%

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF WISE, VIRGINIA
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS - MAJOR AND NON-MAJOR
 AT JUNE 30, 2014

EXHIBIT 13

<u>ASSETS</u>	<u>TOTAL MAJOR SPECIAL REVENUE FUNDS</u>	<u>EMERGENCY NUMBERS FUND</u>	<u>LAW LIBRARY FUND</u>	<u>DOG AND CAT STERILIZATION FUND</u>	<u>COMMUNITY CORRECTIONS FUND</u>	<u>WISE DEVELOPMENT FUND</u>
Assets:						
Cash & Cash Equivalents	\$ 1,252,739	\$ 25,944	\$ 47,924	\$ 3,398	\$ 148,353	\$ 480,613
Investments	2,058,177	-	-	-	-	-
Mineral Taxes Receivable	142,864	-	-	-	-	-
Accounts Receivable	20,360	-	-	-	-	-
Due From Other Funds	153,257	-	-	-	-	-
TOTAL ASSETS	\$ 3,627,397	\$ 25,944	\$ 47,924	\$ 3,398	\$ 148,353	\$ 480,613
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 401,138	\$ 5,730	\$ 478	\$ 160	\$ -	\$ 8,377
Due to Other Governmental Units	203,062	-	-	-	-	-
TOTAL LIABILITIES	\$ 604,200	\$ 5,730	\$ 478	\$ 160	\$ -	\$ 8,377
FUND BALANCES:						
Committed	\$ 3,023,197	\$ 20,214	\$ 47,446	\$ 3,238	\$ 148,353	\$ 472,236
TOTAL FUND BALANCES	\$ 3,023,197	\$ 20,214	\$ 47,446	\$ 3,238	\$ 148,353	\$ 472,236
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,627,397	\$ 25,944	\$ 47,924	\$ 3,398	\$ 148,353	\$ 480,613

INFORMATION TECHNOLOGY IMPROVEMENT FUND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	SHERIFF DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	DRUG COURT FUND	COMMON- WEALTH ATTORNEY SPECIAL FUNDS	TOTAL NON- MAJOR SPECIAL REVENUE FUNDS
\$ 21,270	\$ 88,809	\$ 282,426	\$ 80,316	\$ 14,500	\$ 21,687	\$ 1,215,240
\$ 21,270	\$ 88,809	\$ 282,426	\$ 80,316	\$ 14,500	\$ 21,687	\$ 1,215,240
\$ -	\$ 55	\$ 6,791	\$ 3,168	\$ -	\$ -	\$ 24,759
\$ -	\$ 55	\$ 6,791	\$ 3,168	\$ -	\$ -	\$ 24,759
\$ 21,270	\$ 88,754	\$ 275,635	\$ 77,148	\$ 14,500	\$ 21,687	\$ 1,190,481
\$ 21,270	\$ 88,754	\$ 275,635	\$ 77,148	\$ 14,500	\$ 21,687	\$ 1,190,481
\$ 21,270	\$ 88,809	\$ 282,426	\$ 80,316	\$ 14,500	\$ 21,687	\$ 1,215,240

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES &
 CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS - NON-MAJOR AND MAJOR
 FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT 14

	(MAJOR FUND) COAL ROAD IMPROVEMENT FUND	TOTAL MAJOR SPECIAL REVENUE FUNDS	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COMMUNITY CORRECTIONS FUND
REVENUES:						
Other Local Taxes	\$ 2,212,579	\$ 2,212,579	\$ -	\$ -	\$ -	\$ -
Revenues From Use of Money & Property	35,283	35,283	-	-	-	-
Charges for Services	-	-	-	9,493	-	-
Fines & Forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	-	2,507	31,599
Commonwealth	-	-	113,306	-	-	-
Federal	-	-	-	-	-	-
TOTAL REVENUES	\$ 2,247,862	2,247,862	\$ 113,306	\$ 9,493	\$ 2,507	\$ 31,599
EXPENDITURES:						
Judicial Administration	-	-	-	17,235	-	-
Public Safety	-	-	435,007	-	1,740	-
Public Works	1,645,086	1,645,086	-	-	-	-
Community Development	2,995,859	2,995,859	-	-	-	-
TOTAL EXPENDITURES	\$ 4,640,945	\$ 4,640,945	\$ 435,007	\$ 17,235	\$ 1,740	\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,393,083)	\$ (2,393,083)	\$ (321,701)	\$ (7,742)	\$ 767	\$ 31,599
OTHER FINANCING SOURCES (USES):						
Transfers In	\$ -	\$ -	\$ 344,034	\$ -	\$ -	\$ -
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ 344,034	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	\$ (2,393,083)	\$ (2,393,083)	\$ 22,333	\$ (7,742)	\$ 767	\$ 31,599
FUND BALANCES BEGINNING OF YEAR	5,416,260	5,416,280	(2,119)	55,188	2,471	116,754
FUND BALANCES END OF YEAR	\$ 3,023,177	\$ 3,023,197	\$ 20,214	\$ 47,446	\$ 3,238	\$ 148,353

WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT FUND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	DRUG COURT FUND	DRUG SEIZURE & FORFEITURE AND SPECIAL FUND	COMMON- WEALTH ATTORNEY SPECIAL FUND	TOTAL NON- MAJOR SPECIAL REVENUE FUNDS
\$	\$	\$	\$ 24,584 13	\$	\$	\$ - 36	\$ 24,584 49
					67,070		9,493
				1,000	37,120		67,070
						21,651	72,226
640,671	-	-	-	-	-	-	134,957
<u>640,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,671</u>
\$ 640,671	\$ -	\$ -	\$ 24,597	\$ 1,000	\$ 104,190	\$ 21,687	\$ 949,050
\$	\$	\$	\$	\$	\$	\$ -	\$ 17,235
					123,021		559,768
368,203	20,000	10,601	35,829	-	-	-	434,633
<u>368,203</u>	<u>20,000</u>	<u>10,601</u>	<u>35,829</u>	<u>-</u>	<u>123,021</u>	<u>-</u>	<u>1,011,636</u>
\$ 272,468	\$ (20,000)	\$ (10,601)	\$ (11,232)	\$ 1,000	\$ (18,831)	\$ 21,687	\$ (62,586)
\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 369,034
\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 369,034
\$ 272,468	\$ (20,000)	\$ 14,399	\$ (11,232)	\$ 1,000	\$ (18,831)	\$ 21,687	\$ 306,448
199,768	41,270	74,355	286,867	13,500	95,979	-	884,033
<u>472,236</u>	<u>21,270</u>	<u>88,754</u>	<u>275,635</u>	<u>14,500</u>	<u>77,148</u>	<u>21,687</u>	<u>1,190,481</u>

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF FIDUCIARY
 NET POSITION - AGENCY FUNDS
 AT JUNE 30, 2014

EXHIBIT 15

	<u>SPECIAL WELFARE FUND</u>	<u>LOCAL SALES TAX FUND</u>	<u>LONESOME PINE YOUTH SERVICES FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>				
ASSETS:				
Cash	\$ 97,177	\$ 49,932	\$ 243	\$ 147,352
Due From Other Governmental Units	-	284,260	-	284,260
TOTAL ASSETS	<u>\$ 97,177</u>	<u>\$ 334,192</u>	<u>\$ 243</u>	<u>\$ 431,612</u>
<u>LIABILITIES</u>				
LIABILITIES:				
Due To:				
Social Services Clients	\$ 97,177	\$ -	\$ -	\$ 97,177
Governmental Units	-	101,605	243	101,848
Accounts Payable	-	232,587	-	232,587
TOTAL LIABILITIES	<u>\$ 97,177</u>	<u>\$ 334,192</u>	<u>\$ 243</u>	<u>\$ 431,612</u>

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES - AGENCY FUNDS
 AT JUNE 30, 2014

