

County of Wise, Virginia

Comprehensive Annual Financial Report



For the Fiscal Year Ended
June 30, 2012

"Nestled Progress"

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JUNE 30, 2012

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Office of County Administrator

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

COURTHOUSE

WISE, VIRGINIA 24293

P.O. BOX 570
206 E. MAIN STREET

CAFR- LETTER OF TRANSMITTAL

February 15, 2013

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, 2012. 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, 2011 has been completed and no material internal control weaknesses or material violations of laws and regulations have been found. The County adopts an annual budget by July 1 of each year required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds. When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is mentioned and reported at the department level. The budget expenditures, as implemented through appropriations that the Board makes annually, may be greater or less than contemplated in the original budget.

THE REPORTING ENTITY AND ITS SERVICES

The County of Wise report includes all funds and account groups of the “primary government.” In Virginia, cities and counties are distinct units of government; therefore the County is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation, and cultural activities and community development. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity”, the County has identified two discretely component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as a part of the primary government. Therefore, the County School Board and the Wise County Public Service Authority are reported in a discrete presentation. Based upon GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

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

Local Economy

Wise County is located in Southwest Virginia, approximately 50 miles northwest of Bristol, Virginia. The county encompasses a land area of 407 square miles with a population of 41,452. 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 hay 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 2012

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.
- 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.
- The Wise County PSA Stephens/Guest River Sewer Interceptor Sewer Lines are now complete and connections to the lines should begin in the early part of 2013.
- The Spearhead Trails initiative consisting of Wise County, the City of Norton and neighboring counties has secured funding to develop and manage motorized and equestrian trails. The Southwest Regional Recreation Authority finalized an implementation plan and identified Wise County as the location of the agency's first motorized recreation trail. The Mountain View Trail located in St. Paul, consists of 100 miles of stacked-loop trails and will open to the public in the spring of 2013.
- The Clinch Ranger District of the Jefferson National Forest in conjunction with Wise County and Scott County completed work on the High Knob Trail. The 33 mile trail travels through Wise and Scott Counties and is open to horse-back riders, hikers and bikers. The trailhead is located on state route 619 past the High Knob Tower site in Wise County.

- Rebuilding of the High Knob Tower continues to move forward with funding secured and construction expected to begin in the spring of 2013. The tower is expected to once again become a tourism destination in Wise County.
- Wise County has completed a portion of renovations required at the Justice Center and that area currently houses Wise County Central Dispatch and the Magistrate's Office. The process to also move the Sheriff's Office, Registrar, EOC and Litter Control is under way and will be completed in calendar 2013.
- The Dominion Energy-Virginia City Coal Fired Plant was completed during 2012 and is now fully online.
- 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. Work moves forward in such a way as to protect future financial assistance from the Department of Historical Resources and investment tax credits.
- The Hamilton Town Sewer Project is complete with a total of 82 connections.
- 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
- The Black Mountain Overlook Project experienced a serious rock slide at the site and engineering work continues to determine the project's future.
- Wise County IDA has recruited a manufacturing company from Georgia to lease the Wise County Manufacturing Building and woodworking equipment for the continuance of manufacturing operations at that location and work is ongoing.
- The Wise County PSA completed the Williams Hollow Water Project during Fiscal 2012 and it is now serving that community.
- The upper Exeter project is completed and is in service. The system was completed by the Town of Appalachia but is being turned over to the Wise County PSA in the near future and will operate Lower Exeter, Imboden, and Derby sewer systems.
- 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.
- The Wise County PSA is nearing completion on the Powell River Dunbar Water Project and it will be placed in service in Jan. 2013

- Funding for the Bull Run Water Project has been secured and the project is currently being designed. Construction should begin around the middle of 2013.
- The Coeburn Mountain Water Project is near completion and will be placed in service in Jan. 2013.
- Funding for the Emergency Generator Project has been secured by the Wise County PSA and is currently being designed. Construction on the project should begin in mid 2013.
- Wise County IDA also purchased the former Bandag building on West Main Street, Appalachia, to be used as a trail head as the trails project evolves. Work is ongoing

Prospects for the Future

- 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.
- Wise County IDA is in ongoing negotiations with King College for the establishment of a satellite medical clinic that will be used for training medical professionals resulting from the development of the proposed King College School of Medicine
- Wise County IDA renegotiated a lease purchase arrangement with a company to ensure the continual operation of the saw mill operation near Appalachia. Work is ongoing with the saw mill in an expansion phase to hire 28 employees.
- 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.
- After securing the necessary land and hosting a successful groundbreaking, the Wise County IDA continues to try to secure approval for construction of the new dental clinic building and related structures.
- The Wise County IDA continues to move forward after securing a developer/operator for the Wise Inn to bring to Wise County and the Southwest Virginia region a first class historical hotel and restaurant. Development of tourism and the basic economy, demand that an area have four (4) areas covered; 1. A strong branding- The Crooked Road, the Artisan Trail and Country Music Highway, 2. Something to sell-mountain culture, mountain music, mountain crafts and rich cultural history, 3. A place or places to sleep and 4. A place or places for people to eat. The restoration of the Wise Inn will move us closer to that goal. There is ongoing work with the Virginia Department of Historical Resources for tax credit funding.

- 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.
- Conversations continue with funding agencies for moving forward with a waste water treatment plant on the Powell River.
- Wise County participates with others to continue to evaluate the economic impact of development of the Spearhead Trails Program and especially ATV and Waterways Trails.
- Wise County 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. A Request for Proposal on construction is anticipated to be issued in January 2013 and a contract award to take place in April 2013. Completion is anticipated in August 2013.
- 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.
- The Wise County PSA has secured funding in the amount of \$4,500,000.00 to improve water flow from the Club Scotty area thru Dunbar and into Appalachia. This project would complete a loop from the Wise County PSA to the Town of Appalachia.
- 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 will be submitted in March 2013. The total cost is \$1,833,000. The project has been designed.
- 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.

- After a very successful beginning for Wise JAMS (Wise County Appalachian Musicians) in the communities of Coeburn and St. Paul which began in January 2012. Plans are underway for the program to teach programs in fiddle, banjo and guitar to grades 3-8 in the Appalachia and Big Stone Gap communities. Wise, Pound and Norton should occur soon.
- 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.

For the 2012-2013 Fiscal Year, the Board of Supervisors approved a General Fund Operating Budget of \$56,610,241.

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 \$423,101. This is a decrease from interest and dividends earned on temporary investments in Fiscal Year 2010-2011 when the interest on investments totaled \$686,825. This decrease is due to continued low interest rates and the affect of the one-time dissolution dividend from the Duffield Development Authority in 2011.

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

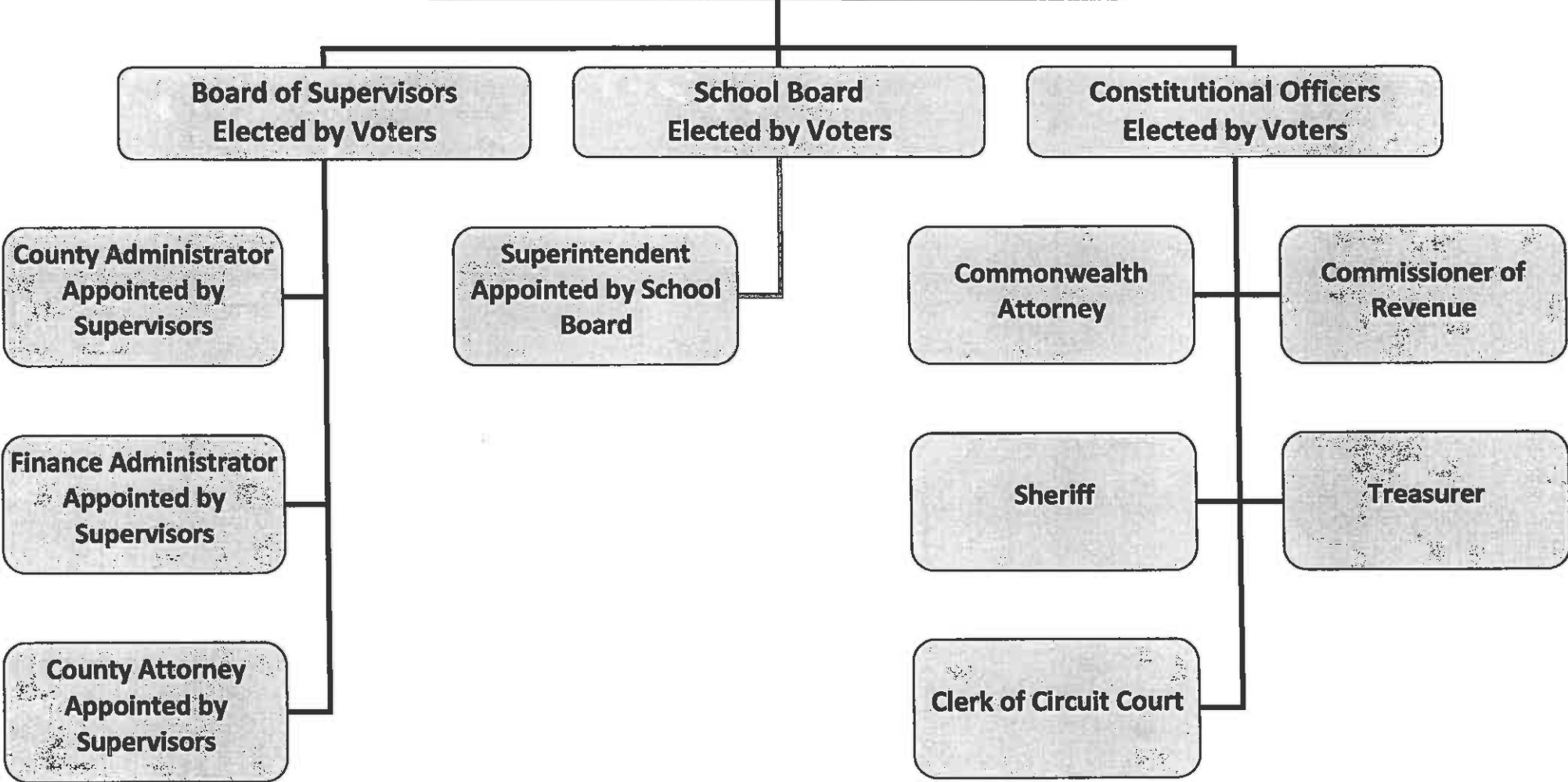
I would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "David L. Cox".

David L. Cox, CPA
County Finance Administrator

**COUNTY OF WISE, VIRGINIA
ORGANIZATION CHART
JUNE 30, 2012**



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
Phillip Bates, Vice Chairman

Mike Mullins
Rocky Cantrell
Betty Cornett

Larry Greear
John Schoolcraft
Mark Hutchinson

Judy Clawson, 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
Vacant
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

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT

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

MEMBER
VIRGINIA & TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

email: lsturgill@larrydsturgillcpa.com

Independent Auditors' Report

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

We have audited the accompanying 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, Virginia (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basis financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards 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* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund for the year then ended in conformity with U.S. generally accounting principles.

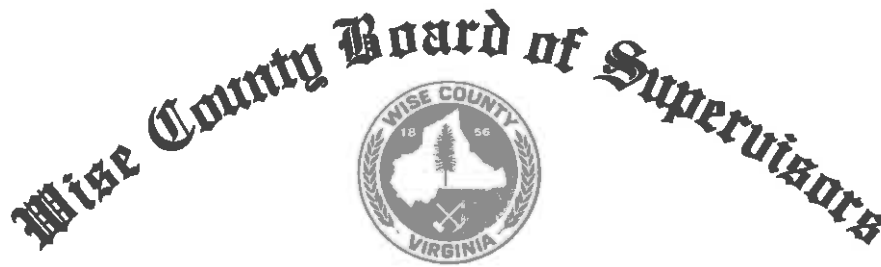
In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3-10, and the Schedules of Funding Progress on page 95, 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 basic financial statements in the 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 inquires 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, listed in the Financial Section as Other Supplementary Information in the table of contents, and the Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, listed in the Compliance Section in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to 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 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 nonmajor 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 Section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.



Larry D. Sturgill, P.C.
February 15, 2013



Office of County Administrator

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

COURTHOUSE

WISE, VIRGINIA 24293

P.O. BOX 570
206 E. MAIN STREET

COUNTY OF WISE, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2012. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the Introductory Section of this report and the County's basic financial statements which follow this discussion and analysis.

Financial Highlights

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$57,443,123 (net assets). Of this amount, \$ 32,375,577 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors from the general fund.

As of the close of the current fiscal year; the County's funds reported combined ending fund balances of \$86,111,161, an increase of \$56,832,302 in comparison with the prior year. The large increase is attributed to restricted bond proceeds for school construction. Approximately sixteen percent of this total amount, \$13,876,171 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 \$13,876,171, or 25.5% percent of total general fund expenditures.

The County of Wise, Virginia's total debt decreased by \$58,543,401 during the current fiscal year in which included debt issuances of \$60,335,658 (net of premium) offset by debt repayments. Total capital leases due decreased by \$109,968 which is for the Wise County Justice Center.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements compose three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

Overview of the Financial Statements (Continued)

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The Government-wide financial statements are designed to provide readers with a broad overview of the County’s finances, in a manner similar to a private-sector business.

The statement of activities presents information showing how the County’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Wise, Virginia itself (known as the primary government), but also a legally separate school district and a water authority for which the County of Wise, Virginia is financially accountable. Financial information for these component units is reported separately from financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Wise, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare to the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County’s near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and

Overview of the Financial Statements (Continued)

changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains an individual governmental fund, and many special revenue funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Special Revenue funds.

The County adopts an annual appropriated budget for its General fund, emergency numbers and law library funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with its budget.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$57,443,123 at the close of the most recent fiscal year.

A portion of the County's net assets (28.9 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued)

<u>County of Wise, Virginia's Net Assets</u>		
	<u>Primary Governmental Activities and Business-Type Activities</u>	
	<u>2011</u>	<u>2012</u>
Current and other assets	\$ 53,495,187	\$112,813,688
Capital assets	<u>32,224,545</u>	<u>35,649,002</u>
 Total assets	 <u>\$ 85,719,732</u>	 <u>\$148,462,690</u>
Long-term liabilities outstanding	\$ 25,407,023	\$ 84,345,451
Current liabilities	<u>6,265,716</u>	<u>6,674,116</u>
Total liabilities	<u>\$ 31,672,739</u>	<u>\$ 91,019,567</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 12,207,180	\$ 16,592,488
Restricted- Capital Projects	9,160,748	9,033,913
Other Purposes	11,077,307	11,384,003
Unrestricted	<u>21,601,758</u>	<u>20,432,719</u>
Total net assets	<u>\$54,046,993</u>	<u>\$57,443,123</u>

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

Government-wide Financial Analysis (Continued)

Governmental Activities – Governmental activities increased the County's net assets by \$3,382,740
Key elements of this increase are as follows:

County of Wise, Virginia's Change in Net Assets

	<u>Primary Governmental Activities and Business-Type Activities</u>	
	<u>2011</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,143,986	\$ 1,182,154
Operating grants and contributions	15,764,232	13,268,121
General Revenues:		
Property taxes	\$ 23,473,279	\$ 26,638,980
Other Local taxes	18,476,831	16,737,347
Grants & Contributions	6,176,531	7,215,291
Other	<u>1,514,394</u>	<u>1,168,079</u>
Total revenues	<u>\$ 66,549,253</u>	<u>\$ 66,209,972</u>
Expenses		
General government	\$ 3,299,053	\$ 3,121,473
Judicial administration	2,716,081	2,955,941
Public safety	8,250,120	8,033,901
Public works	968,626	1,380,443
Health and welfare	13,988,102	14,372,186
Education	15,496,497	16,628,227
Parks, recreation and culture	938,174	1,030,994
Community development	14,042,957	10,917,533
Nondepartmental	4,747,523	4,202,810
Interest	<u>196,450</u>	<u>183,724</u>
Total expenses	<u>\$ 64,643,583</u>	<u>\$ 62,827,232</u>
Increase (decrease) in net assets	\$ 1,905,670	\$ 3,382,740
Net assets – beginning	<u>52,141,323</u>	<u>54,060,383</u>
Net assets – ending	<u>\$ 54,046,993</u>	<u>\$ 57,443,123</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 \$86,111,161 an increase of \$56,832,302 in comparison with the prior year. Approximately sixteen of this total amount, \$13,876,171, 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 \$13,876,171, while the total fund balance was \$78,246,064. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.5 percent of total general fund expenditures.

The general fund balance increased \$57,081,816 during the current fiscal year.

The special revenue funds have a total fund balance of \$7,865,097, all of which is restricted or committed for future projects. The fund balance decreased \$249,514 during the current year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$62,420,627 increase in appropriations) and can be briefly summarized as follows:

- \$165,171 increase in general government administration
- \$86,251 increase in judicial administration
- \$181,172 increase in public safety expenditures
- \$367,474 increase in public work expenditures
- \$1,322,379 increase in health and welfare expenditures
- \$60,000,000 increase in education expenditures

- \$30,727 increase in Parks, Recreation & Cultural
- \$254,754 increase in community development
- \$12,699 increase in non-departmental

This increase was primarily funded by higher than anticipated revenues from bond proceeds on school projects and higher than anticipated coal severance taxes. During the year, however, primary government revenues exceeded budgetary estimates by \$103,186 and primary government expenditures were less than budgetary estimates by \$60,920,840. This large difference was due to the budgeted expenditure of the bond proceeds for school construction.

Capital Asset and Debt Administration

Capital assets – The county's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$ 25,737,576 (net of accumulated depreciation). This investment in capital assets land, buildings and improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was \$3,390,500.

<u>County of Wise, Virginia's Change in Net Capital Assets</u>		
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
Land	\$ 1,941,700	\$ 2,641,700
Buildings	30,872,940	33,444,208
Equipment	<u>4,653,490</u>	<u>5,641,052</u>
Total	37,468,130	41,726,960
Less: accumulated depreciation	<u>(15,121,054)</u>	<u>(15,989,384)</u>
Net capital assets	<u>\$ 22,347,076</u>	<u>\$25,737,576</u>

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

Long-term debt - At the end of the current fiscal year, the County had total primary government debt outstanding of \$76,389,748, including claims, judgments, OPEB GASB 45 liability and compensated absences of \$1,108,418. Of this amount \$75,281,330 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total primary government debt increased by \$58,543,401.

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

Economic Factors

- Unemployment rate is one of the factors considered in preparing the County's budget for the 2013 fiscal year. The September 2012 unemployment rate for the County is 7.8 percent, which is an increase from the rate of 6.4 percent in 2011. This is higher than the state's unemployment rate of 5.9 percent and is equal to the national average rate of 7.8 percent as of September 2012.

All of these factors were considered in preparing the County's budget for the 2013 fiscal year.

Budget and Rates

The approved budget is \$ 56,610,241 for fiscal year 2012-2013. The tax rates for the 2012-2013 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 1.141 per \$100 of assessed value for machinery and tools.

Subsequent Events

The Wise County Board of Supervisors had approved a resolution to refinance the Wise County Industrial Development Bonds. The resolution approved the refunding and refinancing if the net savings was over \$100,000. The savings exceeded \$200,000 and this savings will be spread over the remaining term.

