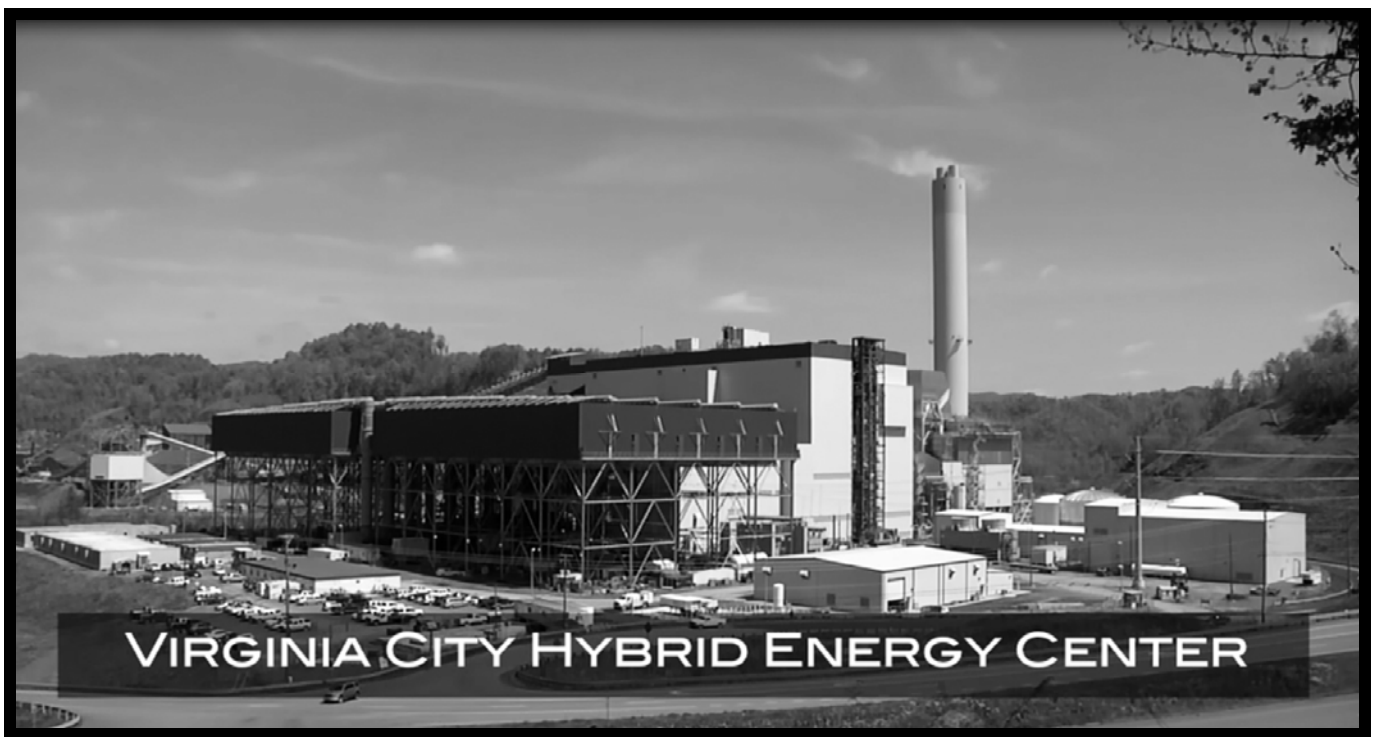


# County of Wise, Virginia

## Comprehensive Annual Financial Report



For the Fiscal Year Ended  
June 30, 2013

*“Nestled Progress”*

**COUNTY OF WISE, VIRGINIA**

**AUDIT REPORT**

**JUNE 30, 2013**

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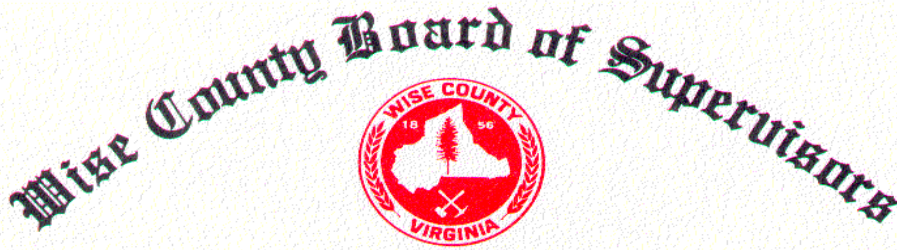
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## INTRODUCTORY SECTION

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Office of County Administrator

COURTHOUSE

WISE, VIRGINIA 24293

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

P.O. BOX 570  
206 E. MAIN STREET

## **CAFR- LETTER OF TRANSMITTAL**

May 15, 2014

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, 2013. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. I believe the data, as presented, is accurate in all material respects; that is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

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

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

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

## **BUDGETARY CONTROLS**

In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors.

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

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit of the fiscal year ended June 30, 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 two discretely component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as a part of the primary government. Therefore, the County School Board and the Wise County Public Service Authority are reported in a discrete presentation. Based upon GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements of the Wise County Industrial Development Authority are not included in the County report. This organization is administered by a Board separate from and independent of the Board of Supervisors.



## **Local Economy**

Wise County is located in Southwest Virginia, approximately 50 miles northwest of Bristol, Virginia. The county encompasses a land area of 407 square miles with a population of 41,452. 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, cabinetry, 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 2013**

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-Pan and appropriated \$425,000 for preliminary engineering.
- 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 service Central High School when completed.
- 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. Completion was scheduled for November 2013, however due to the government shutdown, that date has now been set for May 2014. The structure is built and the finished stone is on the property. Weather conditions at the site make it impossible to lay the stone until spring 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 the Registrar will be relocated in late calendar 2013.
- After securing grant funding from VCEDA, the VA Tobacco Commission and the Virginia Department of Housing and Community Development, the Wise County IDA has made much progress toward plans to complete the restoration of the Wise Inn and construction has begun with an anticipated date of September 2013 for completion.
- 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.
- Wise County successfully refinanced the Wise County Industrial Development Authority Lease Revenue Bond Anticipation Notes for Wise County Schools in FY 2013 which over the financing term will net a \$220,000 savings to Wise County in interest costs after all re-issuance costs.
- The Wise County Board of Supervisors has begun the landfill expansion of cell 4B. This new cell consists of 9.7 acres and has an anticipated life of approximately 15 years. Construction is expected to be complete by the end of calendar 2013.
- 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.

- 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 Board of Supervisors and the Wise County Public Schools have completed financing for a \$60M plan that provides for two new high schools, Union and Central, a new wing for Eastside High School, and a new Appalachia Elementary Gym. Construction of all of these projects is now under way with construction completed on the new Appalachia Elementary Gym. In addition, the grand opening for the newly renovated Eastside High School was held in August 2013. Central High School and Union High School are scheduled to open in January 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.
- 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 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 has identified funds to complete the new service road and second entrance and exit for Mountain Empire Community College. The contract has been awarded and construction began in late summer 2013. The anticipated completion date is January 2014.
- Wise County anticipates 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. Financing is complete and construction is underway with an anticipated completion date of spring 2014.
- 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.
- Wise County continues to work with the AAERC tenant, Nanoquantics, to develop new products and promote research with work ongoing toward commercialization of the product.

- 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. Wise JAMS has seen an expansion of the children's music classes to the Towns of Appalachia and Big Stone Gap as of January 2013 with a scheduled expansion into the last three communities of Pound, Wise and the City of Norton 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 rather than 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 2013-2014 Fiscal Year, the Board of Supervisors approved a General Fund Operating Budget of \$62,125,095.

### **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 \$342,971. This is a decrease from interest and dividends earned on temporary investments in Fiscal Year 2011-2012 when the interest on investments totaled \$423,101.

## **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.

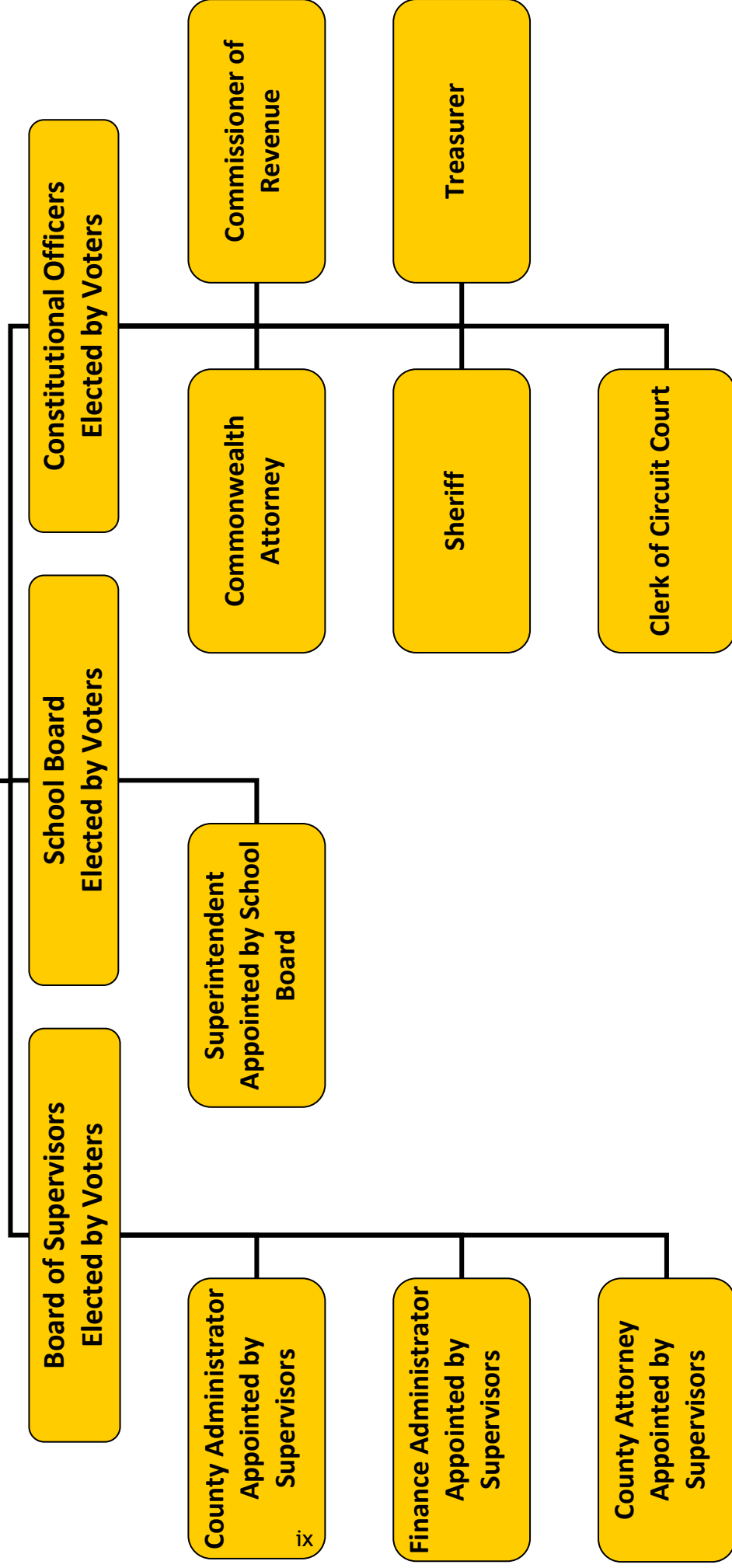
### **Acknowledgements**

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, 2013**



**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  
Rocky Cantrell  
Betty Cornett

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  
Danny Buchanan

**Other**

Director of Social Services

Mike Mullins

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

To the Honorable Members of the Board of Supervisors  
County of Wise, Virginia  
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, 2013, and the related notes to the financial statements, which collectively comprise County of Wise's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Wise County Industrial Development Authority or the 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 the Wise County Industrial Development Authority or the Wise County Public Service Authority, which are discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for County of Wise, Virginia, is based solely on the report of 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, each major fund, and the aggregate remaining fund information of County of Wise, as of June 30, 2013, 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.

## Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, County of Wise adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-11, budgetary comparison information, and schedule of pension funding progress 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 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 section and statistical information 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 April 15, 2014, on our consideration of the 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, Turner, Cox Associates*

Blacksburg, Virginia  
April 15, 2014

## **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, 2013. 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 \$32,220,615 (net position). Of this amount, \$ 9,164,710 (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 \$43,585,268, a decrease of \$41,974,357 in comparison with the prior year. The decrease increase is attributed to restricted bond proceeds for school construction. Approximately twenty-two percent of this total amount, \$8,580,365 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 \$8,580,365, or 7.5% percent of total general fund expenditures. Adjusted for capital outlay expenditures, this percent of total general fund expenditures is 7.4% of operating general fund expenditures.

The County of Wise, Virginia’s total debt increased by \$1,847,028 during the current fiscal year in which included debt refinancing of VRA Lease Revenue Bonds for Schools and the issuance of \$4,023,147 (net of premium) for the Wise County Landfill expansion offset by debt repayments. Total capital leases due increased by \$2,532,203 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.

## **Overview of the Financial Statements (Continued)**

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.

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

## Overview of the Financial Statements (Continued)

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 Position and a statement of changes in fiduciary Net Position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

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

## **Government-wide Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$32,220,615 at the close of the most recent fiscal year.

A portion of the County's Net Position (29.6 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide service to citizens: consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**Government-wide Financial Analysis (Continued)**

<b><u>County of Wise, Virginia's Net Position</u></b>		
	<b><u>Primary Governmental Activities and Business-Type Activities</u></b>	
	<b><u>2012</u></b>	<b><u>2013</u></b>
Current and other assets	\$ 112,589,344	\$79,609,811
Capital assets	<u>37,162,916</u>	<u>75,306,684</u>
Total assets	<u>\$ 149,752,260</u>	<u>\$154,916,495</u>
Deferred outflows of resources	\$ -	\$ 16,936
Long-term liabilities outstanding	\$ 84,694,901	\$ 89,863,064
Current liabilities	<u>7,303,909</u>	<u>8,973,340</u>
Total liabilities	<u>\$ 91,998,810</u>	<u>\$ 98,836,404</u>
Deferred inflows of resources	<u>\$ 19,467,773</u>	<u>\$ 21,546,215</u>
Net Position:		
Net Investment in capital assets	\$ 18,106,402	\$ 12,326,539
Restricted- Capital Projects	9,033,913	7,049,862
Other Purposes	11,384,003	14,458,949
Unrestricted	<u>(238,641)</u>	<u>679,462</u>
Total Net Position	<u>\$38,285,677</u>	<u>\$34,550,812</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, 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 \$3,734,865  
Key elements of this increase are as follows:

<b>County of Wise, Virginia's Change in Net Position</b>		
	<b><u>Primary Governmental Activities and Business-Type Activities</u></b>	
	<b><u>2012</u></b>	<b><u>2013</u></b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,182,154	\$ 1,114,258
Operating grants and contributions	13,268,121	13,711,562
General Revenues:		
Property taxes	\$ 25,278,018	\$ 25,491,426
Other local taxes	16,487,544	10,143,685
Grants & contributions	7,215,291	6,167,096
Other	<u>3,325,731</u>	<u>572,151</u>
Total revenues	<u>\$ 66,756,859</u>	<u>\$ 57,200,178</u>
Expenses		
General government	\$ 3,189,330	\$ 2,513,670
Judicial administration	2,955,941	2,917,968
Public safety	8,033,901	9,558,466
Public works	1,380,443	1,379,473
Health and welfare	14,372,186	13,967,744
Education	15,114,313	17,014,461
Parks, recreation and culture	1,030,994	1,050,295
Community development	10,917,533	7,652,569
Interest	1,934,198	723,949
Business-type activities	<u>4,134,953</u>	<u>4,156,448</u>
Total expenses	<u>\$ 63,063,792</u>	<u>\$ 60,935,043</u>
Increase (decrease) in Net Position	\$(15,774,706)	\$ (3,734,865)
Net Position – beginning	<u>54,060,383</u>	<u>38,285,677</u>
Net Position – ending	<u>\$ 38,285,677</u>	<u>\$ 34,550,812</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 \$43,585,268 a decrease of \$41,974,357 which is principally due to the construction of the School projects. Approximately 20.44% of this total amount, \$8,580,365, 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 school projects
- Future employee benefits

The general fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,580,365, while the total fund balance was \$37,121,382. 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 7.5% of operating general fund expenditures.

The general fund balance decreased \$40,573,146 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 \$6,463,886, all of which is restricted or committed for future projects. The fund balance decreased \$1,401,211 during the current year.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$3,946,515 (increase in appropriations) and can be briefly summarized as follows:

- \$17,000 increase in general government administration expenditures
- \$66,775 increase in judicial administration expenditures
- \$538,303 increase in public safety expenditures
- \$630,000 decrease in public works expenditures
- \$10,000 decrease in health and welfare expenditures

- \$4,727,731 increase in education expenditures
- \$10,000 increase in parks, recreation & cultural
- \$200,000 decrease in community development expenditures

This increase was primarily due to additional funds being required for appropriation to pay for an improved timeline for school construction projects and an additional appropriation for Eastside High School. The funds were from FY 2012 bond proceeds and funds from the funds reserved for high school construction respectively. During the year, however, primary government revenues were \$1,731,432 unfavorable principally due to lower than anticipated coal severance revenues and primary government expenditures were higher than budgetary estimates by \$19,780,847. This difference was principally due to the revised capital lease for the Wise County Justice Center signed during Fiscal 2013.

#### Capital Asset and Debt Administration

Capital assets – The county's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$ 64,418,343 (net of accumulated depreciation). This is the 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 \$37,166,854.

#### County of Wise, Virginia's Change in Net Capital Assets

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2013</u>
Land	\$ 2,810,228	\$ 2,850,643
Construction in Progress	4,746,960	42,364,131
Buildings	30,042,634	32,912,966
Equipment	<u>5,641,052</u>	<u>5,989,994</u>
Total	43,240,874	84,117,734
Less: Accumulated Depreciation	<u>(15,989,384)</u>	<u>(19,699,391)</u>
Net capital assets	<u>\$ 27,251,490</u>	<u>\$ 64,418,343</u>

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

Long-term obligations - At the end of the current fiscal year, the County had total primary government obligations outstanding of \$76,210,714, including OPEB liability and compensated absences of \$1,081,612. Of this amount \$69,450,210 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total primary government obligations increased by \$5,243,785.