EXHIBIT 16

	SPECIAL WELFARE FUND	LOCAL SALES TAX FUND	LONESOME PINE YOUTH SERVICES FUND	TOTALS
<u>ASSETS</u>				
ASSETS:				
Beginning Balance	\$ 86,551	\$ 331,039	\$ 243	\$ 417,833
Additions	211,786	556,697	-	768,483
Deletions	(201,160)	(553,544)	-	(754,704)
Ending Balance	<u>\$ 97,177</u>	<u>\$ 334,192</u>	<u>\$ 243</u>	<u>\$ 431,612</u>
<u>LIABILITIES</u>				
LIABILITIES:				
Beginning Balance	\$ 86,551	\$ 331,039	\$ 243	\$ 417,833
Additions	211,786	556,697	-	768,483
Deletions	(201,160)	(553,544)	-	(754,704)
Ending Balance	<u>\$ 97,177</u>	<u>\$ 334,192</u>	<u>\$ 243</u>	<u>\$ 431,612</u>

**DISCRETELY PRESENTED COMPONENT UNIT-
SCHOOL BOARD**

GOVERNMENTAL FUNDS					
ASSETS	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	TOTALS
Cash & Cash Equivalents	\$ 39,104	\$ 1,236,745	\$ 507,562	\$ 827,447	\$ 2,610,858
Petty Cash	200	-	-	-	200
Investments	-	10,224	11,240	9,918	31,382
Accounts Receivable	66,787	-	-	-	66,787
Due From Other Funds	16,490	-	-	-	16,490
Due From Primary Government	711,806	-	-	-	711,806
Due From Other Governmental Units	1,143,400	10,529	-	214,847	1,368,776
TOTAL ASSETS	\$ 1,977,787	\$ 1,257,498	\$ 518,802	\$ 1,052,212	4,806,299
LIABILITIES					
Accounts Payable	\$ 1,977,587	\$ 39,026	\$ 34,097	\$ 260,253	2,310,963
Due To Other Funds	-	16,490	-	-	16,490
TOTAL LIABILITIES	\$ 1,977,587	\$ 55,516	\$ 34,097	\$ 260,253	2,327,453
FUND BALANCES					
FUND BALANCES:					
Committed	\$ -	\$ 1,201,982	\$ 484,705	\$ 791,959	\$ 2,478,646
Unassigned	200	-	-	-	200
TOTAL FUND BALANCES	\$ 200	\$ 1,201,982	\$ 484,705	\$ 791,959	\$ 2,478,846
TOTAL LIABILITIES & FUND BALANCES	\$ 1,977,787	\$ 1,257,498	\$ 518,802	\$ 1,052,212	4,806,299

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

FUND BALANCE JUNE 30, 2014 \$ 2,478,846

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole. 26,548,327

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. (2,837,585)

Net Assets of General Government Activities \$ 26,189,588

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, 2014

EXHIBIT 18

	GOVERNMENTAL FUNDS				TOTAL
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	
REVENUES:					
Revenues From Use Of Money & Property	\$ 14,850	\$ 26,330	\$ 1,212	\$ -	\$ 42,392
Charges For Services	133,412	796,660	-	-	930,072
Miscellaneous	648,203	-	-	-	648,203
Recovered Costs	51,270	-	-	-	51,270
Intergovernmental					
Local	17,839,889	-	107,900	20,884,515	38,832,304
Commonwealth	37,057,833	52,303	419,713	-	37,529,849
Federal	4,249,009	1,998,328	-	-	6,247,337
TOTAL REVENUES	\$ 59,994,466	\$ 2,873,621	\$ 528,825	\$ 20,884,515	\$ 84,281,427
EXPENDITURES:					
Education	\$ 59,979,831	\$ 2,728,280	\$ 464,079	\$ -	\$ 63,172,190
Capital Outlay	-	-	-	21,377,171	21,377,171
Debt Service:					
Principal	1,810,413	-	-	-	1,810,413
Interest	1,888,248	-	-	-	1,888,248
TOTAL EXPENDITURES	\$ 59,979,831	\$ 2,728,280	\$ 464,079	\$ 21,377,171	\$ 84,549,361
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 14,635	\$ 145,341	\$ 64,746	\$ (492,656)	\$ (267,934)
OTHER FINANCING SOURCES (USES):					
Transfers In	\$ -	\$ 14,635	\$ -	\$ 678,000	\$ 692,635
Transfers Out	(14,635)	(678,000)	-	-	(692,635)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (14,635)	\$ (663,365)	\$ -	\$ 678,000	\$ -
NET CHANGE IN FUND BALANCES	\$ -	\$ (518,024)	\$ 64,746	\$ 185,345	\$ (267,934)
FUND BALANCES AT BEGINNING OF YEAR	200	1,720,006	419,959	606,615	2,746,780
FUND BALANCES AT END OF YEAR	\$ 200	\$ 1,201,982	\$ 484,705	\$ 791,959	2,478,846

COUNTY OF WISE, VIRGINIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2014

	<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	\$ (267,934)
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.	(102,596)
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.	(271,957)
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.	196,889
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>442,499</u>
Change in net position of governmental activities	<u>\$ (3,099)</u>

COUNTY OF WISE, VIRGINIA
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES
 & CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT 20

	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
REVENUES:				
Revenues From Use Of Money & Property	\$ 28,000	\$ 28,000	\$ 42,392	\$ 14,392
Charges For Services	62,000	62,000	930,072	868,072
Miscellaneous	4,314,800	4,314,800	648,203	(3,666,597)
Recovered Costs	215,100	215,100	51,270	(163,830)
Intergovernmental				
Local	45,033,000	45,033,000	38,832,304	(6,200,696)
Commonwealth	36,832,900	36,832,900	37,529,849	696,949
Federal	5,770,600	5,770,600	6,247,337	476,737
TOTAL REVENUES	<u>\$ 92,256,400</u>	<u>\$ 92,256,400</u>	<u>\$ 84,281,427</u>	<u>\$ (7,974,973)</u>
EXPENDITURES:				
Education	\$ 60,614,300	\$ 60,614,300	\$ 59,473,529	\$ 1,269,210
Capital Outlay	27,815,000	27,815,000	21,377,171	6,437,829
Debt Service:				
Principal	1,810,400	1,810,400	1,810,413	(13)
Interest	2,016,700	2,016,700	1,888,248	128,452
TOTAL EXPENDITURES	<u>\$ 92,256,400</u>	<u>\$ 92,256,400</u>	<u>\$ 84,549,361</u>	<u>\$ 7,707,039</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (267,934)</u>	<u>\$ (267,934)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ -	\$ -	\$ 692,635	\$ 692,635
Operating Transfers Out	-	-	(692,635)	(692,635)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ (267,934)	\$ (267,934)
FUND BALANCE AT BEGINNING OF YEAR	<u>801,200</u>	<u>800,200</u>	<u>2,746,780</u>	<u>1,946,580</u>
FUND BALANCE AT END OF YEAR	<u>\$ 801,200</u>	<u>\$ 800,200</u>	<u>\$ 2,478,846</u>	<u>\$ 1,678,646</u>