Acknowledgements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF WISE, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

EXHIBIT I

	TOTAL GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>			
CURRENT ASSETS			
Cash Deposits	5,848,457	\$ 1,923	\$ 5,850,380
Petty Cash	6,200	-	6,200
Investments	78,518,367	9,607	78,527,974
Reserved Deposits	-	3,473,545	3,473,545
Bond Insurance Costs	771,231	-	771,231.00
Receivable (Net Of Allowances For Uncollectibles):			
Property Taxes:			
Delinquent	1,050,067	-	1,050,067
Not Yet Due	19,053,783	-	19,053,783
Other Taxes	904,594	126,112	1,030,706
Accounts	456,460	-	456,460
Prepaid and Assets	57,840	-	57,840
Due From Other Governmental Units	824,836	-	824,836
Due From Other Funds	1,174,416	-	1,174,416
TOTAL CURRENT ASSETS	108,666,251	3,611,187	112,277,438
NONCURRENT ASSETS			
Restricted cash & cash equivalents			
Other Assets	-	536,250	536,250
Capital Assets:			
Bond Issuance Cost	-	-	-
Land	2,641,700	207,500	2,849,200
Buildings and equipment, net of depreciation	23,095,875	9,703,927	32,799,802
Total Capital Assets	25,737,575	9,911,427	35,649,002
TOTAL NONCURRENT ASSETS	25,737,575	10,447,677	36,185,252
TOTAL ASSETS	134,403,826	\$ 14,058,864	\$ 148,462,690
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 2,005,705	\$ 123,908	\$ 2,129,613
Due To Other Funds	480,461	212,898	693,359
Due To Other Governmental Units	605,269	-	605,269
Premium on Bonds Payable	-	-	-
Due To Customers - Deposits	-	-	-
OPEB GASB 45 Liability	299,272	50,178	349,450
Claims, Judgments & Compensated Absences	160,886	28,856	189,742
Capital Lease-Current	124,754	-	124,754
Current Portion of Long-Term Obligations	2,015,501	566,428	2,581,929
TOTAL CURRENT LIABILITIES	5,691,848	982,268	6,674,116
NONCURRENT LIABILITIES			
Landfill Closure Cost Liability	-	7,931,269	7,931,269
Claims, Judgments & Compensated Absences	482,658	86,567	569,225
Capital Lease-Long-Term Obligation	3,145,555	-	3,145,555
Premium on Bonds Payable	-	-	-
Noncurrent Portion of Long-Term Obligations	69,380,783	3,318,619	72,699,402
TOTAL NONCURRENT LIABILITIES	73,008,996	11,336,455	84,345,451
TOTAL LIABILITIES	78,700,844	\$ 12,318,723	\$ 91,019,567
<u>NET ASSETS</u>			
Investment In Capital Assets, net of related debt	6,383,034	10,209,454	\$ 16,592,488
Restricted For:			
Capital Projects	9,033,913	-	9,033,913
Community Development	7,503,594	-	7,503,594
Public Safety	149,135	-	149,135
Technology	114,463	-	114,463
Education	81,934	-	81,934
Judicial	61,332	-	61,332
Water, Sewer, and Sanitation	-	3,473,545	3,473,545
Unrestricted Assets	32,375,577	(11,942,858)	20,432,719
TOTAL NET ASSETS	55,702,982	\$ 1,740,141	\$ 57,443,123
TOTAL LIABILITIES & NET ASSETS	134,403,826	\$ 14,058,864	\$ 148,462,690

Notes are an integral part of the financial statements.

COMPONENT UNITS			
SCHOOL BOARD		PUBLIC SERVICE AUTHORITY	
\$	2,305,990	\$	760,676
	200		-
	531,325		-
	-		374,430
	-		-
	-		-
	129,798		-
	-		321,198
	-		-
	2,933,602		913,588
	-		20,674
	5,900,915		2,390,566
	-		4,643,197
	-		-
	-		10,288
	1,358,879		157,731
	26,076,920		33,601,954
	27,435,799		38,413,170
	27,435,799		38,413,170
\$	33,336,714	\$	40,803,736
\$	2,485,097	\$	1,024,948
	-		-
	-		-
	-		374,430
	1,206,173		-
	238,700		35,776
	-		-
	189,804		275,357
	4,119,774		1,710,511
	-		-
	-		32,346
	-		-
	-		9,238
	987,532		5,916,173
	987,532		5,957,757
\$	5,107,306	\$	7,668,268
\$	24,899,584	\$	27,569,105
	902,637		4,472,907
	2,427,187		-
	-		544,720
	-		548,636
\$	28,229,408	\$	33,135,368
\$	33,336,714	\$	40,803,636

COUNTY OF WISE, VIRGINIA
STATEMENT OF ACTIVITIES
JUNE 30, 2012

EXHIBIT 2

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS and CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT:				
Governmental Activities				
General Government Administration	\$ 3,121,473	\$ 34,731	\$ -	\$ (3,086,742)
Judicial Administration	2,955,941	19,016	45,921	(2,891,004)
Public Safety	8,033,901	10,678	829,546	(7,193,677)
Public Works	1,380,443	64,890	-	(1,315,553)
Health & Welfare	14,372,186	356,854	11,333,182	(2,682,150)
Education	16,628,227	-	-	(16,628,227)
Parks, Recreation & Cultural	1,030,994	-	5,000	(1,025,994)
Community Development	10,917,533	-	1,043,074	(9,874,459)
Non-Departmental	67,857	-	-	(67,857)
Interest & Fiscal Charges	183,724	-	-	(183,724)
Total Governmental Activities	\$ 58,692,279	\$ 486,169	\$ 13,256,723	\$ (44,949,387)
Business-Type Activities				
Landfill	3,856,963	695,985	11,398	
Sewer	277,990	-	-	
Total Business-Type Activities	4,134,953	695,985	11,398	
Total Primary Government	\$ 62,827,232	\$ 1,182,154	\$ 13,268,121	
COMPONENT UNITS:				
School Board	70,857,818	1,222,723	66,224,988	
Public Service Authority	3,043,363	1,641,333	1,376,368	
Total Component Units	\$ 73,901,181	\$ 2,864,056	\$ 67,601,356	
General Revenues				
Taxes:				
Property Taxes, levied for general purposes			\$	26,638,980
Utility Taxes				583,571
Mineral Taxes				13,064,730
Franchise Taxes				180,030
Local Sales & Use Taxes				2,577,032
Other Local Taxes				331,984
Grants and Contributions, not restricted to specific programs				7,215,291
Investment Income				423,101
Miscellaneous				633,049
Operating Transfers				(3,829,019)
Total General Revenue			\$	47,818,749
Change in Net Assets			\$	2,869,362
Net Assets, July 01, 2011				52,833,620
Net Assets, June 30, 2012			\$	55,702,982

NET (EXPENSE) REVENUE
AND CHANGES IN NET ASSETS

BUSINESS-TYPE ACTIVITIES	COMPONENT UNITS		
	PRIMARY GOVERNMENT GOVERNMENTAL AND BUSINESS - TYPE ACTIVITIES	SCHOOL BOARD	PUBLIC SERVICE AUTHORITY
	\$ (3,086,742)		
	(2,891,004)		
	(7,193,677)		
	(1,315,553)		
	(2,682,150)		
	(16,628,227)		
	(1,025,994)		
	(9,874,459)		
	(67,857)		
	(183,724)		
	<u>\$ (44,949,387)</u>		
\$ (3,149,580)	\$ (3,149,580)		
\$ (277,990)	(277,990)		
<u>(3,427,570)</u>	<u>(3,427,570)</u>		
	<u>\$ (48,376,957)</u>		
		(3,410,107)	
			(472,034)
\$	26,638,980	\$	\$
	583,571	-	-
	13,064,730	-	-
	180,030	-	-
	2,577,032	-	-
	331,984	-	-
	7,215,291	-	7,573,858
66,930	490,031	21,271	(96,197)
44,999	678,048	851,190	-
3,829,019	-	-	-
<u>\$ 3,940,948</u>	<u>\$ 51,759,697</u>	<u>\$ 872,461</u>	<u>\$ 7,477,661</u>
\$ 513,378	\$ 3,382,740	\$ (2,537,646)	\$ 7,005,627
1,226,763	54,060,383	30,767,054	26,129,741
<u>\$ 1,740,141</u>	<u>\$ 57,443,123</u>	<u>\$ 28,229,408</u>	<u>\$ 33,135,368</u>



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FUND FINANCIAL STATEMENTS

COUNTY OF WISE, VIRGINIA
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2012

EXHIBIT 3

	PRIMARY GOVERNMENT			
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUES	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 76,726,850	\$ 139,226	\$ 7,506,949	\$ 84,373,025
Receivables (Net of allowances for uncollectibles):				
Property Taxes:				
Delinquent	1,050,067	-	-	1,050,067
Not Yet Due	19,053,783	-	-	19,053,783
Other Taxes	497,570	-	407,024	904,594
Accounts	443,261	-	13,198	456,459
Prepaid and Other Assets	57,840	-	-	57,840
Bond Issuance Costs (Net of Accumulated Amortization)	771,231	-	-	771,231
Due from Component Unit	576,996	-	-	576,996
Due from Other Funds	444,552	-	480,061	924,613
Due from Other Governmental Units	651,894	172,942	-	824,836
TOTAL ASSETS	\$ 100,274,044	\$ 312,168	\$ 8,407,232	\$ 108,993,444
LIABILITIES				
Accounts Payable	\$ 1,757,071	172,942	75,692	\$ 2,005,705
Due to Other Funds	480,061	400	-	480,461
Due to Other Governmental Units	-	-	605,269	605,269
Deferred Revenue	19,790,848	-	-	19,790,848
TOTAL LIABILITIES	\$ 22,027,980	\$ 173,342	\$ 680,961	\$ 22,882,283
FUND BALANCES				
Fund Balance:				
Nonspendable	57,840	-	-	57,840
Restricted	55,312,053	138,826	7,548,848	62,999,727
Committed	9,000,000	-	177,423	9,177,423
Assigned	-	-	-	-
Unassigned	13,876,171	-	-	13,876,171
TOTAL FUND BALANCES	\$ 78,246,064	\$ 138,826	\$ 7,726,271	\$ 86,111,161
TOTAL LIABILITIES AND FUND BALANCES	\$ 100,274,044	\$ 312,168	\$ 8,407,232	\$ 108,993,444

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

Total Fund Balance June 30, 2012 \$ 86,111,161

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole. 25,737,575

Adjustment for amounts due to/due from primary government (576,996)

Because of focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance. 20,040,651

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities—both current and long-term—are reported in the statement of net assets. (75,609,409)

Net assets of General Government Activities \$ 55,702,982

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

PRIMARY GOVERNMENT				
	GENERAL	CAPITAL PROJECTS	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
General Property Taxes	25,862,730	-	-	\$ 25,862,730
Other Local Taxes	10,300,327	-	6,453,316	16,753,643
Permits, Privilege Fees & Regulatory Licenses	58,453	-	-	58,453
Fines & Forfeitures	31,071	-	35,863	66,934
Revenues From Use Of Money & Property	386,724	-	36,377	423,101
Charges For Services	475,490	-	10,678	486,168
Miscellaneous	139,727	22,620	118,034	280,381
Recovered Costs	227,282	-	-	227,282
Intergovernmental	18,140,702	1,043,074	1,288,238	20,472,014
TOTAL REVENUES	\$ 55,622,506	\$ 1,065,694	\$ 7,942,506	\$ 64,630,706
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,049,147	-	120	\$ 3,049,267
Judicial Administration	2,947,631	-	10,609	2,958,240
Public Safety	7,481,615	-	742,887	8,224,502
Public Works	1,167,400	-	425,760	1,593,160
Health & Welfare	14,389,802	-	-	14,389,802
Education	21,418,242	-	-	21,418,242
Parks, Recreation & Cultural	1,003,598	-	-	1,003,598
Community Development	2,300,599	1,143,590	7,468,712	10,912,901
Non-Departmental	67,857	-	-	67,857
Debt Service:				
Principal Retirement	503,750	-	-	503,750
Interest & Fiscal Charges	183,724	-	-	183,724
TOTAL EXPENDITURES	\$ 54,513,365	\$ 1,143,590	\$ 8,648,088	64,305,043
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,109,141	\$ (77,896)	\$ (705,582)	325,663
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ -	\$ 42,821	\$ 491,143	\$ 533,964
Operating Transfers Out	(4,362,983)	-	-	(4,362,983)
Proceeds from Issuance of Debt	60,335,658	-	-	60,335,658
TOTAL OTHER FINANCING SOURCES (USES)	\$ 55,972,675	\$ 42,821	\$ 491,143	\$ 56,506,639
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ 57,081,816	\$ (35,075)	\$ (214,439)	\$ 56,832,302
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	21,164,248	173,901	7,940,710	29,278,859
FUND BALANCE AT END OF YEAR	\$ 78,246,064	\$ 138,826	\$ 7,726,271	\$ 86,111,161

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

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 56,832,302
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.	5,126,902
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	759,955
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.	15,803
Accrued OPEB GASB 45 Hospitalization Insurance Liability not payable from current year resources. In the Statement of Activities, these costs represent expenses of the current year.	(87,788)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(59,777,812)</u>
Change in net assets of governmental activities	<u>\$ 2,869,362</u>

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN NET ASSETS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUES:

Landfill Usable Fees	\$ 695,985	
Sewer Rents	-	
Other Revenues	<u>44,999</u>	
TOTAL OPERATING REVENUES		\$ 740,984

OPERATING EXPENSES:

Other Operating Charges	2,778,585	
Landfill Closure Expense	537,952	
Depreciation	<u>675,449</u>	
TOTAL OPERATING EXPENSES		<u>3,991,986</u>

NET OPERATING INCOME (LOSS) \$ (3,251,002)

NON-OPERATING REVENUE AND EXPENSE

Grant Receipts - Federal	\$ -	
Grant Receipts - State	11,398	
Interest Revenue	66,930	
Interest Expense	(142,967)	
Gain on Sale of Assets	<u>-</u>	
TOTAL NON-OPERATING REVENUE AND EXPENSE		<u>(64,639)</u>

INCOME (LOSS) BEFORE OPERATING TRANSFERS \$ (3,315,641)

NET OPERATING TRANSFERS 3,829,019

NET INCOME (LOSS) \$ 513,378

NET ASSETS AT BEGINNING OF YEAR 1,226,763

NET ASSETS AT END OF YEAR \$ 1,740,141

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 7

Cash Flow From Operating Activities:		
Cash Received from Customers	\$ 763,424	
Cash Payments to Suppliers for Goods & Services	<u>(3,326,727)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ (2,563,303)
Cash Flow from Noncapital Financing Activities:		
Operating Transfers From Other Funds	\$ 3,829,019	
Decrease in Due From Other Funds	<u>-</u>	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		3,829,019
Cash Flows from Capital & Related Financing Activities:		
Principal Paid on Revenue Bond Maturities	\$ -	
Interest Paid on Debt Obligations	(142,967)	
Principal Paid on General Obligation Loans	(533,045)	
Increase in Other Payable	-	
Proceeds of Loans	<u>-</u>	
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES		(676,012)
Cash Flows form Investing Activities:		
Sinking Fund Deposits	(501,904)	
Interest Earned on Investments	66,930	
State Grant Receipts	11,398	
Decrease in Investments	4,231	
Proceeds from Sale of Assets	-	
Purchase of Other Assets	-	
Purchase of Equipment	<u>(695,657)</u>	
NET CASH PROVIDED FORM INVESTING ACTIVITIES		<u>(1,115,002)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS		\$ (525,298)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>527,221</u>
CASH & CASH EQUIVALENTS AT END OF YEAR		<u>\$ 1,923</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income		\$ (3,251,002)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	\$ 675,449	
Decrease in Accounts Receivable	22,440	
Increase in Closure Cost Liability	537,952	
Increase (Decrease) in Accrued Compensation	(25,773)	
Increase (Decrease) in OPEB GASB 45 Liability	13,693	
Increase in Accounts Payable	<u>(536,062)</u>	
TOTAL ADJUSTMENTS		<u>687,699</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ (2,563,303)</u>

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF FIDUCIARY NET ASSETS
 AT JUNE 30, 2012

EXHIBIT 8

		<u>AGENCY FUNDS</u>	
<u>ASSETS</u>			
ASSETS			
Cash		\$	113,613
Due From Other Governmental Units			281,750
TOTAL ASSETS		\$	<u>395,363</u>
<u>LIABILITIES</u>			
LIABILITIES:			
Due To:			
Social Service Clients		\$	53,245
Governmental Units			110,864
Due To Other Funds			231,254
TOTAL LIABILITIES		\$	<u>395,363</u>
FUND BALANCE:			
Unassigned		\$	
TOTAL LIABILITIES & FUND BALANCE		\$	<u>395,363</u>



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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 has responsibility 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.

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. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*.

Statement of Net Assets – The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Assets and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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 and claims and judgments, are recorded only when payment is due.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated from major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consists of the School Operating, School Cafeteria, School Textbook Rental, Law Library Fund, Coal Road Improvement Funds, Emergency Numbers Fund, Dog and Cat Fund, Community Corrections Fund, Development Fund, Information Technology Fund, Software Engineering Fund, Transient Occupancy Fund, Sheriff Funds and Community Development Fund.

Capital Project Fund

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

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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

general public be financed or recovered through user charges. Enterprise Funds consist of the Sewer Fund and Landfill Fund.

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

Combined Financial Statements - These statements are referred as General Purpose Financial Statements and provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. All funds and account groups of a specific fund classification are combined and presented as one in the financial statements. For example, all funds classified as Special Revenue Funds are combined and presented under the caption "Special Revenue Funds".

Combining Financial Statements - By Fund Classification - These statements present individual financial statements for each fund of a given fund classification. For example, each Special Revenue Fund is shown individually.

Total Columns on Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

D. Budgets and Budgetary Accounting

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

- (1) Prior to March 30, the County Finance Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- (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).

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Assets, Liabilities, and net assets or equity

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 maturities of 90 days or less.

2. Investments

Investments are stated at cost, which approximates market. Certificate of deposits and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments in a deferred compensation agency fund are reported at market value.

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 as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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 \$564,001 at June 30, 2012.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Prepaid Expenses and Assets

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

6. Net Assets/ Fund Balances

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

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

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

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

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

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.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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).

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

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

	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of Deposit	\$ 26,659,190	\$ -	\$ -	\$ 26,659,190	\$ 26,659,190
Investment in Virginia State Non-Arbitrage Program				\$ 55,312,052	\$ 55,312,052
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 30,277	\$ 30,277
Total Investments				\$ 82,001,519	\$ 82,001,519
Total Cash Deposits and Money Market Accounts				5,963,993	
Total Deposits and Investments				\$ 87,965,512	

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Certificates of Deposit	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000
Total				\$ 500,000	\$ 500,000
Investment in State Treasurer's Local Government Investment Pool (LGIP)				\$ 31,325	\$ 31,325
Investment in Virginia State Non-Arbitrage Program				\$ -	\$ -
Total Investments				\$ 531,325	\$ 531,325
Total Cash Deposits and Money Market Accounts				\$ 2,305,990	
Total Deposits and Investments				\$ 2,837,315	

Cash and cash equivalents, including restricted and unrestricted balances for Wise County Public Service Authority were comprised of the following at June 30, 2012:

	<u>2011</u>
Cash	\$ 4,482,744
Cash Equivalents	\$ 1,295,559
TOTAL	\$ 5,778,303

NOTE 3: TAXES RECEIVABLE

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

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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4: INTERFUND OBLIGATIONS

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

FUND	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General	\$ 1,075,644	\$ 480,061
Enterprise Funds	-	212,898
School Fund	-	631,092
Local Sales Tax Fund	-	231,254
Community Development Fund	-	400
Emergency Numbers Fund	-	-
Coal Road Improvement	<u>480,061</u>	<u>-</u>
TOTALS	<u>\$ 1,555,705</u>	<u>\$ 1,555,705</u>

NOTE 5: DUE TO OTHER GOVERNMENTAL UNITS

	<u>PRIMARY GOVERNMENT SPECIAL REVENUE</u>	<u>FIDUCIARY</u>
Appalachia	\$ 37,539	\$ 15,037
Big Stone Gap	46,561	38,966
Coeburn	40,013	18,698
Pound	35,212	8,574
St. Paul	34,047	7,477
Wise	46,561	21,904
Norton	51,071	-
Public Service Authority	218,253	-
Others	<u>96,012</u>	<u>208</u>
TOTALS	<u>\$ 605,269</u>	<u>\$ 110,864</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6: DUE FROM OTHER GOVERNMENTAL UNITS

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GENERAL FUND	CAPITAL PROJECTS FUND	FIDUCIARY FUND	SCHOOL BOARD
Local Governmental Units:				
Towns	\$ 227,282	\$ -	\$ -	\$ -
County of Wise- Loan Funds	-	-	-	1,090,080
TOTAL LOCAL	\$ 227,282	\$ -	\$ -	\$ 1,090,080
Commonwealth of Virginia:				
Tax on Wills	\$ 1,309	\$ -	\$ -	\$ -
Shared Expenses	320,724	-	-	-
Local Sales Taxes	-	-	281,750	-
State Sales Taxes	-	-	-	439,900
Other Funds	95,241	172,942	-	440,000
School Funds	-	-	-	-
TOTAL STATE	\$ 417,274	\$ 172,942	\$ 281,750	\$ 879,900
Federal Government:				
Grant Funds	\$ 7,338	\$ -	\$ -	\$ -
School Funds	-	-	-	963,622
TOTAL FEDERAL	\$ 7,338	\$ -	\$ -	\$ 963,622
TOTAL DUE	\$ 651,894	\$ 172,942	\$ 281,750	\$ 2,933,602

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT

PRIMARY GOVERNMENT

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

GENERAL LONG-TERM DEBT

YEAR ENDING JUNE 30,	GENERAL LONG-TERM FINANCING		ENTERPRISE FUNDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	455,164	3,357	566,428	127,412
2014	164,285	1,212	461,302	102,074
2015	73,311	1,678	465,996	101,969
2016	31,051	184	345,767	89,536
2017			255,079	79,550
2018			265,079	68,926
2019			280,079	56,546
2020			295,079	43,811
2021		-	305,079	31,745
2022			315,079	20,371
2023		-	330,079	7,169
TOTALS	<u>\$ 723,811</u>	<u>\$ 6,432</u>	<u>\$ 3,885,047</u>	<u>\$ 729,110</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