Additional information on the County of Wise, Virginia's long-term obligations 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 2013 unemployment rate for the County is 8.6 percent, which is an increase from the rate of 7.8 percent in 2012. This is higher than the state's unemployment rate of 5.6 percent and is above the national average rate of 7.2 percent as of September 2013.

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

### **Budget and Rates**

The approved budget is \$62,125,095 for fiscal year 2013-2014. The tax rates for the 2013-2014 year are as follows: .57 per \$100 value for real estate, mobile home taxes, and public utilities real estate, 1.49 per \$100 of assessed value for personal property and public service personal property, 2.85 per \$100 of assessed value for merchants capital, and 1.41 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.

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## Basic Financial Statements

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	COMPONENT UNITS					
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	SCHOOL BOARD	PUBLIC SERVICE AUTHORITY	INDUSTRIAL DEVELOPMENT AUTHORITY
<b><u>ASSETS</u></b>						
Cash Deposits & Equivalents	\$ 6,123,733	\$ 17,822	\$ 6,141,555	\$ 1,781,709	\$ 630,625	\$ 1,910,485
Petty Cash	6,200	-	6,200	200	-	-
Investments	17,765,685	9,623	17,775,308	1,031,361	-	5,740,000
Receivable (Net Of Allowances For Uncollectibles):						
Property Taxes:						
Delinquent	561,322	-	561,322	-	-	-
Not Yet Due	21,188,515	-	21,188,515	-	-	-
Other Taxes	524,840	93,403	618,243	145,226	-	-
Accounts	623,470	-	623,470	-	337,711	-
Interest	-	-	-	-	-	1,554
Notes	-	-	-	-	-	1,778,003
Lease Receivable	-	-	-	-	-	4,734,543
Prepaid Items	32,690	-	32,690	-	-	-
Due From Other Governmental Units	1,883,144	-	1,883,144	3,405,682	371,755	-
Due From Other Funds	670,537	-	670,537	-	-	-
Due From Component Unit	148,266	-	148,266	-	-	-
Restricted:						
Cash Deposits & Equivalents	21,458,465	7,979,596	29,438,061	-	5,184,457	53,837
Other Assets	-	522,500	522,500	-	-	-
Capital Assets:						
Capital Assets not being depreciated:						
Land	2,850,643	314,816	3,165,459	1,318,464	157,731	2,544,781
Construction In Progress	42,364,131	781,073	43,145,204	-	10,997,905	3,684,977
Capital Assets (net of accumulated depreciation):						
Buildings and equipment	19,203,569	9,792,452	28,996,021	24,787,364	30,593,622	13,623,101
<b>TOTAL ASSETS</b>	<b>\$ 135,405,210</b>	<b>\$ 19,511,285</b>	<b>\$ 154,916,495</b>	<b>\$ 32,470,006</b>	<b>\$ 48,273,806</b>	<b>\$ 34,971,281</b>
Deferred Outflows of Resources:						
Debt Refunding	16,936	-	16,936	-	-	-
<b><u>LIABILITIES</u></b>						
Accounts Payable and Accrued Expenses	\$ 3,933,272	\$ 343,790	\$ 4,277,062	\$ 3,469,133	\$ 282,266	\$ 327,838
Due To Other Funds & Primary Government	-	212,898	212,898	148,266	-	-
Due To Other Governmental Units	290,314	-	290,314	-	-	-
Due To Customers - Deposits	-	-	-	-	377,240	-
Interest Payable	905,431	-	905,431	-	-	-
Long-term Liabilities:						
Amounts Due within one year:						
Claims, Judgments & Compensated Absences	171,778	34,018	205,796	50,179	53,608	-
Capital Lease-Current	360,904	91,235	452,139	-	-	-
General Financing Loans	198,060	260,185	458,245	185,916	-	9,606,481
General Obligation Bonds-School	925,413	-	925,413	-	-	-
General Obligation Bonds-Sanitation & Water	-	273,289	273,289	-	283,562	-
State Literary Loans-School	585,000	-	585,000	-	-	-
QSCB Bonds	300,000	-	300,000	-	-	-
Premium on Bonds Payable	29,464	58,289	87,753	-	-	-
Amounts Due Beyond One Year:						
Landfill Closure Cost Liability	-	8,432,741	8,432,741	-	-	-
OPEB Liability	394,502	64,016	458,518	1,471,673	-	-
Compensated Absences	515,332	102,051	617,383	150,335	336,506	-
Capital Lease-Long-term Obligation	5,331,151	524,611	5,855,762	-	-	-
General Financing Loans	104,362	321,604	425,966	801,616	-	-
General Obligation Bonds-School	32,752,929	-	32,752,929	-	-	-
General Obligation Bonds-Sanitation & Water	-	5,746,711	5,746,711	-	7,283,670	-
State Literary Loans-School	4,073,227	-	4,073,227	-	-	-
QSCB Bonds	14,400,000	-	14,400,000	-	-	-
Lease Revenue Anticipation Notes-School	14,579,673	-	14,579,673	-	-	-
Premium on Bonds Payable	1,804,504	715,650	2,520,154	-	8,724	-
<b>TOTAL LIABILITIES</b>	<b>\$ 81,655,316</b>	<b>\$ 17,181,088</b>	<b>\$ 98,836,404</b>	<b>\$ 6,277,318</b>	<b>\$ 8,625,576</b>	<b>\$ 9,934,319</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Unavailable Revenue - Property Taxes	\$ 21,546,215	\$ -	\$ 21,546,215	\$ -	\$ -	\$ -
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 21,546,215</b>	<b>\$ -</b>	<b>\$ 21,546,215</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>NET POSITION</u></b>						
Net Investment in Capital Assets	\$ 9,526,690	\$ 2,835,849	\$ 12,362,539	\$ 25,118,296	\$ 33,853,522	\$ 16,579,410
Restricted For:						
Capital Projects	7,049,862	-	7,049,862	606,615	4,807,217	1,133,351
Community Development	5,885,692	-	5,885,692	-	-	-
Public Safety	376,658	-	376,658	-	-	-
Technology	73,960	-	73,960	-	-	-
Education	74,355	-	74,355	467,777	-	-
Judicial	68,688	-	68,688	-	-	-
Water, Sewer, and Sanitation	-	7,979,596	7,979,596	-	-	-
Unrestricted	9,164,710	(8,485,248)	679,462	-	987,491	7,324,201
<b>TOTAL NET POSITION</b>	<b>\$ 32,220,615</b>	<b>\$ 2,330,197</b>	<b>\$ 34,550,812</b>	<b>\$ 26,192,688</b>	<b>\$ 39,648,230</b>	<b>\$ 25,036,962</b>

COUNTY OF WISE, VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 2

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities				
General Government Administration	\$ 2,513,670	\$ 56,131	\$ -	\$ (2,457,539)
Judicial Administration	2,917,968	31,092	240,078	(2,646,798)
Public Safety	9,558,466	129,162	1,248,687	(8,180,617)
Public Works	1,379,473	42,116	-	(1,337,357)
Health & Welfare	13,967,744	216,726	11,068,670	(2,682,348)
Education	17,014,461	-	-	(17,014,461)
Parks, Recreation & Cultural	1,050,295	-	5,000	(1,045,295)
Community Development	7,652,569	-	1,133,279	(6,519,290)
Interest & Fiscal Charges	723,949	-	-	(723,949)
Total Governmental Activities	\$ 56,778,595	\$ 475,227	\$ 13,695,714	\$ (42,607,654)
Business-Type Activities				
Landfill	\$ 3,856,656	\$ 633,478	\$ 15,848	
Sewer	299,792	5,553	-	
Total Business-Type Activities	\$ 4,156,448	\$ 639,031	\$ 15,848	
Total Primary Government	\$ 60,935,043	\$ 1,114,258	\$ 13,711,562	
<b>COMPONENT UNITS:</b>				
School Board	\$ 100,060,611	\$ 975,114	\$ 97,561,670	
Public Service Authority	2,623,667	2,378,898	7,844,462	
Industrial Development Authority	2,720,137	814,709	-	
Total Component Units	\$ 102,684,278	\$ 3,354,012	\$ 105,406,132	
<b>General Revenues</b>				
Taxes:				
Property Taxes, levied for general purposes			\$	25,491,426
Utility Taxes				506,171
Mineral Taxes				6,517,553
Consumption and Franchise Taxes				170,223
Local Sales & Use Taxes				2,682,128
Other Local Taxes				267,610
Grants and Contributions, not restricted to specific programs				6,167,096
Revenues From Use of Money and Property				356,140
Miscellaneous				171,280
Operating Transfers				(4,046,894)
Total General Revenues and Transfers			\$	38,282,733
Change in Net Position			\$	(4,324,921)
Net Position, July 01, 2012, as restated				36,545,536
Net Position, June 30, 2013			\$	32,220,615

Notes are an integral part of the financial statements.



NET (EXPENSE) REVENUE  
AND CHANGES IN NET POSITION

BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT GOVERNMENTAL AND BUSINESS - TYPE ACTIVITIES	COMPONENT UNITS		
		SCHOOL BOARD	PUBLIC SERVICE AUTHORITY	INDUSTRIAL DEVELOPMENT AUTHORITY
	\$ (2,457,539)			
	(2,646,798)			
	(8,180,617)			
	(1,337,357)			
	(2,682,348)			
	(17,014,461)			
	(1,045,295)			
	(6,519,290)			
	(723,949)			
	<u>\$ (42,607,654)</u>			
\$ (3,207,330)	\$ (3,207,330)			
(294,239)	(294,239)			
<u>\$ (3,501,569)</u>	<u>\$ (3,501,569)</u>			
	\$ (46,109,223)			
		<u>\$ (1,523,827)</u>	<u>\$ (1,140,354)</u>	<u>\$ (1,905,428)</u>
\$ -	\$ 25,491,426	\$ -	\$ -	\$ -
-	506,171	-	-	-
-	6,517,553	-	-	-
-	170,223	-	-	-
-	2,682,128	-	-	-
-	267,610	-	-	-
-	6,167,096	-	7,844,462	3,119,097
44,731	400,871	16,548	17,954	127,353
-	171,280	496,116	(209,200)	25,507
<u>4,046,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,091,625</u>	<u>\$ 42,374,358</u>	<u>\$ 512,664</u>	<u>\$ 7,653,216</u>	<u>\$ 1,366,529</u>
\$ 590,056	\$ (3,734,865)	\$ (1,011,163)	\$ 6,512,862	\$ 1,366,529
1,740,141	38,285,677	27,203,851	33,135,368	23,670,433
<u>\$ 2,330,197</u>	<u>\$ 34,550,812</u>	<u>\$ 26,192,688</u>	<u>\$ 39,648,230</u>	<u>\$ 25,036,962</u>

Notes are an integral part of the financial statements.

	MAJOR GENERAL FUND	MAJOR SPECIAL REVENUES	NON-MAJOR SPECIAL REVENUES	NON-MAJOR CAPITAL PROJECTS	TOTAL
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 38,897,911	\$ 5,368,542	\$ 923,657	\$ 163,973	\$ 45,354,083
Receivables (Net of allowances for uncollectibles):					
Property Taxes:					
Delinquent	561,322	-	-	-	561,322
Not Yet Due	21,188,515	-	-	-	21,188,515
Other Taxes	307,727	217,113	-	-	524,840
Accounts	622,342	1,128	-	-	623,470
Prepaid Items	32,690	-	-	-	32,690
Due from Component Unit	148,266	-	-	-	148,266
Due from Other Funds	670,937	291,678	-	-	962,615
Due from Other Governmental Units	1,583,205	-	-	299,939	1,883,144
<b>TOTAL ASSETS</b>	<b>\$ 64,012,915</b>	<b>\$ 5,878,461</b>	<b>\$ 923,657</b>	<b>\$ 463,912</b>	<b>\$ 71,278,945</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 3,404,887	\$ 188,822	\$ 39,624	\$ 299,939	\$ 3,933,272
Due to Other Funds	291,678	-	-	400	292,078
Due to Other Governmental Units	16,955	273,359	-	-	290,314
<b>TOTAL LIABILITIES</b>	<b>\$ 3,713,520</b>	<b>\$ 462,181</b>	<b>\$ 39,624</b>	<b>\$ 300,339</b>	<b>\$ 4,515,664</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	\$ 23,178,013	\$ -	\$ -	\$ -	\$ 23,178,013
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 23,178,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,178,013</b>
<b>FUND BALANCES</b>					
Fund Balance:					
Nonspendable	\$ 32,690	\$ -	\$ -	\$ -	\$ 32,690
Restricted	21,458,465	5,416,280	688,053	163,573	27,726,371
Committed	7,049,862	-	195,980	-	7,245,842
Unassigned	8,580,365	-	-	-	8,580,365
<b>TOTAL FUND BALANCES</b>	<b>\$ 37,121,382</b>	<b>\$ 5,416,280</b>	<b>\$ 884,033</b>	<b>\$ 163,573</b>	<b>\$ 43,585,268</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 64,012,915</b>	<b>\$ 5,878,461</b>	<b>\$ 923,657</b>	<b>\$ 463,912</b>	<b>\$ 71,278,945</b>
Detailed explanation of adjustments from fund statements to government statement of net position:					
Total Fund Balance June 30, 2013					\$ 43,585,268
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 County as a whole.					
Land				2,850,643	
Construction In Progress				42,364,131	
Buildings and equipment				19,203,569	64,418,343
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.					
					1,631,798
Long-term liabilities applicable to the County'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.					
General Obligation Bonds				(67,918,664)	
Bond Premium				(1,833,968)	
Capital Leases				(5,692,055)	
Claims, Judgments & Compensated Absences				(1,081,612)	
Interest Payable				(905,431)	
Debt Refunding				16,936	(77,414,794)
<b>Net Position of Governmental Activities</b>					<b>\$ 32,220,615</b>

COUNTY OF WISE, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 4

PRIMARY GOVERNMENT					
	MAJOR GENERAL	MAJOR SPECIAL REVENUE	NON-MAJOR SPECIAL REVENUE	NON-MAJOR CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
General Property Taxes	\$ 24,182,703	\$ -	\$ -	\$ -	\$ 24,182,703
Other Local Taxes	6,928,382	3,186,855	28,448	-	10,143,685
Permits, Privilege Fees & Regulatory Licenses	34,091	-	-	-	34,091
Fines & Forfeitures	38,508	-	77,972	-	116,480
Revenues From Use Of Money & Property	312,224	43,902	14	-	356,140
Charges For Services	314,275	-	10,381	-	324,656
Miscellaneous	71,431	-	75,102	24,747	171,280
Recovered Costs	637,084	-	-	-	637,084
State	14,048,071	-	120,183	-	14,168,254
Federal	4,561,277	-	518,282	614,997	5,694,556
TOTAL REVENUES	\$ 51,128,046	\$ 3,230,757	\$ 830,382	\$ 639,744	\$ 55,828,929
EXPENDITURES:					
Current:					
General Government Administration	\$ 3,085,437	\$ 20	\$ -	\$ -	\$ 3,085,457
Judicial Administration	2,863,448	-	16,525	-	2,879,973
Public Safety	8,921,140	-	498,586	-	9,419,726
Public Works	2,836,818	432,832	-	-	3,269,650
Health & Welfare	13,910,634	-	-	-	13,910,634
Education	53,290,820	-	-	-	53,290,820
Parks, Recreation & Cultural	1,017,808	-	-	-	1,017,808
Community Development	2,181,441	4,099,118	753,316	-	7,033,875
Non-Departmental	27,096	-	-	-	27,096
Capital Projects:					
School Construction	-	-	-	614,997	614,997
Debt Service:					
Principal Retirement	18,826,107	-	-	-	18,826,107
Interest & Fiscal Charges	906,176	-	-	-	906,176
TOTAL EXPENDITURES	\$ 107,866,925	\$ 4,531,970	\$ 1,268,427	\$ 614,997	\$ 114,282,319
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (56,738,879)	\$ (1,301,213)	\$ (438,045)	\$ 24,747	\$ (58,453,390)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ -	\$ -	\$ 313,300	\$ -	\$ 313,300
Operating Transfers Out	(4,360,194)	-	-	-	(4,360,194)
Issuance of Debt	20,525,927	-	-	-	20,525,927
TOTAL OTHER FINANCING SOURCES (USES)	\$ 16,165,733	\$ -	\$ 313,300	\$ -	\$ 16,479,033
NET CHANGE IN FUND BALANCES	\$ (40,573,146)	\$ (1,301,213)	\$ (124,745)	\$ 24,747	\$ (41,974,357)
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	77,694,528	6,717,493	1,008,778	138,826	85,559,625
FUND BALANCE AT END OF YEAR	\$ 37,121,382	\$ 5,416,280	\$ 884,033	\$ 163,573	\$ 43,585,268

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 5

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - total governmental funds	\$ (41,974,357)
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.	
Capital outlays	\$ 38,502,073
Capital disposals	(733,056)
Depreciation expense	<u>36,806,409</u>
Assets donated to the County by the School Board	360,445
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,308,724
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.	(43,566)
Accrued OPEB Hospitalization Insurance Liability not payable from current year resources. In the Statement of Activities, these costs represent expenses of the current year.	(95,230)
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 position. 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>(687,346)</u>
Change in net position of governmental activities	<u>\$ (4,324,921)</u>

COUNTY OF WISE, VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AT JUNE 30, 2013