OTHER SUPPLEMENTARY INFORMATION

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	\$ 10,450,000	\$ 10,450,000	\$ 10,157,665	\$ (292,335)
Service Corporation Taxes	7,225,000	7,225,000	7,759,017	534,017
Personal Property Taxes	4,469,767	4,469,767	4,443,098	(26,669)
Machinery & Tool Taxes	3,050,000	3,050,000	3,308,550	258,550
Merchants Capital Taxes	950,000	950,000	938,000	(12,000)
Mobile Home Taxes	200,000	200,000	224,741	24,741
Penalties & Interest	335,000	349,270	428,721	79,451
TOTAL GENERAL PROPERTY TAXES	\$ 26,679,767	\$ 26,694,037	\$ 27,259,792	\$ 565,755
Other Local Taxes:				
Local Sales & Use Tax	\$ 2,800,000	\$ 2,800,000	\$ 2,515,049	\$ (284,951)
Coal Severance Tax	4,000,000	4,000,000	2,463,354	(1,536,646)
Consumer's Utility Tax	510,000	510,000	516,963	6,963
Bank Stock Tax	-	-	4,846	4,846
Consumption Tax	145,000	145,000	143,430	(1,570)
Taxes on Recordation & Wills	135,000	135,000	182,839	47,839
County Decal Licenses	100,000	100,000	93,732	(6,268)
Transient Occupancy Tax	25,000	25,000	16,127	(8,873)
TOTAL OTHER LOCAL TAXES	\$ 7,715,000	\$ 7,715,000	\$ 5,936,340	\$ (1,778,660)
Permits, Privilege Fees & Regulatory Licenses:				
Animal Licenses	\$ 7,500	\$ 7,500	\$ 9,142	\$ 1,642
Permits & Other Licenses	50,000	50,000	43,771	(6,229)
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	\$ 57,500	\$ 57,500	\$ 52,913	\$ (4,587)
Fines & Forfeitures:	\$ 17,000	\$ 17,000	\$ 39,173	\$ 22,173
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ 225,000	\$ 225,000	\$ 127,391	\$ (97,609)
Revenue From The Use of Property	40,000	40,000	31,193	(8,807)
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ 265,000	\$ 265,000	\$ 158,584	\$ (106,416)
Charges For Services:				
Charges For Commonwealth's Attorney	\$ 3,000	\$ 3,000	\$ 5,118	\$ 2,118
Charges For County Offices	-	-	39,870	39,870
Charges For Courthouse Maintenance Fees	65,000	65,000	55,196	(9,804)
Charges For Court	-	-	944	944
Charges For Health	34,750	34,750	38,864	4,114
Charges For Community Corrections	-	-	13,880	13,880
Charges For Social Services	225,000	225,000	263,836	38,836
TOTAL CHARGES FOR SERVICES	\$ 327,750	\$ 327,750	\$ 417,708	\$ 89,958
Miscellaneous:				
Miscellaneous	\$ 69,000	\$ 74,000	\$ 76,906	\$ 2,906
Recovered Costs:				
City of Norton-Shared Services	\$ 256,000	\$ 256,000	\$ 227,109	\$ (28,891)
Pre Trial Services	200,000	200,000	200,000	-
TOTAL RECOVERED COSTS	\$ 456,000	\$ 456,000	\$ 427,109	\$ (28,891)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 35,587,017	\$ 35,606,287	\$ 34,368,525	\$ (1,237,762)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNIT
 STATEMENT OF REVENUES-BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT: (Continued)				
General Fund: (Continued)				
Revenue From The Commonwealth: (Continued)				
Non-Categorical Aid:				
Payments in Lieu of Taxes	\$ 10,000	\$ 10,000	\$ 20,540	\$ 10,540
Rolling Stock Tax	135,000	135,000	151,661	16,661
Mobile Home Titling Taxes	125,000	125,000	132,017	7,017
Recordation Tax	22,000	22,000	12,418	(9,582)
Personal Property Tax Reimbursement	1,380,233	1,380,233	1,380,233	-
Communication Taxes	900,000	900,000	937,461	37,461
Motor Vehicle Rental Tax	6,000	6,000	3,934	(2,066)
TOTAL NON-CATEGORICAL AID	\$ 2,578,233	\$ 2,578,233	\$ 2,638,264	\$ 60,031
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 640,795	\$ 640,795	\$ 686,069	\$ 45,274
Sheriff	2,034,738	2,063,455	2,019,384	(44,071)
Commissioner of Revenue	187,663	187,663	188,459	796
Treasurer	146,757	146,757	154,518	7,761
Registrar/Electoral Board	48,950	48,950	41,503	(7,447)
Clerk of Circuit Court	423,766	500,377	476,815	(23,562)
TOTAL SHARED EXPENSES	\$ 3,482,669	\$ 3,587,997	\$ 3,566,748	\$ (21,249)
Other Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 3,704,478	\$ 4,112,425	\$ 3,745,464	\$ (366,961)
M H & R Service Board	3,548,265	3,548,265	417,438	(3,130,827)
Miscellaneous Grant	-	-	7,000	7,000
Domestic Violence Grant	20,000	20,000	20,000	-
Haz-Mat - Emergency Services Envir Tech	-	-	2,030	2,030
Haz-Mat - Emergency Services RSAF	-	-	2,924	2,924
Haz-Mat - Emergency Services	104,500	105,541	36,457	(69,084)
Clerk of Court Records Grant	-	-	17,601	17,601
Pre-Trial Services Grant	600,000	600,000	600,000	-
SWVA Corrections - Justice	587,824	599,911	599,911	-
GIS Wireless	-	-	1,077	1,077
Victim Witness Grant - Justice	56,951	56,951	13,109	(43,842)
Cultural Arts Grant	5,000	5,000	5,000	-
Fire Program Funds	75,000	75,000	80,044	5,044
Four-For-Life Rescue	35,000	35,000	33,613	(1,387)
Rents & Royalties	-	-	864	864
TOTAL OTHER CATEGORICAL AID	\$ 8,737,018	\$ 9,158,093	\$ 5,582,532	\$ (3,575,561)
TOTAL CATEGORICAL AID	\$ 12,219,687	\$ 12,746,090	\$ 9,149,280	\$ (3,596,810)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 14,797,920	\$ 15,324,323	\$ 11,787,544	\$ (3,536,779)
Revenue From The Federal Government:				
Payments in Lieu of Taxes	\$ 13,500	\$ 13,500	\$ 38,402	\$ 24,902
Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 3,261,350	\$ 3,261,350	\$ 3,723,107	\$ 461,757
M H & R Service Board	844,037	844,037	97,242	(746,795)
Emergency Services-Preparedness	10,000	20,000	123,274	103,274
Victim Witness	20,000	20,000	25,585	5,585

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT: (Continued)				
General Fund: (Continued)				
Revenue from the Federal Government: (Continued)				
Categorical Aid: (Continued)				
Violence Against Women - Justice	\$ -	\$ -	\$ 14,676	\$ 14,676
Ground Transportation	-	-	1,374	1,374
Ground Transportation	-	2,088	31,922	29,834
Community Development Grant	200,000	200,000	-	(200,000)
TOTAL CATEGORICAL AID	\$ 4,335,387	\$ 4,347,475	\$ 4,017,180	\$ (330,295)
TOTAL REVENUE FROM THE FEDERAL GOVT.	\$ 4,348,887	\$ 4,360,975	\$ 4,055,582	\$ (305,393)
TOTAL GENERAL FUND	\$ 54,733,824	\$ 55,291,585	\$ 50,211,651	\$ (5,079,934)
MAJOR SPECIAL REVENUE FUNDS:				
Coal Road Improvement Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Coal Severance Tax	\$ 4,000,000	\$ 4,000,000	\$ 2,212,579	\$ (1,787,421)
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 35,283	\$ 35,283
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 4,000,000	\$ 4,000,000	\$ 2,247,862	\$ (1,752,138)
TOTAL MAJOR SPECIAL REVENUE FUNDS	\$ 4,000,000	\$ 4,000,000	\$ 2,247,862	\$ (1,752,138)
NON-MAJOR SPECIAL REVENUE FUNDS:				
Non-Major Special Revenue Funds:				
Emergency Numbers Funds:				
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Communication Taxes	\$ 73,000	\$ 73,000	\$ 72,574	\$ (426)
Categorical Aid:				
Department of Technology Planning	\$ 47,000	\$ 47,000	\$ 40,732	\$ (6,268)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 120,000	\$ 120,000	\$ 113,306	\$ (6,694)
TOTAL EMERGENCY NUMBERS FUND	\$ 120,000	\$ 120,000	\$ 113,306	\$ (6,694)
Law Library Fund:				
Revenue From Local Sources:				
Charges For Services:				
Charges For Law Library	\$ 22,000	\$ 22,000	\$ 9,493	\$ (12,507)
TOTAL LAW LIBRARY FUND	\$ 22,000	\$ 22,000	\$ 9,493	\$ (12,507)
Drug Seizure & Forfeiture and Special Funds:				
Sheriff Department:				
Revenue From Local Sources:				
Fines & Forfeitures:				
Fines & Forfeitures	\$ 100,000	\$ 100,000	\$ 67,070	\$ (32,930)