DEBT ACQUIRED FOR SCHOOL PURPOSES:

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

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		STATE LITERARY LOANS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	980,247	2,264,758	585,000	104,865
2014	1,225,413	1,890,281	585,000	93,165
2015	1,255,850	1,852,904	585,000	81,465
2016	1,296,572	1,806,975	585,000	69,765
2017	15,337,594	1,755,481	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	-	-
2023-2029	31,318,003	7,591,405	-	-
TOTALS	<u>\$ 63,358,588</u>	<u>\$ 22,982,435</u>	<u>\$ 5,243,227</u>	<u>\$ 522,581</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

Changes in Long-term Debt:

The following is a summary of long-term obligations of the County for the year ended JUNE 30, 2012, as categorized below:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Within One Year</u>	<u>Long-Term</u>
<u>General Long-Term Debt:</u>						
General Long-Term Financing	\$ 1,117,593	\$ -	\$ 393,782	\$ 723,811	\$ 455,164	\$ 268,647
Debt Acquired for School Purposes:						
General Obligations Bonds	-	-	-	-		
VPSA Bonds	5,333,925	-	240,337	5,093,588	240,337	4,853,251
VPSA Bonds		31,104,658		31,104,658	435,000	30,669,658
Lease Revenue Bonds		14,231,000		14,231,000		14,231,000
QSCB Bonds		15,000,000		15,000,000	300,000	14,700,000
State Library Loans	<u>5,928,227</u>	<u>-</u>	<u>685,000</u>	<u>5,243,227</u>	<u>585,000</u>	<u>4,658,227</u>
TOTAL LOANS AND BONDS	\$ 12,379,745	\$ 60,335,658	\$ 1,319,119	\$ 71,396,284	\$ 2,015,501	\$ 69,380,783
OPFB GASB 45 Liability	211,485	87,788	-	299,273	-	\$ 299,273
Claims, Judgments and Compensated Absences	<u>659,346</u>	<u>-</u>	<u>15,802</u>	<u>643,544</u>	<u>160,886</u>	<u>\$ 482,658</u>
TOTAL GENERAL LONG-TERM DEBT	\$ 13,250,576	\$ 60,423,445	\$ 1,334,921	\$ 72,339,100	\$ 2,176,387	\$ 70,162,713
<u>Enterprise Fund:</u>						
VRA Revenue Bonds	\$ -	\$ -	\$ -	\$ -		
VRA General Obligation Bonds	3,225,951	-	225,079	3,000,872	230,079	\$ 2,770,793
General Long-Term Financing Loans	<u>1,192,141</u>	<u>-</u>	<u>307,965</u>	<u>884,176</u>	<u>336,349</u>	<u>\$ 547,827</u>
TOTAL LOANS AND BONDS	\$ 4,418,091	\$ -	\$ 533,044	\$ 3,885,047	\$ 566,428	\$ 3,318,619
OPFB GASB 45 Liability	36,485	13,693	-	50,178	-	\$ 50,178
Claims, Judgments and Compensated Absences	<u>141,196</u>	<u>-</u>	<u>25,773</u>	<u>115,423</u>	<u>28,856</u>	<u>\$ 86,568</u>
TOTAL ENTERPRISE FUND	\$ 4,595,772	\$ 13,693	\$ 558,817	\$ 4,050,648	\$ 595,284	\$ 3,455,365
TOTAL PRIMARY GOVERNMENT DEBT	\$ 17,846,347	\$ 60,437,138	\$ 1,893,737	\$ 76,389,748	\$ 2,771,671	\$ 73,618,077

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

AMOUNT
OUTSTANDING

DETAILS OF LONG-TERM INDEBTEDNESS

General Long-Term Debt:

General Long-Term Financing:

\$1,443,000 Loan payable to B B & T Bank issued
November 16, 2010, due in 60 monthly installments of
\$25,495; interest payable at 2.32% annually. 25% of this note
is recorded in the General Long-Term Debt Account Group and
75% is recorded as Enterprise Liability. 245,983

\$475,000 Loan payable to B B & T Bank issued
November 13, 2003, due in 120 monthly installments of
\$4,849.88; interest payable at 4.18% annually. 75,348

\$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. 95,218

978,000 Loan payable to First Bank and Trust issued
August 19, 2008, due in 60 monthly installments of \$17,967.90; interest
payable at 3.9% annually, 84% of this note is recorded in the General
Long-Term Debt Account Group and 16% is recorded as Enterprise
Liability 206,310

Powell Valley National Bank loan payable issued
December 14, 2004, interest payable at 3.75% annually.
46% of this note is recorded in the General Long-Term Debt Account
Group and 54% is recorded as Enterprise Liability. 100,952

TOTAL GENERAL LONG-TERM FINANCING \$ 723,811

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

DETAILS OF LONG-TERM INDEBTEDNESS

General Long-Term Debt:

VPSA Bond:

\$29,265,000 par VPSA Bonds issued November 09, 2011, due in principal semi-annual installments and semi-annual interest payments through 07/15/2036 at 3.67%	
Par Value, Bonds	\$29,265,000
Bond Premium	<u>1,839,658</u>
	31,104,658

\$15,000,000 par value VPSA- Qualified School Construction Bonds issued December 15, 2011, due in principal annual Installments through 12/01/2030 at 0.00%	15,000,000
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\$5,834,463 VPSA Fund loan issued May 15, 2008, due in principal annual installments and bi-annual interest payments through June 30, 2029; interest payable annually at 5.10%.	<u>\$ 5,093,588</u>
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TOTAL VPSA BONDS	<u>\$ 51,198,246</u>
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State Literary Loans:

\$3,700,000 State Literary Fund loan issued March 01, 2001, due in annual installments of \$185,000 through 2021; interest payable at 2%.	1,665,000
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\$2,978,227 State Literary Fund loan issued December 15, 2000, due in annual installments of \$150,000 through 2021; interest payable at 2%.	1,328,227
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\$5,000,000 State Literary Fund loan issued March 15, 2001, due in annual installments of \$250,000 through 2021; interest payable at 2%.	<u>2,250,000</u>
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TOTAL STATE LITERARY LOANS	<u>\$ 5,243,227</u>
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Bond Anticipation Notes:

\$14,000,000 Public Facilities Lease Revenue Anticipation Notes (Literary Loan Anticipation Notes) issued 10/20/2011 with semi-annual interest payments through 06/30/2017 at 2.67%.	
Par Value, Bonds	\$14,000,000
Bond Premium	<u>231,000</u>
	<u>\$14,231,000</u>

TOTAL LONG-TERM DEBT ACQUIRED FOR SCHOOL PURPOSES	<u>\$ 70,672,473</u>
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COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

TOTAL OPEB GASB 45 LIABILITY	299,273
TOTAL COMPENSATED ABSENCES	<u>643,544</u>
TOTAL GENERAL LONG-TERM DEBT	<u>\$72,339,100</u>

ENTERPRISE FUND LOANS

Enterprise Fund:

VRA General Obligation Bonds:

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

Par Value, Bonds	2,780,000	
Bond Premium	<u>220,872</u>	<u>\$3,000,872</u>

TOTAL VRA GENERAL OBLIGATION BONDS	<u>\$3,000,872</u>
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General Long-Term Financing:

\$1,443,000 Loan payable to B B & T Bank issued November 16, 2010, due in 60 monthly installments of \$25,495; interest payable at 2.32% annually. 25% of this note is recorded in the General Long-Term Debt Account Group and 75% is recorded as Enterprise Liability.

\$758,027

978,000 Loan payable to First Bank and Trust issued August 19, 2008, due in 60 monthly installments of \$17,967.90; interest payable at 3.9% annually, 84% of this note is recorded in the General Long-Term Debt Account Group and 16% is recorded as Enterprise Liability

38,298

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

87,850

TOTAL GENERAL LONG-TERM FINANCING	<u>\$ 884,175</u>
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TOTAL OPEB GASB 45 LIABILITY	50,178
TOTAL COMPENSATED ABSENCES	<u>115,423</u>
TOTAL ENTERPRISE FUND LONG-TERM DEBT	<u>\$ 4,050,648</u>
TOTAL PRIMARY GOVERNMENT DEBT	<u>\$76,389,748</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

COMPONENT UNIT – SCHOOL BOARD

\$1,265,000 Loan payable to Suntrust Bank for an Energy Performance Contract, due in 144 monthly installments of \$10,800 until June 19, 2016; interest payable at an annual rate of 3.454%. \$ 483,550

\$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%. \$ 693,786

Total Loans Payable \$ 1,177,336

Total OPEB GASB 45 Liability 1,175,898

Total LROP Payable 30,275

Total Compensated Absences Payable 238,700

TOTAL LONG-TERM DEBT – SCHOOL BOARD \$ 2,622,209

Changes in Long-Term Debt:

The following is a summary of School Board long-term debt transactions for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year	Long-Term
<u>Long-Term Debt:</u>						
Long-Term Financing						
Loans	\$ 1,360,312		\$ 182,976	\$ 1,177,336	\$ 185,916	\$ 991,420
OPEB GASB 45 Liability	932,166	243,732		1,175,898		1,175,898
LROP		30,275		30,275	7,569	22,706
Claims, Judgments and Compensated Absences Payable	239,108		408	238,700	\$ 59,675	179,025
TOTAL LONG-TERM DEBT	\$ 2,531,586	\$ 274,007	\$ 183,384	\$ 2,622,209	\$ 253,160	\$ 2,369,049

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

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

<u>LONG-TERM FINANCING LOANS</u>			
<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	189,805	41,280	231,085
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>\$ 1,177,336</u>	<u>\$ 152,925</u>	<u>\$ 1,330,261</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

COMPONENT UNIT-WISE COUNTY PUBLIC SERVICE AUTHORITY

BONDS & NOTES OUTSTANDING

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

PERIOD ENDED JUNE 30,	<u>LONG-TERM OBLIGATIONS</u>	
	PRINCIPAL	INTEREST
2013	275,357	121,654
2014	265,443	117,827
2015	282,526	121,655
2016	286,463	115,637
2017	290,581	109,244
2018-2022	1,491,607	442,774
2023-2027	1,612,225	254,508
2028-2032	1,082,961	66,267
2033-2037	276,022	31,530
2038-2042	136,402	23,538
2043-2047	92,888	14,703
2048-2052	99,060	4,949
 <i>SUB-TOTALS</i>	 <u>\$ 6,191,530</u>	 <u>\$ 1,424,288</u>

Changes in Bonds and Notes Outstanding

The following is a summary of Authority long-term debt transactions of the Authority for the year ended JUNE 30, 2012:

Beginning Balance	\$5,556,407
Additions:	
Virginia Resources Authority Bond	329,991
Rural Utilities Service Bond, Sewer	133,122
Rural Utilities Service Bond, Water	439,315
Retirements:	
Virginia Resources Authority Bonds	<u>(267,305)</u>
 TOTAL BOND AND LOANS PAYABLE	 <u>\$ 6,191,530</u>

Details of Bonds and Notes Outstanding

\$106,131 Mill Creek Water Project Water and Sewer Revenue Bond, Series 2001, Virginia Resources Authority issued April 25, 2002, due in semi-monthly installments of \$1,767 through September 01, 2031, interest payable annually at 0%. \$ 68,924

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

\$361,000 Bean Gap Water Project Water and Sewer Revenue Bond, Series 2001, Virginia Resources Authority issued June 19, 2002, due in semi-monthly installments of \$6,017 through January 01, 2032, interest payable annually at 0%.	234,650
\$551,025 Bull Run Water Project Water and Sewer Revenue Bond, Series 2001, Virginia Resources Authority issued January 22, 2004, due in semi-monthly installments of \$9,184 through May 01, 2034, interest payable annually at 0%.	404,085
\$1,160,000 Water and Sewer Revenue Bond, Series 2004, Virginia Resources Authority issued June 30, 2004, due in annual installments beginning on October 01, 2004 and ending October 01, 2029. Interest payable semi-annually at a variable interest rate varying from 2.92% to 5.14%.	750,000
\$1,054,490 South Fork Water Project Water and Sewer Revenue Bond, Virginia Resources Authority issued February 27, 2004, due in annual installments ending on December 1, 2029, interest payable semi-annually at 1.00%.	779,019
\$417,379 North Fork Water Project. Water and Sewer Revenue Bond, Virginia Resources Authority issued June 30, 2006, due in semi-annual Installments of \$6,767 through July 1, 2036, interest payable at 0%.	324,798
\$89,337 Banner/Sandy Ridge Interconnect. Water and Sewer Revenue Bond, Virginia Resources Authority issued June 15, 2007, due in semi-annual Installments beginning on February 01, 2008 and ending on August 1, 2037 Interest payable at 0%.	75,753
\$175,000 Dunbar Water Project. Water and Sewer Revenue Bond, VRA issued August 29, 2008, due in semi-annual installments beginning on March 1, 2009 And ending on September 1, 2038, interest payable at 0%.	154,583
\$943,655 Stephens/Guest River Sewer, Water and Sewer Revenue Bond, Virginia Resources Authority issued 06/04/2010, due in semi-annual installments of \$23,758 ending on December 1, 2030, interest payable at 0%	872,557
\$206,333 Lower Birchfield/Rt. 72 Water and Sewer Revenue Bond, Virginia Resources Authority issued 06/17/2010, due in semi-annual installments ending On June 1, 2040, interest payable at 0%	192,578
\$1,720,000 Dominion Project. Water Revenue Bond, BB&T Bank Issued, 12/15/2009, due in monthly installments beginning on January 15, 2010 and ending On 12/15/2029, interest payable monthly at the nominal annual rate of 5.05%	1,587,262
\$184,090 Disinfection By-Product Abatement. ARRA, VRA issued 02/16/2010, Installments ending on October 1, 2040, interest payable at 0%	174,885
\$451,000 Esserville Sewer Project. Sewer Revenue Bond, Rural Utilities Service (Rural Development) issued April 11, 2012, interest 2%. The payments due the first 24 months will consist of interest only and will be paid annually on the first and second anniversaries of the bond. Payments for the remaining 38 years will be due in equal amortized monthly installments.	133,122

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: LONG-TERM DEBT (Continued)

\$1,400,000 Dunbar/Powell River Project. Water Revenue Bond, Rural Utilities Service (Rural Development) issued April 11, 2012, interest 2%. The payments due the first 24 months will consist of interest only and will be paid annually on the first and second anniversaries of the bond. Payments for the remaining 38 years will be due in equal amortized monthly installments. 439,315

TOTAL LONG-TERM OBLIGATIONS \$ 6,191,530

NOTE 8: SHORT-TERM DEBT

Short-term debt outstanding at June 30, 2012 was -0-. Short term debt includes anticipation notes, lines of credit and similar loans.

NOTE 9: CAPITAL LEASES

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

The following is an analysis of the lease as of June 30, 2012:

General Fund	<u>Lease Obligation</u>	<u>Property Carrying Value</u>
Wise County Justice Center, 4.09%, \$21,349 monthly payment including interest, balloon payment due June 30, 2021	<u>\$ 3,270,309</u>	<u>\$ 3,380,465</u>
TOTAL CAPITAL LEASES	<u>3,270,309</u>	<u>3,380,465</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012.

Years ending <u>June 30.</u>	General <u>Fund Amount</u>
2013	256,188
2014	256,188
2015	256,188
2016	256,188
2017	256,188
2018	256,188
2019	256,188
2020	256,188
2021	<u>2,099,766</u>
Total Minimum Lease Payments	4,149,274
Less Amount Representing Interest	<u>(878,965)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 3,270,309</u>

NOTE 10: CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES

In accordance with NCGA Statement 4 "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences", the County has accrued the liability arising from outstanding claims and judgments and compensated absences. County employees earn vacation and sick leave at various rates. County employees can receive 25% of sick leave upon separation not to exceed 25 unused sick days. At June 30, 2012 the value of accrued vacation pay, for the primary government was \$757,968.

The amount of accrued vacation pay for the professional School Board employees was \$146,931 and non-professional employees was \$91,769. The total value of these liabilities for the Component Unit - School Board was \$238,700.

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, 2012, the School Board held an investment account with SunTrust Bank with a market value of \$260,028. This account is less than the total obligation under this plan of \$290,303 by \$30,275.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

The Wise County Public Service Authority employees earn vacation and sick leave at various rates. One-half (1/2) of benefits or pay is received for unused sick leave upon termination, however, total benefits are paid in the event of employee death. At June 30, 2012 the amount of accrual recorded is \$20,429, which equals one-half of the value. Vacation is earned on a calendar year and expires at the end of the period earned. At June 30, 2011 the value of accrued vacation pay was \$37,468. The accrual for vacation and sick leave totals \$57,896.

NOTE 11: DEFINED BENEFIT PENSION PLAN

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and, if the employer elects, other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from our web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or obtained by writing the System at P. O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. Plan 1 cost is assumed by Wise County and the employee pays if on Plan 2. In addition, the County of Wise and Wise County School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County of Wise and Wise County School Board's Non-Professional employees contribution rate for the fiscal year ended 2011 was 5.00% of annual covered payroll. Total employer and employee contributions made to the VRS statewide teacher pool for professional employees by Wise County School Board for fiscal year 2012, 2011 and 2010 amounted to \$3,638,140, \$3,058,813, and \$4,364,164, respectively, and represented, 12.21%, 17.82% and 15.64%, respectively.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11: DEFINED BENEFIT PENSION PLAN (Continued)

C. Annual Pension Cost

For 2012, County of Wise and the School Board's Non-Professional Employees annual pension cost of \$1,160,045 and \$297,477, respectively, was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. This actuarial valuation uses the assumptions and methods that were adopted as a result of the 2004 Experience Study. In particular, it uses an assumed investment return rate of 7.50%; an assumed annual cost-of-living adjustment of 2.50%; salary increases that range between 3.75% and 5.60% depending on the member's service and classification (general employee or uniformed officer); and retirement, mortality, disability and termination rates that were also based on the 2004 Experience Study prepared for VRS. Liabilities were determined under the Entry Age Normal actuarial cost method.

THREE-YEAR TREND INFORMATION FOR COUNTY OF WISE, VIRGINIA

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Wise County	June 30, 2012	\$1,160,045	100%	\$0
	June 30, 2011	\$1,127,690	100%	\$0
	June 30, 2010	\$1,080,978	100%	\$0
Wise County Schools	June 30, 2012	\$297,477	100%	\$0
	June 30, 2011	\$319,362	100%	\$0
	June 30, 2010	\$355,279	100%	\$0

NOTE 12: DEFERRED REVENUE

General Fund:

Deferred revenue represents an amount for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$19,790,848 is comprised of taxes not yet due of \$19,053,783 and uncollected delinquent tax billings of \$737,065 not available for funding of current expenditures.

NOTE 13: CONTINGENT LIABILITIES

Federal programs in which the County participates were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, 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, 2012

NOTE 16: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest Paid - Proprietary Fund

Cash paid interest expense relating to debt for the year ended June 30, 2012 amounted to \$142,967.

NOTE 17: INTEREST PAID - WISE COUNTY PUBLIC SERVICE AUTHORITY

Cash paid interest expense relating to debt for the period ending June 30, 2012 amounted to \$127,362.
The Wise County Public Service Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents.