EXHIBIT 6

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 11,138	\$ 6,684	\$ 17,822
Investments	-	9,623	9,623
Restricted Cash & Investments	-	7,979,596	7,979,596
Receivables:			
Accounts (Net Allowance For Uncollectibles)	-	93,403	93,403
TOTAL CURRENT ASSETS	\$ 11,138	\$ 8,089,306	\$ 8,100,444
NONCURRENT ASSETS			
Other Assets (Net of Amortization)	\$ 522,500	\$ -	\$ 522,500
Capital Assets:			
Land	-	314,816	314,816
Construction in Progress	-	781,073	781,073
Equipment (Net of Depreciation)	-	1,710,497	1,710,497
Improvements Other Than Buildings (Net of Depreciation)	260,918	7,821,037	8,081,955
TOTAL NONCURRENT ASSETS	\$ 783,418	\$ 10,627,423	\$ 11,410,841
TOTAL ASSETS	\$ 794,556	\$ 18,716,729	\$ 19,511,285
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts Payable	\$ 26,711	\$ 317,079	\$ 343,790
Due to Other Funds	212,898	-	212,898
Accrued Compensated Absences	-	136,069	136,069
OPEB Liability	-	64,016	64,016
Current Portion of Long-Term Obligations	-	624,709	624,709
TOTAL CURRENT LIABILITIES	\$ 239,609	\$ 1,141,873	\$ 1,381,482
NONCURRENT LIABILITIES			
Noncurrent Portion of Long-Term Obligations	\$ -	\$ 7,366,865	\$ 7,366,865
Accrued Landfill Closure Costs	-	8,432,741	8,432,741
TOTAL NONCURRENT LIABILITIES	\$ -	\$ 15,799,606	\$ 15,799,606
TOTAL LIABILITIES	\$ 239,609	\$ 16,941,479	\$ 17,181,088
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ -	\$ 2,835,849	\$ 2,835,849
Restricted			
Restricted for:			
Cash for Capital Projects	-	4,026,800	4,026,800
Cash for Landfill Closing	-	3,952,796	3,952,796
Unrestricted	554,947	(9,040,195)	(8,485,248)
TOTAL NET POSITION	\$ 554,947	\$ 1,775,250	\$ 2,330,197
TOTAL LIABILITIES AND NET POSITION	\$ 794,556	\$ 18,716,729	\$ 19,511,285

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA  
STATEMENT OF REVENUES, EXPENSES  
& CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 7

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
OPERATING REVENUES:			
Landfill Usage Fees	\$ -	\$ 593,727	\$ 593,727
Other Revenue	5,553	39,751	45,304
TOTAL OPERATING REVENUES	\$ 5,553	\$ 633,478	\$ 639,031
OPERATING EXPENSES:			
Operation Expense	\$ 272,310	\$ 2,517,222	\$ 2,789,532
Landfill Closure Expense	-	501,472	501,472
Depreciation & Amortization	27,482	714,757	742,239
TOTAL OPERATING EXPENSES	\$ 299,792	\$ 3,733,451	\$ 4,033,243
NET OPERATING INCOME (LOSS)	\$ (294,239)	\$ (3,099,973)	\$ (3,394,212)
NONOPERATING REVENUE (EXPENSE)			
Grants - State	\$ -	\$ 15,848	\$ 15,848
Interest Revenue	-	44,731	44,731
Interest Expense	-	(111,996)	(111,996)
Loss on Disposal of Assets	-	(11,209)	(11,209)
TOTAL NONOPERATING REVENUE AND EXPENSE	\$ -	\$ (62,626)	\$ (62,626)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ (294,239)	\$ (3,162,599)	\$ (3,456,838)
OPERATING TRANSFERS IN	263,000	3,783,894	4,046,894
NET OPERATING TRANSFERS	\$ 263,000	\$ 3,783,894	\$ 4,046,894
NET INCOME (LOSS)	\$ (31,239)	\$ 621,295	\$ 590,056
NET POSITION, BEGINNING OF YEAR	586,186	1,153,955	1,740,141
NET POSITION, END OF YEAR	\$ 554,947	\$ 1,775,250	\$ 2,330,197

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 8

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Cash Flows From Operating Activities			
Cash Received From Customers	\$ 5,553	\$ 666,187	\$ 671,740
Cash Payments to Suppliers for Goods & Services	(257,702)	(2,277,464)	(2,535,166)
NET CASH USED FOR OPERATING ACTIVITIES	\$ (252,149)	\$ (1,611,277)	\$ (1,863,426)
Cash Flows From Noncapital Financing Activities:			
Operating Transfers From General Fund	\$ 263,000	\$ 3,783,894	\$ 4,046,894
Grant Receipts	-	15,848	15,848
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ 263,000	\$ 3,799,742	\$ 4,062,742
Cash Flows From Capital & Related Financing Activities:			
Principal Paid on Bond Maturities	\$ -	\$ (230,079)	\$ (230,079)
Interest Paid on Debt Obligations	-	(111,996)	(111,996)
Principal Paid on General Obligation Loans	-	(347,541)	(347,541)
Purchase of Equipment and IOTB	-	(1,716,612)	(1,716,612)
Proceeds of Loans	-	4,684,147	4,684,147
NET CASH PROVIDED BY CAPITAL & RELATED FINANCING ACTIVITIES	\$ -	\$ 2,277,919	\$ 2,277,919
Cash Flows From Investing Activities:			
Interest Revenue Earned on Investments	\$ -	\$ 44,731	\$ 44,731
Sinking Fund Deposits	-	(479,251)	(479,251)
Increase in Investments	-	(4,026,816)	(4,026,816)
NET CASH USED FOR INVESTING ACTIVITIES	\$ -	\$ (4,461,336)	\$ (4,461,336)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	\$ 10,851	\$ 5,048	\$ 15,899
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	287	1,636	1,923
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 11,138	\$ 6,684	\$ 17,822

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 8

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Net Operating Income	\$ (294,239)	\$ (3,099,973)	\$ (3,394,212)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	\$ 27,482	\$ 714,757	\$ 742,239
(Increase) Decrease in Accounts Receivable	-	32,709	32,709
Increase (Decrease) in Closure Cost Liability	-	501,472	501,472
Increase (Decrease) in Compensated Absences	-	20,646	20,646
Increase (Decrease) in OPEB Liability	-	13,838	13,838
Increase (Decrease) in Accounts Payable	14,608	205,274	219,882
TOTAL ADJUSTMENTS	\$ 42,090	\$ 1,488,696	\$ 1,530,786
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (252,149)	\$ (1,611,277)	\$ (1,863,426)

Notes are an integral part of the financial statements.



COUNTY OF WISE, VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
AT JUNE 30, 2013

EXHIBIT 9

	<u>ASSETS</u>	<u>AGENCY FUNDS</u>
ASSETS		
Cash		\$ 135,596
Due From Other Governmental Units		<u>282,237</u>
TOTAL ASSETS		<u>\$ 417,833</u>
	<u>LIABILITIES</u>	
LIABILITIES:		
Due To:		
Social Service Clients		\$ 86,551
Governmental Units		99,627
Due To Other Funds		<u>231,655</u>
TOTAL LIABILITIES		<u>\$ 417,833</u>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The County of Wise 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 has a financial accountability for the Authority, including the appointment of the Authority's governing body, the contribution of a material amount of funds to the Authority, the County has provided support agreements for Public Service Authority debt, and the County serves as the agent for grant receipts for capital projects. 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 Authority, including the appointment of the Authority's governing body, and the issuance of debt in conjunction with the Authority. 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
- (2) The Wise County Industrial Development 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, 2013

**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 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 new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). 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, 2013

**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 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. Special Revenue Funds consists of the Law Library Fund, Coal Road Improvement Funds, Emergency Numbers Fund, Dog and Cat Fund, Community Corrections Fund, Development Fund, Information Technology Fund, Software Engineering Fund, Transient Occupancy Fund, Sheriff Funds and Community Development Fund.

**Capital Projects Funds**

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

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

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**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

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

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 \$869,156 at June 30, 2013.

**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, 2013

**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 one type of item that qualifies for reporting in this category. Under a 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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and the amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources.

**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.

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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.

*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 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**

**Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board:**

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position". The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.



COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**11. Adoption of Accounting Principles (Continued)**

**Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board:**

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

**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, Wise County School Board and Wise County Public Service Authority, are considered fully collateralized.

**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, 2013, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

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

Investment Type	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year	1-5 Year	
Checking & money market	\$ 6,817,779	\$ 6,817,779	\$ -	N/A
Demand and time deposits	20,645,449	20,645,448	-	N/A
Virginia LGIP	30,342	30,342	-	AAAm
Virginia SNAP fund	24,809,042	24,809,042	-	AAAm
Federal Agency bonds and notes	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	AAA
Total Primary Government	<u>\$ 53,302,612</u>	<u>\$ 52,302,612</u>	<u>\$ 1,000,000</u>	

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

Investment Type	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year	1-5 Year	
Checking & Money Market	\$ 1,781,709	\$ 1,781,709	\$ -	N/A
Demand and time deposits	1,000,000	1,000,000	-	N/A
Virginia LGIP	<u>31,361</u>	<u>31,361</u>	<u>-</u>	AAAm
Total Component Unit-Schools	<u>\$ 2,813,070</u>	<u>\$ 2,813,070</u>	<u>\$ -</u>	

Investment Type	Fair Value	Original Investment Maturity		Credit Rating
		Less Than 1 Year	1-5 Year	
Checking & Money Market	\$ 135,595	\$ 135,595	\$ -	N/A
Total Fiduciary	<u>\$ 135,595</u>	<u>\$ 135,595</u>	<u>\$ -</u>	

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 3: TAXES RECEIVABLE**

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

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

**NOTE 4: DUE FROM OTHER FUNDS**

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

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General-Major Fund	\$ 400	\$ 291,678
Coal Road Improvement-Major Fund	291,678	-
Non-Major Funds:		
Community Development Fund	-	400
Subtotal-Non-Major Funds	-	400
<b>Total Primary Government- Interfund Eliminations</b>	<b><u>\$ 292,078</u></b>	<b><u>\$ 292,078</u></b>
<b>Enterprise Funds:</b>		
General Fund	\$ 212,898	\$ -
Enterprise Funds	-	212,898
<b>Total Enterprise Funds</b>	<b><u>\$ 212,898</u></b>	<b><u>\$ 212,898</u></b>
<b>Fiduciary Funds:</b>		
General Fund	\$ 457,639	\$ -
Local Sales Tax Fund	-	457,639
<b>Total Fiduciary Funds</b>	<b><u>\$ 457,639</u></b>	<b><u>\$ 457,639</u></b>
<b>Total Due To &amp; From Other Funds</b>	<b><u>\$ 670,537</u></b>	<b><u>\$ 670,537</u></b>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 5: DUE TO OTHER GOVERNMENTAL UNITS**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>FIDUCIARY</u>
Appalachia	\$ -	\$ 16,157	\$ 16,157	\$ 14,585
Big Stone Gap	-	19,598	19,598	34,057
Coeburn	-	17,263	17,263	16,532
Pound	-	15,052	15,052	8,171
St. Paul	-	14,130	14,130	6,643
Wise	-	19,475	19,475	19,396
Norton	-	21,195	21,195	-
Component Unit - PSA	-	92,153	92,153	-
Others	16,955	58,336	75,291	243
	<u>16,955</u>	<u>58,336</u>	<u>75,291</u>	<u>243</u>
TOTALS	<u>\$ 16,955</u>	<u>\$ 273,359</u>	<u>\$ 290,314</u>	<u>\$ 99,627</u>

**NOTE 6: DUE FROM OTHER GOVERNMENTAL UNITS**

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT SCHOOL BOARD</u>
	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>FIDUCIARY FUND</u>	
Local Governmental Units:				
Towns	\$ 226,290	\$ -	-	\$ -
County of Wise- Loan Funds	-	-	-	2,452,860
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,452,860</u>
TOTAL LOCAL	<u>\$ 226,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,452,860</u>
Commonwealth of Virginia:				
Shared Expenses	\$ 282,804	\$ -	\$ -	\$ -
Local Sales Taxes	-	-	457,639	-
State Sales Taxes	-	-	-	454,133
Other Funds	100,843	299,939	-	-
	<u>100,843</u>	<u>299,939</u>	<u>-</u>	<u>-</u>
TOTAL STATE	<u>\$ 383,647</u>	<u>\$ 299,939</u>	<u>\$ 457,639</u>	<u>\$ 454,133</u>
Federal Government:				
Grant Funds	\$ 18,359	\$ -	\$ -	\$ -
School Funds	-	-	-	498,689
	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,689</u>
TOTAL FEDERAL	<u>\$ 18,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,689</u>
TOTAL DUE	<u>\$ 628,296</u>	<u>\$ 299,939</u>	<u>\$ 457,639</u>	<u>\$ 3,405,682</u>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 7: INTERFUND TRANSFERS**

	Transfer In	Transfer Out
Emergency Numbers Fund	\$ 289,000	\$ -
Dog and Cat Sterilization Fund	700	-
Software Engineering Initiative Fund	23,000	-
Drug Seizure & Forfeiture and Special Funds	600	-
Riverview Sewer Project Fund	263,000	-
VRA Landfill Enterprise Fund	3,783,894	-
General Fund	-	4,360,194
	<hr/>	<hr/>
Total Interfund Transfers	\$ 4,360,194	\$ 4,360,194
	<hr/>	<hr/>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 8: LONG-TERM OBLIGATIONS**

Changes in long-term obligations:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year	Long-term
<b><u>Governmental Activities:</u></b>						
General Financing Loans	\$ 723,811	\$ -	\$ 421,389	\$ 302,422	\$ 198,060	\$ 104,362
Debt Acquired for School Purposes:						
VPSA General Obligations Bonds	34,358,589	-	680,247	33,678,342	925,413	32,752,929
Premium on VPSA Bonds	1,839,658	-	5,690	1,833,968	29,464	1,804,504
Lease Revenue Bonds	14,231,000	14,655,000	14,231,000	14,655,000	-	14,655,000
Discount on Lease Revenue Bonds	-	(75,327)	-	(75,327)	-	(75,327)
QSCB Bonds	15,000,000	-	300,000	14,700,000	300,000	14,400,000
State Literary Loans	5,243,227	-	585,000	4,658,227	585,000	4,073,227
<b>TOTAL LOANS AND BONDS</b>	<b>\$ 71,396,285</b>	<b>\$ 14,579,673</b>	<b>\$ 16,223,326</b>	<b>\$ 69,752,632</b>	<b>\$ 2,037,937</b>	<b>\$ 67,714,695</b>
OPEB Liability	\$ 299,273	\$ 95,229	\$ -	\$ 394,502	\$ -	\$ 394,502
Capital Leases	3,270,309	5,489,000	3,382,839	5,376,470	360,904	5,015,566
Compensated Absences	643,544	43,566	-	687,110	171,778	515,332
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 75,609,411</b>	<b>\$ 20,207,468</b>	<b>\$ 19,606,165</b>	<b>\$ 76,210,714</b>	<b>\$ 2,570,619</b>	<b>\$ 73,640,095</b>
<b><u>Business-Type Activities</u></b>						
VRA General Obligation Bonds	\$ 2,780,000	\$ 3,450,000	\$ 210,000	\$ 6,020,000	\$ 215,000	\$ 5,805,000
Premium on VRA Bonds	220,872	573,147	20,080	773,939	58,289	715,650
General Financing Loans	884,176	-	302,387	581,789	260,185	321,604
<b>TOTAL LOANS AND BONDS</b>	<b>\$ 3,885,048</b>	<b>\$ 4,023,147</b>	<b>\$ 532,467</b>	<b>\$ 7,375,728</b>	<b>\$ 533,474</b>	<b>\$ 6,842,254</b>
OPEB Liability	50,178	13,838	-	64,016	-	64,016
Capital Lease	-	661,000	45,154	615,846	91,235	524,611
Landfill Closure Liability	7,931,269	501,472	-	8,432,741	-	8,432,741
Compensated Absences	115,423	20,646	-	136,069	34,018	102,051
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 11,981,918</b>	<b>\$ 5,220,103</b>	<b>\$ 577,621</b>	<b>\$ 16,624,400</b>	<b>\$ 658,727</b>	<b>\$ 15,965,673</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 87,591,329</b>	<b>\$ 25,427,571</b>	<b>\$ 20,183,786</b>	<b>\$ 92,835,114</b>	<b>\$ 3,229,346</b>	<b>\$ 89,605,768</b>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 8: LONG-TERM OBLIGATIONS (Continued)**

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

YEAR ENDING JUNE 30,	<b><u>GENERAL LONG-TERM DEBT</u></b>					
	<b><u>SCHOOL PURPOSES</u></b>				<b><u>GENERAL LONG TERM</u></b>	
	<b><u>GENERAL</u></b>		<b><u>STATE LITERARY</u></b>		<b><u>FINANCING</u></b>	
	<b><u>OBLIGATION BONDS</u></b>		<b><u>LOANS</u></b>			
	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>
2014	\$ 1,225,413	\$ 1,748,482	\$ 585,000	\$ 93,165	\$ 198,060	\$ 4,091
2015	1,255,850	1,682,039	585,000	81,465	73,311	1,678
2016	1,296,572	1,636,110	585,000	69,765	31,051	184
2017	15,992,594	1,584,616	585,000	58,065	-	-
2018	2,283,929	1,281,777	585,000	46,365	-	-
2019	2,335,598	1,225,595	585,000	34,665	-	-
2020	2,387,614	1,166,792	585,000	22,965	-	-
2021	2,439,999	1,105,348	563,227	11,265	-	-
2022	2,497,769	1,041,121	-	-	-	-
2023-2027	27,653,003	7,591,405	-	-	-	-
2028-2029	3,665,000	149,950	-	-	-	-
<b>TOTALS</b>	<b>\$ 63,033,341</b>	<b>\$ 20,213,235</b>	<b>\$ 4,658,227</b>	<b>\$ 417,720</b>	<b>\$ 302,422</b>	<b>\$ 5,953</b>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 8: LONG-TERM OBLIGATIONS (Continued)**

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

YEAR ENDING JUNE 30,	<b><u>ENTERPRISE FUNDS</u></b>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 533,474	\$ 234,121
2015	689,205	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	<u>358,210</u>	<u>7,250</u>
TOTALS	<u>\$ 7,375,728</u>	<u>\$ 1,893,443</u>



COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 8: LONG-TERM OBLIGATIONS** (Continued)