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT: (Continued)				
Non-Major Special Revenue Funds:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 37,120	\$ 37,120
TOTAL REVENUE FROM LOCAL SOURCES	\$ 100,000	\$ 100,000	\$ 104,190	\$ 4,190
TOTAL DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	\$ 100,000	\$ 100,000	\$ 104,190	\$ 4,190
Transient Occupancy Tax Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Transient Occupancy Tax	\$ 31,000	\$ 31,000	\$ 24,584	\$ (6,416)
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 13	\$ 13
TOTAL TRANSIENT OCCUPANCY TAX FUND	\$ 31,000	\$ 31,000	\$ 24,597	\$ (6,403)
Dog & Cat Sterilization Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 2,507	\$ 7
TOTAL DOG & CAT STERILIZATION FUND	\$ 2,500	\$ 2,500	\$ 2,507	\$ 7
Community Corrections Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 31,599	\$ 31,599
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ 31,599	\$ 31,599
Wise Development Fund:				
Revenue From The Federal Government:				
Categorical Aid:				
Research Cooperative Agreement-NASA	\$ 770,250	\$ 770,250	\$ 640,671	\$ (129,579)
TOTAL REVENUE FROM THE TOTAL WISE DEVELOPMENT FUND	\$ 770,250	\$ 770,250	\$ 640,671	\$ (129,579)
Commonwealth Attorney Special Fund				
Revenue From Local Sources:				
Revenue From the Use of Money & Property:				
Revenue From the Use of Money	\$ -	\$ -	\$ 36	\$ 36
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 36	\$ 36
Revenue From The Commonwealth:				
Categorical Aid:				
Drug Court	\$ -	\$ -	\$ 21,651	\$ 21,651
TOTAL REVENUE FROM THE COMMONWEALTH	\$ -	\$ -	\$ 21,651	\$ 21,651
TOTAL COMMONWEALTH'S ATTORNEY SPECIAL FUND	\$ -	\$ -	\$ 21,687	\$ 36

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT: (Continued)				
Non-Major Special Revenue Funds: (Continued)				
Drug Court Fund				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 1,000	\$ 1,000
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 1,000	\$ 1,000
TOTAL DRUG COURT FUND	\$ -	\$ -	\$ 1,000	\$ -
TOTAL NON-MAJOR SPECIAL REVENUE FUNDS	\$ 1,045,750	\$ 1,045,750	\$ 949,050	\$ (119,351)
TOTAL SPECIAL REVENUE FUNDS	\$ 5,045,750	\$ 5,045,750	\$ 3,196,912	\$ (1,871,489)
PRIMARY GOVERNMENT:				
CAPITAL PROJECT FUND				
Community Development Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 23,604	\$ 23,604
Revenue From The Federal Government:				
Categorical Aid:				
Wise Inn Restoration & Redevelopment	\$ -	\$ -	\$ 245,742	\$ 245,742
Stephens South River Project	-	-	514,406	514,406
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ -	\$ -	\$ 760,148	\$ 760,148
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 783,752	\$ 783,752
GRAND TOTAL REVENUES - PRIMARY GOVERNMENT	\$ 54,733,824	# \$ 55,291,585	# \$ 54,192,315	# \$ (6,167,671)
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	\$ 14,850	\$ (13,150)
Charges For Services:				
Charges For Education	\$ 62,000	\$ 62,000	\$ 133,412	\$ 71,412
Miscellaneous Revenue:				
Miscellaneous	\$ 2,515,000	\$ 2,515,000	\$ 648,203	\$ (1,866,797)
Recovered Costs:				
Payments From Other Localities	\$ 215,100	\$ 215,100	\$ 51,270	\$ (163,830)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 2,820,100	\$ 2,820,100	\$ 847,735	\$ (1,972,365)
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 17,218,000	\$ 17,218,000	\$ 17,839,889	\$ 621,889
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ 17,218,000	\$ 17,218,000	\$ 17,839,889	\$ 621,889

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental (Continued):				
Revenue From The Commonwealth:				
Categorical Aid:				
Share of State Sales & Use Taxes	\$ 5,867,900	\$ 5,867,900	\$ 5,649,739	\$ (218,161)
Basic School Aid	18,457,000	18,457,000	19,285,594	828,594
Remedial Education SOQ	758,600	758,600	781,144	22,544
Remedial Education - Summer	130,900	130,900	115,892	(15,008)
Gifted SOQ	208,900	208,900	215,165	6,265
Special Education	1,986,700	1,986,700	1,913,101	(73,599)
Vocational Education	933,000	933,000	827,919	(105,081)
Vocational Education-Adult	-	-	2,644	2,644
Vocational Education-Equip Replacement	-	-	11,203	11,203
Share of Fringe Benefits	3,324,900	3,324,900	3,423,936	99,036
Reading Intervention	131,600	131,600	171,371	39,771
Governors/Magnet Schools	34,000	34,000	33,930	(70)
SOL Algebra Readiness	109,300	109,300	119,330	10,030
Alternative Education	311,200	311,200	310,374	(826)
Primary Class Size/K-3 Initiative	983,500	983,500	1,012,015	28,515
Foster Care Children - Regular	-	-	5,001	5,001
Compensation Supplement	856,700	856,700	469,320	(387,380)
Adult Literacy	328,800	328,800	87,298	(241,502)
Adult Occupational Prep & Equipment	-	-	78,536	78,536
Adult Secondary Payment	-	-	23,704	23,704
Project Graduation	23,600	23,600	23,755	155
GED	-	-	26,082	26,082
Race to GED	-	-	47,843	47,843
At Risk	909,400	909,400	936,482	27,082
At Risk - Four-Year Olds	620,500	620,500	620,490	(10)
Additional Assistance Preschool	-	-	358,938	358,938
Technology Initiative	388,000	388,000	362,000	(26,000)
Homebound	-	-	69,064	69,064
Support for School GFU	-	-	9,119	9,119
English as a Second Language	-	-	19,447	19,447
Teacher Incentive-Mentor	-	-	2,045	2,045
Plugged in Virginia	-	-	33,788	33,788
Math Science Teacher	-	-	1,000	1,000
Industry Certification	-	-	10,564	10,564
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 36,364,500	\$ 36,364,500	\$ 37,057,833	\$ 693,333
Revenue From The Federal Government:				
Categorical Aid:				
Adult Literacy	\$ 291,700	\$ 291,700	\$ 287,418	\$ (4,282)
Title I	2,142,100	2,142,100	2,099,902	(42,198)
Title II - Part A	415,300	415,300	415,266	(34)
Forest Reserve	70,000	70,000	45,328	(24,672)
AFROTC	-	-	59,204	59,204
Homeless	-	-	9,511	9,511
Title VI - B - Flow Through	1,011,500	1,011,500	1,050,244	38,744
Vocational Education	140,000	140,000	135,432	(4,568)
Title VI - Rural/Low Income Schools	-	-	105,180	105,180
Pre-School Handicapped	-	-	41,524	41,524
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 4,070,600	\$ 4,070,600	\$ 4,249,009	\$ 178,409

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD: (Continued)				
School Operating Fund: (Continued)				
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 4,070,600	\$ 4,070,600	\$ 4,249,009	\$ 178,409
TOTAL SCHOOL OPERATING FUND	<u>\$ 60,473,200</u>	<u>\$ 60,473,200</u>	<u>\$ 59,994,466</u>	<u>\$ (478,734)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 26,330	\$ 26,330
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,330</u>	<u>\$ 26,330</u>
Charges For Services:				
Cafeteria Sales	\$ 1,757,400	\$ 1,757,400	\$ 796,660	\$ (960,740)
TOTAL REVENUE FROM LOCAL SOURCES	<u>\$ 1,757,400</u>	<u>\$ 1,757,400</u>	<u>\$ 822,990</u>	<u>\$ (934,410)</u>
Revenue From The Commonwealth:				
Categorical Aid:				
School Food	\$ 60,800	\$ 60,800	\$ 52,303	\$ (8,497)
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 60,800</u>	<u>\$ 60,800</u>	<u>\$ 52,303</u>	<u>\$ (8,497)</u>
Revenue From The Federal Government:				
Categorical Aid:				
School Food Program Grant	\$ 1,700,000	\$ 1,700,000	\$ 1,998,328	\$ 298,328
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>	<u>\$ 1,998,328</u>	<u>\$ 298,328</u>
TOTAL SCHOOL CAFETERIA FUND	<u>\$ 3,518,200</u>	<u>\$ 3,518,200</u>	<u>\$ 2,873,621</u>	<u>\$ (644,579)</u>
Special Revenue Fund:				
School Textbook Rental Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 1,212	\$ 1,212
Miscellaneous	42,400	42,400	-	(42,400)
TOTAL FROM LOCAL SOURCES	<u>\$ 42,400</u>	<u>\$ 42,400</u>	<u>\$ 1,212</u>	<u>\$ (41,188)</u>
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ -	\$ 107,900	\$ 107,900
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,900</u>	<u>\$ 107,900</u>