NOTE 18: PROPRIETARY CAPITAL ASSETS

A summary of proprietary fund capital assets is as follows:

	<u>VRA Landfill Enterprise</u>	<u>Riverview Sewer Project Fund</u>	<u>Total</u>
Land	\$ 314,816	\$ -	\$ 314,816
Buildings & Improvements	12,158,628	549,300	12,707,928
Equipment	<u>4,590,963</u>	<u>-</u>	<u>4,590,963</u>
 TOTAL CAPITAL ASSETS	 17,064,408	 549,300	 17,613,708
 Less: Accumulated Depreciation	 <u>(7,427,630)</u>	 <u>(274,650)</u>	 <u>(7,702,280)</u>
 NET CAPITAL ASSETS	 <u>\$ 9,636,777</u>	 <u>\$ 274,650</u>	 <u>\$ 9,911,427</u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 19: CAPITAL ASSETS

Primary Government:

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

	<u>Total</u>
Land	\$ 2,641,700
Buildings	33,444,208
Equipment & Vehicles	<u>5,641,052</u>
 TOTAL CAPITAL ASSETS	 \$ 41,726,960
 Less: Accumulated Depreciation	 <u>(15,989,384)</u>
 NET CAPITAL ASSETS	 <u><u>\$ 25,737,576</u></u>

Component Unit - School Board:

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

	<u>Total</u>
Land	\$ 1,358,879
Buildings & Improvements	57,199,477
Equipment & Vehicles	7,989,552
Construction In Progress	<u>-</u>
 TOTAL CAPITAL ASSETS	 <u>66,547,908</u>
 Less: Accumulated Depreciation	 <u>(39,112,109)</u>
 NET CAPITAL ASSETS	 <u><u>\$ 27,435,799</u></u>

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 19: CAPITAL ASSETS (Continued)

A summary of changes in capital assets is as follows:

Primary Government:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 1,941,700	\$ 700,000	\$ -	\$ 2,641,700
Buildings and IOTB	30,872,940	2,571,268	-	33,444,208
Equipment & Vehicles	4,653,490	948,394	(39,168)	5,641,052
TOTAL CAPITAL ASSETS	<u>\$ 37,468,130</u>	<u>\$ 4,219,662</u>	<u>\$ (39,168)</u>	<u>\$ 41,726,960</u>

Component Unit School Board:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 1,358,879	\$ -	\$ -	\$ 1,358,879
Buildings & Improvements	56,240,988	958,489	-	57,199,477
Equipment & Vehicles	7,953,796	62,756	27,000	7,989,552
Construction in Progress	-	-	-	-
TOTAL	<u>\$ 65,553,663</u>	<u>\$ 1,021,244</u>	<u>\$ 27,000</u>	<u>\$ 66,547,907</u>

COMPONENT UNIT - WISE COUNTY PUBLIC SERVICE AUTHORITY:

UTILITY PLANT AND EQUIPMENT IN SERVICE

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

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

Water/Sewer System	50 Years
Buildings	20 Years
Equipment	5-10 Years
Automobiles	5 Years

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 19: CAPITAL ASSETS (Continued)

At June 30, 2012 utility plant in service consisted of the following:

	<u>Total</u>
Land	\$ 157,731
Construction in Progress	5,371,663
Utility Plant	36,522,437
Equipment	526,532
Automobiles	341,380
Office Furniture & Equipment	168,058
Plant Building	<u>611,194</u>
 TOTAL PLANT & EQUIPMENT	 \$ 43,698,994
Less: Accumulated Depreciation	<u>(9,939,409)</u>
 NET CAPITAL ASSETS	 <u>\$ 33,759,585</u>

Changes in utility plant and equipment as of June 30, 2012 are as follows:
follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Land	\$ 150,000	\$ 7,731	\$ -	\$ 157,731
Construction in Progress	3,507,011	5,015,421	3,150,769	5,371,664
Utility Plant	32,166,872	4,538,778	183,214	36,522,436
Equipment	441,637	84,894	-	526,531
Automobiles	423,903	-	82,522	341,380
Office Furniture and Equipment	159,011	14,622	5,575	168,058
Plant Building	<u>59,749</u>	<u>551,445</u>	<u>-</u>	<u>611,194</u>
 TOTAL CAPITAL ASSETS	 <u>\$ 36,908,183</u>	 <u>\$ 10,212,891</u>	 <u>\$ 3,422,080</u>	 <u>\$ 43,698,994</u>

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

The balance of customer deposits held by the Public Service Authority at June 30, 2012 is \$374,430. This amount is restricted and refunded to customers upon termination of their respective water hookup. The Authority maintains a debt service account for the purpose of repayment of outstanding debt. The balance of the debt service account is \$614,178.

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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Total restricted cash held by the Wise County Public Service Authority at June 30, 2012 is as follows:

Coal Road Improvement Funds:	<u>Balance</u>
Capital Improvement Fund	\$ 2,858,688
Debt Service Account	614,178
MEB CD# 14434	<u>1,000,041</u>
Total Coal Road Funds	4,472,907
 Customer Deposit Account	 374,430
Dominion Replacement Funds	4,096
Roda, Osaka, Stonega Funds	166,194
 TOTAL RESTRICTED CASH	 <u>\$ 5,017,627</u>

NOTE 21: LANDFILL CLOSURE COST LIABILITY

According to laws and regulations the County must perform closure and postclosure care to the Landfill as specified in Part V, Section 5.1.E of the Virginia Solid Waste Management Regulations (VR 672-20-10). The regulations require the County to close its facility in a manner that minimizes the need for further maintenance and controls, minimizes or eliminates the post-closure escape of uncontrolled leachate, surface runoff, decomposition gas, migration or waste decomposition products to the groundwater, surface water or to the atmosphere. The regulations also 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 \$16,194,884. The accrued liability for these costs reported as of June 30, 2012 is based on the capacity of the landfill used to date. The landfill capacity used at year end is approximately 46% and the remaining life of the landfill is approximately 25 years. The remaining cost to be accrued in the future is as follows:

Total Estimated Liability	\$ 16,583,561
Accrued Liability as of June 30, 2012	<u>7,931,268</u>
Total Closure and Postclosure Care Costs Remaining to be Recognized	<u>\$ 8,652,293</u>

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

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 21: LANDFILL CLOSURE COST LIABILITY (Continued)

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

to maintain a financial mechanism, or combination of mechanisms, demonstrating assurance for the closure, post-closure care, and, if applicable, corrective actions costs associated with their owned and operated solid waste facilities. The County has fulfilled the requirements as set forth in the financial ratio test mechanism.

The County has a reserved fund designated for the purpose of landfill closure. The closure and post closure costs are being funded by an annual transfer from the general fund to this fund. As of June 30, 2012, the County has a balance of \$3,473,545 in this fund which is the aggregate funding to date including interest earned.

NOTE 22: ACCOUNTS RECEIVABLE

Proprietary Fund:

	<u>Balance</u>
Accounts Receivable	
Landfill Fees	\$ 126,112
NET ACCOUNTS RECEIVABLE	<u>\$ 126,112</u>

Component Unit - Wise County Public Service Authority:

	<u>Balance</u>
Accounts Receivable	\$ 310,198
Unbilled Water/Sewer Service	126,711
Less: Allowance for Doubtful Accounts	<u>(115,710)</u>
NET ACCOUNTS RECEIVABLE	<u>\$ 321,199</u>

NOTE 23: CONTRIBUTED CAPITAL

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

Contributions received from individuals or other governmental units which are used to defray a part of all of the cost of installing a portion of the utility plant are credited investments in capital assets. Contributions from governmental entities and others were received in the form of cash, property, sanitary sewer lines, pumping stations, manholes, and equipment.

The contributions of transferred assets consist of the transfer of ownership of the Stephens/Guest River Sewer Project and the Fairgrounds Sewer System from Wise County and the Josephine Sewer System from the City of Norton.

Contributions of Transferred Assets	\$3,980,083
Contributions- Cash	\$3,955,342

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

**NOTE 24: COMMITMENTS AND CONTINGENCIES - COMPONENT UNIT:
WISE COUNTY PUBLIC SERVICE AUTHORITY**

Federal programs in which the Wise County Public Service Authority participates were audited in accordance with the provisions of the U. S. Office of Management and Budget Circular A-133 and Governmental Auditing Standards and specifications for the audit of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Pursuant to these provisions all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance was disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

The Authority operates by providing water & sewer services to the general public financed through user charges. A significant reduction in the level of services provided, if this were to occur, may have an effect on the Authority's ability to continue operations.

NOTE 25: GASB STATEMENT 45 ACTUARIAL VALUATION

The objective of Governmental Accounting Standards Board Statement 45 is to accurately reflect the financial effects of OPEB (postemployment benefits other than pensions) as based upon the annual required contribution of the employer (ARC), including the amounts paid or contributed by the government. Statement 45 requires the disclosure of information about the funded status of the plan, including the UAAL (Unfunded Actuarial Accrued Liability).

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

Required Supplementary Information	<u>FY 2011-12</u>
Actuarial Accrued Liability as of the beginning of the year	\$ 10,156,170
Actuarial Value of Assets as of the beginning of the year	<u>-0-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 10,156,170</u>

Schedule of Employer Contributions

FYE	Employer Contributions A	Annual Required Contribution B	% of ARC Contributed C= A/B
6/30/2012	\$647,959	\$991,991	65.3%
6/30/2011	\$600,403	\$950,829	63.1%
6/30/2010	\$518,563	\$933,235	55.6%
6/30/2009	\$480,151	\$892,242	53.8%

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 25: GASB STATEMENT 45 ACTUARIAL VALUATION (Continued)

Historical Annual OPEB Cost

FYE	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$994,796	65.1%	\$ 1,525,349
6/30/2011	\$952,796	63.0%	\$ 1,180,136
6/30/2010	\$934,215	55.5%	\$ 827,743
6/30/2009	\$892,242	53.8%	\$ 412,091

	UAAL As of July 1, 2011	ARC For FY 2011-12	NOO As of June 30, 2012
Wise County	\$ 1,006,799	\$ 120,330	\$ 349,451
Wise County Schools	\$ 9,149,371	\$ 871,661	\$ 1,175,898
Total	<u>\$ 10,156,170</u>	<u>991,991</u>	<u>\$ 1,525,349</u>

NOTE 26: RESTATEMENT OF BEGINNING NET ASSETS

PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES

Net Assets at June 30, 2011, as previously reported	\$52,820,230
Net Asset Adjustment – Decrease of Payroll Tax Liabilities	<u>13,390</u>
Net Assets at June 30, 2011, as restated	<u>\$52,833,620</u>

NOTE 27: SUBSEQUENT EVENTS

The Public Facilities Lease Revenue Anticipation Notes for \$14,000,000 par were in the process of being refunded and reissued at the end of calendar 2013. It is anticipated that this refinancing will net the county at least \$200,000 in savings over the term. The term of the bonds will remain unchanged.

NOTE 28: GASB 54 FUND BALANCES

The General Fund has a non-spendable fund balance amount of \$57,840 which is for prepaid expenses and a \$9,000,000 committed amount which is for high school construction. The \$55,312,053 is restricted for the school construction projects as designated in the bond agreements. The restricted amount in capital projects of \$138,826 is for fees collected through the court for courthouse renovations. For special revenue funds as illustrated in Exhibit 14, the total restricted amount is \$7,548,848 which is restricted by laws or ordinances and \$177,423 is committed by the highest local governing body authority.

COUNTY OF WISE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 29: OTHER ASSETS

The Sewer Enterprise Fund contains a balance of \$550,000 in Other Assets. This amount is for a connectivity fee with the City of Norton for the flow of wastewater. This agreement states that this fee is for a forty year period and will be amortized over that period. Accumulated amortization as of June 30, 2012 amounted to \$13,750.

NOTE 30: RELATED PARTY

Lonesome Pine Office on Youth 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.

**PRIMARY GOVERNMENT
GOVERNMENTAL FUNDS**

COUNTY OF WISE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 9

	GENERAL FUND			
	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE WITH AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
General Property Taxes	\$ 21,316,823	\$ 21,453,750	\$ 25,862,730	\$ 4,408,980
Other Local Taxes	10,053,000	10,598,033	10,300,327	(297,706)
Permits, Privilege Fees & Regulatory Licenses	62,000	62,000	58,453	(3,547)
Fines & Forfeitures	17,000	17,000	31,071	14,071
Revenues From Use Of Money & Property	210,000	210,000	386,724	176,724
Charges For Services	297,000	297,000	475,490	178,490
Miscellaneous	-	-	139,727	139,727
Recovered Costs	256,000	256,000	227,282	(28,718)
Intergovernmental	18,482,239	19,655,761	18,140,702	(1,515,059)
TOTAL REVENUES	\$ 50,694,062	\$ 52,549,544	\$ 55,622,506	\$ 3,072,962
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,628,545	\$ 3,793,716	\$ 3,049,147	\$ 744,569
Judicial Administration	3,002,305	3,088,556	2,947,631	140,925
Public Safety	7,695,668	7,876,840	7,481,615	395,225
Public Works	1,435,583	1,803,057	1,167,400	635,657
Health & Welfare	13,368,569	14,690,948	14,389,802	301,146
Education	15,103,990	75,103,990	21,418,242	53,685,748
Parks, Recreation & Cultural	1,020,150	1,050,877	1,003,598	47,279
Community Development	2,248,171	2,502,925	2,300,599	202,326
Non-Departmental	76,687	89,386	67,857	21,529
Debt Service:				
Principal Retirement	565,136	565,136	503,750	61,386
Interest & Fiscal Charges	209,023	209,023	183,724	25,299
TOTAL EXPENDITURES	\$ 48,353,826	\$ 110,774,453	\$ 54,513,365	\$ 56,261,088
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,340,236	\$ (58,224,909)	\$ 1,109,141	\$ 59,334,050
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	(4,002,026)	(4,548,883)	(4,362,983)	185,900
Proceeds From Issuance Of Debt	1,661,790	61,661,790	60,335,658	(1,326,132)
Prior Year Appropriations	-	1,112,002	-	(1,112,002)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (2,340,236)	58,224,909	\$ 55,972,675	\$ (2,252,234)
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & (USES)	(0)	0	\$ 57,081,816	\$ 57,081,816
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	-	-	21,164,248	21,164,248
FUND BALANCE AT END OF YEAR	\$ (0)	0	\$ 78,246,064	\$ 78,246,064

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 10

	<u>TOTAL</u>
CAPITAL ASSETS:	
Land	\$ 2,641,700
Building and Building Improvements	33,444,208
Equipment	<u>5,641,052</u>
Total Capital Assets	<u>\$ 41,726,960</u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE:	
Proceeds from Indebtedness	\$ 19,408,636
General Fund Revenues	<u>22,318,324</u>
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 41,726,960</u>

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 11

	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
PRIMARY GOVERNMENT:				
<u>GENERAL FUND</u>				
General Government Administration	650,000	-	1,350,695	2,000,695
Judicial Administration	-	24,500	119,958	144,458
Public Safety	250,000	2,519,012	2,508,999	5,278,011
Public Works	710,228	13,135,571	135,037	13,980,836
Health & Welfare	275,000	3,014,830	567,878	3,857,708
Education	531,472	12,629,049	-	13,160,521
Parks, Recreation & Cultural	225,000	2,096,245	-	2,321,245
TOTAL GENERAL FUND CAPITAL ASSETS BY FUNCTION	2,641,700	33,419,208	4,682,567	40,743,475
<u>SPECIAL REVENUE FUNDS:</u>				
<u>EMERGENCY 911 FUND</u>				
Public Safety	-	25,000	905,833	930,833
<u>WISE DEVELOPMENT FUND</u>				
Community Development	-	-	52,652	52,652
TOTAL SPECIAL REVENUE FUND CAPITAL ASSETS BY FUNCTION	-	25,000	958,485	983,485
TOTAL PRIMARY GOVERNMENT CAPITAL ASSETS BY FUNCTION	2,641,700	33,444,208	5,641,052	41,726,960

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 12

	CAPITAL ASSETS JULY 1, 2011	ADDITIONS	DELETIONS	CAPITAL ASSETS JUNE 30, 2012
PRIMARY GOVERNMENT:				
<u>GENERAL FUND:</u>				
General Government Administration	\$ 1,963,697	\$ 36,998		\$ 2,000,695
Judicial Administration	119,558	24,900	-	144,458
Public Safety	4,906,836	371,175	-	5,278,011
Public Works	13,453,210	527,626		13,980,836
Health & Welfare	3,879,187	17,689	39,168	3,857,708
Education	10,098,716	3,061,805	-	13,160,521
Parks, Recreation & Cultural	2,305,050	16,195		2,321,245
 TOTAL GENERAL FUND	 36,726,255	 4,056,388	 39,168	 40,743,475
<u>SPECIAL REVENUE FUNDS:</u>				
<u>EMERGENCY 911 FUND</u>				
Public Safety	689,223	241,610	-	930,833
<u>Wise Development Fund</u>				
Public Safety	52,652	-	-	52,652
 TOTAL SPECIAL REVENUE FUND	 741,875	 241,610	 -	 983,485
 TOTAL PRIMARY GOVERNMENT	 \$ 37,468,130	 \$ 4,297,998	 \$ 39,168	 \$ 41,726,960



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FIDUCIARY FUNDS

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

COUNTY OF WISE, VIRGINIA
 COMBINING SCHEDULE OF FIDUCIARY
 NET ASSETS - AGENCY FUNDS
 AT JUNE 30, 2012

EXHIBIT 13

	SPECIAL WELFARE FUND	LOCAL SALES TAX FUND	LONESOME PINE YOUTH SERVICES FUND	TOTALS
<u>ASSETS</u>				
ASSETS:				
Cash	\$ 53,245	\$ 60,160	\$ 208	\$ 113,613
Due From Other Governmental Units	-	281,750	-	281,750
TOTAL ASSETS	<u>\$ 53,245</u>	<u>\$ 341,910</u>	<u>\$ 208</u>	<u>\$ 395,363</u>
<u>LIABILITIES</u>				
LIABILITIES:				
Due To:				
Social Service Clients	\$ 53,245	\$ -	\$ -	\$ 53,245
Governmental Units	-	110,656	208	110,864
Due To Other Funds	-	231,254	-	231,254
TOTAL LIABILITIES	<u>\$ 53,245</u>	<u>\$ 341,910</u>	<u>\$ 208</u>	<u>\$ 395,363</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

COUNTY OF WISE, VIRGINIA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
AT JUNE 30, 2012

EXHIBIT 14

<u>ASSETS</u>	<u>EMERGENCY NUMBERS FUND</u>	<u>LAW LIBRARY FUND</u>	<u>DOG AND CAT STERILIZATION FUND</u>	<u>COAL ROAD IMPROVEMENT FUND</u>	<u>COMMUNITY CORRECTIONS FUND</u>
Assets:					
Cash	\$ 283	\$ 62,542	\$ 87	\$ 2,409,780	\$ 88,765
Investments	-	-	-	4,034,484	-
Mineral Taxes Receivable	-	-	-	407,024	-
Accounts Receivable	-	-	-	13,198	-
Due From Other Funds	-	-	-	480,061	-
Governmental Units	-	-	-	-	-
TOTAL ASSETS	<u>\$ 283</u>	<u>\$ 62,542</u>	<u>\$ 87</u>	<u>\$ 7,344,547</u>	<u>\$ 88,765</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 3,176	\$ 1,210	\$ 280	\$ 21,785	\$ -
Due to Other Funds	-	-	-	-	-
Governmental Units	-	-	-	605,269	-
TOTAL LIABILITIES	<u>\$ 3,176</u>	<u>\$ 1,210</u>	<u>\$ 280</u>	<u>\$ 627,054</u>	<u>\$ -</u>
FUND BALANCES:					
Restricted	\$ (2,893)	\$ 61,332	\$ (193)	\$ 6,717,493	\$ 49,899
Committed	-	-	-	-	38,866
TOTAL FUND BALANCES	<u>(2,893)</u>	<u>61,332</u>	<u>(193)</u>	<u>6,717,493</u>	<u>88,765</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 283</u>	<u>\$ 62,542</u>	<u>\$ 87</u>	<u>\$ 7,344,547</u>	<u>\$ 88,765</u>

WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT FUND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	SHERIFF DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	TOTALS
\$ 433,269	\$ 56,623	\$ 81,934	\$ 260,205	\$ 78,977	\$ 3,472,465
					4,034,484
					407,024
					13,198
					480,061
					-
<u>\$ 433,269</u>	<u>\$ 56,623</u>	<u>\$ 81,934</u>	<u>\$ 260,205</u>	<u>\$ 78,977</u>	<u>\$ 8,407,232</u>
\$ 46,199	\$ -	\$ -	\$ -	\$ 3,042	\$ 75,692
					605,269
<u>\$ 46,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,042</u>	<u>\$ 680,961</u>
\$ 387,070	\$ -	\$ -	\$ 260,205	\$ 75,935	\$ 7,548,848
-	56,623	81,934	-	-	177,423
<u>387,070</u>	<u>56,623</u>	<u>81,934</u>	<u>260,205</u>	<u>75,935</u>	<u>7,726,271</u>
<u>\$ 433,269</u>	<u>\$ 56,623</u>	<u>\$ 81,934</u>	<u>\$ 260,205</u>	<u>\$ 78,977</u>	<u>\$ 8,407,232</u>

COUNTY OF WISE, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 15

	EMERGENCY NUMBERS FUND	LAW LIBRARY FUND	DOG AND CAT STERILIZATION FUND	COAL ROAD IMPROVEMENT FUND	COMMUNITY CORRECTIONS FUND
REVENUES:					
Other Local Taxes	\$ -	\$ -	\$ -	\$ 6,420,845	\$ -
Revenues From Use of Money & Property	-	-	-	36,270	-
Charges for Services	-	10,678	-	-	-
Fines & Forfeitures	-	-	-	-	-
Miscellaneous	-	-	1,020	-	33,299
Intergovernmental	\$ 119,209	-	-	-	-
TOTAL REVENUES	\$ 119,209	\$ 10,678	\$ 1,020	\$ 6,457,115	\$ 33,299
EXPENDITURES:					
General Government Administration	\$ -	\$ -	\$ -	\$ 120	\$ -
Judicial Administration	-	10,609	-	-	-
Public Safety	589,075	-	2,140	-	18,597
Public Works	-	-	-	425,760	-
Community Development	-	-	-	6,631,477	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest & Fiscal Charges	-	-	-	-	-
TOTAL EXPENDITURES	\$ 589,075	\$ 10,609	\$ 2,140	\$ 7,057,357	\$ 18,597
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (469,866)	\$ 69	\$ (1,120)	\$ (600,242)	\$ 14,702
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	449,672	-	850	-	-
Operating Transfers Out	-	-	-	-	-
Debt Proceeds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 449,672	\$ -	\$ 850	\$ -	\$ -
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ (20,194)	\$ 69	\$ (270)	\$ (600,242)	\$ 14,702
FUND BALANCE AT THE BEGINNING OF YEAR	17,301	61,263	77	7,317,735	74,063
FUND BALANCE AT THE END OF YEAR	\$ (2,893)	\$ 61,332	\$ (193)	\$ 6,717,493	\$ 88,765