	<u>AMOUNT OUTSTANDING</u>
<b>DETAILS OF LONG-TERM INDEBTEDNESS</b>	
<b><u>General Long-Term Debt:</u></b>	
<b>General Long-Term Financing:</b>	
\$1,443,000 Loan payable to BB&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 paid from the General Fund and 75% is recorded as as an Enterprise Liability.	\$ 175,993
\$475,000 Loan payable to BB&T Bank issued November 13, 2003, due in 120 monthly installments of \$4,849.88; interest payable at 4.18% annually.	19,232
\$447,000 Loan payable to Powell Valley National Bank issued April 10, 2004, due in 120 monthly installments of \$4,488.49; interest payable at 3.83% annually.	44,385
\$978,000 Loan payable to First Bank and Trust issued August 19, 2008, due in 60 monthly installments of \$17,967.90; interest payable at 3.9% annually, 84% of this note is paid from the General Fund and 16% is recorded as an Enterprise Liability.	29,234
Powell Valley National Bank loan payable issued December 14, 2004, due in annual payments of \$33,578 interest payable at 3.75% annually through 2015. 46% of this note is paid from the General Fund and 54% is recorded as an Enterprise Liability.	<u>33,578</u>
Total General Financing Loans	\$ 302,422
Capital Leases	<u>5,376,470</u>
<b>TOTAL GENERAL LONG-TERM FINANCING</b>	<b><u>\$ 5,678,892</u></b>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 8: LONG-TERM OBLIGATIONS** (Continued)

**DETAILS OF LONG-TERM INDEBTEDNESS (Continued)**

	<u>AMOUNT OUTSTANDING</u>
<b><u>Debt Acquired for School Purposes:</u></b>	
<b>VP SA Bond:</b>	
\$29,265,000 par VP SA Bonds issued November 09, 2011, due in semi-annual principal installments and semi-annual interest payments through 07/15/2036 at 3.67%.	
Par Value Bonds \$28,830,000	
Bond Premium <u>1,833,968</u>	\$ 30,663,968
\$15,000,000 par value VP SA- Qualified School Construction Bonds issued December 15, 2011, due in annual principal installments through 12/01/2030 at 0.00%.	14,700,000
\$5,834,463 VP SA Fund loan issued May 15, 2008, due in annual installments and bi-annual interest payments payable at 5.10% through June 30, 2029.	<u>4,848,341</u>
<b>TOTAL VP SA BONDS</b>	<b><u>\$ 50,212,309</u></b>
<b>State Literary Loans:</b>	
\$3,700,000 State Literary Fund loan issued March 01, 2001, due in annual installments of \$185,000 through 2021; interest payable at 2%.	\$ 1,480,000
\$2,978,227 State Literary Fund loan issued December 15, 2000, due in annual installments of \$150,000 through 2021; interest payable at 2%.	1,178,227
\$5,000,000 State Literary Fund loan issued March 15, 2001, due in annual installments of \$250,000 through 2021; interest payable at 2%.	<u>2,000,000</u>
<b>TOTAL STATE LITERARY LOANS</b>	<b><u>\$ 4,658,227</u></b>
<b>Bond Anticipation Notes:</b>	
\$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>(75,327)</u>	<b><u>\$ 14,579,673</u></b>
<b>TOTAL LONG-TERM DEBT ACQUIRED FOR SCHOOL PURPOSES</b>	<b><u>\$ 69,450,210</u></b>
TOTAL OPEB LIABILITY	\$ 394,502
TOTAL COMPENSATED ABSENCES	<u>687,110</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS</b>	<b><u>\$ 76,210,714</u></b>



COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 8: LONG-TERM OBLIGATIONS** (Continued)

**COMPONENT UNIT – SCHOOL BOARD**

**Changes in Long-Term Obligations:**

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year	Long-Term
<b><u>Long-Term Obligations:</u></b>						
Long-Term Financing						
Loans	\$ 1,177,336	\$ -	\$ 189,805	\$ 987,531	\$ 185,916	\$ 801,615
OPEB Liability	1,175,898	295,775	-	1,471,673	-	1,471,673
LROP	30,275	-	15,005	15,270	3,818	11,452
Compensated Absences	238,700		53,256	185,444	46,361	139,083
<b>TOTAL LONG-TERM OBLIGATIONS</b>	<b>\$ 2,622,209</b>	<b>\$ 295,775</b>	<b>\$ 258,066</b>	<b>\$ 2,659,918</b>	<b>\$ 236,095</b>	<b>\$ 2,423,823</b>

The following is a summary of School Board long-term obligations transactions for the year ended June 30, 2013:

\$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%. \$ 368,843

\$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%. 618,689

Total Loans Payable \$ 987,532

Total OPEB Liability 1,471,673

Total LROP Payable 15,270

Total Compensated Absences 185,444

**TOTAL LONG-TERM OBLIGATIONS – SCHOOL BOARD** **\$ 2,659,918**

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 8: LONG-TERM OBLIGATIONS** (Continued)

**COMPONENT UNIT – SCHOOL BOARD** (Continued)

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

<b><u>LONG-TERM FINANCING LOANS</u></b>			
YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2014	\$ 196,990	\$ 34,195	\$ 231,185
2015	204,239	26,846	231,085
2016	211,764	19,219	230,983
2017	88,103	13,378	101,481
2018	91,692	9,789	101,481
2019	95,428	6,053	101,481
2020	99,315	2,165	101,480
TOTALS	<u>\$ 987,531</u>	<u>\$ 111,645</u>	<u>\$ 1,099,176</u>

**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, 2013:

	<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	\$ 4,734,543	\$ 4,940,877
Various Capital Equipment, 1.36%, \$16,857.66 monthly payment including interest, maturity date Dec 21, 2019	<u>1,257,773</u>	<u>1,083,160</u>
TOTAL CAPITAL LEASES	<u>\$ 5,992,316</u>	<u>\$ 6,024,037</u>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 9: CAPITAL LEASES (Continued)**

The following is a schedule of future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2013

Years ending June 30 ,	IDA General Fund	US Bank General Fund	US Bank Landfill Enterprise
2014	\$ 388,677	\$ 103,248	\$ 99,048
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	<u>2,234,887</u>	<u>-</u>	<u>-</u>
Total Minimum Lease Payments	\$ 5,732,979	\$ 671,112	\$ 643,812
Less Amount Representing Interest	<u>(998,435)</u>	<u>(29,185)</u>	<u>(27,966)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 4,734,544</u>	<u>\$ 641,927</u>	<u>\$ 615,846</u>

**NOTE 10: COMPENSATED ABSENCES**

In accordance with GASB St. 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, 2013 the value of accrued vacation pay, for the primary government was \$823,179.

The amount of accrued vacation pay for School Board employees was \$185,444 as of June 30, 2013.

The Wise County School Board adopted on March 28, 2000 the Local Retirement Option Plan, making it possible for any full-time certified or professional of Wise County Schools who are covered by the Virginia Retirement System to retire and receive supplemental retirement benefits. As of June 30, 2013, the School Board held an investment account with SunTrust Bank with a market value of \$25,186. This account is less than the total obligation under this plan of \$40,456 by \$15,270.

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 11: EMPLOYEE RETIREMENT SYSTEM AND 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.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

A. Plan Description (Continued)

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/2012-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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 employees were required to pay 1% of the 5% member contribution. This will 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 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 the fiscal year ended 2013 was 11.81% 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 employees were required to pay the 1% of the 5% member contribution. This will 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 the fiscal year ended 2013 was 15.66% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2013, the County's annual pension cost of \$1,114,956 and \$256,845 was equal to the County's and School Board's required and actual contributions for the County and the School Board Non-Professionals, respectively.

		Three-Year Trend Information		
	Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2013	\$ 1,114,956	100.00%	\$ -
	6/30/2012	1,160,045	100.00%	-
	6/30/2011	1,127,690	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2013	\$ 256,845	100.00%	\$ -
	6/30/2012	297,477	100.00%	-
	6/30/2011	319,362	100.00%	-

<sup>1</sup> Employer portion only



COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

C. Annual Pension Cost (Continued)

The FY 2013 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. 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. Funded Status and Funding Progress

Primary Government:

As of June 30, 2012, the most recent actuarial valuation date, the plan was 72.89% funded. The actuarial accrued liability for benefits was \$49,422,849, and the actuarial value of assets was \$36,023,570, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,399,279. The covered payroll (annual payroll of active employees covered by the plan) was \$9,261,822, and ratio of the UAAL to the covered payroll was 144.67%.

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

As of June 30, 2012, the most recent actuarial valuation date, the plan was 63.10% funded. The actuarial accrued liability for benefits was \$12,230,753, and the actuarial value of assets was \$7,717,496, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,513,257. The covered payroll (annual payroll of active employees covered by the plan) was \$1,660,731, and ratio of the UAAL to the covered payroll was 271.76%.

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 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/2012-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, 2013

**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 annual salary to the VRS. The employer may assume this 5.00% 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 to the statewide cost sharing pool for professional employees, not including the 5% member contribution, was \$5,360,684, \$3,638,140, and \$3,058,813, for the fiscal years ended 2013, 2012, and 2011, respectively. Required employer contributions represented 18.96% for 2013, 12.21% for 2012, and 17.82% for 2011 of 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 \$23,178,012 is comprised of the following:

Unavailable Property Tax Revenue – Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$21,909,030 (including 2<sup>nd</sup> ½ tax billings of \$20,277,233 not due until December 5) at June 30, 2013.

Prepaid Property Taxes – Property taxes due subsequent to June 30, 2013 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, 2013

**NOTE 14:      SURETY BOND**

	<u>Amount</u>
Constitutional Officer Risk Management Plan - Surety	
Jack Kennedy, Clerk of the Circuit Court	\$ 500,000
Delores W. Smith, Treasurer	500,000
Douglas Mullins, Jr., Commissioner of the Revenue	3,000
Ronnie D. Oakes, Sheriff	30,000
Travelers Casualty & Surety Co:	
Public Officials Bond- Board of Supervisors	3,000
United States Fidelity and Guaranty Company Surety:	
Jeff Perry, Superintendent of Schools	10,000
Fidelity and Deposit Company of Maryland Surety:	
Judy Clawson , Clerk of the School Board Deputy	10,000
Clerk of the School Board	10,000
All School Board Employees: Blanket Bond	5,000
All Social Services Employees: Blanket Bond	100,000

**NOTE 15:      LITIGATION**

In regard to litigation involving the County of Wise, Virginia at June 30, 2013, the County's legal counsel informed us that there are two pending court actions in which Wise County is a party:

Equitable Production Company v. County of Wise, Virginia, Wise County Circuit Court.  
CL 09-780 and CL10-740

An unfavorable ruling in the 2006 and 2007 cases initially had the potential to incur repayment of any estimated not to exceed cost of \$500,000. Wise County following the methodology set forth by the Court in the litigation for tax years 2002-2005 (CL07-129) determined the repayment obligation to be \$398,161, including interest and a gas well adjustment, and paid to EQT that amount on or about May 18, 2012 to satisfy the probable obligation and prevent the accrual of additional interest in the case.

EQT Production Company v. Wise County, Virginia, Wise County Circuit Court, CL11-661

EQT filed on December 21, 2011, an application to correct assessment of local taxes from January 1, 2008 through December 31, 2011 challenging the validity of the mineral severance license tax. The suit claims the severance ordinance to be invalid because uniform provisions of 58.1-3703.1 were not expressly included. An unfavorable ruling for the County could potentially incur repayment of approximately five million dollars.

However, the Virginia General Assembly enacted legislation April 6, 2012 retroactively validating the mineral severance tax ordinance to January 1, 2008 so long as the severance license tax ordinance was amended to include the provisions of 58.3703.1.

Wise County adopted such ordinance on June 22, 2012. The County has filed a demurrer and counterclaim in the case requesting that the Court dismiss such matter and rule in favor of the County. The facts and evidence to be presented in support of the County's position is substantial and an unfavorable ruling while possible is not probable.

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 16: BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	<u>\$ 314,816</u>	<u>\$ 781,073</u>	<u>\$ -</u>	<u>\$ 1,095,889</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,707,928	\$ -	\$ -	\$ 12,707,928
Machinery and equipment	4,590,964	935,540	(408,825)	5,117,679
Total capital assets being depreciated	<u>\$ 17,298,892</u>	<u>\$ 935,540</u>	<u>\$ (408,825)</u>	<u>\$ 17,825,607</u>
Less: accumulated depreciation for:				
Buildings and improvements	\$ (4,315,770)	\$ (310,203)	\$ -	\$ (4,625,973)
Machinery and equipment	(3,386,511)	(418,287)	397,616	(3,407,182)
Total accumulated depreciation	<u>\$ (7,702,281)</u>	<u>\$ (728,490)</u>	<u>\$ 397,616</u>	<u>\$ (8,033,155)</u>
Total capital assets being depreciated, net	<u>\$ 9,596,611</u>	<u>\$ 207,050</u>	<u>\$ (11,209)</u>	<u>\$ 9,792,452</u>
Business-Type capital assets, net	<u>\$ 9,911,427</u>	<u>\$ 988,123</u>	<u>\$ (11,209)</u>	<u>\$ 10,888,341</u>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 17: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 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	\$ 2,810,228	\$ 40,415	\$ -	\$ 2,850,643
Construction in progress	4,746,960	37,617,171	-	42,364,131
Total capital assets not being depreciated	<u>\$ 7,557,188</u>	<u>\$ 37,657,586</u>	<u>\$ -</u>	<u>\$ 45,214,774</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 30,042,634	\$ 3,741,573	\$ (871,241)	\$ 32,912,966
Machinery and equipment	5,641,052	397,384	(48,442)	5,989,994
Total capital assets being depreciated	<u>\$ 35,683,686</u>	<u>\$ 4,138,957</u>	<u>\$ (919,683)</u>	<u>\$ 38,902,960</u>
Less: accumulated depreciation for:				
Buildings and improvements	\$ (12,072,565)	\$ (3,465,896)	\$ 163,049	\$ (15,375,412)
Machinery and equipment	(3,916,819)	(430,738)	23,578	(4,323,979)
Total accumulated depreciation	<u>\$ (15,989,384)</u>	<u>\$ (3,896,634)</u>	<u>\$ 186,627</u>	<u>\$ (19,699,391)</u>
Total capital assets being depreciated, net	<u>\$ 19,694,302</u>	<u>\$ 242,323</u>	<u>\$ (733,056)</u>	<u>\$ 19,203,569</u>
Governmental activities capital assets, net	<u><u>\$ 27,251,490</u></u>	<u><u>\$ 37,899,909</u></u>	<u><u>\$ (733,056)</u></u>	<u><u>\$ 64,418,343</u></u>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 17: CAPITAL ASSETS (Continued)**

**Discretely Presented Component Unit School Board:**

Capital asset activity for the School Board for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
School Board				
Capital assets, not being depreciated:				
Land	\$ 1,358,879	\$ -	\$ (40,415)	\$ 1,318,464
Capital assets, being depreciated:				
Buildings and improvements	\$ 57,199,477	\$ 925,892	\$ (3,254,055)	\$ 54,871,314
Machinery and equipment	7,989,552	45,465	-	8,035,017
Total capital assets being depreciated	\$ 65,189,029	\$ 971,357	\$ (3,254,055)	\$ 62,906,331
Less: accumulated depreciation for:				
Buildings and improvements	\$ (32,484,854)	\$ (1,516,609)	\$ 2,934,025	\$ (31,067,438)
Machinery and equipment	(6,627,255)	(424,274)	-	(7,051,529)
Total accumulated depreciation	\$ (39,112,109)	\$ (1,940,883)	\$ 2,934,025	\$ (38,118,967)
Total capital assets being depreciated, net	\$ 26,076,920	\$ (969,526)	\$ (320,030)	\$ 24,787,364
School Board capital assets, net	\$ 27,435,799	\$ (969,526)	\$ (360,445)	\$ 26,105,828

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

Governmental activities:	
General government administration	\$ 82,634
Judicial administration	14,153
Public safety	249,474
Public works	217,928
Health and welfare	78,345
Education	1,254,112
Parks, recreation, and cultural	44,237
Total depreciation expense-governmental activities	\$ 1,940,883

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**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 requires that the County conduct postclosure care for ten years after the date of completing closure or for as long as leachate is generated, whichever is later.

The total estimated closure and postclosure care costs for the County's landfill operation is \$16,865,482. The accrued liability for these costs reported as of June 30, 2013 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 50% and the remaining life of the landfill is approximately 23 years. The remaining cost to be accrued in the future is as follows:

Total Estimated Liability	\$ 16,865,482
Accrued Liability as of June 30, 2013	<u>8,432,741</u>
Total Closure and Postclosure Care Costs Remaining to be Recognized	<u>\$ 8,432,741</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.

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, 2013, the County has a balance of \$3,952,796 in this fund which is the aggregate funding to date including interest earned.

**NOTE 19: ACCOUNTS RECEIVABLE**

**Business Type Activities:**

	<b><u>Balance</u></b>
Accounts Receivable	
Landfill Fees	\$ 77,783
Other Fees	<u>15,620</u>
NET ACCOUNTS RECEIVABLE	<u>\$ 93,403</u>

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**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.

**B. Funding Policy**

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

Participants	Premiums	
	Health Insurance	
	Option 1	Option 2
Employee	\$ 602.00	\$ 516.00
Employee / Spouse	1,114.00	955.00

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.



COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 20: OTHER POSTEMPLOYMENT BENEFITS (continued)**

Primary Government (continued)

C. Annual OPEB Cost and Net OPEB Obligation

For 2013, the County's annual contribution of \$108,993 did not equal the annual OPEB cost of \$201,427. The obligation calculation is as follows:

Annual required contribution	\$ 205,285
Interest on net OPEB obligation	16,474
Adjustment to annual required contribution	<u>(20,332)</u>
Annual OPEB cost (expense)	\$ 201,427
Contributions made	<u>108,993</u>
Increase in net OPEB obligation	\$ 92,434
Net OPEB obligation - beginning of year	<u>366,084</u>
Net OPEB obligation - ending of year	\$ 458,518

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 228,671	63.01%	\$ 283,233
6/30/2012	238,751	65.13%	366,084
6/30/2013	201,427	54.11%	458,518

D. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2012 (the most recent valuation), was as follows:

Actuarial accrued liability (AAL)	\$ 2,149,545
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 2,149,545
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 10,194,549
UAAL as a percentage of covered payroll	21.09%

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 20: OTHER POSTEMPLOYMENT BENEFITS (continued)**

Primary Government (continued)

D. Funded Status and Funding Progress (continued)

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, 2012, 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, 2012, 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, 2013

**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 806 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	\$ 501.51	\$ 491.78
Employee / Spouse	931.10	911.89

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 2013, the Board's annual contribution of \$345,143 did not equal the annual OPEB cost of \$610,643. The obligation calculation is as follows:

Annual required contribution	\$ 650,068
Interest on net OPEB obligation	52,167
Adjustment to annual required contribution	(91,592)
Annual OPEB cost (expense)	\$ 610,643
Contributions made	345,143
Increase in net OPEB obligation	\$ 265,500
Net OPEB obligation - beginning of year	1,206,173
Net OPEB obligation - ending of year	\$ 1,471,673

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

Year Ended	OPEB Cost	Contributed	Obligation
6/30/2011	\$ 724,125	63.01%	\$ 896,903
6/30/2012	756,045	36.24%	1,206,173
6/30/2013	610,643	56.52%	1,471,673

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**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, 2012 (the most recent valuation), was as follows:

Actuarial accrued liability (AAL)	\$	6,806,892
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	6,806,892
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	32,282,737
UAAL as a percentage of covered payroll		21.09%

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, 2012, 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, 2012, was 30 years.