<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
COMPONENT UNIT - SCHOOL BOARD: (Continued)				
Special Revenue Fund: (Continued)				
School Textbook Rental Fund:				
Revenue From The Commonwealth:				
Categorical Aid:				
Total Rental Payments	\$ 407,600	\$ 407,600	\$ 419,713	\$ 12,113
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 407,600</u>	<u>\$ 407,600</u>	<u>\$ 419,713</u>	<u>\$ 12,113</u>
TOTAL TEXTBOOK RENTAL FUND	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 528,825</u>	<u>\$ 78,825</u>
TOTAL SPECIAL REVENUE FUNDS	<u>\$ 64,441,400</u>	<u>\$ 64,441,400</u>	<u>\$ 63,396,912</u>	<u>\$ (1,044,488)</u>
School Capital Projects Fund:				
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 27,815,000	\$ 27,815,000	\$ 20,884,515	\$ (6,930,485)
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	<u>\$ 27,815,000</u>	<u>\$ 27,815,000</u>	<u>\$ 20,884,515</u>	<u>\$ (6,930,485)</u>
TOTAL CAPITAL OUTLAY FUND	<u>\$ 27,815,000</u>	<u>\$ 27,815,000</u>	<u>\$ 20,884,515</u>	<u>\$ (6,930,485)</u>
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	<u>\$ 92,256,400</u>	<u>\$ 92,256,400</u>	<u>\$ 84,281,427</u>	<u>\$ (7,974,973)</u>

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DESCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 303,963	\$ 303,963	\$ 268,090	\$ 35,873
General & Financial Administration:				
County Administrator	\$ 569,450	\$ 569,100	\$ 526,205	\$ 42,895
Legal Services	255,378	235,378	164,395	70,983
Commissioner Of Revenue	641,990	641,990	626,152	15,838
Assessor	187,995	206,645	208,297	(1,652)
Data Processing	198,695	198,695	186,821	11,874
Treasurer	648,104	671,224	646,109	25,115
Geographic Information	234,575	234,575	236,504	(1,929)
TOTAL GENERAL & FINANCIAL ADMINISTRATION	\$ 2,736,187	\$ 2,757,607	\$ 2,594,483	\$ 163,124
Board Of Elections:				
Electoral Board & Officials	\$ 12,168	\$ 12,168	\$ 12,221	\$ (53)
Registrar	198,478	198,478	207,102	(8,624)
TOTAL BOARD OF ELECTIONS	\$ 210,646	\$ 210,646	\$ 219,323	\$ (8,677)
TOTAL GENERAL GOVERNMENT ADMINISTRATION	\$ 3,250,796	\$ 3,272,216	\$ 3,081,896	\$ 190,320
Judicial Administration:				
Courts:				
Clerk Of The Circuit Court	\$ 855,427	\$ 954,799	\$ 925,276	\$ 29,523
Circuit Court	92,560	92,560	85,958	6,602
District Court	10,750	10,750	8,174	2,576
Magistrate	3,200	3,200	2,680	520
Juvenile & Domestic Relations Court	438,426	443,426	441,389	2,037
Sheriff	472,890	454,440	363,828	90,612
TOTAL COURTS	\$ 1,873,253	\$ 1,959,175	\$ 1,827,305	\$ 131,870
Commonwealth Attorney	\$ 1,032,112	\$ 1,032,112	\$ 1,043,246	\$ (11,134)
Victim Witness Protection	56,980	56,980	52,540	4,440
TOTAL COMMONWEALTH'S ATTORNEY	\$ 1,089,092	\$ 1,089,092	\$ 1,095,786	\$ (6,694)
TOTAL JUDICIAL ADMINISTRATION	\$ 2,962,346	\$ 3,048,266	\$ 2,923,091	\$ 125,176
Public Safety:				
Law Enforcement & Traffic Control:				
Sheriff	\$ 3,297,113	\$ 3,397,583	\$ 3,382,394	\$ 15,189
Dispatcher/E911	358,986	353,761	350,226	3,535
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	\$ 3,656,099	\$ 3,751,344	\$ 3,732,620	\$ 18,724
Fire & Rescue Services:				
Fire & Rescue Departments	\$ 597,202	\$ 597,202	\$ 610,824	\$ (13,622)
Correction & Detention:				
SWVA Community Corrections Center	\$ 587,824	\$ 599,911	\$ 596,645	\$ 3,266
Pre Trial Services	800,000	800,000	798,000	2,000
SW Regional Jail Authority	2,640,722	2,640,722	2,493,063	147,659

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT: (Continued)				
General Fund: (Continued)				
Public Safety: (Continued)				
Correction & Detention: (Continued)				
TOTAL CORRECTION & DETENTION	<u>\$ 4,028,546</u>	<u>\$ 4,040,633</u>	<u>\$ 3,887,708</u>	<u>\$ 152,925</u>
Inspections:				
Building Inspector	\$ 284,316	\$ 284,316	\$ 266,848	\$ 17,468
TOTAL INSPECTIONS	<u>\$ 284,316</u>	<u>\$ 284,316</u>	<u>\$ 266,848</u>	<u>\$ 17,468</u>
Other Protection:				
Emergency Services	\$ 149,562	\$ 160,602	\$ 151,117	\$ 9,485
Animal Control	262,556	262,556	217,383	45,173
TOTAL OTHER PROTECTION	<u>\$ 412,118</u>	<u>\$ 423,158</u>	<u>\$ 368,500</u>	<u>\$ 54,658</u>
TOTAL PUBLIC SAFETY	<u>\$ 8,978,281</u>	<u>\$ 9,096,653</u>	<u>\$ 8,866,500</u>	<u>\$ 230,153</u>
Public Works:				
Maintenance Of Buildings & Grounds:				
General Properties	\$ 947,975	\$ 997,975	\$ 874,720	\$ 123,255
TOTAL PUBLIC WORKS	<u>\$ 947,975</u>	<u>\$ 997,975</u>	<u>\$ 874,720</u>	<u>\$ 123,255</u>
Welfare/Social Services:				
Health & Welfare:				
Health:				
Supplement To Local Health Department	\$ 514,595	\$ 514,595	\$ 496,246	\$ 18,349
Mental Health & Mental Retardation:				
Mental Health	4,542,802	4,542,802	665,180	3,877,622
TOTAL MENTAL HEALTH & MENTAL RETARDATION	<u>\$ 4,542,802</u>	<u>\$ 4,542,802</u>	<u>\$ 665,180</u>	<u>\$ 3,877,622</u>
Welfare/Social Services:				
Welfare Administration	\$ 8,974,108	\$ 9,549,109	\$ 9,178,844	\$ 370,265
Property Tax Relief for Elderly			389,624	(389,624)
Youth Service Board	23,750	23,750	23,750	
Agency On Aging	84,300	84,300	83,800	500
TOTAL WELFARE/SOCIAL SERVICES	<u>\$ 9,082,158</u>	<u>\$ 9,657,159</u>	<u>\$ 9,676,018</u>	<u>\$ (18,859)</u>
TOTAL HEALTH & WELFARE	<u>\$ 14,139,555</u>	<u>\$ 14,714,556</u>	<u>\$ 10,837,444</u>	<u>\$ 3,877,112</u>
Education:				
Local Public Schools	\$ 40,340,500	\$ 40,340,500	\$ 38,832,304	\$ 1,508,196
Community Colleges	55,490	55,490	55,490	-
TOTAL EDUCATION	<u>\$ 40,395,990</u>	<u>\$ 40,395,990</u>	<u>\$ 38,887,794</u>	<u>\$ 1,508,196</u>