WISE DEVELOPMENT FUND	INFORMATION TECHNOLOGY IMPROVEMENT FUND	SOFTWARE ENGINEERING INITIATIVE FUND	TRANSIENT OCCUPANCY TAX FUND	DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	TOTAL
\$ -	\$ -	\$ -	\$ 32,471	\$ -	\$ 6,453,316
-	-	-	107	-	36,377
-	-	-	-	-	10,678
-	-	-	-	35,863	35,863
-	-	-	-	83,715	118,034
1,166,062	\$ -	\$ -	-	2,967	1,288,238
\$ 1,166,062	\$ -	\$ -	\$ 32,578	\$ 122,545	7,942,506
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120
-	-	-	-	-	10,609
-	-	-	-	133,075	742,887
-	-	-	-	-	425,760
782,598	-	38,085	16,552	-	7,468,712
-	-	-	-	-	-
\$ 782,598	\$ -	\$ 38,085	\$ 16,552	\$ 133,075	\$ 8,648,088
\$ 383,464	\$ -	\$ (38,085)	\$ 16,026	\$ (10,530)	\$ (705,582)
-	-	40,000	-	621	491,143
-	-	-	-	-	-
\$ -	\$ -	\$ 40,000	\$ -	\$ 621	\$ 491,143
\$ 383,464	\$ -	\$ 1,915	\$ 16,026	\$ (9,909)	\$ (214,439)
3,606	56,623	80,019	244,179	85,844	7,940,710
\$ 387,070	\$ 56,623	\$ 81,934	\$ 260,205	\$ 75,935	\$ 7,726,271



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ENTERPRISE FUNDS

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

COUNTY OF WISE, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AT JUNE 30, 2012

EXHIBIT 16

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 287	\$ 1,636	\$ 1,923
Investments	-	9,607	9,607
Sinking Fund Deposits	-	3,473,545	3,473,545
Due From Other Funds	-	-	-
Due from Other Gov't Units	-	-	-
Receivables:			
Accounts (Net Allowance For Uncollectibles)	-	126,112	126,112
TOTAL CURRENT ASSETS	287	3,610,900	3,611,187
NONCURRENT ASSETS			
Other Assets (Net of Amortization)	536,250	-	536,250
Land	-	314,816	314,816
Equipment (Net of Depreciation)	-	1,204,454	1,204,454
Construction in Progress	-	-	-
Improvements Other Than Buildings (Net of Depreciation)	274,650	8,117,508	8,392,158
TOTAL NONCURRENT ASSETS	810,900	9,636,777	10,447,677
TOTAL ASSETS	\$ 811,187	\$ 13,247,677	\$ 14,058,864
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts Payable	\$ 12,103	\$ 111,805	\$ 123,908
Due to Other Funds	212,898	-	212,898
Accrued Compensated Absences	-	115,423	115,423
OPEB GASB 45 Liability	-	50,178	50,178
Current Portion of Long-Term Obligations	-	566,428	566,428
TOTAL CURRENT LIABILITIES	225,001	843,834	1,068,835
NONCURRENT LIABILITIES			
Noncurrent Portion of Long-Term Obligations	-	3,318,619	3,318,619
Accrued Landfill Closure Costs	-	7,931,269	7,931,269
TOTAL NONCURRENT LIABILITIES	-	11,249,888	11,249,888
TOTAL LIABILITIES	\$ 225,001	\$ 12,093,722	\$ 12,318,723
<u>NET ASSETS</u>			
Investment in Capital Assets, net of related debt	\$ -	\$ 10,209,454	\$ 10,209,454
Restricted Assets			
Restricted for:			
Cash for Capital Projects	\$ -	\$ -	\$ -
Cash for Landfill Closing	-	3,473,545	3,473,545
Unrestricted Assets	\$ 586,186	\$ (12,529,044)	\$ (11,942,858)
TOTAL NET ASSETS	\$ 586,186	\$ 1,153,955	\$ 1,740,141
TOTAL LIABILITIES AND NET ASSETS	\$ 811,187	\$ 13,247,677	\$ 14,058,864

Notes are an integral part of the financial statements.

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
OPERATING REVENUES:			
Landfill Usage Fees	\$ -	\$ 695,985	\$ 695,985
Sewer Rents	-	-	-
Other Revenue	584	44,415	44,999
TOTAL REVENUE	\$ 584	\$ 740,400	\$ 740,984
OPERATING EXPENSES:			
Operation Expense	\$ 250,508	\$ 2,528,077	\$ 2,778,585
Landfill Closure Expense	-	537,952	537,952
Depreciation & Amortization	27,482	647,967	675,449
TOTAL OPERATING EXPENSES	\$ 277,990	\$ 3,713,996	\$ 3,991,986
NET OPERATING INCOME (LOSS)	\$ (277,406)	\$ (2,973,596)	\$ (3,251,002)
NON-OPERATING REVENUE (EXPENSE)			
Grants - Federal	\$ -	\$ -	-
Grants - State	-	11,398	11,398
Interest Revenue	-	66,930	66,930
Interest Expense	-	(142,967)	(142,967)
Gain on Sale of Assets	-	-	-
TOTAL NON-OPERATING REVENUE AND EXPENSE	-	(64,639)	(64,639)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ (277,406)	\$ (3,038,235)	\$ (3,315,641)
OPERATING TRANSFERS IN	794,000	3,035,019	\$ 3,829,019
OPERATING TRANSFERS OUT	-	-	\$ -
NET OPERATING TRANSFERS	794,000	3,035,019	3,829,019
NET INCOME (LOSS)	516,594	(3,216)	513,378
NET ASSETS, BEGINNING OF YEAR	69,592	1,157,171	1,226,763
NET ASSETS, END OF YEAR	\$ 586,186	\$ 1,153,955	\$ 1,740,141

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF CASH FLOW
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 18
 PAGE 1

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Cash Flow From Operating Activities:			
Cash Received From Customers	\$ 584	\$ 762,840	\$ 763,424
Cash Payments to Suppliers for Goods & Services	(819,114)	(2,507,613)	(3,326,727)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (818,530)	\$ (1,744,773)	\$ (2,563,303)
Cash Flow From Noncapital Financing Activities:			
Operating Transfers From General Fund	\$ 794,000	\$ 3,035,019	\$ 3,829,019
Decrease in Due To Other Gov't Units	-	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ 794,000	\$ 3,035,019	\$ 3,829,019
Cash Flows From Capital & Related Financing Activities:			
Principal Paid on Bond Maturities	\$ -	\$ -	\$ -
Interest Paid on Debt Obligations	-	(142,967)	(142,967)
Principal Paid on General Obligation Loans	-	(533,045)	(533,045)
Decrease in Other Payable	-	-	-
Proceeds on Loans	-	-	-
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	\$ -	\$ (676,012)	\$ (676,012)
Cash Flows From Investing Activities:			
Interest Revenue Earned on Investments	\$ -	\$ 66,930	\$ 66,930
Grant Receipts	-	11,398	11,398
Sinking Fund Deposits	-	(501,904)	(501,904)
Decrease in Investments	-	4,231	4,231
Proceeds from Sale of Assets	-	-	-
Purchase of Other Assets	-	-	-
Purchase of Equipment and IOTB	-	(695,657)	(695,657)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ -	\$ (1,115,002)	\$ (1,115,002)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	\$ (24,530)	\$ (500,768)	\$ (525,298)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	24,817	502,404	527,221
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 287	\$ 1,636	\$ 1,923

COUNTY OF WISE, VIRGINIA
 COMBINING STATEMENT OF CASH FLOW
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 18
 PAGE 2

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	RIVERVIEW SEWER PROJECT FUND	VRA LANDFILL ENTERPRISE FUND	TOTAL
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Net Operating Income	\$ (277,406)	\$ (2,973,596)	\$ (3,251,002)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	\$ 27,482	\$ 647,967	\$ 675,449
(Increase) Decrease in Accounts Receivable	-	22,440	22,440
Increase (Decrease) in Closure Cost Liability	-	537,952	537,952
Increase (Decrease) in Accrued Compensation	-	(25,773)	(25,773)
Increase (Decrease) in OPEB GASB 45 Liability	-	13,693	13,693
Increase (Decrease) in Accounts Payable	(568,606)	32,544	(536,062)
TOTAL ADJUSTMENTS	\$ (541,124)	\$ 1,228,823	\$ 687,699
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (818,530)	\$ (1,744,773)	\$ (2,563,303)



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

COUNTY OF WISE, VIRGINIA
 STATEMENT OF NET ASSETS - PROPRIETARY FUND
 DISCRETELY PRESENTED COMPONENT UNIT
 WISE COUNTY PUBLIC SERVICE AUTHORITY
 JUNE 30, 2012

<u>ASSETS</u>	<u>PUBLIC SERVICE</u>	
CURRENT ASSETS		
Unrestricted cash and cash equivalents	\$ 760,676	
Restricted cash and cash equivalents	374,430	
Investments	-	
Reserved Deposits	-	
Due From Others	20,674	
Due From Other Governmental Units	913,588	
Bond Issuance Costs	-	
Unbilled Water & Sewer Service	126,711	
Accounts Receivable- less allowance for uncollectibles of \$98,290	194,487	
TOTAL CURRENT ASSETS		\$ 2,390,566
NON-CURRENT ASSETS		
Restricted Cash & Cash Equivalents	4,643,197	
Bond Issuance Costs	10,288	
Land	\$ 157,731	
Building- less accumulated depreciation of \$19,597	572,515	
Utility plant and lines- less accumulated depreciation of \$8,684,247	27,325,275	
Equipment- less accumulated depreciation of \$710,763	332,401	
Construction in progress- plant and lines	5,371,663	
TOTAL NONCURRENT ASSETS		38,413,070
TOTAL ASSETS		<u>\$ 40,803,636</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 976,060	
Accrued Wages Payable	35,781	
Accrued Compensated Absences	35,776	
Interest Payable	13,106	
Customer deposits payable	374,430	
Current portion of bonds and notes payable	275,357	
TOTAL CURRENT LIABILITIES		\$ 1,710,511
NONCURRENT LIABILITIES		
Bonds and notes payable- net of current portion	5,916,173	
Accrued Compensated Absences- Net of Current Portion	32,346	
Premium on Bonds Payable	\$ 9,238	
TOTAL NONCURRENT LIABILITIES		\$ 5,957,757
TOTAL LIABILITIES		<u>\$ 7,668,268</u>
<u>NET ASSETS</u>		
Investment in Capital Assets, net of related debt	27,569,105	
Restricted- Coal Road Funds	4,472,907	
Restricted - Customer Deposits	374,430	
Restricted- Dominion Replacement Funds	4,096	
Restricted- Roda, Osaka, Stonega Funds	166,194	
Unrestricted Assets (deficit)	548,636	
TOTAL NET ASSETS		<u>\$ 33,135,368</u>
TOTAL LIABILITIES & NET ASSETS		<u>\$ 40,803,636</u>

COUNTY OF WISE, VIRGINIA
 STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS
 PROPRIETARY FUND-DISCRETELY PRESENTED COMPONENT UNIT -
 WISE COUNTY PUBLIC SERVICE AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUES:		
Water Charges	\$ 2,148,604	
Sewer Charges	183,052	
Miscellaneous	<u>68,860</u>	
TOTAL OPERATING INCOME		\$ 2,400,516
OPERATING EXPENSES:		
Operation and maintenance	\$ 1,913,013	
Administration and general	558,174	
Other operating expenses	<u>11,163</u>	
TOTAL OPERATING EXPENSES		<u>2,482,350</u>
DEPRECIATION		<u>796,112</u>
OPERATING INCOME (LOSS)		\$ (877,946)
NON-OPERATING REVENUES & (EXPENSES):		
Interest Income	\$ 29,940	
Revenue from Federal Government	\$ -	
Penalties and Finance Charges	55,233	
Connection Fees	20,800	
Interest Expense	(126,137)	
Gain/(loss) on asset disposal	<u>4,119</u>	
TOTAL NON-OPERATING REVENUE (EXPENSES)		<u>(16,045)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		\$ (893,991)
Transfers In		3,980,983
Federal Grants		1,177,410
County of Wise, Virginia		1,320,811
State Department of Health		719,440
Other		<u>700,974</u>
TOTAL CAPITAL CONTRIBUTIONS		<u>7,899,618</u>
CHANGE IN NET ASSETS		7,005,627
NET ASSETS (DEFICIT)- Beginning of year		<u>26,129,741</u>
Net Assets, End Of Year		<u>\$ 33,135,368</u>

COUNTY OF WISE, VIRGINIA
STATEMENT OF CASH FLOWS-PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT -
WISE COUNTY PUBLIC SERVICE AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 21
PAGE 1

Cash Flow from Operating Activities:

Cash Received from Customers	\$ 2,249,211
Cash Payments to Suppliers for Goods & Services	(737,531)
Cash Payments to Employees for Services	(859,865)
Other Operating Revenues	<u>68,860</u>

NET CASH PROVIDED BY OPERATING
ACTIVITIES

\$ 720,675

Cash Flow from Noncapital Financing Activities:

Increase in Customer Deposits	\$ 2,070
Connection Fees	20,800
Penalties and Finance Charges	<u>55,233</u>

NET CASH PROVIDED BY NONCAPITAL
FINANCING ACTIVITIES

78,103

Cash Flows from Capital & Related Financing Activities:

Increase in Due to Other Governmental Units	\$ (913,588)
Increase in Due from Others	\$ 20,895
Purchase of Buildings & Other Structures	(559,176)
Purchase of Equipment	(99,517)
Purchase of Utility Plant Items	(4,538,778)
Construction of Capital Assets	(1,864,652)
Proceeds from Issuance of Debt	902,428
Provision for Bond Premium and Issuance Costs	59
Principal Paid on bonds and notes payable	(267,305)
Interest Paid on Revenue Bonds & Equipment Contracts	(126,848)
Contributions and grants	7,899,618
Gain on asset disposal	<u>4,119</u>

NET CASH USED FOR CAPITAL & RELATED
FINANCING ACTIVITIES

457,255

Cash Flow from Investing Activities

Interest on CDs	<u>29,940</u>
-----------------	---------------

NET CASH PROVIDED BY (USED IN)
INVESTING ACTIVITIES

29,940

NET INCREASE IN CASH AND CASH EQUIVALENTS

\$ 1,285,973

CASH & CASH EQUIVALENTS AT
BEGINNING OF YEAR

4,492,329

CASH & CASH EQUIVALENTS AT END OF YEAR

\$ 5,778,302

COUNTY OF WISE, VIRGINIA
STATEMENT OF CASH FLOWS-PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT -
WISE COUNTY PUBLIC SERVICE AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2011

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating Income (Loss)		\$	(877,946)
-------------------------	--	----	-----------

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

Depreciation	\$	796,112
--------------	----	---------

Operations and maintenance non-cash item		-
--	--	---

Provision for Compensated Absences		-
------------------------------------	--	---

Change in Assets & Liabilities:

Provision for uncollectible accounts		17,419
--------------------------------------	--	--------

Provision for compensated absences		10,226
------------------------------------	--	--------

(Increase) Decrease in Accounts Receivable		(99,864)
--	--	----------

Increase (Decrease) in Accounts Payable		864,466
---	--	---------

Increase (Decrease) in Wages Payable		10,262
--------------------------------------	--	--------

TOTAL ADJUSTMENTS

		<u>1,598,621</u>
--	--	------------------

NET CASH PROVIDED BY OPERATING ACTIVITIES

	\$	<u><u>720,675</u></u>
--	----	-----------------------



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**DISCRETE COMPONENT UNIT
SCHOOL BOARD**

COUNTY OF WISE, VIRGINIA
 COMBINED BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2012

EXHIBIT 22

COMPONENT UNIT
 SCHOOL BOARD

ASSETS

ASSETS:

Cash and Cash Equivalents	\$ 2,837,515
Accounts Receivable	129,798
Due From Other Governmental Units	<u>2,933,602</u>
TOTAL ASSETS	<u>\$ 5,900,915</u>

LIABILITIES

LIABILITIES:

Accounts Payable	\$ 2,485,097
Due to Primary Government	<u>576,996</u>
TOTAL LIABILITIES	\$ 3,062,093

FUND EQUITY

FUND BALANCES:

Restricted	<u>\$ 2,838,822</u>
TOTAL FUND EQUITY	<u>\$ 5,900,915</u>

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

FUND BALANCE JUNE 30, 2012	\$ 2,838,822
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When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.

\$ 27,435,799

Adjustment for amounts due to / due from primary government.

\$ 576,996

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.

\$ (2,622,209)

Net Assets of General Government Activities

\$ 28,229,408

COUNTY OF WISE, VIRGINIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 & CHANGES IN FUND BALANCES
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 23

	COMPONENT UNIT SCHOOL FUND
	<u>TOTALS</u>
REVENUES:	
Revenues From Use Of Money & Property	\$ 21,271
Charges For Services	1,222,723
Miscellaneous	766,270
Recovered Costs	84,920
Intergovernmental	66,224,988
TOTAL REVENUES	<u>\$ 68,320,172</u>
EXPENDITURES:	
Education	63,230,493
Capital Outlay	5,716,647
TOTAL EXPENDITURES	<u>\$ 68,947,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (626,968)</u>
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	\$ 200,230
Operating Transfers Out	(200,230)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	<u>\$ (626,968)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>3,465,790</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 2,838,822</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, 2012

EXHIBIT 24

	BUDGET		VARIANCE FROM AMENDED	
	ORIGINAL BUDGET	AS AMENDED	ACTUAL	POSITIVE (NEGATIVE)
REVENUES:				
Revenues From Use Of Money & Property	\$ 28,000	\$ 28,000	\$ 21,271	\$ (6,729)
Charges For Services	1,365,100	1,365,100	1,222,723	(142,377)
Miscellaneous	4,585,300	4,585,300	766,270	(3,819,030)
Recovered Costs	215,100	215,100	84,920	(130,180)
Intergovernmental	122,730,100	122,730,100	66,224,988	(56,505,112)
TOTAL REVENUES	<u>\$ 128,923,600</u>	<u>\$ 128,923,600</u>	<u>\$ 68,320,172</u>	<u>\$ (60,603,428)</u>
EXPENDITURES:				
General Government Administration	\$ -	\$ -	\$ -	\$ -
Judicial Administration	-	-	-	-
Public Works	-	-	-	-
Education	67,873,600	67,873,600	63,230,493	4,643,107
Community Development	-	-	-	-
Non-Departmental	300,000	300,000	-	300,000
Capital Outlay	60,750,000	60,750,000	5,716,647	55,033,353
TOTAL EXPENDITURES	<u>\$ 128,923,600</u>	<u>\$ 128,923,600</u>	<u>\$ 68,947,140</u>	<u>\$ 59,976,460</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (626,968)</u>	<u>\$ (626,968)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ -	\$ -	200,230	\$ 200,230
Operating Transfers Out	-	-	(200,230)	(200,230)
Proceeds From Debt	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (626,968)</u>	<u>\$ (626,968)</u>
FUND BALANCE AT BEGINNING OF YEAR (As Restated)	<u>-</u>	<u>-</u>	<u>3,465,790</u>	<u>3,465,790</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,838,822</u>	<u>\$ 2,838,822</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, 2012

COMPONENT
 UNIT
 SCHOOL
 BOARD

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

Net change in fund balances - total governmental funds

\$ (626,968)

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.