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**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.

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 \$32,690 which is for prepaid expenses and a \$7,245,842 committed amount which is for high school construction. The \$21,458,465 is restricted for the school construction project as designated in the bond agreements and \$585,956 is restricted for projects per loan agreement. The restricted amount in capital projects of \$163,573 is for fees collected through the court for courthouse renovations. For major special revenue funds as illustrated in Exhibit 3, the total restricted amount is \$5,416,280 which is restricted by laws or ordinances. For non-major special revenue funds, the total restricted amount is \$688,053 also restricted by laws or ordinances and \$195,980 is committed by the highest local governing body authority.

**NOTE 23: OTHER ASSETS**

The Sewer Enterprise Fund contains a balance of \$522,500 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, 2013 amounted to \$27,500.

COUNTY OF WISE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 24: RESTATEMENT OF BEGINNING NET POSITIONS/FUND BALANCE**

	<b>General Fund Balance</b>	<b>Governmental Activities Net Position</b>	<b>School Fund Balance</b>	<b>School Net Position</b>
Balance at June 30, 2012	\$ 78,246,064	\$ 55,702,982	\$ 2,838,822	\$ 28,229,408
Unrecorded accounts payable	-	-	(448,561)	(448,561)
Correct receivable balance	1,580,656	1,580,656	-	-
Correct taxes receivable	(1,360,962)	(1,360,962)	-	-
Bond costs	(771,230)	(771,231)	-	-
Correct due from school board	-	576,996	-	(576,996)
Adjust deferred taxes	-	(19,467,773)	-	-
Adjust accrued interest	-	(979,243)	-	-
Adjust sales tax receivable	-	(249,803)	-	-
Unrecorded capital assets	-	1,513,914	-	-
Balance at June 30, 2012, as Restated	<u>\$ 77,694,528</u>	<u>\$ 36,545,536</u>	<u>\$ 2,390,261</u>	<u>\$ 27,203,851</u>

**NOTE 25: 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 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 26: 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.

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## Required Supplementary Information

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COUNTY OF WISE, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 10

	GENERAL FUND			VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	
REVENUES:				
General Property Taxes	\$ 23,444,767	\$ 23,455,867	\$ 24,182,703	\$ 726,836
Other Local Taxes	9,565,000	9,565,000	6,928,382	(2,636,618)
Permits, Privilege Fees & Regulatory Licenses	56,000	56,000	34,091	(21,909)
Fines & Forfeitures	17,000	17,000	38,508	21,508
Revenues From Use Of Money & Property	215,000	215,000	312,224	97,224
Charges For Services	327,250	327,250	314,275	(12,975)
Miscellaneous	-	5,900	71,431	65,531
Recovered Costs	256,000	298,269	637,084	338,815
State	14,085,281	14,567,205	14,048,071	(519,134)
Federal	4,318,887	4,351,987	4,561,277	209,290
TOTAL REVENUES	<u>\$ 52,285,185</u>	<u>\$ 52,859,478</u>	<u>\$ 51,128,046</u>	<u>\$ (1,731,432)</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,312,058	\$ 3,329,059	\$ 3,085,437	\$ 243,622
Judicial Administration	3,020,330	3,087,105	2,863,448	223,657
Public Safety	8,213,120	8,751,423	8,921,140	(169,717)
Public Works	1,994,904	1,364,904	2,836,818	(1,471,914)
Health & Welfare	14,116,162	14,106,162	13,910,634	195,528
Education	48,678,770	53,406,501	53,290,820	115,681
Parks, Recreation & Cultural	1,034,479	1,045,478	1,017,808	27,670
Community Development	2,425,408	2,225,408	2,181,441	43,967
Non-Departmental	65,998	65,998	27,096	38,902
Debt Service:				
Principal Retirement	471,707	471,707	18,826,107	(18,354,400)
Interest & Fiscal Charges	232,334	232,334	906,176	(673,842)
TOTAL EXPENDITURES	<u>\$ 83,565,270</u>	<u>\$ 88,086,078</u>	<u>\$ 107,866,925</u>	<u>\$ (19,780,847)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (31,280,085)</u>	<u>\$ (35,226,600)</u>	<u>\$ (56,738,879)</u>	<u>\$ (21,512,279)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 18,175	\$ 18,175	\$ -	\$ (18,175)
Operating Transfers Out	(3,844,971)	(4,972,216)	(4,360,194)	612,022
Issuance Of Debt	2,356,743	2,356,743	20,525,927	18,169,184
Prior Year Appropriations-Bond Proceeds	30,800,000	34,600,000	-	(34,600,000)
Prior Year Appropriations-School Reserves	1,950,138	3,223,898	-	(3,223,898)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 31,280,085</u>	<u>\$ 35,226,600</u>	<u>\$ 16,165,733</u>	<u>\$ (19,060,867)</u>
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ (40,573,146)	\$ (40,573,146)
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	<u>-</u>	<u>-</u>	<u>77,694,528</u>	<u>77,694,528</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,121,382</u>	<u>\$ 37,121,382</u>



COUNTY OF WISE, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 11

	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Taxes	\$ 5,700,000	\$ 5,700,000	\$ 3,186,855	\$ (2,513,145)
Revenues From Use Of Money & Property	-	-	43,902	43,902
TOTAL REVENUES	<u>\$ 5,700,000</u>	<u>\$ 5,700,000</u>	<u>\$ 3,230,757</u>	<u>\$ (2,469,243)</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ -	\$ -	\$ 20	\$ (20)
Public Works	120,000	120,000	432,832	(312,832)
Community Development	<u>5,580,000</u>	<u>5,580,000</u>	<u>4,099,118</u>	<u>1,480,882</u>
TOTAL EXPENDITURES	<u>\$ 5,700,000</u>	<u>\$ 5,700,000</u>	<u>\$ 4,531,970</u>	<u>\$ 1,168,030</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,301,213)</u>	<u>\$ (1,301,213)</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & (USES)	\$ -	\$ -	\$ (1,301,213)	\$ (1,301,213)
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	<u>-</u>	<u>-</u>	<u>6,717,493</u>	<u>6,717,493</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,416,280</u></u>	<u><u>\$ 5,416,280</u></u>

COUNTY OF WISE, VIRGINIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PENSION FUNDING PROGRESS  
 VIRGINIA RETIREMENT SYSTEM  
 JUNE 30, 2013

WISE COUNTY (INCLUDING THE WISE COUNTY PUBLIC SERVICE AUTHORITY)

Actuarial Valuation Date	( a )		( b )		(b - a) Unfunded Actuarial Accrued Liability (UAAL)		(a / b)		( c )		UAAL as % of Covered Payroll
	Actuarial Value of Assets		Actuarial Accrued Liability (AAL)				Funded Ratio		Covered Payroll		
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%

WISE COUNTY SCHOOLS (NON-PROFESSIONAL EMPLOYEES)

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%

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## Other Supplementary Information

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COUNTY OF WISE, VIRGINIA  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS - MAJOR AND NON-MAJOR  
 AT JUNE 30, 2013

EXHIBIT 13

	TOTAL MAJOR SPECIAL REVENUE FUNDS	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COMMUNITY CORRECTIONS FUND
<u>ASSETS</u>					
Assets:					
Cash & Cash Equivalents	\$ 3,358,041	\$ 5,542	\$ 56,423	\$ 2,911	\$ 116,754
Investments	2,010,501	-	-	-	-
Mineral Taxes Receivable	217,113	-	-	-	-
Accounts Receivable	1,128	-	-	-	-
Due From Other Funds	291,678	-	-	-	-
TOTAL ASSETS	<u>\$ 5,878,461</u>	<u>\$ 5,542</u>	<u>\$ 56,423</u>	<u>\$ 2,911</u>	<u>\$ 116,754</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 188,822	\$ 7,661	\$ 1,235	\$ 440	\$ -
Governmental Units	273,359	-	-	-	-
TOTAL LIABILITIES	<u>\$ 462,181</u>	<u>\$ 7,661</u>	<u>\$ 1,235</u>	<u>\$ 440</u>	<u>\$ -</u>
Fund Balances:					
Restricted	\$ 5,416,280	\$ (2,119)	\$ 55,188	\$ 2,471	\$ 49,899
Committed	-	-	-	-	66,855
TOTAL FUND BALANCES	<u>\$ 5,416,280</u>	<u>\$ (2,119)</u>	<u>\$ 55,188</u>	<u>\$ 2,471</u>	<u>\$ 116,754</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,878,461</u>	<u>\$ 5,542</u>	<u>\$ 56,423</u>	<u>\$ 2,911</u>	<u>\$ 116,754</u>

WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT FUND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	SHERIFF DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	DRUG COURT FUND	TOTAL NON MAJOR SPECIAL REVENUE FUNDS
\$ 227,646	\$ 41,270	\$ 74,355	\$ 286,867	\$ 98,389	\$ 13,500	\$ 923,657
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 227,646</u>	<u>\$ 41,270</u>	<u>\$ 74,355</u>	<u>\$ 286,867</u>	<u>\$ 98,389</u>	<u>\$ 13,500</u>	<u>\$ 923,657</u>
\$ 27,878	\$ -	\$ -	\$ -	\$ 2,410	\$ -	\$ 39,624
-	-	-	-	-	-	-
<u>\$ 27,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,410</u>	<u>\$ -</u>	<u>\$ 39,624</u>
\$ 199,768	\$ -	\$ -	\$ 286,867	\$ 95,979	\$ -	\$ 688,053
-	41,270	74,355	-	-	13,500	195,980
<u>\$ 199,768</u>	<u>\$ 41,270</u>	<u>\$ 74,355</u>	<u>\$ 286,867</u>	<u>\$ 95,979</u>	<u>\$ 13,500</u>	<u>\$ 884,033</u>
<u>\$ 227,646</u>	<u>\$ 41,270</u>	<u>\$ 74,355</u>	<u>\$ 286,867</u>	<u>\$ 98,389</u>	<u>\$ 13,500</u>	<u>\$ 923,657</u>

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, 2013

EXHIBIT 14

	TOTAL MAJOR SPECIAL REVENUE FUNDS	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COMMUNITY CORRECTIONS FUND	WISE DEVELOPMENT FUND
REVENUES:						
Other Local Taxes	\$ 3,186,855	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues From Use of Money & Property	43,902	-	-	-	-	-
Charges for Services	-	-	10,381	-	-	-
Fines & Forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	3,714	32,989	-
Intergovernmental	-	120,183	-	-	-	518,282
TOTAL REVENUES	<u>\$ 3,230,757</u>	<u>\$ 120,183</u>	<u>\$ 10,381</u>	<u>\$ 3,714</u>	<u>\$ 32,989</u>	<u>\$ 518,282</u>
EXPENDITURES:						
General Government Administration	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial Administration	-	-	16,525	-	-	-
Public Safety	-	408,409	-	1,750	5,000	-
Public Works	432,832	-	-	-	-	-
Community Development	4,099,118	-	-	-	-	705,584
TOTAL EXPENDITURES	<u>\$ 4,531,970</u>	<u>\$ 408,409</u>	<u>\$ 16,525</u>	<u>\$ 1,750</u>	<u>\$ 5,000</u>	<u>\$ 705,584</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,301,213)</u>	<u>\$ (288,226)</u>	<u>\$ (6,144)</u>	<u>\$ 1,964</u>	<u>\$ 27,989</u>	<u>\$ (187,302)</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	<u>\$ -</u>	<u>\$ 289,000</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ 289,000</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	\$ (1,301,213)	\$ 774	\$ (6,144)	\$ 2,664	\$ 27,989	\$ (187,302)
FUND BALANCE AT THE BEGINNING OF YEAR	<u>6,717,493</u>	<u>(2,893)</u>	<u>61,332</u>	<u>(193)</u>	<u>88,765</u>	<u>387,070</u>
FUND BALANCE AT THE END OF YEAR	<u><u>\$ 5,416,280</u></u>	<u><u>\$ (2,119)</u></u>	<u><u>\$ 55,188</u></u>	<u><u>\$ 2,471</u></u>	<u><u>\$ 116,754</u></u>	<u><u>\$ 199,768</u></u>

INFORMATION TECHNOLOGY IMPROVEMENT UND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	DRUG COURT FUND	DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	TOTAL NON- MAJOR SPECIAL REVENUE FUNDS	TOTAL SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ 28,448	\$ -	\$ -	\$ 28,448	\$ 3,215,303
-	-	14	-	-	14	43,916
-	-	-	-	-	10,381	10,381
-	-	-	-	77,972	77,972	77,972
-	-	-	13,500	24,899	75,102	75,102
-	-	-	-	-	638,465	638,465
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,462</u>	<u>\$ 13,500</u>	<u>\$ 102,871</u>	<u>\$ 830,382</u>	<u>\$ 4,061,139</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20
-	-	-	-	-	16,525	16,525
-	-	-	-	83,427	498,586	498,586
-	-	-	-	-	-	432,832
15,353	30,579	1,800	-	-	753,316	4,852,434
<u>\$ 15,353</u>	<u>\$ 30,579</u>	<u>\$ 1,800</u>	<u>\$ -</u>	<u>\$ 83,427</u>	<u>\$ 1,268,427</u>	<u>\$ 5,800,397</u>
<u>\$ (15,353)</u>	<u>\$ (30,579)</u>	<u>\$ 26,662</u>	<u>\$ 13,500</u>	<u>\$ 19,444</u>	<u>\$ (438,045)</u>	<u>\$ (1,739,258)</u>
<u>\$ -</u>	<u>\$ 23,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 313,300</u>	<u>\$ 313,300</u>
<u>\$ -</u>	<u>\$ 23,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 313,300</u>	<u>\$ 313,300</u>
\$ (15,353)	\$ (7,579)	\$ 26,662	\$ 13,500	\$ 20,044	\$ (124,745)	\$ (1,425,958)
56,623	81,934	260,205	-	75,935	1,008,778	7,726,271
<u>\$ 41,270</u>	<u>\$ 74,355</u>	<u>\$ 286,867</u>	<u>\$ 13,500</u>	<u>\$ 95,979</u>	<u>\$ 884,033</u>	<u>\$ 6,300,313</u>

COUNTY OF WISE, VIRGINIA  
 COMBINING STATEMENT OF FIDUCIARY  
 NET POSITION - AGENCY FUNDS  
 AT JUNE 30, 2013

EXHIBIT 15

	SPECIAL WELFARE FUND	LOCAL SALES TAX FUND	LONESOME PINE YOUTH SERVICES FUND	TOTALS
<u>ASSETS</u>				
Cash	\$ 86,551	\$ 48,802	\$ 243	\$ 135,596
Due From Other Governmental Units	-	282,237	-	282,237
TOTAL ASSETS	<u>\$ 86,551</u>	<u>\$ 331,039</u>	<u>\$ 243</u>	<u>\$ 417,833</u>
<u>LIABILITIES</u>				
Due To:				
Social Service Clients	\$ 86,551	\$ -	\$ -	\$ 86,551
Governmental Units	-	99,384	243	99,627
Due To Other Funds	-	231,655	-	231,655
TOTAL LIABILITIES	<u>\$ 86,551</u>	<u>\$ 331,039</u>	<u>\$ 243</u>	<u>\$ 417,833</u>



COUNTY OF WISE, VIRGINIA  
 COMBINING STATEMENT OF CHANGES IN ASSETS  
 AND LIABILITIES - AGENCY FUNDS  
 AT JUNE 30, 2013

EXHIBIT 16

	SPECIAL WELFARE FUND	LOCAL SALES TAX FUND	LONESOME PINE YOUTH SERVICES FUND	TOTALS
<u>ASSETS</u>				
Beginning Balance	\$ 53,245	\$ 341,910	\$ 208	\$ 395,363
Additions	208,524	590,855	35	799,414
Deletions	(175,218)	(601,726)	-	(776,944)
Ending Balance	<u>\$ 86,551</u>	<u>\$ 331,039</u>	<u>\$ 243</u>	<u>\$ 417,833</u>
<u>LIABILITIES</u>				
Beginning Balance	\$ 53,245	\$ 341,910	\$ 208	\$ 395,363
Additions	208,524	590,855	35	799,414
Deletions	(175,218)	(601,726)	-	(776,944)
Ending Balance	<u>\$ 86,551</u>	<u>\$ 331,039</u>	<u>\$ 243</u>	<u>\$ 417,833</u>

COUNTY OF WISE, VIRGINIA  
 COMBINING BALANCE SHEET  
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD  
 AT JUNE 30, 2013