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT: (Continued)				
General Fund: (Continued)				
Parks, Recreation & Cultural:				
Parks & Recreation:				
Recreation Authority	\$ 70,000	\$ 70,000	\$ 55,000	\$ 15,000
TOTAL PARKS & RECREATION	\$ 70,000	\$ 70,000	\$ 55,000	\$ 15,000
Library:				
Contributions To Local Libraries	\$ 833,678	\$ 833,678	\$ 833,829	\$ (151)
Cultural:				
Cultural Organizations & Events	\$ 111,250	\$ 111,250	\$ 101,850	\$ 9,400
TOTAL PARKS, RECREATION & CULTURAL	\$ 1,014,928	\$ 1,014,928	\$ 990,679	\$ 24,249
Planning & Community Development:				
Economic Development	\$ 305,042	\$ 309,617	\$ 104,848	\$ 204,769
Economic & Community Development	104,654	104,654	209,045	(104,391)
Housing Authority	25,000	25,000	25,000	-
Cumberland Airport Commission	118,275	118,275	118,275	-
Lenowisco	66,684	66,684	66,684	-
Planning Commission	9,300	9,300	6,275	3,025
Industrial Development Authority	1,484,100	1,484,100	146,889	1,337,211
TOTAL PLANNING & COMMUNITY DEVELOPMENT	\$ 2,113,055	\$ 2,117,630	\$ 677,016	\$ 1,440,614
Community Development:				
Cooperative Extension Program:				
VPI & SU Extension Office	\$ 98,080	\$ 98,080	\$ 86,170	\$ 11,910
TOTAL COOPERATIVE EXTENSION PROGRAM	\$ 98,080	\$ 98,080	\$ 86,170	\$ 11,910
TOTAL COMMUNITY DEVELOPMENT	\$ 2,211,135	\$ 2,215,710	\$ 763,186	\$ 1,452,524
Non-Departmental:				
Non-Departmental	\$ 65,998	\$ 65,998	\$ 3,888	\$ 62,110
TOTAL NON-DEPARTMENTAL	\$ 65,998	\$ 65,998	\$ 3,888	\$ 62,110
Debt Service:				
Principal Retirement	\$ 447,764	\$ 447,764	\$ 14,840,633	\$ (14,392,869)
Interest, Fiscal Charges & Amortization	220,542	220,542	520,055	(299,514)
TOTAL DEBT SERVICE	\$ 668,306	\$ 668,306	\$ 15,360,688	\$ (14,692,383)
TOTAL GENERAL FUND	\$ 74,635,309	\$ 75,490,598	\$ 82,589,886	\$ (7,099,287)

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DESCRIPTELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT: (Continued)				
MAJOR SPECIAL REVENUE FUNDS:				
Coal Road Improvement Fund:				
Public Works:				
Maintenance Of Highways, Streets, Bridges & Sidewalks:				
Coal Road Projects	\$ 100,000	\$ 100,000	\$ 1,645,086	\$ (1,545,086)
TOTAL PUBLIC WORKS	\$ 100,000	\$ 100,000	\$ 1,645,086	\$ (1,545,086)
Community Development:				
Distribution to Towns	\$ 800,000	\$ 800,000	\$ 457,366	\$ 342,634
Community Development	3,100,000	3,100,000	2,538,493	561,507
TOTAL COMMUNITY DEVELOPMENT	\$ 3,900,000	\$ 3,900,000	\$ 2,995,859	\$ 904,141
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 4,000,000	\$ 4,000,000	\$ 4,640,945	\$ (640,945)
TOTAL MAJOR SPECIAL REVENUE FUNDS	\$ 4,000,000	\$ 4,000,000	\$ 4,640,945	\$ (640,945)
PRIMARY GOVERNMENT: NON-MAJOR SPECIAL REVENUE FUNDS:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law Library	\$ 19,900	\$ 19,900	\$ 17,235	\$ 2,665
TOTAL LAW LIBRARY FUND	\$ 19,900	\$ 19,900	\$ 17,235	\$ 2,665
Emergency Numbers Fund:				
Public Safety:				
Law Enforcement & Traffic Control:				
911 System	\$ 485,275	\$ 485,275	\$ 435,007	\$ 50,268
TOTAL PUBLIC SAFETY	\$ 485,275	\$ 485,275	\$ 435,007	\$ 50,268
TOTAL EMERGENCY NUMBERS FUND	\$ 485,275	\$ 485,275	\$ 435,007	\$ 50,268
Drug Seizure & Forfeiture and Special Funds:				
Sheriff Department:				
Public Safety:				
Sheriff	\$ -	\$ -	\$ 123,021	\$ (123,021)
TOTAL PUBLIC SAFETY	\$ -	\$ -	\$ 123,021	\$ (123,021)
TOTAL DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	\$ -	\$ -	\$ 123,021	\$ (123,021)
Dog & Cat Sterilization Fund:				
Public Safety				
Other Protection:				
Animal Control	\$ 2,500	\$ 2,500	\$ 1,740	\$ (760)
TOTAL PUBLIC SAFETY	\$ 2,500	\$ 2,500	\$ 1,740	\$ (760)

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT: (Continued)				
Special Revenue Funds: (Continued)				
Dog & Cat Sterilization Fund: (Continued)				
TOTAL DOG & CAT STERILIZATION FUND	\$ 2,500	\$ 2,500	\$ 1,740	\$ 760
Information Technology Improvement Fund:				
Community Development:				
Technology	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
TOTAL INFORMATION TECHNOLOGY IMPROVEMENT FUND	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
TOTAL INFORMATION TECHNOLOGY FUND	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Community Corrections Fund:				
Community Development:				
Public Safety	\$ 18,175	\$ 18,175	\$ -	\$ 18,175
TOTAL COMMUNITY CORRECTIONS FUND	\$ 18,175	\$ 18,175	\$ -	\$ 18,175
TOTAL COMMUNITY CORRECTIONS FUND	\$ 18,175	\$ 18,175	\$ -	\$ 18,175
Wise Development Fund:				
Community Development:				
Community Project	\$ 770,150	\$ 770,250	\$ 368,203	\$ 402,047
TOTAL COMMUNITY DEVELOPMENT	\$ 770,150	\$ 770,250	\$ 368,203	\$ 402,047
TOTAL WISE DEVELOPMENT FUND	\$ 770,150	\$ 770,250	\$ 368,203	\$ 402,047
Transient Occupancy Fund:				
Community Development:				
Community Project	\$ 31,000	\$ 31,000	\$ 35,829	\$ (4,829)
TOTAL COMMUNITY DEVELOPMENT	\$ 31,000	\$ 31,000	\$ 35,829	\$ (4,829)
TOTAL TRANSIENT OCCUPANCY FUND	\$ 31,000	\$ 31,000	\$ 35,829	\$ (4,829)
Software Engineering Initiative Fund				
Community Development:				
Community Project	\$ 40,000	\$ 40,000	\$ 10,601	\$ 29,399
TOTAL COMMUNITY DEVELOPMENT	\$ 40,000	\$ 40,000	\$ 10,601	\$ 29,399
TOTAL SOFTWARE ENGINEERING INITIATIVE FUND	\$ 40,000	\$ 40,000	\$ 10,601	\$ 29,399
TOTAL NON-MAJOR SPECIAL REVENUE FUNDS	\$ 1,387,000	\$ 1,387,100	\$ 1,011,636	\$ 375,464
Capital Projects Fund				
Community Development:				
Wise Inn Restoration & Redevelopment	\$ -	\$ -	\$ 245,742	\$ (245,742)
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ -	\$ 245,742	\$ (245,742)
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 245,742	\$ (245,742)
TOTAL CAPITAL PROJECTS	\$ -	\$ -	\$ 245,742	\$ (245,742)
GRAND TOTAL EXPENDITURES - PRIMARY GOVERNMENT	\$ 80,022,309	\$ 80,877,698	\$ 88,488,209	\$ (7,610,510)