\$ 642,271

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

\$ (732,894)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

(1,820,055)

Change in net assets of governmental activities

\$ (2,537,646)

COUNTY OF WISE, VIRGINIA
 SCHEDULE OF CAPITAL ASSETS BY SOURCE
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>COMPONENT UNIT- SCHOOL BOARD</u>
CAPITAL ASSETS:	
Land	\$ 1,358,879
Building and Building Improvements	57,199,477
Equipment	<u>7,989,552</u>
TOTAL CAPITAL ASSETS	<u>\$ 66,547,908</u>
 INVESTMENT IN CAPITAL ASSETS BY SOURCE:	
Primary Government Revenues	<u>66,547,908</u>
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 66,547,908</u>

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CAPITAL ASSETS BY FUNCTION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 27

	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
EDUCATION	<u>\$ 1,358,879</u>	<u>\$ 57,199,477</u>	<u>\$ 7,989,552</u>	<u>\$ 66,547,908</u>
TOTAL	<u>\$ 1,358,879</u>	<u>\$ 57,199,477</u>	<u>\$ 7,989,552</u>	<u>\$ 66,547,908</u>

COUNTY OF WISE, VIRGINIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT 28

	<u>CAPITAL ASSETS JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>CAPITAL ASSETS JUNE 30, 2012</u>
EDUCATION	<u>\$ 65,533,663</u>	<u>\$ 1,041,245</u>	<u>\$ 27,000</u>	<u>\$ 66,547,908</u>
TOTAL	<u>\$ 65,533,663</u>	<u>\$ 1,041,245</u>	<u>\$ 27,000</u>	<u>\$ 66,547,908</u>

COUNTY OF WISE, VIRGINIA
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
 AT JUNE 30, 2012

EXHIBIT 29

GOVERNMENTAL FUNDS					
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	TOTALS
<u>ASSETS</u>					
Cash	\$ 3,723	\$ 530,707	\$ 266,403	\$ 25,000	\$ 825,833
Petty Cash	200	-	-	-	200
Investments	-	1,047,673	86,172	877,637	2,011,482
Accounts Receivable	113,078	16,720	-	-	129,798
Due From Other Governmental Units	1,832,671	10,851	-	1,090,080	2,933,602
Due From Other Funds	-	-	-	-	-
Fixed Assets (Net of Accumulated Depreciation)	-	-	-	-	-
Amount to Be Provided For the Retirement of General Long-Term Obligations	-	-	-	-	-
TOTAL ASSETS	\$ 1,949,672	\$ 1,605,951	\$ 352,575	\$ 1,992,717	5,900,915
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,372,476	\$ 11,106	\$ 5,830	\$ 1,095,685	2,485,097
Due To Other Funds	576,996	-	-	-	576,996
Claims, Judgments & Compensated Absences	-	-	-	-	-
State Literary Fund Loans	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-
TOTAL LIABILITIES	\$ 1,949,472	\$ 11,106	\$ 5,830	\$ 1,095,685	3,062,093
<u>FUND EQUITY</u>					
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	-
FUND BALANCES:					
Restricted	200	1,594,845	346,745	897,032	2,838,822
TOTAL FUND EQUITY	\$ 200	\$ 1,594,845	\$ 346,745	\$ 897,032	2,838,822
TOTAL LIABILITIES & FUND EQUITY	\$ 1,949,672	\$ 1,605,951	\$ 352,575	\$ 1,992,717	5,900,915

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, 2012

EXHIBIT 30

	GOVERNMENTAL FUNDS				
	SCHOOL OPERATING FUND	SCHOOL CAFETERIA FUND	TEXTBOOK RENTAL FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:					
Revenues From Use Of Money & Property	\$ 13,675	\$ 7,069	\$ 527	\$ -	\$ 21,271
Charges For Services	178,939	1,043,784	-	-	1,222,723
Miscellaneous	763,454	-	2,800	16	766,270
Recovered Costs	84,920	-	-	-	84,920
Intergovernmental	58,748,815	1,830,443	196,574	5,449,156	66,224,988
TOTAL REVENUES	\$ 59,789,803	\$ 2,881,296	\$ 199,901	\$ 5,449,172	\$ 68,320,172
EXPENDITURES:					
Education	59,889,573	2,579,444	761,476	-	63,230,493
Capital Outlay	-	-	-	5,716,647	5,716,647
TOTAL EXPENDITURES	\$ 59,889,573	\$ 2,579,444	\$ 761,476	\$ 5,716,647	\$ 68,947,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (99,770)	\$ 301,852	\$ (561,575)	\$ (267,475)	\$ (626,968)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 150,000	\$ 986	\$ 49,244	\$ -	\$ 200,230
Operating Transfers Out	(50,230)	-	-	(150,000)	(200,230)
Proceeds From Debt	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 99,770	\$ 986	\$ 49,244	\$ (150,000)	\$ -
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES (USES)	\$ -	\$ 302,838	\$ (512,331)	\$ (417,475)	\$ (626,968)
FUND BALANCE AT BEGINNING OF YEAR	200	1,292,007	859,076	1,314,507	3,465,790
FUND BALANCE AT END OF YEAR	\$ 200	\$ 1,594,845	\$ 346,745	\$ 897,032	\$ 2,838,822

SUPPLEMENTARY SCHEDULE

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES-BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE I
PAGE 1

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Revenue From Local Sources:				
General Property Taxes:				
Real Property Taxes	\$ 9,400,000	\$ 9,400,000	\$ 12,606,477	\$ 3,206,477
Service Corporation Taxes	3,112,056	3,244,153	3,370,865	126,712
Personal Property Taxes	4,319,767	4,319,767	4,646,209	326,442
Machinery & Tool Taxes	3,050,000	3,050,000	3,509,170	459,170
Merchants Capital Taxes	910,000	910,000	969,314	59,314
Mobile Home Taxes	200,000	200,000	227,860	27,860
Penalties & Interest	325,000	329,830	532,835	203,005
TOTAL GENERAL PROPERTY TAXES	\$ 21,316,823	\$ 21,453,750	\$ 25,862,730	\$ 4,408,980
Other Local Taxes:				
Local Sales & Use Tax	\$ 3,100,000	\$ 3,100,000	\$ 2,593,328	\$ (506,672)
Coal Severance Tax	6,018,000	6,563,033	6,643,885	80,852
Consumer's Utility Tax	510,000	510,000	583,571	73,571
Bank Stock Tax			5,135	5,135
Consumption Tax	145,000	145,000	180,030	35,030
Taxes on Recordation & Wills	155,000	155,000	168,743	13,743
County Decal Licenses	100,000	100,000	101,130	1,130
Transient Occupancy Tax	25,000	25,000	24,505	(495)
TOTAL OTHER LOCAL TAXES	\$ 10,053,000	\$ 10,598,033	\$ 10,300,327	\$ (297,706)
Permits, Privilege Fees & Regulatory				
Licenses:				
Animal Licenses	\$ 7,000	\$ 7,000	\$ 10,215	\$ 3,215
Permits & Other Licenses	55,000	55,000	48,238	(6,762)
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	\$ 62,000	\$ 62,000	\$ 58,453	\$ (3,547)
Fines & Forfeitures:	\$ 17,000	\$ 17,000	\$ 31,071	\$ 14,071
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ 150,000	\$ 150,000	\$ 354,754	\$ 204,754
Revenue From The Use of Property	60,000	60,000	31,970	(28,030)
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ 210,000	\$ 210,000	\$ 386,724	\$ 176,724
Charges For Services:				
Charges For Commonwealth's Attorney	\$ 2,500	\$ 2,500	\$ 5,046	\$ 2,546
Charges For County Offices			34,731	34,731
Charges For Courthouse Maintenance Fees	60,000	60,000	64,890	4,890
Charges For Court			13,970	13,970
Charges For Health	34,500	34,500	56,365	21,865
Charges For Social Services	200,000	200,000	300,488	100,488
TOTAL CHARGES FOR SERVICES	\$ 297,000	\$ 297,000	\$ 475,490	\$ 178,490
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 139,727	\$ 139,727
TOTAL MISCELLANEOUS REVENUE	\$ -	\$ -	\$ 139,727	\$ 139,727

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES-BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 227,282	\$ (28,718)
Miscellaneous	-	-	-	-
TOTAL RECOVERED COSTS	\$ 256,000	\$ 256,000	\$ 227,282	\$ (28,718)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 32,211,823	\$ 32,893,783	\$ 37,481,804	\$ 4,588,021
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Payments in Lieu of Taxes	\$ 15,000	\$ 15,000	\$ 18,998	\$ 3,998
ABC Profits	-	-	-	-
Wine Taxes	-	-	-	-
Rolling Stock Tax	122,839	122,839	125,392	2,553
Mobile Home Titling Taxes	150,000	150,000	101,637	(48,363)
Recordation Tax	23,506	23,506	19,280	(4,226)
Personal Property Tax Reimbursement	1,380,233	1,380,233	1,380,233	-
Reduction in Aid to Localities	(15,261)	(3,117)	-	3,117
Miscellaneous	-	-	-	-
Communication Taxes	800,000	800,000	937,534	137,534
Motor Vehicle Rental Tax	4,000	4,000	4,480	480
TOTAL NON-CATEGORICAL AID	\$ 2,480,317	\$ 2,492,461	\$ 2,587,554	\$ 95,093
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 618,958	\$ 618,958	\$ 615,018	\$ (3,940)
Sheriff	1,849,696	1,849,696	1,886,945	37,249
Commissioner of Revenue	163,923	163,923	163,482	(441)
Treasurer	132,707	132,707	132,752	45
Registrar/Electoral Board	46,517	55,022	50,190	(4,832)
Clerk of Circuit Court	394,914	427,104	424,815	(2,289)
TOTAL SHARED EXPENSES	\$ 3,206,715	\$ 3,247,410	\$ 3,273,202	\$ 25,792
Other Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 3,662,170	\$ 4,672,336	\$ 3,524,296	\$ (1,148,040)
M H & R Service Board	3,490,612	3,490,612	3,384,389	(106,223)
Miscellaneous Grant	-	12,974	14,523	1,549
Domestic Violence Grant	40,000	40,000	40,000	-
Haz-Mat - Emergency Services	-	5,581	8,344	2,763
Haz-Mat - Emergency Services	15,000	15,000	15,000	-
Haz-Mat - Emergency Services	-	-	5,377	5,377
Haz-Mat - Emergency Services	-	-	3,891	3,891
Emergency Medical Services-RSAF	-	5,180	5,180	-
Emergency Response	-	-	484	484
SWVA Corrections - Justice	554,453	554,453	555,101	648
GIS Wireless	417,370	417,370	18,549	(398,821)
Victim Witness Grant - Justice	55,844	56,961	537	(56,424)
Cultural Arts Grant	-	5,000	5,000	-
Fire Program Funds	75,000	75,000	61,179	(13,821)
Fire Program Grant	-	-	10,068	10,068
Four-For-Life Rescue	35,000	35,000	34,544	(456)
Rents & Royalties	-	-	1,360	-
School Resource Officer Grant	130,871	130,871	-	(130,871)
TOTAL OTHER CATEGORICAL AID	\$ 8,476,320	\$ 9,516,338	\$ 7,687,822	\$ (1,828,516)
TOTAL CATEGORICAL AID	\$ 11,683,035	\$ 12,763,747	\$ 10,961,024	\$ (1,802,723)

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES-BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 1
PAGE 3

<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
PRIMARY GOVERNMENT:				
General Fund:				
Revenue From The Commonwealth:				
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 14,163,352	\$ 15,256,208	\$ 13,548,578	\$ (1,707,630)
Revenue From The Federal Government:				
Payments in Lieu of Taxes	\$ 13,500	\$ 13,500	\$ 24,936	\$ 11,436
Categorical Aid:				
Public Assistance & Welfare				
Administration	\$ 3,261,350	\$ 3,261,350	\$ 3,580,460	\$ 319,110
Public Assistance & Welfare-ARRA	-	-	-	-
M H & R Service Board	844,037	844,037	844,037	-
Emergency Services-Preparedness	-	41,484	49,673	8,189
Emergency Services-Preparedness	-	-	17,000	17,000
Emergency Services-Preparedness	-	25,002	30,096	5,094
Violence Against Women - Justice	-	-	9,230	9,230
Violence Against Women - Justice	-	-	22,015	22,015
Violence Against Women - Justice	-	14,180	14,677	497
Ground Transportation	-	-	-	-
Ground Transportation	-	-	-	-
Community Development Grant-Napoleon Hill	200,000	200,000	-	(200,000)
TOTAL CATEGORICAL AID	\$ 4,305,387	\$ 4,386,053	\$ 4,567,188	\$ 181,135
TOTAL REVENUE FROM THE FEDERAL GOVT.	\$ 4,318,887	\$ 4,399,553	\$ 4,592,124	\$ 192,571
TOTAL GENERAL FUND	\$ 50,694,062	\$ 52,549,544	\$ 55,622,506	\$ 3,072,962
Special Revenue Funds:				
Emergency Numbers Funds:				
Revenue From Local Sources:				
Revenue From the Use of Money & Property:				
Revenue From the Use of Money	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ -	\$ -
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Communication Taxes	\$ 80,259	\$ 80,259	\$ 75,876	\$ (4,383)
TOTAL NON-CATEGORICAL AID	\$ 80,259	\$ 80,259	\$ 75,876	\$ (4,383)
Categorical Aid:				
Department of Technology Planning	25,820	25,820	43,333	17,513
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 106,079	\$ 106,079	\$ 119,209	\$ 13,130
TOTAL EMERGENCY NUMBERS FUND	\$ 106,079	\$ 106,079	\$ 119,209	\$ 13,130
Law Library Fund:				
Revenue From Local Sources:				
Charges For Services:				
Charges For Law Library	\$ 12,500	\$ 12,500	\$ 10,678	\$ (1,822)
TOTAL LAW LIBRARY FUND	\$ 12,500	\$ 12,500	\$ 10,678	\$ (1,822)

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES-BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 1
PAGE 4

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
Special Revenue Fund:				
Coal Road Improvement Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Coal Severance Tax	\$ 6,000,000	\$ 6,000,000	\$ 6,420,845	\$ 420,845
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 36,270	\$ 36,270
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 6,000,000	\$ 6,000,000	\$ 6,457,115	\$ 457,115
Drug Seizure & Forfeiture and Special Funds:				
Sheriff Department:				
Revenue From Local Sources:				
Fines & Forfeitures:				
Fines & Forfeitures	\$ -	\$ -	\$ 35,863	\$ 35,863
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 83,715	\$ 83,715
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 119,578	\$ 119,578
Revenue From The Federal Government:				
Law Enforcement Block Grant	-	-	2,967	2,967
TOTAL REVENUE FROM THE FEDERAL GOVT.	\$ -	\$ -	\$ 2,967	\$ 2,967
TOTAL DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	\$ -	\$ -	\$ 122,545	\$ 122,545
Transient Occupancy Tax Fund:				
Revenue From Local Sources:				
Other Local Taxes:				
Transient Occupancy Tax	\$ 25,000	\$ 25,000	\$ 32,471	\$ 7,471
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 107	\$ 107
TOTAL TRANSIENT OCCUPANCY TAX FUND	\$ 25,000	\$ 25,000	\$ 32,578	\$ 7,578
Dog & Cat Sterilization Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ 2,900	\$ 2,900	\$ 1,020	\$ (1,880)
TOTAL REVENUE FROM LOCAL	\$ 2,900	\$ 2,900	\$ 1,020	\$ (1,880)
TOTAL DOG & CAT STERILIZATION FUND	\$ 2,900	\$ 2,900	\$ 1,020	\$ (1,880)
Community Corrections Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 33,299	\$ 33,299
TOTAL REVENUE FROM LOCAL	\$ -	\$ -	\$ 33,299	\$ 33,299
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ 33,299	\$ 33,299
Wise Development Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE FROM LOCAL	\$ -	\$ -	\$ -	\$ -

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES-BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 1
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<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
Revenue From The Federal Government:				
Categorical Aid:				
Research Cooperative Agreement-NASA	\$ 770,250	\$ 770,250	\$ 1,166,062	\$ 395,812
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 770,250	\$ 770,250	\$ 1,166,062	\$ 395,812
TOTAL WISE DEVELOPMENT FUND	\$ 770,250	\$ 770,250	\$ 1,166,062	\$ 395,812
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Software Engineering Initiative Fund:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ -	\$ -
TOTAL SOFTWARE ENGINEERING INITIATIVE FUND	\$ -	\$ -	\$ -	\$ -
TOTAL SPECIAL REVENUE FUNDS	\$ 6,916,729	\$ 6,916,729	\$ 7,942,506	\$ 1,025,777
Capital Project Funds				
Community Development Funds:				
Revenue From Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 22,620	\$ 22,620
TOTAL REVENUE FROM LOCAL SOURCES	\$ -	\$ -	\$ 22,620	\$ 22,620
Revenue From The Commonwealth:				
Categorical Aid:				
Bold Camp Sewer Project	-	-	190,875	190,875
TOTAL REVENUE FROM THE COMMONWEALTH	\$ -	\$ -	\$ 190,875	\$ 190,875
Revenue From The Federal Government:				
Categorical Aid:				
Bold Camp Sewer Project	\$ -	\$ -	\$ 671,757	\$ 671,757
Hamilton Town Sewer Project	-	-	180,442	180,442
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ -	\$ -	\$ 852,199	\$ 852,199
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 1,065,694	\$ 1,065,694
TOTAL CAPITAL PROJECT FUNDS	\$ 6,916,729	\$ 6,916,729	\$ 1,065,694	\$ 2,091,471
GRAND TOTAL REVENUES - PRIMARY GOVERNMENT	\$ 64,527,520	\$ 66,383,002	\$ 64,630,706	\$ 6,190,210
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Property	\$ 28,000	\$ 28,000	\$ 13,675	\$ (14,325)
Charges For Services:				
Charges For Education	\$ 12,500	\$ 12,500	\$ 178,939	\$ 166,439
Miscellaneous Revenue:				
Miscellaneous	\$ 2,785,300	\$ 2,785,300	\$ 763,454	\$ (2,021,846)
Recovered Costs:				
Payments From Other Localities	\$ 215,100	\$ 215,100	\$ 84,920	\$ (130,180)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 3,040,900	\$ 3,040,900	\$ 1,040,988	\$ (1,999,912)

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES-BUDGET ACTUAL
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SCHEDULE 1
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<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ 15,050,900	\$ 15,050,900	\$ 15,915,996	\$ 865,096
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ 15,050,900	\$ 15,050,900	\$ 15,915,996	\$ 865,096
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From The Commonwealth:				
Categorical Aid:				
Share of State Sales & Use Taxes	\$ 6,052,000	\$ 6,052,000	\$ 6,035,200	\$ (16,800)
Basic School Aid	19,791,700	19,791,700	19,374,153	(417,547)
Remedial Education SOQ	719,200	719,200	707,590	(11,610)
Remedial Education - Summer	88,800	88,800	59,095	(29,705)
Gifted SOQ	221,700	221,700	218,093	(3,607)
Special Education	2,080,800	2,080,800	1,890,137	(190,663)
Vocational Education	1,066,100	1,066,100	915,989	(150,111)
Vocational Education-Adult	-	-	31,768	31,768
Vocational Education-Equip Replacement	-	-	12,430	12,430
Share of Fringe Benefits	2,492,500	2,492,500	2,452,331	(40,169)
Reading Intervention	125,800	125,800	128,214	2,414
Governors/Magnet Schools	74,800	74,800	74,810	10
Electronic Classroom	-	-	-	-
SOL Algebra Readiness	106,100	106,100	98,615	(7,485)
Alternative Education	275,200	275,200	275,194	(6)
Primary Class Size/K-3 Initiative	893,700	893,700	850,957	(42,743)
Foster Care Children - Regular	-	-	8,717	8,717
Foster Care Children - Special Ed	-	-	21,201	21,201
Support For Schools	666,300	666,300	628,204	(38,096)
Adult Literacy	442,900	442,900	278,935	(163,965)
Adult Occupational Prep & Equipment	-	-	75,990	75,990
Adult Secondary	-	-	25,989	25,989
GED Prep Program - ISAP	23,600	23,600	23,576	(24)
GED	-	-	72,978	72,978
GED Testing	-	-	-	-
Enrollment Loss	-	-	-	-
At Risk	822,600	822,600	809,460	(13,140)
At Risk - Four-Year Olds	540,500	540,500	540,459	(41)
Technology Initiative	932,000	932,000	388,000	(544,000)
Homebound	-	-	84,728	84,728
Middle School Teacher Corps	-	-	10,000	10,000
Leadership Development Grants	-	-	-	-
English As A Second Language (ESL)	-	-	37,978	37,978
Project Graduation	-	-	75,000	75,000
Project Graduation	-	-	-	-
Mentor Teacher HTS	4,300	4,300	-	(4,300)
Industry Certification	-	-	9,977	9,977
Teacher Incentive-Mentor	-	-	-	-
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 37,420,600	\$ 37,420,600	\$ 36,215,768	\$ (1,204,832)
Revenue From The Federal Government:				
Categorical Aid:				
Adult Literacy	\$ 361,500	\$ 361,500	\$ 249,500	\$ (112,000)
Title I	3,082,400	3,082,400	1,799,072	(1,283,328)
Title II - Part A	2,200	2,200	466,439	464,239
Title II - Ed Technology / Part D	-	-	22,217	22,217
Forest Reserve	70,000	70,000	46,877	(23,123)
AFROTC	-	-	62,091	62,091
Homeless	506,900	506,900	8,903	(497,997)
National Community Service	-	-	-	-
Drug Free Schools	-	-	-	-
Title VI - B - Flow Through	1,451,200	1,451,200	1,279,723	(171,477)
Vocational Education	160,000	160,000	150,389	(9,611)
Title IV Part A, Subpart 1 / Drug Free	-	-	-	-
Title V-A Innovative Programs	-	-	-	-
Federal Stimulus (Titles I, VI, Voc Ed)	2,590,300	2,590,300	2,248,046	(342,254)
Title X Grant - 21st Century	185,000	185,000	40,903	(144,097)