EXHIBIT 17

	GOVERNMENTAL FUNDS				
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	TOTALS
<u>ASSETS</u>					
Cash & Cash Equivalents	\$ 5,214	\$ 744,804	\$ 408,949	\$ 622,742	\$ 1,781,709
Petty Cash	200	-	-	-	200
Investments	-	1,010,214	11,229	9,918	1,031,361
Accounts Receivable	145,226	-	-	-	145,226
Due From Other Governmental Units	943,632	9,190	-	2,452,860	3,405,682
TOTAL ASSETS	<u>\$ 1,094,272</u>	<u>\$ 1,764,208</u>	<u>\$ 420,178</u>	<u>\$ 3,085,520</u>	<u>\$ 6,364,178</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 945,807	\$ 44,202	\$ 219	\$ 2,478,905	\$ 3,469,133
Due To Other Funds	148,266	-	-	-	148,266
TOTAL LIABILITIES	<u>\$ 1,094,073</u>	<u>\$ 44,202</u>	<u>\$ 219</u>	<u>\$ 2,478,905</u>	<u>\$ 3,617,399</u>
<u>FUND BALANCES</u>					
FUND BALANCES:					
Restricted	\$ 199	\$ 1,720,006	\$ 419,959	\$ 606,615	\$ 2,746,779
TOTAL FUND BALANCES	<u>\$ 199</u>	<u>\$ 1,720,006</u>	<u>\$ 419,959</u>	<u>\$ 606,615</u>	<u>\$ 2,746,779</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 1,094,272</u>	<u>\$ 1,764,208</u>	<u>\$ 420,178</u>	<u>\$ 3,085,520</u>	<u>\$ 6,364,178</u>
FUND BALANCE JUNE 30, 2013					\$ 2,746,779
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchases 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 School Board as a whole.					26,105,828
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are no reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position.					(2,659,919)
Net Position of Governmental Activities					<u>\$ 26,192,688</u>

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, 2013

EXHIBIT 18

	GOVERNMENTAL FUNDS				
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:					
Revenues From Use Of Money & Property	\$ 14,135	\$ 1,343	\$ 1,070	\$ -	\$ 16,548
Charges For Services	86,015	889,099	-	-	975,114
Miscellaneous	317,037	-	-	-	317,037
Recovered Costs	179,079	-	-	-	179,079
Intergovernmental:					
Local	17,334,347	-	-	35,904,173	53,238,520
State	36,471,433	53,995	418,079	-	36,943,507
Federal	5,638,004	1,938,757	-	-	7,576,761
TOTAL REVENUES	<u>\$ 60,040,050</u>	<u>\$ 2,883,194</u>	<u>\$ 419,149</u>	<u>\$ 35,904,173</u>	<u>\$ 99,246,566</u>
EXPENDITURES:					
Education	\$ 60,029,676	\$ 2,768,408	\$ 345,935	\$ -	\$ 63,144,019
Capital Outlay	-	-	-	35,746,029	35,746,029
TOTAL EXPENDITURES	<u>\$ 60,029,676</u>	<u>\$ 2,768,408</u>	<u>\$ 345,935</u>	<u>\$ 35,746,029</u>	<u>\$ 98,890,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVEREXPENDITURES	<u>\$ 10,374</u>	<u>\$ 114,786</u>	<u>\$ 73,214</u>	<u>\$ 158,144</u>	<u>\$ 356,518</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ -	\$ 10,375	\$ -	\$ -	\$ 10,375
Operating Transfers Out	(10,375)	-	-	-	(10,375)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (10,375)</u>	<u>\$ 10,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	\$ (1)	\$ 125,161	\$ 73,214	\$ 158,144	\$ 356,518
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	<u>200</u>	<u>1,594,845</u>	<u>346,745</u>	<u>448,471</u>	<u>2,390,261</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 199</u></u>	<u><u>\$ 1,720,006</u></u>	<u><u>\$ 419,959</u></u>	<u><u>\$ 606,615</u></u>	<u><u>\$ 2,746,779</u></u>

COUNTY OF WISE, VIRGINIA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 & CHANGES IN FUND BALANCES-BUDGET & ACTUAL  
 DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD  
 FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 19

	BUDGET		VARIANCE FROM AMENDED	
	ORIGINAL BUDGET	AS AMENDED	ACTUAL	POSITIVE (NEGATIVE)
REVENUES:				
Revenues From Use Of Money & Property	\$ 28,000	\$ 28,000	\$ 16,548	\$ (11,452)
Charges For Services	1,209,400	1,209,400	975,114	(234,286)
Miscellaneous	2,591,700	2,591,700	317,037	(2,274,663)
Recovered Costs	215,100	215,100	179,079	(36,021)
Intergovernmental:				
Local	47,826,600	52,554,300	53,238,520	684,220
State	38,003,200	38,033,200	36,943,507	(1,089,693)
Federal	8,004,300	8,005,200	7,576,761	(428,439)
TOTAL REVENUES	<u>\$ 97,878,300</u>	<u>\$ 102,636,900</u>	<u>\$ 99,246,566</u>	<u>\$ (3,390,334)</u>
EXPENDITURES:				
Education	\$ 67,879,500	\$ 67,937,200	\$ 63,144,019	\$ 4,793,181
Capital Outlay	30,800,000	35,500,000	35,746,029	(246,029)
TOTAL EXPENDITURES	<u>\$ 98,679,500</u>	<u>\$ 103,437,200</u>	<u>\$ 98,890,048</u>	<u>\$ 4,547,152</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (801,200)</u>	<u>\$ (801,200)</u>	<u>\$ 356,518</u>	<u>\$ (7,937,486)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ -	\$ -	\$ 10,375	\$ 10,375
Operating Transfers Out	-	-	(10,375)	(10,375)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	\$ (801,200)	\$ (801,200)	\$ 356,518	\$ 709,158
FUND BALANCE AT BEGINNING OF YEAR (As Restated)	<u>801,200</u>	<u>801,200</u>	<u>2,390,261</u>	<u>1,589,060</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,746,779</u></u>	<u><u>\$ 2,298,218</u></u>

COUNTY OF WISE, VIRGINIA  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT 20

	COMPONENT UNIT SCHOOL BOARD
<hr/>	
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 356,518
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.	37,986
Accrued OPEB Hospitalization Insurance Liability not payable from current year resources. In the Statement of Activities, these costs represent expenses of the current year.	(265,500)
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.	189,805
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	<u>(1,329,972)</u>
Change in net position of governmental activities	<u><u>\$ (1,011,163)</u></u>

## Supporting Schedules

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
<b>PRIMARY GOVERNMENT:</b>				
General Fund:				
Revenue From Local Sources:				
General Property Taxes:				
Real Property Taxes	\$ 10,700,000	\$ 10,700,000	\$ 11,158,857	\$ 458,857
Service Corporation Taxes	3,550,000	3,550,000	3,508,334	(41,666)
Personal Property Taxes	4,469,767	4,469,767	4,483,916	14,149
Machinery & Tool Taxes	3,250,000	3,250,000	3,390,786	140,786
Merchants Capital Taxes	940,000	940,000	980,875	40,875
Mobile Home Taxes	200,000	200,000	222,460	22,460
Penalties & Interest	335,000	346,100	437,475	91,375
<b>TOTAL GENERAL PROPERTY TAXES</b>	<b>\$ 23,444,767</b>	<b>\$ 23,455,867</b>	<b>\$ 24,182,703</b>	<b>\$ 726,836</b>
Other Local Taxes:				
Local Sales & Use Tax	\$ 2,900,000	\$ 2,900,000	\$ 2,682,128	\$ (217,872)
Coal Severance Tax	5,750,000	5,750,000	3,330,698	(2,419,302)
Consumer's Utility Tax	510,000	510,000	506,171	(3,829)
Bank Stock Tax	-	-	5,083	5,083
Consumption Tax	145,000	145,000	170,223	25,223
Taxes on Recordation & Wills	135,000	135,000	119,323	(15,677)
County Decal Licenses	100,000	100,000	96,393	(3,607)
Transient Occupancy Tax	25,000	25,000	18,363	(6,637)
<b>TOTAL OTHER LOCAL TAXES</b>	<b>\$ 9,565,000</b>	<b>\$ 9,565,000</b>	<b>\$ 6,928,382</b>	<b>\$ (2,636,618)</b>
Permits, Privilege Fees & Regulatory				
Licenses:				
Animal Licenses	\$ 6,000	\$ 6,000	\$ 12,682	\$ 6,682
Permits & Other Licenses	50,000	50,000	21,409	(28,591)
<b>TOTAL PERMITS, PRIVILEGE FEES &amp; REGULATORY LICENSES</b>	<b>\$ 56,000</b>	<b>\$ 56,000</b>	<b>\$ 34,091</b>	<b>\$ (21,909)</b>
Fines & Forfeitures:	\$ 17,000	\$ 17,000	\$ 38,508	\$ 21,508
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ 175,000	\$ 175,000	\$ 272,037	\$ 97,037
Revenue From The Use of Property	40,000	40,000	40,187	187
<b>TOTAL REVENUE FROM THE USE OF MONEY &amp; PROPERTY</b>	<b>\$ 215,000</b>	<b>\$ 215,000</b>	<b>\$ 312,224</b>	<b>\$ 97,224</b>
Charges For Services:				
Charges For Commonwealth's Attorney	\$ 2,750	\$ 2,750	\$ 4,473	\$ 1,723
Charges For County Offices	-	-	34,723	34,723
Charges For Courthouse Maintenance Fees	65,000	65,000	42,116	(22,884)
Charges For Court	-	-	16,238	16,238
Charges For Health	34,500	34,500	29,852	(4,648)
Charges For Social Services	225,000	225,000	186,873	(38,127)
<b>TOTAL CHARGES FOR SERVICES</b>	<b>\$ 327,250</b>	<b>\$ 327,250</b>	<b>\$ 314,275</b>	<b>\$ (12,975)</b>
Miscellaneous:				
Miscellaneous	\$ -	\$ 5,900	\$ 71,431	\$ 65,531

COUNTY OF WISE, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

SCHEDULE 1  
PAGE 2

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Revenue From Local Sources:				
Recovered Costs:				
City of Norton-Shared Services	\$ 256,000	\$ 256,000	\$ 226,290	\$ (29,710)
Miscellaneous	-	42,269	410,794	368,525
TOTAL RECOVERED COSTS	\$ 256,000	\$ 298,269	\$ 637,084	\$ 338,815
TOTAL REVENUE FROM LOCAL SOURCES	\$ 33,881,017	\$ 33,940,286	\$ 32,518,698	\$ (1,421,588)
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Payments in Lieu of Taxes	\$ 15,000	\$ 15,000	\$ 18,200	\$ 3,200
Rolling Stock Tax	125,000	125,000	158,946	33,946
Mobile Home Titling Taxes	115,000	115,000	149,431	34,431
Recordation Tax	30,000	30,000	18,273	(11,727)
Personal Property Tax Reimbursement	1,380,233	1,380,233	1,380,233	-
Miscellaneous	-	13,125	-	(13,125)
Communication Taxes	900,000	900,000	952,075	52,075
Motor Vehicle Rental Tax	4,000	4,000	7,220	3,220
TOTAL NON-CATEGORICAL AID	\$ 2,569,233	\$ 2,582,358	\$ 2,684,378	\$ 102,020
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 648,200	\$ 648,200	\$ 620,399	\$ (27,801)
Sheriff	1,993,300	1,993,300	1,910,057	(83,243)
Commissioner of Revenue	169,531	169,531	175,746	6,215
Treasurer	136,453	136,453	134,987	(1,466)
Registrar/Electoral Board	48,950	48,950	42,892	(6,058)
Clerk of Circuit Court	412,260	454,570	432,979	(21,591)
TOTAL SHARED EXPENSES	\$ 3,408,694	\$ 3,451,004	\$ 3,317,060	\$ (133,944)
Other Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 3,704,478	\$ 3,704,478	\$ 3,524,354	\$ (180,124)
M H & R Service Board	3,548,265	3,548,265	3,343,925	(204,340)
Miscellaneous Grant	-	9,745	2,700	(7,045)
Domestic Violence Grant	39,826	39,826	40,000	174
Domestic Violence Grant	-	-	20,000	20,000
Haz-Mat - Emergency Services	-	-	38,537	38,537
Haz-Mat - Emergency Services	60,000	-	72,890	72,890
Stormwater Grant	-	-	4,445	4,445
Clerk of Court Records Grant	-	-	17,985	17,985
Pre-Trial Services Grant	-	-	266,670	266,670
Emergency Response	-	207,374	-	(207,374)
SWVA Corrections - Justice	587,824	857,194	560,502	(296,692)
GIS Wireless	-	-	7,526	7,526
Victim Witness Grant - Justice	56,961	56,961	30,578	(26,383)
Cultural Arts Grant	-	-	5,000	5,000
Fire Program Funds	75,000	75,000	76,013	1,013
Four-For-Life Rescue	35,000	35,000	34,429	(571)
Rents & Royalties	-	-	1,079	1,079
TOTAL OTHER CATEGORICAL AID	\$ 8,107,354	\$ 8,533,843	\$ 8,046,633	\$ (487,210)
TOTAL CATEGORICAL AID	\$ 11,516,048	\$ 11,984,847	\$ 11,363,693	\$ (621,154)



COUNTY OF WISE, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
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FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
<b>PRIMARY GOVERNMENT:</b>				
General Fund:				
Revenue From The Commonwealth:				
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 14,085,281	\$ 14,567,205	\$ 14,048,071	\$ (519,134)
Revenue From The Federal Government:				
Payments in Lieu of Taxes	\$ 13,500	\$ 13,500	\$ 45,475	\$ 31,975
Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 3,261,350	\$ 3,261,350	\$ 3,365,415	\$ 104,065
M H & R Service Board	844,037	844,037	834,976	(9,061)
Emergency Services-Preparedness	-	-	5,000	5,000
Emergency Services-Preparedness	-	-	12,732	12,732
Emergency Services-Preparedness	-	-	327	327
Emergency Services-Preparedness	-	-	72,814	72,814
Emergency Services-Preparedness	-	-	40,000	40,000
Department of Justice Grant	-	-	39,826	39,826
Violence Against Women - Justice	-	-	29,353	29,353
Violence Against Women - Justice	-	23,100	92,914	69,814
Ground Transportation	-	-	12,114	12,114
Ground Transportation	-	10,000	10,331	331
Community Development Grant-Napoleon Hill	200,000	200,000	-	(200,000)
TOTAL CATEGORICAL AID	\$ 4,305,387	\$ 4,338,487	\$ 4,515,802	\$ 177,315
TOTAL REVENUE FROM THE FEDERAL GOVT.	\$ 4,318,887	\$ 4,351,987	\$ 4,561,277	\$ 209,290
TOTAL GENERAL FUND	\$ 52,285,185	\$ 52,859,478	\$ 51,128,046	\$ (1,731,432)
<b>SPECIAL REVENUE FUNDS:</b>				
<b>MAJOR SPECIAL REVENUE FUNDS:</b>				
Coal Road Improvement Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Coal Severance Tax	\$ 5,700,000	\$ 5,700,000	\$ 3,186,855	\$ (2,513,145)
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 43,902	\$ 43,902
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 5,700,000	\$ 5,700,000	\$ 3,230,757	\$ (2,469,243)
TOTAL MAJOR SPECIAL REVENUE FUNDS	\$ 5,700,000	\$ 5,700,000	\$ 3,230,757	\$ (2,469,243)
<b>NON-MAJOR SPECIAL REVENUE FUNDS:</b>				
Emergency Numbers Funds:				
Revenue From The Commonwealth:				
Communication Taxes	\$ 80,000	\$ 80,000	\$ 75,443	\$ (4,557)
Categorical Aid:				
Department of Technology Planning	\$ 33,333	\$ 33,333	\$ 44,740	\$ 11,407
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 113,333	\$ 113,333	\$ 120,183	\$ 6,850
TOTAL EMERGENCY NUMBERS FUND	\$ 113,333	\$ 113,333	\$ 120,183	\$ 6,850
Law Library Fund:				
Revenue From Local Sources:				
Charges For Services:				
Charges For Law Library	\$ 12,500	\$ 12,500	\$ 10,381	\$ (2,119)
TOTAL LAW LIBRARY FUND	\$ 12,500	\$ 12,500	\$ 10,381	\$ (2,119)

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
NON-MAJOR SPECIAL REVENUE FUNDS:				
Drug Seizure & Forfeiture and Special Funds:				
Sheriff Department:				
Revenue From Local Sources:				
Fines & Forfeitures:				
Fines & Forfeitures	\$ -	\$ -	\$ 77,972	\$ 77,972
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 24,899	\$ 24,899
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 102,871	\$ 102,871
TOTAL DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	\$ -	\$ -	\$ 102,871	\$ 102,871
Transient Occupancy Tax Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Transient Occupancy Tax	\$ 25,000	\$ 25,000	\$ 28,448	\$ 3,448
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 14	\$ 14
TOTAL TRANSIENT OCCUPANCY TAX FUND	\$ 25,000	\$ 25,000	\$ 28,462	\$ 3,462
Dog & Cat Sterilization Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ 2,900	\$ 2,900	\$ 3,714	\$ 814
TOTAL REVENUE FROM LOCAL SOURCES	\$ 2,900	\$ 2,900	\$ 3,714	\$ 814
TOTAL DOG & CAT STERILIZATION FUND	\$ 2,900	\$ 2,900	\$ 3,714	\$ 814
Community Corrections Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 32,989	\$ 32,989
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 32,989	\$ 32,989
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ 32,989	\$ 32,989

COUNTY OF WISE, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
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SCHEDULE 1  
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FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
<b>PRIMARY GOVERNMENT:</b>				
Non-major Special Revenue Funds:				
Revenue From The Federal Government:				
Categorical Aid:				
Research Cooperative Agreement-NASA	\$ 770,250	\$ 770,250	\$ 518,282	\$ (251,968)
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 770,250	\$ 770,250	\$ 518,282	\$ (251,968)
TOTAL WISE DEVELOPMENT FUND	\$ 770,250	\$ 770,250	\$ 518,282	\$ (251,968)
<b>Drug Court Fund</b>				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 13,500	\$ 13,500
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 13,500	\$ 13,500
TOTAL DRUG COURT FUND	\$ -	\$ -	\$ 13,500	\$ 13,500
TOTAL NON-MAJOR SPECIAL REVENUE FUNDS	\$ 923,983	\$ 923,983	\$ 830,382	\$ (93,601)
TOTAL SPECIAL REVENUE FUNDS	\$ 6,623,983	\$ 6,623,983	\$ 4,061,139	\$ (2,562,844)
<b>Capital Project Funds</b>				
Community Development Funds:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 24,747	\$ 24,747
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 24,747	\$ 24,747
Revenue From The Federal Government:				
Categorical Aid:				
Wise Inn Restoration & Redevelopment	\$ -	\$ -	\$ 295,439	\$ 295,439
Hamilton Town Sewer Project	-	-	319,558	319,558
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ -	\$ -	\$ 614,997	\$ 614,997
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 639,744	\$ 639,744
TOTAL CAPITAL PROJECT FUNDS	\$ -	\$ -	\$ 639,744	\$ 639,744
GRAND TOTAL REVENUES - PRIMARY GOVERNMENT	\$ 58,909,168	\$ 59,483,461	\$ 55,828,929	\$ (3,654,532)
<b>COMPONENT UNIT - SCHOOL BOARD:</b>				
School Operating Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Property	\$ 28,000	\$ 28,000	\$ 14,135	\$ (13,865)
Charges For Services:				
Charges For Education	\$ 12,500	\$ 12,500	\$ 86,015	\$ 73,515
Miscellaneous Revenue:				
Miscellaneous	\$ 2,515,000	\$ 2,515,000	\$ 317,037	\$ (2,197,963)
Recovered Costs:				
Payments From Other Localities	\$ 215,100	\$ 215,100	\$ 179,079	\$ (36,021)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 2,770,600	\$ 2,770,600	\$ 596,266	\$ (2,174,334)