COMPONENT UNIT - SCHOOL BOARD:

COUNTY OF WISE, VIRGINIA
 GOVERNMENTAL FUNDS DESCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration Of Schools	\$ 917,000	\$ 917,000	\$ 688,158	\$ 228,842
Instruction Costs:				
Classroom	\$ 36,174,200	\$ 36,174,200	\$ 35,068,281	\$ 1,105,919
Instructional Support:				
Student	\$ 1,591,500	\$ 1,591,500	\$ 1,460,949	\$ 130,551
Staff	2,742,400	2,742,400	3,245,081	(502,681)
Administration	1,744,000	1,744,000	3,647,436	(1,903,436)
TOTAL INSTRUCTION COSTS	\$ 42,252,100	\$ 42,252,100	\$ 43,421,747	\$ (1,169,647)
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Operating Costs:				
Attendance & Health Services	\$ 1,199,100	\$ 1,199,100	\$ 1,061,198	\$ 137,902
Pupil Transportation	3,284,300	3,284,300	2,923,760	360,540
Operation & Maintenance Of School Plant	4,903,800	4,903,800	5,734,693	(830,893)
Technology	1,867,300	1,867,300	2,082,801	(215,501)
Non-Instructional	2,222,500	2,222,500	368,813	1,853,687
TOTAL OPERATING COSTS	\$ 13,477,000	\$ 13,477,000	\$ 12,171,265	\$ 1,305,735
TOTAL EDUCATION	\$ 56,646,100	\$ 56,646,100	\$ 56,281,170	\$ 364,930
Debt Service:				
Principal Retirement	\$ 1,810,400	\$ 1,810,400	\$ 1,810,413	\$ (13)
Interest & Fiscal Charges	2,016,700	2,016,700	1,888,248	128,452
TOTAL DEBT SERVICE	\$ 3,827,100	\$ 3,827,100	\$ 3,698,661	\$ 128,439
TOTAL SCHOOL OPERATING FUND	\$ 60,473,200	\$ 60,473,200	\$ 59,979,831	\$ 493,369
School Cafeteria Fund:				
Education:				
Operating Costs	\$ 3,518,200	\$ 3,518,200	\$ 2,728,280	\$ 789,920
TOTAL SCHOOL CAFETERIA FUND	\$ 3,518,200	\$ 3,518,200	\$ 2,728,280	\$ 789,920
Textbook Rental Fund:				
Education:				
Operating Costs	\$ 450,000	\$ 450,000	\$ 464,079	\$ (14,079)
TOTAL TEXTBOOK RENTAL FUND	\$ 450,000	\$ 450,000	\$ 464,079	\$ (14,079)
Capital Project Fund:				
School Construction:				
Capital Outlays	\$ 27,815,000	\$ 27,815,000	\$ 21,377,171	\$ 6,437,830
TOTAL SCHOOL CONSTRUCTION	\$ 27,815,000	\$ 27,815,000	# \$ 21,377,171	# \$ 6,437,830
GRAND TOTAL EXPENDITURES, COMPONENT UNIT - SCHOOL BOARD	\$ 92,256,400	\$ 92,256,400	\$ 84,549,361	\$ 7,707,039

STATISTICAL INFORMATION

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

FISCAL YEAR	GENERAL PROPERTY TAXES	OTHER LOCAL TAXES	PERMIT, PRIVILEGE FEES AND REGULATORY LICENSES		FINES & FORFEITURES	REVENUE FROM USE OF MONEY AND PROPERTY
2013-14	\$ 27,259,792	\$ 8,173,503	\$ 52,913	\$ 106,243	\$ 237,308	
2012-13	24,182,703	10,143,685	34,091	116,480	372,688	
2011-12	25,862,730	16,753,643	58,453	66,934	444,372	
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	

FISCAL YEAR	CHARGES FOR SERVICES	MISCELLANEOUS	RECOVERED COSTS	INTER-GOVERNMENTAL	TOTAL
2012-13	1,299,770	488,317	816,163	81,717,425	119,171,322
2011-12	1,708,891	1,046,635	312,202	81,247,846	127,501,706
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

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

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

TABLE 2

FISCAL YEAR	GENERAL ADMINISTRATION		JUDICIAL ADMINISTRATION		PUBLIC SAFETY		PUBLIC WORKS		HEALTH AND WELFARE		EDUCATION	
2013-14	\$	3,081,896	\$	2,940,326	\$	9,426,268	\$	2,519,806	\$	10,837,444	\$	98,361,323
2012-13		3,085,457		2,879,973		9,419,726		3,269,650		13,910,634		63,144,019
2011-12		3,049,267		2,958,240		8,224,502		1,593,160		14,389,802		84,648,731
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

FISCAL YEAR	RECREATION & CULTURAL		COMMUNITY DEVELOPMENT		CAPITAL PROJECT		DEBT SERVICE		TOTALS	
2013-14	\$	990,679	\$	4,439,420	\$	3,888	\$	19,059,349	\$	151,660,399
2012-13		1,017,808		7,033,875		27,096		19,732,283		123,520,521
2011-12		1,003,598		10,912,901		67,857		687,471		127,535,529
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

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

(Exclusive of school capital projects funds)

TABLE 3

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

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	MACHINERY AND TOOLS	MERCHANT'S CAPITAL	MOBILE HOMES
2013-14	\$ 1,859,774,092	\$ 427,550,149	\$ 184,405,660	\$ 34,551,733	\$ 33,849,030
2012-13	1,895,750,346	400,495,555	244,969,850	34,979,151	40,491,360
2011-12	2,036,871,449	416,493,632	279,241,765	35,960,355	40,456,220
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

PUBLIC UTILITIES		MERCHANT'S CAPITAL		TOTAL
FISCAL YEAR	PERSONAL PROPERTY	REAL ESTATE	MERCHANT'S CAPITAL	TOTAL
2013-14	\$ 318,675	\$ 1,357,823,510	\$ 112,525	\$ 3,898,385,374
2012-13	376,895	1,430,300,955	120,255	4,047,484,367
2011-12	367,055	582,038,075	120,195	3,391,548,746
2010-11	287,561	589,715,216	251,089	3,170,622,004
2009-10	277,470	1,111,625,698	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

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

FISCAL YEAR	PUBLIC UTILITIES									
	REAL ESTATE	PERSONAL PROPERTY	MACHINERY & TOOLS	MERCHANT'S CAPITAL	MOBILE HOMES	PERSONAL PROPERTY	REAL ESTATE	MERCHANT'S CAPITAL		
2013-14	0.60	1.56	1.41	2.85	0.60	1.56	0.60	0.60	0.60	0.60
2012-13	0.57	1.49	1.41	2.85	0.57	1.49	0.57	0.57	0.57	0.57
2011-12	0.57	1.49	1.41	(2)	0.57	1.49	0.57	0.57	0.57	0.57
2010-11	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57	0.57	0.57
2009-10	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57	0.57	0.57
2008-09	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57	0.57	0.57
2007-08	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57	0.57	0.57
2006-07	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57	0.57	0.57
2005-06	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57	0.57	0.57
2004-05	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57	0.57	0.57

(1) Per \$100 of assessed value

(2) Tax Rate Change is taxation neutral due to adjusted depreciation rates

TABLE 5

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

FISCAL YEAR	TOTAL (1) TAX LEVY	ADJUSTMENTS TO ORIGINAL LEVY IN		COLLECTIONS WITHIN THE FISCAL YEAR OF THE LEVY	PERCENT OF ORIGINAL LEVY COLLECTED	ADJUSTMENTS TO ORIGINAL LEVY IN SUBSEQUENT YEARS		DELINQUENT TAX COLLECTIONS	TOTAL ADJUSTED LEVY	TOTAL COLLECTIONS TO DATE	PERCENT OF TOTAL LEVY COLLECTED
		ADJUSTMENTS TO ORIGINAL LEVY IN CURRENT YEAR	ADJUSTMENTS TO ORIGINAL LEVY IN SUBSEQUENT YEARS								
2013-14	\$ 29,170,579	\$ (1,502,205)	\$	\$ 26,671,809	96.40%	\$ (52,989)	\$	\$ 203,205	\$ 27,615,385	\$ 26,875,014	97.32%
2012-13	26,332,473	(362,651)		25,101,645	96.66%	(34,794)		357,581	25,935,028	25,459,226	98.17%
2011-12	24,470,385	1,226,106		24,973,016	97.18%	(22,251)		421,499	25,674,240	25,394,515	98.91%
2010-11	21,231,925	(587,846)		19,660,958	95.24%	(268,001)		507,100	20,376,078	20,168,058	98.98%
2009-10	20,589,874	(727,940)		18,777,570	94.54%	(150,439)		751,303	19,711,495	19,528,873	99.07%
2008-09	19,789,315	(1,006,993)		18,013,570	95.91%	(53,822)		675,283	18,728,500	18,688,853	99.79%

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.