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES-BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

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<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
COMPONENT UNIT - SCHOOL BOARD:				
School Operating Fund:				
Revenue From The Federal Government:				
Categorical Aid: (Continued)				
Title VI - Rural/Low Income Schools	-	-	201,244	201,244
Crude Oil Overbill (Department of Energy)	-	-	-	-
Pre-School Handicapped	-	-	41,647	41,647
Peace Project	-	-	-	-
Hammer	-	-	-	-
TOTAL CATEGORICAL AID	\$ 8,409,500	\$ 8,409,500	\$ 6,617,051	\$ (1,792,449)
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 8,409,500	\$ 8,409,500	\$ 6,617,051	\$ (1,792,449)
Debt Service:				
Revenue from Commonwealth:				
Categorical Aid:				
Lottery Funds	\$ -	\$ -	\$ -	\$ -
TOTAL CATEGORICAL AID	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE FROM THE COMMONWEALTH	\$ -	\$ -	\$ -	\$ -
TOTAL SCHOOL OPERATING FUND	\$ 63,921,900	\$ 63,921,900	\$ 59,789,803	\$ (4,132,097)
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 7,069	\$ 7,069
TOTAL REVENUE FROM THE USE OF MONEY & PROPERTY	\$ -	\$ -	\$ 7,069	\$ 7,069
Charges For Services:				
Cafeteria Sales	\$ 1,352,600	\$ 1,352,600	\$ 1,043,784	\$ (308,816)
TOTAL REVENUE FROM LOCAL SOURCES	\$ 1,352,600	\$ 1,352,600	\$ 1,050,853	\$ (301,747)
Revenue From The Commonwealth:				
Categorical Aid:				
School Food	\$ 49,300	\$ 49,300	\$ 51,773	\$ 2,473
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 49,300	\$ 49,300	\$ 51,773	\$ 2,473
Revenue From The Federal Government:				
Categorical Aid:				
School Food Program Grant	\$ 1,600,000	\$ 1,600,000	\$ 1,778,670	\$ 178,670
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	\$ 1,600,000	\$ 1,600,000	\$ 1,778,670	\$ 178,670
TOTAL SCHOOL CAFETERIA FUND	\$ 3,001,900	\$ 3,001,900	\$ 2,881,296	\$ (120,604)

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES-BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 1
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<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Fund:				
School Textbook Rental Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Revenue From The Use of Money	\$ -	\$ -	\$ 527	\$ 527
Miscellaneous	\$ 750,000	\$ 750,000	\$ 2,800	\$ (747,200)
TOTAL FROM LOCAL SOURCES	\$ 750,000	\$ 750,000	\$ 3,327	\$ (746,673)
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ -	\$ -	\$ -
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ -	\$ -	\$ -	\$ -
Revenue From The Commonwealth:				
Categorical Aid:				
Total Rental Payments	\$ 199,800	\$ 199,800	\$ 196,574	\$ (3,226)
TOTAL REVENUE FROM THE COMMONWEALTH	\$ 199,800	\$ 199,800	\$ 196,574	\$ (3,226)
TOTAL TEXTBOOK RENTAL FUND	\$ 949,800	\$ 949,800	\$ 199,901	\$ (749,899)
TOTAL SPECIAL REVENUE FUNDS	\$ 67,873,600	\$ 67,873,600	\$ 62,871,000	\$ (5,002,600)
School Capital Project Fund:				
Revenue From Local Sources:				
Revenue From The Use of Money & Property:				
Miscellaneous	\$ -	\$ -	\$ 16	\$ 16
TOTAL FROM LOCAL SOURCES	\$ -	\$ -	\$ 16	\$ 16
Intergovernmental:				
Revenue From Local Governments:				
Local Appropriations	\$ -	\$ 60,000,000	\$ 5,449,156	\$ (54,550,844)
TOTAL INTERGOVERNMENTAL REVENUE FROM LOCAL APPROPRIATIONS	\$ -	\$ 60,000,000	\$ 5,449,156	\$ (54,550,844)
Revenue From The Commonwealth:				
Categorical Aid:				
Subsidy Grant Funds	\$ -	\$ -	\$ -	\$ -
Public School Construction	-	-	-	-
TOTAL REVENUE FROM THE COMMONWEALTH	\$ -	\$ -	\$ -	\$ -
TOTAL CAPITAL OUTLAY FUND	\$ -	\$ -	\$ 5,449,172	\$ (54,550,828)
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	\$ 67,873,600	\$ 67,873,600	\$ 68,320,172	\$ (59,553,428)

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 2
PAGE 1

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
General Government Administration:				
Legislative:				
Board Of Supervisors	\$ 295,575	\$ 442,975	288,346	\$ 154,629
General & Financial Administration:				
County Administrator	\$ 588,148	\$ 565,047	\$ 489,324	\$ 75,723
Legal Services	278,831	279,251	251,224	28,027
Commissioner Of Revenue	571,841	587,484	589,155	(1,671)
Assessor	223,360	223,067	205,110	17,957
Data Processing	216,886	217,703	199,587	18,116
Treasurer	597,136	604,712	577,387	27,325
Geographic Information	644,728	645,489	247,094	398,395
TOTAL GENERAL & FINANCIAL ADMINISTRATION	\$ 3,120,931	\$ 3,122,752	\$ 2,558,881	\$ 563,871
Board Of Elections:				
Electoral Board & Officials	\$ 85,890	\$ 94,395	\$ 78,822	\$ 15,573
Registrar	126,150	133,595	123,098	10,497
TOTAL BOARD OF ELECTIONS	\$ 212,040	\$ 227,989	\$ 201,920	\$ 26,069
TOTAL GENERAL GOVERNMENT ADMINISTRATION	\$ 3,628,545	\$ 3,793,716	\$ 3,049,147	\$ 744,569
Judicial Administration:				
Courts:				
Clerk Of The Circuit Court	\$ 891,221	\$ 943,071	\$ 937,209	\$ 5,862
District Court	14,175	14,175	12,541	1,634
Magistrate	3,190	3,190	1,999	1,191
Juvenile & Domestic Relations Court	512,499	512,499	508,893	3,606
Sheriff	471,895	473,548	417,983	55,565
TOTAL COURTS	\$ 1,892,980	\$ 1,946,484	\$ 1,878,625	\$ 67,859
Commonwealth Attorney	\$ 1,053,481	\$ 1,085,111	\$ 1,011,964	\$ 73,147
Victim Witness Protection	55,844	56,961	57,042	(81)
TOTAL JUDICIAL ADMINISTRATION	\$ 3,002,305	\$ 3,088,556	\$ 2,947,631	\$ 140,925
Public Safety:				
Law Enforcement & Traffic Control:				
Sheriff	\$ 3,327,517	\$ 3,403,156	\$ 3,374,233	\$ 28,923
Dispatcher/E911	345,625	347,815	327,068	20,747
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	\$ 3,673,142	\$ 3,750,971	\$ 3,701,301	\$ 49,670
Fire & Rescue Services:				
Fire & Rescue Departments	\$ 572,800	\$ 590,950	\$ 584,257	\$ 6,693
TOTAL FIRE & RESCUE SERVICES	\$ 572,800	\$ 590,950	\$ 584,257	\$ 6,693
Correction & Detention:				
SWVA Community Corrections Center	\$ 587,824	\$ 587,474	\$ 559,968	\$ 27,506
SW Regional Jail Authority	2,217,843	2,171,843	1,970,821	201,022

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

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<u>FUND, MAJOR & MINOR REVENUE SOURCE</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED POSITIVE (NEGATIVE)</u>
PRIMARY GOVERNMENT:				
General Fund:				
Public Safety:				
Correction & Detention:				
TOTAL CORRECTION & DETENTION	\$ 2,805,667	\$ 2,759,317	\$ 2,530,789	\$ 228,528
Inspections:				
Building Inspector	\$ 280,997	\$ 299,254	\$ 259,146	\$ 40,108
TOTAL INSPECTIONS	\$ 280,997	\$ 299,254	\$ 259,146	\$ 40,108
Other Protection:				
Emergency Services	\$ 60,541	\$ 163,786	\$ 158,893	\$ 4,893
Animal Control	302,521	312,563	247,229	65,334
TOTAL OTHER PROTECTION	\$ 363,062	\$ 476,349	\$ 406,122	\$ 70,227
TOTAL PUBLIC SAFETY	\$ 7,695,668	\$ 7,876,840	\$ 7,481,615	\$ 395,225
Public Works:				
Maintenance Of Buildings & Grounds:				
General Properties	\$ 1,435,583	\$ 1,803,057	\$ 1,167,400	\$ 635,657
TOTAL PUBLIC WORKS	\$ 1,435,583	\$ 1,803,057	\$ 1,167,400	\$ 635,657
Welfare/Social Services:				
Health & Welfare:				
Health:				
Supplement To Local Health Department	\$ 504,673	\$ 504,673	\$ 466,398	\$ 38,275
TOTAL HEALTH	\$ 504,673	\$ 504,673	\$ 466,398	\$ 38,275
Mental Health & Mental Retardation:				
Mental Health	4,480,867	4,480,867	4,374,644	106,223
TOTAL MENTAL HEALTH & MENTAL RETARDATION	\$ 4,480,867	\$ 4,480,867	\$ 4,374,644	\$ 106,223
Welfare/Social Services:				
Welfare Administration	\$ 8,277,729	\$ 9,600,108	\$ 9,075,850	\$ 524,258
Property Tax Relief for Elderly	-	-	367,610	(367,610)
MEOC	-	-	-	-
Youth Service Board	25,000	25,000	25,000	-
Agency On Aging	80,300	80,300	80,300	-
Group Home	-	-	-	-
TOTAL WELFARE/SOCIAL SERVICES	\$ 8,383,029	\$ 9,705,408	\$ 9,548,760	\$ 156,648
TOTAL HEALTH & WELFARE	\$ 13,368,569	\$ 14,690,948	\$ 14,389,802	\$ 301,146
Education:				
Local Public Schools	\$ 15,050,900	\$ 75,050,900	\$ 21,365,152	\$ 53,685,748
UVA-Engineering Project	-	-	-	-
Community Colleges	53,090	53,090	53,090	-
TOTAL EDUCATION	\$ 15,103,990	\$ 75,103,990	\$ 21,418,242	\$ 53,685,748

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 2
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FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
General Fund:				
Parks, Recreation & Cultural:				
Parks & Recreation:				
Recreation Authority	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
TOTAL PARKS & RECREATION	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Library:				
Contributions To Local Libraries	\$ 843,600	\$ 854,727	\$ 850,922	\$ 3,805
TOTAL LIBRARY	\$ 843,600	\$ 854,727	\$ 850,922	\$ 3,805
Cultural:				
Cultural Organizations & Events	\$ 126,550	\$ 146,150	\$ 102,676	\$ 43,474
TOTAL CULTURAL	\$ 126,550	\$ 146,150	\$ 102,676	\$ 43,474
TOTAL PARKS, RECREATION & CULTURAL	\$ 1,020,150	\$ 1,050,877	\$ 1,003,598	\$ 47,279
Planning & Community Development:				
Economic Development	\$ 327,230	\$ 428,147	\$ 225,561	\$ 202,586
Economic & Community Development	178,699	186,199	248,524	(62,325)
Housing Authority	25,000	25,000	25,000	-
Cumberland Airport Commission	123,000	123,000	122,770	230
Lenowisco	66,684	66,684	66,684	-
Planning Commission	9,300	9,300	6,950	2,350
Industrial Development Authority	1,411,028	1,557,096	1,557,096	0
Music Trail-Crooked Road	-	-	-	-
CEDA - Tourism	-	-	-	-
TOTAL PLANNING & COMMUNITY DEVELOPMENT	\$ 2,140,941	\$ 2,395,426	\$ 2,252,585	\$ 142,841
Community Development:				
Cooperative Extension Program:				
VPI & SU Extension Office	\$ 107,230	\$ 107,500	\$ 48,014	\$ 59,486
TOTAL COOPERATIVE EXTENSION PROGRAM	\$ 107,230	\$ 107,500	\$ 48,014	\$ 59,486
TOTAL COMMUNITY DEVELOPMENT	\$ 2,248,171	\$ 2,502,925	\$ 2,300,599	\$ 202,326
Non-Departmental:				
Non-Departmental	\$ 76,687	\$ 89,386	\$ 67,857	\$ 21,529
TOTAL NON-DEPARTMENTAL	\$ 76,687	\$ 89,386	\$ 67,857	\$ 21,529
Debt Service:				
Principal Retirement	\$ 565,136	\$ 565,136	\$ 503,750	\$ 61,386
Interest & Fiscal Charges	209,023	209,023	183,724	25,299
TOTAL DEBT SERVICE	\$ 774,159	\$ 774,159	\$ 687,474	\$ 86,685
TOTAL GENERAL FUND	\$ 48,353,826	\$ 110,774,453	\$ 54,513,365	\$ 56,261,088

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 2
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FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law Library	\$ 12,500	\$ 12,500	\$ 10,609	\$ 1,891
TOTAL LAW LIBRARY FUND	\$ 12,500	\$ 12,500	\$ 10,609	\$ 1,891
Coal Road Improvement Fund:				
General Government Administration	\$ -	\$ -	\$ 120	\$ (120)
Public Works:				
Maintenance Of Highways, Streets, Bridges & Sidewalks:				
Coal Road Projects	\$ 120,000	\$ 120,000	\$ 425,760	\$ (305,760)
TOTAL PUBLIC WORKS	\$ 120,000	\$ 120,000	\$ 425,760	\$ (305,760)
Community Development:				
Distribution to Towns	\$ 1,200,000	\$ 1,200,000	\$ 1,394,719	\$ (194,719)
Community Development	4,680,000	4,680,000	5,236,758	(556,758)
TOTAL COMMUNITY DEVELOPMENT	\$ 5,880,000	\$ 5,880,000	\$ 6,631,477	\$ (751,477)
TOTAL COAL ROAD IMPROVEMENT FUND	\$ 6,000,000	\$ 6,000,000	\$ 7,057,357	\$ (1,057,357)
Emergency Numbers Fund:				
Public Safety:				
Law Enforcement & Traffic Control:				
911 System	\$ 601,339	\$ 382,965	\$ 589,075	\$ (206,110)
TOTAL PUBLIC SAFETY	\$ 601,339	\$ 382,965	\$ 589,075	\$ (206,110)
TOTAL EMERGENCY NUMBERS FUND	\$ 601,339	\$ 382,965	\$ 589,075	\$ (206,110)
Drug Seizure & Forfeiture and Special Funds:				
Sheriff Department:				
Public Safety:				
Sheriff	\$ -	\$ -	\$ 133,075	\$ (133,075)
TOTAL PUBLIC SAFETY	\$ -	\$ -	\$ 133,075	\$ (133,075)
TOTAL DRUG SEIZURE & FORFEITURE AND SPECIAL FUNDS	\$ -	\$ -	\$ 133,075	\$ (133,075)
Dog & Cat Sterilization Fund:				
Public Safety				
Other Protection:				
Animal Control	\$ 2,500	\$ 2,500	\$ 2,140	\$ (360)
TOTAL PUBLIC SAFETY	\$ 2,500	\$ 2,500	\$ 2,140	\$ (360)

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DESCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 2
PAGE 5

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT:				
Special Revenue Funds:				
Dog & Cat Sterilization Fund:				
TOTAL DOG & CAT STERILIZATION FUND	\$ 2,500	\$ 2,500	\$ 2,140	\$ 360
Information Technology Improvement Fund:				
Community Development:				
Technology	\$ -	\$ -	\$ -	\$ -
TOTAL INFORMATION TECHNOLOGY IMPROVEMENT FUND	\$ -	\$ -	\$ -	\$ -
TOTAL INFORMATION TECHNOLOGY FUND	\$ -	\$ -	\$ -	\$ -
Community Corrections Fund:				
Community Development:				
Public Safety	\$ -	\$ -	\$ 18,597	\$ (18,597)
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ 18,597	\$ (18,597)
TOTAL COMMUNITY CORRECTIONS FUND	\$ -	\$ -	\$ 18,597	\$ (18,597)
Wise Development Fund:				
Community Development:				
Community Project	\$ 770,250	\$ 770,250	\$ 782,598	\$ (12,348)
TOTAL COMMUNITY DEVELOPMENT	\$ 770,250	\$ 770,250	\$ 782,598	\$ (12,348)
TOTAL WISE DEVELOPMENT FUND	\$ 770,250	\$ 770,250	\$ 782,598	\$ (12,348)
Transient Occupancy Fund:				
Community Development:				
Community Project	\$ -	\$ 17,500	\$ 16,552	\$ 948
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ 17,500	\$ 16,552	\$ 948
TOTAL TRANSIENT OCCUPANCY FUND	\$ -	\$ 17,500	\$ 16,552	\$ 948
Software Engineering Initiative Fund				
Community Development:				
Community Project	\$ -	\$ 40,000	\$ 38,085	\$ 1,915
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ 40,000	\$ 38,085	\$ 1,915
TOTAL SOFTWARE ENGINEERING INITIATIVE FUND	\$ -	\$ 40,000	\$ 38,085	\$ 1,915
TOTAL SPECIAL REVENUE FUNDS	\$ 7,386,589	\$ 7,225,715	\$ 8,648,088	\$ (1,422,373)
Capital Projects Fund				
Community Development:				
Courthouse Renovation Project	\$ -	\$ -	\$ 963,148	\$ (963,148)
Bold Camp Sewer Project	-	-	180,442	(180,442)
Hamilton Town Sewer Project	-	-	-	-
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ -	\$ 1,143,590	\$ (1,143,590)
TOTAL COMMUNITY DEVELOPMENT FUND	\$ -	\$ -	\$ 1,143,590	\$ (1,143,590)
TOTAL CAPITAL PROJECTS FUNDS	\$ 7,386,589	\$ 7,225,715	\$ 1,143,590	\$ (2,565,963)
GRAND TOTAL EXPENDITURES -				

COUNTY OF WISE, VIRGINIA
GOVERNMENTAL FUNDS DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE 2
PAGE 6

FUND, MAJOR & MINOR REVENUE SOURCE	ORIGINAL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED POSITIVE (NEGATIVE)
PRIMARY GOVERNMENT	\$ 63,127,004	\$ 125,225,883	\$ 64,305,043	\$ 52,272,752
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration Of Schools	\$ 980,800	\$ 980,800	\$ 802,633	\$ 178,167
Instruction Costs:				
Classroom	\$ 40,353,100	\$ 40,353,100	\$ 37,513,857	\$ 2,839,243
Instructional Support:				
Student	1,639,300	1,639,300	1,598,246	41,054
Staff	3,133,300	3,133,300	3,290,279	(156,979)
Administration	2,028,900	2,028,900	3,821,883	(1,792,983)
TOTAL INSTRUCTION COSTS	\$ 47,154,600	\$ 47,154,600	\$ 46,224,265	\$ 930,335
COMPONENT UNIT - SCHOOL BOARD:				
Special Revenue Funds:				
School Operating Fund:				
Operating Costs:				
Attendance & Health Services	\$ 1,019,700	\$ 1,019,700	\$ 1,116,535	\$ (96,835)
Pupil Transportation	3,348,400	3,348,400	2,846,008	502,392
Operation & Maintenance Of School Plant	5,333,800	5,333,800	5,356,602	(22,802)
Technology	1,919,100	1,919,100	1,925,292	(6,192)
Non-Instructional	2,856,200	2,856,200	309,625	2,546,575
TOTAL OPERATING COSTS	\$ 14,477,200	\$ 14,477,200	\$ 11,554,062	\$ 2,923,138
TOTAL EDUCATION	\$ 62,612,600	\$ 62,612,600	\$ 58,580,960	\$ 4,031,640
Debt Service:				
Principal Retirement	\$ 925,400	\$ 925,400	\$ 925,337	\$ 63
Interest & Fiscal Charges	383,900	383,900	383,272	628
TOTAL DEBT SERVICE	\$ 1,309,300	\$ 1,309,300	\$ 1,308,609	\$ 691
TOTAL SCHOOL OPERATING FUND	\$ 63,921,900	\$ 63,921,900	\$ 59,889,569	\$ 4,032,331
School Cafeteria Fund:				
Education:				
Operating Costs	\$ 3,001,900	\$ 3,001,900	\$ 2,579,444	\$ 422,456
TOTAL SCHOOL CAFETERIA FUND	\$ 3,001,900	\$ 3,001,900	\$ 2,579,444	\$ 422,456
Textbook Rental Fund:				
Education:				
Operating Costs	\$ 949,800	\$ 949,800	\$ 761,476	\$ 188,324
TOTAL TEXTBOOK RENTAL FUND	\$ 949,800	\$ 949,800	\$ 761,476	\$ 188,324
Capital Project Fund:				
School Construction:				
Capital Outlays	750,000	750,000	5,716,647	\$ (4,966,647)
Contingency	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
TOTAL SCHOOL CONSTRUCTION	\$ 1,050,000	\$ 1,050,000	\$ 5,716,647	\$ (4,666,647)
TOTAL CAPITAL PROJECT FUND	\$ 1,050,000	\$ 1,050,000	\$ 5,716,647	\$ (4,666,647)
GRAND TOTAL EXPENDITURES, COMPONENT UNIT - SCHOOL BOARD	\$ 68,923,600	\$ 68,923,600	\$ 68,947,136	\$ (23,536)