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 17,826,600	\$ 17,854,300	\$ 17,334,347	\$ (519,953)
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ 17,826,600	\$ 17,854,300	\$ 17,334,347	\$ (519,953)
Revenue From The Commonwealth:				
Categorical Aid:				
Share of State Sales & Use Taxes	\$ 5,641,300	\$ 5,641,300	\$ 5,609,692	\$ (31,608)
Basic School Aid	19,504,600	19,504,600	19,197,928	(306,672)
Remedial Education SOQ	787,800	787,800	778,103	(9,697)
Remedial Education - Summer	60,600	60,600	100,841	40,241
Gifted SOQ	217,000	217,000	214,328	(2,672)
Special Education	2,090,800	2,090,800	1,896,335	(194,465)
Vocational Education	990,200	990,200	824,696	(165,504)
Vocational Education-Adult	-	-	974	974
Vocational Education-Equip Replacement	-	-	11,646	11,646
Share of Fringe Benefits	3,443,600	3,443,600	3,401,288	(42,312)
Reading Intervention	166,400	166,400	131,632	(34,768)
Governors/Magnet Schools	74,800	74,800	74,810	10
SOL Algebra Readiness	111,900	111,900	109,277	(2,623)
Alternative Education	301,500	301,500	301,483	(17)
Primary Class Size/K-3 Initiative	1,020,800	1,020,800	1,005,299	(15,501)
Foster Care Children - Regular	-	-	9,773	9,773
Foster Care Children - Special Ed	-	-	13,331	13,331
Support For Schools	321,100	321,100	-	(321,100)
Adult Literacy	352,200	352,200	207,206	(144,994)
Adult Occupational Prep & Equipment	-	-	73,875	73,875
Adult Secondary Payment	-	30,000	23,655	(6,345)
GED Prep Program - ISAEF	23,600	23,600	23,576	(24)
GED	-	-	1,702	1,702
Race to GED	-	-	51,568	51,568
At Risk	943,500	943,500	931,927	(11,573)
At Risk - Four-Year Olds	620,500	620,500	620,490	(10)
Additional Assistance Preschool	-	-	342,893	342,893
Technology Initiative	854,000	854,000	310,000	(544,000)
Homebound	-	-	94,337	94,337
Middle School Teacher Corps	-	-	10,000	10,000
English as a Second Language	-	-	3,320	3,320
Info /technology Academy	-	-	2,700	2,700
Plugged in Virginia	-	-	76,371	76,371
Epipen Grant	-	-	1,477	1,477
Math Science Teacher	4,300	4,300	5,000	700
Industry Certification	-	-	9,900	9,900
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 37,530,500	\$ 37,560,500	\$ 36,471,433	\$ (1,089,067)
Revenue From The Federal Government:				
Categorical Aid:				
Adult Literacy	\$ 298,900	\$ 298,900	\$ 217,948	\$ (80,952)
Title I	2,181,700	2,181,700	3,326,954	1,145,254
Title II - Part A	506,000	506,900	548,065	41,165
Forest Reserve	70,000	70,000	41,705	(28,295)
AFROTC	-	-	55,093	55,093
Homeless	-	-	11,157	11,157
Title VI - B - Flow Through	1,090,100	1,090,100	1,107,210	17,110
Vocational Education	147,000	147,000	129,132	(17,868)
Federal Stimulus (Education Jobs Fund)	1,825,600	1,825,600	25,458	(1,800,142)
Title X Grant - 21st Century	185,000	185,000	-	(185,000)

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From The Federal Government:				
Categorical Aid: (Continued)				
Title VI - Rural/Low Income Schools	\$ -	\$ -	\$ 121,852	\$ 121,852
Pre-School Handicapped	-	-	53,430	53,430
TOTAL CATEGORICAL AID	\$ 6,304,300	\$ 6,305,200	\$ 5,638,004	\$ (667,196)
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 6,304,300	\$ 6,305,200	\$ 5,638,004	\$ (667,196)
TOTAL SCHOOL OPERATING FUND	\$ 64,432,000	\$ 64,490,600	\$ 60,040,050	\$ (4,450,550)
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 1,343	\$ 1,343
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ -	\$ -	\$ 1,343	\$ 1,343
Charges For Services:				
Cafeteria Sales	\$ 1,196,900	\$ 1,196,900	\$ 889,099	\$ (307,801)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 1,196,900	\$ 1,196,900	\$ 890,442	\$ (306,458)
Revenue From The Commonwealth:				
Categorical Aid:				
School Food	\$ 49,400	\$ 49,400	\$ 53,995	\$ 4,595
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 49,400	\$ 49,400	\$ 53,995	\$ 4,595
Revenue From The Federal Government:				
Categorical Aid:				
School Food Program Grant	\$ 1,700,000	\$ 1,700,000	\$ 1,938,757	\$ 238,757
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 1,700,000	\$ 1,700,000	\$ 1,938,757	\$ 238,757
TOTAL SCHOOL CAFETERIA FUND	\$ 2,946,300	\$ 2,946,300	\$ 2,883,194	\$ (63,106)

COUNTY OF WISE, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

SCHEDULE 1  
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FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Fund:				
School Textbook Rental Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 1,070	\$ 1,070
Miscellaneous	76,700	76,700	-	(76,700)
TOTAL FROM LOCAL SOURCES	\$ 76,700	\$ 76,700	\$ 1,070	\$ (75,630)
Revenue From The Commonwealth:				
Categorical Aid:				
Total Rental Payments	\$ 423,300	\$ 423,300	\$ 418,079	\$ (5,221)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 423,300	\$ 423,300	\$ 418,079	\$ (5,221)
TOTAL TEXTBOOK RENTAL FUND	\$ 500,000	\$ 500,000	\$ 419,149	\$ (80,851)
TOTAL SPECIAL REVENUE FUNDS	\$ 67,878,300	\$ 67,936,900	\$ 63,342,393	\$ (4,594,507)
School Capital Project Fund:				
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 30,000,000	\$ 34,700,000	\$ 35,904,173	\$ 1,204,173
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ 30,000,000	\$ 34,700,000	\$ 35,904,173	\$ 1,204,173
TOTAL SCHOOL CAPITAL PROJECTS FUND	\$ 30,000,000	\$ 34,700,000	\$ 35,904,173	\$ 1,204,173
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	\$ 97,878,300	\$ 102,636,900	\$ 99,246,566	\$ (3,390,334)

COUNTY OF WISE, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

SCHEDULE 2  
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FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
<b>PRIMARY GOVERNMENT:</b>				
General Fund:				
General Government Administration:				
Legislative:				
Board Of Supervisors	\$ 316,272	\$ 316,272	\$ 259,287	\$ 56,985
General & Financial Administration:				
County Administrator	\$ 598,636	\$ 597,636	\$ 539,977	\$ 57,659
Legal Services	266,885	266,885	239,850	27,035
Commissioner Of Revenue	592,553	592,553	571,996	20,557
Assessor	228,460	234,360	231,867	2,493
Data Processing	208,826	208,826	182,913	25,913
Treasurer	627,601	639,701	615,862	23,839
Geographic Information	246,387	246,387	247,922	(1,535)
TOTAL GENERAL & FINANCIAL ADMINISTRATION	\$ 2,769,347	\$ 2,786,348	\$ 2,630,387	\$ 155,961
Board Of Elections:				
Electoral Board & Officials	\$ 95,800	\$ 95,800	\$ 74,630	\$ 21,170
Registrar	130,639	130,639	121,133	9,506
TOTAL BOARD OF ELECTIONS	\$ 226,439	\$ 226,439	\$ 195,763	\$ 30,676
TOTAL GENERAL GOVERNMENT ADMINISTRATION	\$ 3,312,058	\$ 3,329,059	\$ 3,085,437	\$ 243,622
Judicial Administration:				
Courts:				
Clerk Of The Circuit Court	\$ 868,350	\$ 935,125	\$ 929,113	\$ 6,012
District Court	65,361	62,111	9,764	52,347
Magistrate	3,190	3,190	1,927	1,263
Juvenile & Domestic Relations Court	502,358	505,608	506,557	(949)
Sheriff	487,411	487,411	381,974	105,437
TOTAL COURTS	\$ 1,926,671	\$ 1,993,445	\$ 1,829,335	\$ 164,110
Commonwealth Attorney	\$ 1,036,699	\$ 1,036,699	\$ 979,520	\$ 57,179
Victim Witness Protection	56,961	56,961	54,593	2,368
TOTAL JUDICIAL ADMINISTRATION	\$ 3,020,330	\$ 3,087,105	\$ 2,863,448	\$ 223,657
Public Safety:				
Law Enforcement & Traffic Control:				
Sheriff	\$ 3,179,261	\$ 3,231,651	\$ 3,275,875	\$ (44,225)
Dispatcher/E911	315,280	323,780	324,444	(664)
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	\$ 3,494,541	\$ 3,555,430	\$ 3,600,319	\$ (44,889)
Fire & Rescue Services:				
Fire & Rescue Departments	\$ 595,330	\$ 605,330	\$ 602,166	\$ 3,164
TOTAL FIRE & RESCUE SERVICES	\$ 595,330	\$ 605,330	\$ 602,166	\$ 3,164
Correction & Detention:				
SWVA Community Corrections Center	\$ 605,543	\$ 874,913	\$ 848,249	\$ 26,664
SW Regional Jail Authority	2,820,299	2,805,300	3,088,832	(283,532)

COUNTY OF WISE, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
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SCHEDULE 2  
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FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Public Safety:				
Correction & Detention:				
TOTAL CORRECTION & DETENTION	\$ 3,425,843	\$ 3,680,213	\$ 3,937,081	\$ (256,868)
Inspections:				
Building Inspector	\$ 288,420	\$ 295,920	\$ 262,936	\$ 32,984
TOTAL INSPECTIONS	\$ 288,420	\$ 295,920	\$ 262,936	\$ 32,984
Other Protection:				
Emergency Services	\$ 105,288	\$ 300,831	\$ 228,241	\$ 72,590
Animal Control	303,699	313,699	290,397	23,302
TOTAL OTHER PROTECTION	\$ 408,987	\$ 614,530	\$ 518,638	\$ 95,892
TOTAL PUBLIC SAFETY	\$ 8,213,120	\$ 8,751,423	\$ 8,921,140	\$ (169,717)
Public Works:				
Maintenance Of Buildings & Grounds:				
General Properties	\$ 1,994,904	\$ 1,364,904	\$ 2,836,818	\$ (1,471,914)
TOTAL PUBLIC WORKS	\$ 1,994,904	\$ 1,364,904	\$ 2,836,818	\$ (1,471,914)
Welfare/Social Services:				
Health & Welfare:				
Health:				
Supplement To Local Health Department	\$ 516,572	\$ 506,572	\$ 485,668	\$ 20,904
TOTAL HEALTH	\$ 516,572	\$ 506,572	\$ 485,668	\$ 20,904
Mental Health & Mental Retardation:				
Mental Health	\$ 4,542,802	\$ 4,542,802	\$ 4,329,401	\$ 213,401
TOTAL MENTAL HEALTH & MENTAL RETARDATION	\$ 4,542,802	\$ 4,542,802	\$ 4,329,401	\$ 213,401
Welfare/Social Services:				
Welfare Administration	\$ 8,951,488	\$ 8,951,488	\$ 8,571,260	\$ 380,228
Property Tax Relief for Elderly	-	-	420,505	(420,505)
Youth Service Board	25,000	25,000	25,000	-
Agency On Aging	80,300	80,300	78,800	1,500
TOTAL WELFARE/SOCIAL SERVICES	\$ 9,056,788	\$ 9,056,788	\$ 9,095,565	\$ (38,778)
TOTAL HEALTH & WELFARE	\$ 14,116,162	\$ 14,106,162	\$ 13,910,634	\$ 195,528
Education:				
Local Public Schools	\$ 48,626,470	\$ 53,354,201	\$ 53,238,520	\$ 115,681
Community Colleges	52,300	52,300	52,300	-
TOTAL EDUCATION	\$ 48,678,770	\$ 53,406,501	\$ 53,290,820	\$ 115,681



COUNTY OF WISE, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

SCHEDULE 2  
PAGE 3

FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Parks, Recreation & Cultural:				
Parks & Recreation:				
Recreation Authority	\$ 75,000	\$ 85,000	\$ 80,000	\$ 5,000
TOTAL PARKS & RECREATION	\$ 75,000	\$ 85,000	\$ 80,000	\$ 5,000
Library:				
Contributions To Local Libraries	\$ 843,829	\$ 844,828	\$ 846,141	\$ (1,313)
TOTAL LIBRARY	\$ 843,829	\$ 844,828	\$ 846,141	\$ (1,313)
Cultural:				
Cultural Organizations & Events	\$ 115,650	\$ 115,650	\$ 91,667	\$ 23,983
TOTAL CULTURAL	\$ 115,650	\$ 115,650	\$ 91,667	\$ 23,983
TOTAL PARKS, RECREATION & CULTURAL	\$ 1,034,479	\$ 1,045,478	\$ 1,017,808	\$ 27,670
Planning & Community Development:				
Economic Development	\$ 322,756	\$ 122,756	\$ 109,388	\$ 13,368
Economic & Community Development	111,750	111,750	159,784	(48,034)
Housing Authority	25,000	25,000	25,000	-
Cumberland Airport Commission	135,000	135,000	135,050	(50)
Lenowisco	66,684	66,684	66,684	-
Planning Commission	9,300	9,300	8,125	1,175
Industrial Development Authority	1,648,500	1,648,500	1,610,061	38,439
TOTAL PLANNING & COMMUNITY DEVELOPMENT	\$ 2,318,990	\$ 2,118,990	\$ 2,114,092	\$ 4,898
Community Development:				
Cooperative Extension Program:				
VPI & SU Extension Office	\$ 106,418	\$ 106,418	\$ 67,349	\$ 39,069
TOTAL COOPERATIVE EXTENSION PROGRAM	\$ 106,418	\$ 106,418	\$ 67,349	\$ 39,069
TOTAL COMMUNITY DEVELOPMENT	\$ 2,425,408	\$ 2,225,408	\$ 2,181,441	\$ 43,967
Non-Departmental:				
Non-Departmental	\$ 65,998	\$ 65,998	\$ 27,096	\$ 38,902
TOTAL NON-DEPARTMENTAL	\$ 65,998	\$ 65,998	\$ 27,096	\$ 38,902
Debt Service:				
Principal Retirement	\$ 471,707	\$ 471,707	\$ 18,826,107	\$ (18,354,400)
Interest, Fiscal Charges & Amortization	232,334	232,334	906,176	(673,842)
TOTAL DEBT SERVICE	\$ 704,041	\$ 704,041	\$ 19,732,283	\$ (19,028,242)
TOTAL GENERAL FUND	\$ 83,565,270	\$ 88,086,078	\$ 107,866,925	\$ (19,780,847)

FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
SPECIAL REVENUE FUNDS:				
MAJOR SPECIAL REVENUE FUNDS:				
Coal Road Improvement Fund:				
General Government Administration	\$ -	\$ -	\$ 20	\$ (20)
Public Works:				
Maintenance Of Highways, Streets, Bridges & Sidewalks:				
Coal Road Projects	\$ 120,000	\$ 120,000	\$ 432,832	\$ (312,832)
TOTAL PUBLIC WORKS	\$ 120,000	\$ 120,000	\$ 432,832	\$ (312,832)
Community Development:				
Distribution to Towns	\$ 1,140,000	\$ 1,140,000	\$ 675,353	\$ 464,647
Community Development	4,440,000	4,440,000	3,423,765	1,016,235
TOTAL COMMUNITY DEVELOPMENT	\$ 5,580,000	\$ 5,580,000	\$ 4,099,118	\$ 1,480,882
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 5,700,000	\$ 5,700,000	\$ 4,531,970	\$ 1,168,030
TOTAL MAJOR SPECIAL REVENUE FUNDS	\$ 5,700,000	\$ 5,700,000	\$ 4,531,970	\$ 1,168,030
PRIMARY GOVERNMENT:				
NON-MAJOR SPECIAL REVENUE FUNDS:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law Library	\$ 12,500	\$ 12,500	\$ 16,525	\$ (4,025)
TOTAL LAW LIBRARY FUND	\$ 12,500	\$ 12,500	\$ 16,525	\$ (4,025)
Emergency Numbers Fund:				
Public Safety:				
Law Enforcement & Traffic Control:				
911 System	\$ 601,339	\$ 601,339	\$ 408,409	\$ 192,930
TOTAL PUBLIC SAFETY	\$ 601,339	\$ 601,339	\$ 408,409	\$ 192,930
TOTAL EMERGENCY NUMBERS FUND	\$ 601,339	\$ 601,339	\$ 408,409	\$ 192,930
Drug Seizure & Forfeiture and Special Funds:				
Sheriff Department:				
Public Safety:				
Sheriff	\$ -	\$ -	\$ 83,427	\$ (83,427)
TOTAL PUBLIC SAFETY	\$ -	\$ -	\$ 83,427	\$ (83,427)
TOTAL DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	\$ -	\$ -	\$ 83,427	\$ (83,427)
Dog & Cat Sterilization Fund:				
Public Safety				
Other Protection:				
Animal Control	\$ 2,500	\$ 2,500	\$ 1,750	\$ 750
TOTAL PUBLIC SAFETY	\$ 2,500	\$ 2,500	\$ 1,750	\$ 750