TABLE 6

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

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (IN THOUSANDS) (2)	GROSS BONDED DEBT (3)	LESS: DEBT SERVICE MONIES AVAILABLE	DEBT PAYABLE FROM ENTERPRISE REVENUES (4)	NET BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2013-14	41,452	\$ 3,898,385,374	\$ 75,435,219	\$ 4,549,862	\$ 321,604	\$ 70,563,753	1.81%	\$ 1,702.30
2012-13	41,452	4,047,484,367	77,128,359	0	581,789	76,546,570	1.89%	1,846.63
2011-12	41,452	3,391,548,746	75,281,331	0	884,176	74,397,155	2.19%	1,794.78
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

Notes:

- (1) Bureau of Census.
- (2) From Table 3
- (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, 2014

LEGAL DEBT LIMIT	
10% OF ASSESSED VALUE OF TAXABLE REAL ESTATE (INCLUDING PUBLIC UTILITY REAL ESTATE) (3,217,597,602 x .10)	\$ 321,759,760
DEDUCT	
NET BONDED DEBT	<u>70,563,753</u>
LEGAL MARGIN FOR CREATION OF ADDITIONAL DEBT	<u>\$ 251,196,007</u>

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

TO THE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF WISE, VIRGINIA

We have audited, in accordance with the 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 the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit - School Board, each major fund, and the aggregate remaining fund information of County of Wise, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise County of Wise's basic financial statements, and have issued our report thereon dated July 9, 2015. Our report includes a reference to other auditors who audited the financial statements of Wise County Industrial Development Authority and Wise County Public Service Authority, as described in our report on County of Wise, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Wise's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Wise's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Wise's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
July 9, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
COUNTY OF WISE, VIRGINIA

Report on Compliance for Each Major Federal Program

We have audited County of Wise'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 County of Wise's major federal programs for the year ended June 30, 2014. County of Wise's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Wise's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 we 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 County of Wise's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Wise's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Wise complied, in all material respects, with the types of 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, 2014.

Report on Internal Control over Compliance

Management of County of Wise is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Wise's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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, we do not express an opinion on the effectiveness of County of Wise'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
July 9, 2015

County of Wise, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	90359, 90360, 90361 90360, 90361	\$ 33,185
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90365, 90366 90367, 90377, 90390, 90391 90409, 90410, 90411, 90412 90601, 90603	769,091
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	3,928
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	74,772
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90119 90236, 90237, 90238, 90239 90378, 90517, 90540, 90529	94,899
Stephanic Tubbs Jones Child Welfare Services Program	93.645	90251	4,970
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90147 90209, 90225, 90226, 90227 90253, 90258, 90267, 90268 90405, 90406, 90407, 90447 90636, 90637, 90639, 90657 90658, 90705, 90706, 90707 90733, 90738, 90747, 90748	402,446
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90607, 90627, 90708	550,452
Social Services Block Grant	93.667	90122, 90123, 90124, 90125 90126, 90240, 90242, 90243 90244, 90245, 90246, 90262 90340, 90351, 90358, 90379 90648	554,105
Chafee Foster Care Independence Program	93.674	90254, 90356	22,149
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	19,482
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	557,383
Block Grants for Community Mental Health Services	93.958	Not applicable	13,584
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not applicable	77,712
Chafee Education and Training Vouchers Program	93.599	90353	10,742
Total Department of Health and Human Services			\$ 3,188,900
Department of Agriculture:			
Pass-through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution (Note 3)	10.555	40623 \$ 150,294	
Summer Food Service Program for Children	10.559	Not applicable 10,529	
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	40623 1,358,626 \$	
School Breakfast Program	10.553	40591 457,697	1,977,146
Department of Agriculture:			
Fresh Fruit & Vegetable Program			
	10.582	Not applicable	21,181
Food Distribution			
Summer Food Service Program for Children	10.555	Not applicable	
	10.559	Not applicable	
Schools and Roads - Grants to States	10.665	43841	45,328
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
	10.561	90103, 90104, 90212, 90223 90224, 90303, 90304, 90403 90404, 90703, 90704 90704	625,504
Total Department of Agriculture			\$ 2,669,159
Department of Homeland Security:			
Pass-through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	52749	43,470
State Homeland Security Program	97.073	52707	79,804
Total Department of Homeland Security			\$ 123,274
Department of Housing and Urban Development:			
Pass-through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant State's program	14.228	Not applicable	\$ 760,148

County of Wise, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	11VAGX0001	\$ 25,585
Local Law Enforcement Block Grant	16.592		8,091
Violence Against Women Formula Grants	16.588	10WFAX0041	<u>14,676</u>
Total Department of Justice			\$ 48,352
Department of Transportation:			
Pass-through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	AL-2012-52037-4415	\$ 1,374
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2011-51206-4148	<u>23,831</u>
Total Department of Transportation			\$ 25,205
Department of Education:			
Pass-through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 2,099,902
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	1,050,244
Special Education Preschool Grants	84.173	62521	41,524
Special Education- Grants for Infants and Families	84.181	43076	5,946
Adult Education - Basic Grants to States	84.002	42801	287,418
Career and Technical Education: Basic Grants to States	84.048	61095	135,432
Education for Homeless Children and Youth	84.196	Not applicable	9,511
Rural Education	84.358	43481	105,180
Improving Teacher Quality - State Grants	84.367	61480	<u>415,266</u>
Total Department of Education			\$ 4,150,423
Total Expenditures of Federal Awards			<u>\$ 10,965,461</u>
Note 1 -- Basis of Presentation			
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Wise, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Because the Schedule presents only a selected portion of the operations of Wise County, Virginia, it is not intended to and does not present the financial position, changes in financial position or cash flows of the County of Wise, Virginia.			
Note 2 -- Summary of Significant Accounting Policies			
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i> , wherein certain types of expenditures are not allowable or are limited as to reimbursement.			
(2) Pass-through entity identifying numbers are presented where available.			
Note 3 -- Food Donation			
Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2014, the County had no food commodities in inventory.			
Note 4 -- Relationship to the Financial Statements			
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary Government:			
General Fund			\$ 4,055,582
Special Revenue Fund-Wise Development Fund			640,671
Capital Project Funds-Community Development Fund			760,148
Less: Payment in lieu of taxes			(38,402)
Less: Research Cooperation Agreement-Wise Development Funds			<u>(640,671)</u>
Total Primary Government			\$ 4,777,328
Component Unit School Board:			
School Operating Fund			\$ 4,249,009
School Cafeteria Fund			1,998,328
Less AFROTC			(59,204)
Total Component Unit Schools			\$ 6,188,133
Total federal expenditures per basic financial statements			<u>\$ 10,965,461</u>

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

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 #	Name of Federal Program or Cluster
84.010	Title I : Grants to Local Education Agencies
14.228	Community Development Block Grant - State's Programs
84.027/84.173	Special Education Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.367	Improving Teacher Quality

Dollar threshold used to distinguish between Type A and Type B programs: \$328,964

Auditee qualified as low-risk auditee? No

County of Wise, Virginia

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2014

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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