COUNTY OF WISE, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR COUNTY
JUNE 30, 2012

SCHEDULE 3

WISE COUNTY (INCLUDING THE WISE COUNTY PUBLIC SERVICE AUTHORITY)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b - a) Unfunded Actuarial Accrued Liability (UAAL)	(a / b) Funded Ratio	(c) Covered Payroll	((b - a) / c) UAAL as % of Covered Payroll
June 30, 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%
June 30, 2009	\$35,787,336	\$40,263,087	\$4,475,751	88.88%	\$9,572,846	46.75%
June 30, 2008	\$35,056,452	\$37,130,428	\$2,073,976	94.41%	\$9,102,239	22.79%
June 30, 2007	\$32,139,174	\$32,921,775	\$782,601	97.62%	\$9,447,042	8.28%
June 30, 2006	\$27,613,660	\$28,674,533	\$1,060,873	96.30%	\$8,364,880	12.68%
June 30, 2005	\$25,862,321	\$29,123,470	\$3,261,149	88.80%	\$7,905,622	41.25%
June 30, 2004	\$25,072,489	\$24,487,777	(\$584,712)	102.39%	\$8,058,514	-7.26%
June 30, 2003	24,620,322	22,866,550	(1,753,772)	107.67%	7,779,859	-22.54%

WISE COUNTY SCHOOLS (NON-PROFESSIONAL EMPLOYEES)

June 30, 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%
June 30, 2009	\$8,299,143	\$10,945,237	\$2,646,094	75.82%	\$2,090,400	126.58%
June 30, 2008	\$8,220,987	\$10,010,334	\$1,789,347	82.13%	\$1,916,646	93.36%
June 30, 2007	\$7,474,327	\$9,332,330	\$1,858,003	80.09%	\$1,848,676	100.50%
June 30, 2006	\$6,498,023	\$8,080,477	\$1,582,454	80.42%	\$1,712,525	92.40%
June 30, 2005	\$6,189,105	\$8,026,236	\$1,837,131	77.11%	\$1,649,912	111.35%

STATISTICAL SCHEDULES

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

SCHEDULE 4

FISCAL YEAR	GENERAL PROPERTY TAXES	OTHER LOCAL TAXES	PERMIT, PRIVILEGE FEES AND REGULATORY LICENSES	FINES & FORFEITURES	REVENUE FROM USE OF MONEY AND PROPERTY
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
2002-03	12,690,890	10,852,884	102,136	28,675	232,917

FISCAL YEAR	CHARGES FOR SERVICES	MISCELLANEOUS	RECOVERED COSTS	INTER- GOVERNMENTAL	TOTAL
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
2002-03	1,172,673	306,224	715,021	57,636,789	83,738,209

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

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

SCHEDULE 5

FISCAL YEAR	GENERAL ADMINISTRATION	JUDICIAL ADMINISTRATION	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	EDUCATION
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
2002-03	2,036,832	1,634,549	5,747,227	1,060,934	10,121,069	52,588,652

FISCAL YEAR	PARKS, RECREATION & CULTURAL	COMMUNITY DEVELOPMENT	CAPITAL PROJECT	DEBT SERVICE	TOTALS
2011-12	\$ 1,003,598	\$ 10,912,901	\$ 67,857	\$ 687,474	\$ 127,535,532
2010-11	895,284	14,043,807	75,140	737,911	124,046,490
2009-10	894,648	7,439,329	268,434	479,134	122,466,990
2008-09	879,848	7,079,993	624,294	522,233	130,839,513
2007-08	857,272	6,802,797	243,705	483,216	117,958,143
2006-07	872,192	532,441	255,603	502,768	112,322,723
2005-06	829,339	547,097	104,517	580,878	108,146,594
2004-05	804,718	1,298,362	591,595	445,768	104,715,576
2003-04	716,065	4,847,872	58,261	225,087	98,097,035
2002-03	696,222	4,138,974	123,836	1,356,189	79,504,484

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

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

SCHEDULE 6

<u>FISCAL YEAR</u>	<u>REAL ESTATE</u>	<u>PERSONAL PROPERTY</u>	<u>MACHINERY AND TOOLS</u>	<u>MERCHANT'S CAPITAL</u>	<u>MOBILE HOMES</u>
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
2002-03	1,204,940,618	300,288,761	210,272,261	25,797,480	44,899,975

PUBLIC UTILITIES

<u>FISCAL YEAR</u>	<u>PERSONAL PROPERTY</u>	<u>REAL ESTATE</u>	<u>MERCHANT'S CAPITAL</u>	<u>TOTAL</u>
2011-12	\$ 367,055	\$ 582,038,075	\$ 120,195	\$ 3,391,548,746
2010-11	287,561	589,715,216	251,089	3,170,622,004
2009-10	277,470	111,625,698	190,000	2,553,858,006
2008-09	325,916	81,297,579	118,000	2,388,306,137
2007-08	395,768	77,052,759	130,000	2,353,437,955
2006-07	418,372	75,756,574	99,202	2,273,510,738
2005-06	523,376	83,993,059	90,500	2,181,467,939
2004-05	689,690	97,163,185	4,000	2,263,725,005
2003-04	594,230	94,231,231	37,500	2,107,748,891
2002-03	983,791	80,368,431	31,652	1,867,582,969

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

SCHEDULE 7

FISCAL YEARS	REAL ESTATE	PERSONAL PROPERTY	MACHINERY & TOOLS		MERCHANT'S CAPITAL	MOBILE HOMES	PUBLIC UTILITIES		
							PERSONAL PROPERTY	REAL ESTATE	MERCHANT'S CAPITAL
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
2002-03	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

SCHEDULE 8

FISCAL YEAR	TOTAL (1) TAX LEVY	ADJUSTMENTS TO ORIGINAL LEVY IN CURRENT YEAR	COLLECTIONS WITHIN THE FISCAL YEAR OF THE LEVY	PERCENT OF ORIGINAL LEVY COLLECTED	ADJUSTMENTS TO ORIGINAL LEVY IN SUBSEQUENT YEARS	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL ADJUSTED LEVY	TOTAL COLLECTIONS TO DATE	PERCENT OF TOTAL LEVY COLLECTED
2011-12	\$ 24,470,385	\$ 1,226,106	\$ 24,973,016	97.18%	\$ (15,304)	# \$ 169,095	\$ 25,681,187	\$ 25,142,111	97.90%
2010-11	21,231,925	(587,846)	19,660,958	95.24%	(301,542)	354,874	20,342,537	20,015,832	98.39%
2009-10	20,589,874	(727,940)	18,777,570	94.54%	(167,794)	679,371	19,694,140	19,456,941	98.80%
2008-09	19,789,315	(1,006,993)	18,013,570	95.91%	(66,919)	469,134	18,715,403	18,482,704	98.76%
2007-08	18,745,690	(215,978)	17,826,256	96.20%	8,427	531,590	18,538,139	18,357,846	99.03%
2006-07	18,719,889	(537,241)	17,480,629	96.14%	(18,315)	655,164	18,164,333	18,135,793	99.84%

Notes:

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

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

SCHEDULE 9

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (IN THOUSANDS) (2)	GROSS BONDED DEBT (3)	LESS: DEBT SERVICE MONIES AVAILABLE	DEBT PAYABLE FROM ENTERPRISE REVENUES (4)	NET BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2011-12	41,452	\$ 3,391,548,746	\$ 75,281,331	0	\$ 884,176	\$ 74,397,155	2.19%	\$ 1,794.78
2010-11	41,452	3,170,622,004	16,797,836	0	1,192,141	15,605,695	0.49%	376.48
2009-10	42,209	2,553,858,006	16,915,254	0	319,530	16,595,724	0.65%	393.18
2008-09	42,209	2,384,049,068	15,214,037	0	539,881	14,674,156	0.62%	347.65
2007-08	42,209	2,353,333,955	15,641,236	0	597,103	15,044,133	0.64%	356.42
2006-07	42,209	2,273,510,738	11,246,545	0	771,850	10,474,695	0.46%	248.16
2005-06	42,209	2,181,467,939	12,776,974	0	936,725	11,840,249	0.54%	280.51
2004-05	42,209	2,263,725,005	12,514,637	0	495,597	12,019,040	0.53%	284.75
2003-04	42,209	2,074,137,816	13,850,603	0	1,095,334	12,755,269	0.61%	317.90
2002-03	42,209	1,867,582,969	14,699,145	0	1,898,410	12,800,735	0.69%	319.03
2001-02	42,209	1,664,447,012	16,523,934	0	2,810,168	13,713,766	0.82%	341.79

Notes:

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

COUNTY OF WISE, VIRGINIA
SCHEDULE OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

LEGAL DEBT LIMIT	
10% OF ASSESSED VALUE OF TAXABLE REAL ESTATE (INCLUDING PUBLIC UTILITY REAL ESTATE) (2,618,909,524 x .10)	\$ 261,890,952
DEDUCT	
NET BONDED DEBT	<u>74,397,155</u>
LEGAL MARGIN FOR CREATION OF ADDITIONAL DEBT	<u>\$ 187,493,797</u>

COMPLIANCE SECTION

COUNTY OF WISE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
DEPARTMENT OF AGRICULTURE:		
Pass Through Payments from the Commonwealth of Virginia		
State Department of Agriculture:		
Food Distribution - Schools	10.555	\$ 147,314
Department Of Social Services:		
General Administration - Food Stamp Program (Cluster)	10.561	588,787
Department Of Education:		
National School Lunch Program (SL-4) (SL-11)	10.555	1,297,840
National Child Nutrition Discretionary Grants	10.579	8,576
National School Breakfast	10.553	461,403
National Summer Feeding Program	10.555	10,851
Total National School Food (Cluster)		1,778,670
Federal Land Use - Forest Reserve	10.665	46,877
DEPARTMENT OF HEALTH & HUMAN SERVICES:		
Pass Through Payments from the Commonwealth of Virginia		
Department of Social Services:		
Admin Energy Assist - LIHEAP	93.568	\$ 57,790
Administration Refuge Other/Eligibility	93.566	700
TANF (Cluster)	93.558	822,661
Foster Care - Title IV-E (Cluster)	93.658	476,718
Adoption Assistance	93.659	428,426
Child Welfare State Grant	93.645	2,499
Administration FAMIS Allocation	93.767	17,615
Medicaid Cluster:		
Administration \ TXIX Allocation-Medical Asst Program	93.778	292,503
Administration \ Administration LSCA-TXIX	93.778	47,844
Administration - Medicaid	93.778	18,374
Total Medicaid (Cluster)		358,721
Child Day Care (Cluster)		
Child Care Dev. Fund - Head Start	93.575	34,773
Child Care Dev. Fund - Head Start- ARRA	93.575	-
Subtotal Child Care Dev. Fund		34,773
Tanf Ed / Trng.: Non Jobs	93.575	-
Tanf Ed / Trng.: Non Jobs ARRA	93.575	-
Subtotal Tanf Ed/ Trng.: Non Jobs		-
Child Care- CCDF	93.596	126,949
Child Care- CCDF- ARRA	93.596	-
Subtotal Child Care- CCDF		126,949
Total Child Day Care (CCDF) (Cluster)		161,722
Chafee Foster Care Independence Program	93.674	23,573
Chafee Education & Training Vouchers Program	93.599	15,489
Social Service Block Grant	93.667	590,503
Protective Services Promoting Safe and Stable Families	93.556	35,256
Department Of Behavioral Health and Developmental Services		
Mental Health Planning	93.959	657,217
Alcohol Abuse Services (50847-49)	93.958	102,222
SA Fed Returning to Work	93.243	2,597
Special Education-Grants for Infants and Fam	84.181	61,992
Special Education-Grants for Infants and Fan	84.181	20,009
ARRA		
Subtotal Education Funds		82,001
DEPARTMENT OF INTERIOR:		
Direct Payments:		
Bureau Of Land Management:		
Payment In Lieu Of Taxes - Public Law 97-258, (National		
Forest Acreage In The Localities)	15.000	24,936
FEDERAL EMERGENCY MANAGEMENT AGENCY:		
Direct Payments:		
State Homeland Security Grant	97.042	66,673
State Homeland Security Grant	97.036	30,096
DEPARTMENT OF EDUCATION:		

COUNTY OF WISE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
Pass Through Payments from the Commonwealth of Virginia		
Department of Education:		
Adult Education - State Administration		
Program (7E002694) (8E002615)	84.002	249,500
Education Consolidation & Improvement Act of 1981:		
Title I:		
Financial Assistance To Meet Special Educational Needs Of Disadvantaged Children - Programs Operated By Local Education Agencies (7E005740) (8E00570) *	84.010	2,065,546
Title II:		
Part A	84.367	466,440
Part D- Technology	84.318	22,217
Vocational Education:		
Basic Grants To States (8E002628) (7E002685) (8E002607) (7E002688)	84.048	150,389
Special Projects:		
Drug Free Schools and Communities (7E003333)	84.186	
Twenty First Century Grant	84.287	40,903
IE EA 619 Flow-Through	84.027	1,279,723
IDEA 619 Flow-Through Part B	84.391	161,859
Pre-School Special Education Part B	84.392	12,868
Pre-School Special Education	84.173	41,647
Title VI - Rural and Low-Income Schools	84.358	201,244
Title VI Innovative Education	84.298	
Education Jobs Fund	84.410	1,750,596
Educational	84.386	56,249
Homeless	84.196	8,903
AFROTC	84.999	62,091
DEPARTMENT OF CRIMINAL JUSTICE SERVICES:		
Violence Against Women	16.588	36,692
Local Law Enforcement Block Grant	16.592	2,967
Juvenile Justice & Delq Prevention-Title II	16.575	
NASA LANGLEY RESEARCH CENTER:		
Research Cooperation Agreement-Wise Development Funds	0.999	1,166,062
DEPARTMENT OF MOTOR VEHICLES:		
Ground Transportation Open Container/Alcohol Impaired Driving	20.607	9,230
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:		
Community Development Grant- Hamilton Town	14.228	180,442
Community Development Grant-Bold Camp	14.228	671,757
TOTAL FEDERAL ASSISTANCE		\$ 15,156,387

See accompanying notes to the schedule of federal awards.
See accompanying independent auditors' report.



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COUNTY OF WISE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule or SEFA) includes all federal grant activity of the County of Wise, Virginia (the County) and its component units. The County's reporting entity is defined in Note 1 of the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies or not-for-profit organizations, is included on the Schedule.

2. BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, as described in Note 1 to the County's basic financial statements. The information in the Schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the year ended June 30, 2012, the County participated in the following federal programs in which non-cash benefits were provided through the State to eligible participants:

National School Lunch Program-Cafeteria (Commodities) (CDFA Number 10.555)—The value of food commodities was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists.

Supplemental Nutrition Assistance Program (CDFA Number 10.551) – The Virginia Department of Social Services uses an Electronic Benefits Transfer (EBT) process for Supplemental Nutrition Assistance benefit distribution. Due to the State administration of the EBT process, those benefits are not included in the Schedule.

3. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009

The American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act) was signed into law on February 17, 2009. As of June 30, 2012, the County has been both a direct recipient and a subrecipient of ARRA funds, and has separately identified the expenditure of these federal awards on the accompanying Schedule by inclusion of the prefix "ARRA" in the grant program name.

Pursuant to the Recovery Act, the County is required to report all direct ARRA awards received and expended on a cumulative basis, to www.federalreporting.gov by the 10th day after calendar quarter. Citizens may access the ARRA reports at www.recovery.gov.

4. RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

Revenue from the Federal government-financial statements:	\$ 15,009,073
Add (subtract) Federal awards revenue recognized:	
In prior fiscal years, spent this fiscal year	-0-
In current fiscal years, but not spent	-0-
Food Distribution – Department of Agriculture	<u>147,314</u>
Expenditures of Federal awards per the Schedule:	\$ 15,156,387

5. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule agree with amounts reported in the related federal financial reports, except that certain federal financial reports are prepared on the cash basis of accounting, and the Schedule is prepared on the basis of accounting described in the preceding note 2.

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT

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

MEMBER
VIRGINIA & TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

email: lsturgill@larrydsturgillcpa.com

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited 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, Virginia (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 15, 2013. 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 Audit of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 over financial reporting, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We noted other matters we consider to be opportunities to strengthen internal controls in a letter to the board dated February 15, 2013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Larry D. Sturgill, P.C.
February 15, 2013

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 2080 WISE, VIRGINIA 24293-2080

MEMBER
VIRGINIA & TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

email: lsturgill@larrydsturgillcpa.com

Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the County of Wise, Virginia's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on The County's compliance based on our audit.

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 the

County'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. Our audit does not provide a legal determination of the County's compliance with those requirements. In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing

procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Larry D. Sturgill, P.C.
February 15, 2013

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 2080 WISE, VIRGINIA 24293-2080

MEMBER
VIRGINIA & TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

email: lsturgill@larrydsturgillcpa.com

Independent Auditors' Report on Compliance with Commonwealth Of Virginia Laws, Regulations, Contracts, and Grants

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

We have audited 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, Virginia (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 15, 2013.

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 *Specifications for Audits of Counties, Cities, and Towns* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the County is the responsibility of the management of the County. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with such provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants (as specified in the Specifications, Chapters Two and Three) for which we performed tests of compliance:

Code of Virginia

- Property Taxes and Property Taxes Receivable
- Intergovernmental Revenue
- Intergovernmental Agreements
- Budget and Appropriations Laws
- Cash and Investments
- Conflicts of Interest
- Debt Provisions
- Retirement Systems
- Procurement

State Agency Requirements

- Education
- Comprehensive Youth Services Act
- Social Services

The results of our tests did not disclose any instances of noncompliance with those requirements which are required to be reported in accordance with the Specifications.

This report is intended solely for the information and use of management, the Board of Supervisors, Others within the entity, the Auditor of Public Accounts of the Commonwealth of Virginia, and the applicable state agencies and is not intended to be and should not be used by anyone other than these specified parties.



Larry D. Sturgill, P.C.
February 15, 2013

COUNTY OF WISE, VIRGINIA
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2012

A. Summary of Auditors' Results

1. The type of report issued on the basic financial statements: **UNQUALIFIED OPINION**
2. Significant deficiencies in internal control over financial reporting disclosed by the audit of the basic financial statements: **NONE REPORTED**
3. Material weaknesses in internal control disclosed by audit of the basic financial statements: **NO**
4. Noncompliance, which is material to the financial statements: **NONE**
5. Significant deficiencies in internal control over major programs: **NONE REPORTED**
6. Material weaknesses in internal control over major programs: **NONE**
7. The type of report issued on compliance for major programs: **UNQUALIFIED OPINION**
8. Any audit findings which are required to be reported under Section 501(a) of OMB Circular A-133: **NO**
9. The programs tested as major programs were:

<u>Name of Federal Program or Cluster</u>	<u>CDFA Numbers</u>
Title 1 Grants to LEA's	84.010
ARRA-Educational Jobs Funds	84.410
ARRA-Special Education Cluster (IDEA)	84.027, 84.173, 84.391, 84.392
Temporary Assistance for Needy Families	93.558
Foster Care-Title VI-E	93.658
Social Services Block Grant	93.667
State Administrative Match for SNAP	10.561
Adoption Assistance	93.659
Medical Assistance Program	93.778
Adult Literacy Services	84.002

10. Dollar threshold to distinguish between Types A and B Programs: **\$463,732**
11. Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133: **NO**

B. Findings-Financial Statement Audit in Accordance with *Government Auditing Standards*
NONE

C. Findings and Questioned Costs-Major Federal Awards
NONE

D. Resolution of Prior Year's Findings: CORRECTED

E. Finding and Questioned Costs-Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants: NONE

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