COUNTY OF WISE, VIRGINIA  
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

SCHEDULE 2  
PAGE 5

FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Dog & Cat Sterilization Fund:				
TOTAL DOG & CAT STERILIZATION FUND	\$ 2,500	\$ 2,500	\$ 1,750	\$ 750
Information Technology Improvement Fund:				
Community Development:				
Technology	\$ -	\$ -	\$ 15,353	\$ (15,353)
TOTAL INFORMATION TECHNOLOGY IMPROVEMENT FUND	\$ -	\$ -	\$ 15,353	\$ (15,353)
Community Corrections Fund:				
Community Development:				
Public Safety	\$ -	\$ -	\$ 5,000	\$ (5,000)
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ 5,000	\$ (5,000)
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ 5,000	\$ (5,000)
Wise Development Fund:				
Community Development:				
Community Project	\$ 770,250	\$ 770,250	\$ 705,584	\$ 64,666
TOTAL COMMUNITY DEVELOPMENT	\$ 770,250	\$ 770,250	\$ 705,584	\$ 64,666
TOTAL WISE DEVELOPMENT FUND	\$ 770,250	\$ 770,250	\$ 705,584	\$ 64,666
Transient Occupancy Fund:				
Community Development:				
Community Project	\$ 12,500	\$ 17,500	\$ 1,800	\$ 15,700
TOTAL COMMUNITY DEVELOPMENT	\$ 12,500	\$ 17,500	\$ 1,800	\$ 15,700
TOTAL TRANSIENT OCCUPANCY FUND	\$ 12,500	\$ 17,500	\$ 1,800	\$ 15,700
Software Engineering Initiative Fund				
Community Development:				
Community Project	\$ 40,000	\$ 40,000	\$ 30,579	\$ 9,421
TOTAL COMMUNITY DEVELOPMENT	\$ 40,000	\$ 40,000	\$ 30,579	\$ 9,421
TOTAL SOFTWARE ENGINEERING INITIATIVE FUND	\$ 40,000	\$ 40,000	\$ 30,579	\$ 9,421
TOTAL NON-MAJOR SPECIAL REVENUE FUNDS	\$ 1,439,089	\$ 1,444,089	\$ 1,268,427	\$ 175,662
TOTAL SPECIAL REVENUE FURNS	\$ 7,139,089	\$ 7,144,089	\$ 5,800,397	\$ 1,343,692
Capital Projects Fund				
Community Development:				
Wise Inn Restoration & Redevelopment	\$ -	\$ -	\$ 295,439	\$ (295,439)
Hamilton Town Sewer Project	-	-	319,558	(319,558)
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ -	\$ 614,997	\$ (614,997)
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 614,997	\$ (614,997)
TOTAL CAPITAL PROJECTS FUNDS	\$ -	\$ -	\$ 614,997	\$ (614,997)
GRAND TOTAL EXPENDITURES - PRIMARY GOVERNMENT	\$ 90,704,359	\$ 95,230,167	\$ 114,282,319	\$ (19,052,152)

FUND, MAJOR & MINOR EXPENDITURE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration Of Schools	\$ 976,600	\$ 976,600	\$ 699,180	\$ 277,420
Instruction Costs:				
Classroom	\$ 39,458,100	\$ 39,458,100	\$ 36,594,516	\$ 2,863,584
Instructional Support:				
Student	1,581,200	1,581,200	1,489,204	91,996
Staff	2,639,800	2,639,800	3,099,198	(459,398)
Administration	1,864,600	1,864,600	3,296,223	(1,431,623)
TOTAL INSTRUCTION COSTS	\$ 45,543,700	\$ 45,543,700	\$ 44,479,141	\$ 1,064,559
Operating Costs:				
Attendance & Health Services	\$ 1,130,000	\$ 1,130,000	\$ 1,197,573	\$ (67,573)
Pupil Transportation	3,400,000	3,400,000	3,053,843	346,157
Operation & Maintenance Of School Plant	5,365,700	5,365,700	5,451,700	(86,000)
Technology	1,751,900	1,751,900	1,810,331	(58,431)
Non-Instructional	2,329,100	2,359,100	325,348	2,033,752
TOTAL OPERATING COSTS	\$ 13,976,700	\$ 14,006,700	\$ 11,838,795	\$ 2,167,905
TOTAL EDUCATION	\$ 60,497,000	\$ 60,527,000	\$ 57,017,116	\$ 3,509,884
Debt Service:				
Principal Retirement	\$ 1,565,400	\$ 1,565,400	\$ 824,557	\$ 740,843
Interest & Fiscal Charges	2,370,800	2,398,500	2,188,003	210,497
TOTAL DEBT SERVICE	\$ 3,936,200	\$ 3,963,900	\$ 3,012,560	\$ 951,340
TOTAL SCHOOL OPERATING FUND	\$ 64,433,200	\$ 64,490,900	\$ 60,029,676	\$ 4,461,224
School Cafeteria Fund:				
Education:				
Operating Costs	\$ 2,946,300	\$ 2,946,300	\$ 2,768,408	\$ 177,892
TOTAL SCHOOL CAFETERIA FUND	\$ 2,946,300	\$ 2,946,300	\$ 2,768,408	\$ 177,892
Textbook Rental Fund:				
Education:				
Operating Costs	\$ 500,000	\$ 500,000	\$ 345,935	\$ 154,065
TOTAL TEXTBOOK RENTAL FUND	\$ 500,000	\$ 500,000	\$ 345,935	\$ 154,065
Capital Project Fund:				
School Construction:				
Capital Outlays	\$ 30,800,000	\$ 35,500,000	\$ 35,746,029	\$ (246,029)
TOTAL SCHOOL CONSTRUCTION	\$ 30,800,000	\$ 35,500,000	\$ 35,746,029	\$ (246,029)
TOTAL CAPITAL PROJECT TOTAL SCHOOL CAPITAL PROJECTS FUND	\$ 30,800,000	\$ 35,500,000	\$ 35,746,029	\$ (246,029)
GRAND TOTAL EXPENDITURES, COMPONENT UNIT - SCHOOL BOARD	\$ 98,679,500	\$ 103,437,200	\$ 98,890,048	\$ 4,547,152

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## Statistical Information

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

TABLE 1

FISCAL YEAR	GENERAL PROPERTY TAXES	OTHER LOCAL TAXES	PERMIT, PRIVILEGE FEES AND REGULATORY LICENSES		FINES & FORFEITURES	REVENUE FROM USE OF MONEY AND PROPERTY
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
2003-04	14,012,432	12,846,072		72,344	32,720	245,191

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
2003-04	1,244,203	1,017,386		724,298	72,647,211	102,841,857

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

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

TABLE 2

FISCAL YEAR	GENERAL ADMINISTRATION	JUDICIAL ADMINISTRATION	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	EDUCATION
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
2003-04	1,904,298	1,550,521	6,768,214	1,155,160	10,921,015	69,950,542
<b>PARKS,</b>						
FISCAL YEAR	RECREATION & CULTURAL	COMMUNITY DEVELOPMENT	CAPITAL PROJECT	DEBT SERVICE	TOTALS	
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
2003-04	716,065	4,847,872	58,261	225,087		98,097,035

Notes: (1) Includes General, Special Revenue, Component Unit - School Board and Capital Projects 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
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
2003-04	1,402,880,488	319,218,724	229,631,704	26,179,626	34,975,388

PUBLIC UTILITIES			
FISCAL YEAR	PERSONAL PROPERTY	REAL ESTATE	MERCHANT'S CAPITAL
2012-13	\$ 376,895	\$ 1,430,300,955	\$ 120,255
2011-12	367,055	582,038,075	120,195
2010-11	287,561	589,715,216	251,089
2009-10	277,470	111,625,698	190,000
2008-09	325,916	81,297,579	118,000
2007-08	395,768	77,052,759	130,000
2006-07	418,372	75,756,574	99,202
2005-06	523,376	83,993,059	90,500
2004-05	689,690	97,163,185	4,000
2003-04	594,230	94,231,231	37,500
			TOTAL
2012-13	\$ 376,895	\$ 1,430,300,955	\$ 4,047,484,367
2011-12	367,055	582,038,075	3,391,548,746
2010-11	287,561	589,715,216	3,170,622,004
2009-10	277,470	111,625,698	2,553,858,006
2008-09	325,916	81,297,579	2,388,306,137
2007-08	395,768	77,052,759	2,353,437,955
2006-07	418,372	75,756,574	2,273,510,738
2005-06	523,376	83,993,059	2,181,467,939
2004-05	689,690	97,163,185	2,263,725,005
2003-04	594,230	94,231,231	2,107,748,891



COUNTY OF WISE, VIRGINIA  
PROPERTY TAX RATES (1)  
LAST TEN FISCAL YEARS

TABLE 4

FISCAL YEARS	REAL ESTATE	PERSONAL PROPERTY	MACHINERY & TOOLS	MERCHANT'S CAPITAL	MOBILE HOMES	PUBLIC UTILITIES		
						PERSONAL PROPERTY	REAL ESTATE	MERCHANT'S CAPITAL
2012-13	\$ 0.57	\$ 1.49	\$ 1.41	\$ 2.85	\$ 0.57	\$ 1.49	\$ 0.57	\$ 0.57
2011-12	0.57	1.49	1.41 (2)	2.85	0.57	1.49	0.57	0.57
2010-11	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2009-10	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2008-09	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2007-08	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2006-07	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2005-06	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2004-05	0.57	1.49	1.15	2.85	0.57	1.49	0.57	0.57
2003-04	0.48	1.15	1.15	2.85	0.48	1.15	0.48	0.48

(1) Per \$100 of assessed value

(2) Tax rate change is taxation neutral due to adjusted depreciation rates

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

TABLE 5

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		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL ADJUSTED LEVY	TOTAL COLLECTIONS TO DATE	PERCENT OF TOTAL LEVY COLLECTED
		CURRENT YEAR (2)									
2012-13	\$ 26,332,473	\$ (362,651)	\$	\$ 25,101,645	96.66%	\$ (19,884)	\$	326,893	\$ 25,949,938	\$ 25,428,538	97.99%
2011-12	24,470,385	1,226,106		24,973,016	97.18%	(22,251)		402,971	25,674,240	25,375,987	98.84%
2010-11	21,231,925	(587,846)		19,660,958	95.24%	(268,001)		493,908	20,376,078	20,154,866	98.91%
2009-10	20,589,874	(727,940)		18,777,570	94.54%	(150,439)		747,369	19,711,495	19,524,939	99.05%
2008-09	19,789,315	(1,006,993)		18,013,570	95.91%	(3,674)		574,066	18,778,648	18,587,636	98.98%

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Notes:

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

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

TABLE 6

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (2)	GROSS BONDED DEBT (3)	LESS: DEBT SERVICE MONIES AVAILABLE	DEBT PAYABLE FROM ENTERPRISE REVENUES (4)(5)	NET BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2012-13	41,452	\$ 4,047,484,367	\$ 77,128,359	\$ -	\$ 7,375,728	\$ 69,752,631	1.72%	\$ 1,682.73
2011-12	41,452	3,391,548,746	75,281,331	-	884,176	74,397,155	2.19%	1,794.78
2010-11	41,452	3,170,622,004	16,797,836	-	1,192,141	15,605,695	0.49%	376.48
2009-10	42,209	2,553,858,006	16,915,254	-	319,530	16,595,724	0.65%	393.18
2008-09	42,209	2,384,049,068	15,214,037	-	539,881	14,674,156	0.62%	347.65
2007-08	42,209	2,353,333,955	15,641,236	-	597,103	15,044,133	0.64%	356.42
2006-07	42,209	2,273,510,738	11,246,545	-	771,850	10,474,695	0.46%	248.16
2005-06	42,209	2,181,467,939	12,776,974	-	936,725	11,840,249	0.54%	280.51
2004-05	42,209	2,263,725,005	12,514,637	-	495,597	12,019,040	0.53%	284.75
2003-04	42,209	2,074,137,816	13,850,603	-	1,095,334	12,755,269	0.61%	317.90

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.
- (5) Includes all debt for current year.

COUNTY OF WISE, VIRGINIA  
 SCHEDULE OF LEGAL DEBT MARGIN  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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LEGAL DEBT LIMIT	
10% OF ASSESSED VALUE OF TAXABLE REAL ESTATE (INCLUDING PUBLIC UTILITY REAL ESTATE) (3,326,051,301 x .10)	\$ 332,605,130
DEDUCT	
NET BONDED DEBT	<u>69,752,631</u>
LEGAL MARGIN FOR CREATION OF ADDITIONAL DEBT	<u><u>\$ 262,852,499</u></u>

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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*

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To the Members of the Board of Supervisors  
County of Wise  
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 units, each major fund, and the aggregate remaining fund information of the County of Wise, as of and for the year ended June 30, 2013, 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 April 15, 2014. 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2013-1)

## 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*.

## Response to Findings

County of Wise, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Wise, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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, Cox Associates*

Blacksburg, Virginia  
April 15, 2014

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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To the Members of the Board of Supervisors  
County of Wise  
Wise, Virginia

### Report on Compliance for Each Major Federal Program

We have audited the 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 the County of Wise's major federal programs for the year ended June 30, 2013. The 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, 2013.



## 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, Co. Associates*

Blacksburg, Virginia  
April 15, 2014

County of Wise, Virginia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2013

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	\$ 32,449
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	789,986
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	2,321
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	57,108
Child Care and Development Block Grant	93.575	90544, 90545	(191)
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	105,351
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251	3,871
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	402,219
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90607, 90627, 90708	454,110
Social Services Block Grant	93.667	90122, 90123, 90124, 90125 90126, 90240, 90242, 90243 90244, 90245, 90246, 90262 90340, 90351, 90358, 90379 90648	604,340
Chafee Foster Care Independence Program	93.674	90254, 90356	20,418
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	14,344
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	346,757
Block Grants for Community Mental Health Services	93.958	Not applicable	120,268
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not applicable	656,044
Chafee Education and Training Vouchers Program	93.599	90353	18,102
Total Department of Health and Human Services			\$ 3,627,497
Department of Agriculture:			
Pass-through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution (Note 2)	10.555	40623	\$ 173,582
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	40623	1,277,055 \$ 1,450,637
Child Nutrition Cluster:			
Department of Agriculture:			
School Breakfast Program	10.553	40591	453,819
Department of Agriculture:			
Summer Food Service Program for Children	10.559	Not applicable	15,025
Fresh Fruit & Vegetable	10.582	Not applicable	19,276
Schools and Roads - Grants to States	10.665	43841	41,705
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	572,894
Total Department of Agriculture			\$ 2,553,356
Department of Homeland Security:			
Pass-through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	52749	\$ 17,732
State Homeland Security Program	97.073	52707	113,141
Total Department of Homeland Security			\$ 130,873
Department of Housing and Urban Development:			
Community Development Block Grant	14.228	Not applicable	\$ 614,997

**County of Wise, Virginia**  
**Schedule of Expenditures of Federal Awards (continued)**  
**For the Fiscal Year Ended June 30, 2013**

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	\$ 92,914
Violence Against Women Formula Grants	16.588	10WFAX0041	<u>29,353</u>
Total Department of Criminal Justice Services			<u>\$ 122,267</u>
Compensation Board:			
Byrne Memorial JAG Formula Grants Program Grants to Units of Local Government	16.804	09SUB9033	<u>\$ 39,826</u>
Total Department of Justice			<u>\$ 162,093</u>
Department of Transportation:			
Pass-through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety Program	20.600	AL-2012-52037-4415	\$ 12,114
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2011-51206-4148	<u>10,331</u>
Total Department of Transportation			<u>\$ 22,445</u>
Department of Education:			
Pass-through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 3,326,954
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	1,107,210
Special Education Preschool Grants	84.173	62521	53,430
Adult Education - Basic Grants to States	84.002	42801	217,948
Career and Technical Education: Basic Grants to States	84.048	61095	129,132
Education for Homeless Children and Youth	84.196	Not applicable	11,157
Rural Education	84.358	43481	121,852
Improving Teacher Quality - State Grants	84.367	61480	548,065
ARRA - Education Jobs Fund	84.410	62532	<u>25,458</u>
Total Department of Education:			<u>\$ 5,541,206</u>
Total Expenditures of Federal Awards			<u><u>\$ 12,652,467</u></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, 2013. 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 the County of Wise, Virginia, it is not intended to and does not present the financial position, changes in net 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, *Cost Principles for State, Local, and Indian Tribal Governments*, 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 Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2013, the County had no food commodities in inventory.

**Note 3 -- 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 total	\$ 5,694,556
Less: Payment in lieu of taxes	(45,475)
Less: AFROTC	(55,093)
Less: Research Cooperation Agreement-Wise Development Funds	<u>(518,282)</u>

Total Primary Government \$ 5,075,706

Component Unit Schools:

School Operating Fund total	<u>\$ 7,576,761</u>
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Total federal expenditures per basic financial statements \$ 12,652,467

County of Wise, Virginia

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I : Grants to Local Education Agencies
10.561	State Admin Matching Grants for Food Stamps
10.553/10.555	Child Nutrition Cluster
93.558	Temporary Assistance to Needy Families

Dollar threshold used to distinguish between Type A and Type B programs:	\$379,574
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Auditee qualified as low-risk auditee?	No
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**County of Wise, Virginia**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2013

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**Section II - Financial Statement Findings**

**2013-1**

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Criteria: Per Statement on Auditing Standards 115, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to post such transactions is not a component of the auditee's internal controls.

Condition: The County's 2013 adjusted trial balance required significant adjusting entries that were made by the auditors.

Cause: The County failed to make all necessary adjustments to the financial statements.

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal controls over financial reporting.

Recommendation: Management should continue to implement and follow review procedures to make adjustments in a timely manner.

Management's Response: Management is dedicated to complying with the concepts set forth in Statement on Auditing Standards 115 and will make efforts in the future to eliminate material misstatements.

**Section III - Federal Award Findings and Questioned Costs**

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

Wise County Board of Supervisors  
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