

COUNTY OF DICKENSON, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

**COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014**

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COUNTY OF DICKENSON, VIRGINIA

BOARD OF SUPERVISORS

Delano Sykes, Vice-chair David Yates	Donnie Rife, Chair	Gary Hall Shelbie Willis
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COUNTY SCHOOL BOARD

Rufus "Shanghai" Nickles, Vice-chair Donald Raines	John Skeen, Chair	Rocky Barton Susan B. Mullins
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SOCIAL SERVICES BOARD

Scott Stanley, Vice-chair Charles Hay	Linza Baker, Chair	Josh Evans Eric Vitatoe
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PUBLIC SERVICE AUTHORITY BOARD

Don Mullins, Vice-chair Zane Counts	Damon Rasnick, Chair	Delano Sykes Sam Edwards
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BEHAVIORAL HEALTH SERVICES

Carol Robinette Gary Artrip Henry Spangler, Vice-Chair	T.J. Fryatt, Chair	Vickie Barton Roger Deel Kelly Rose
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OTHER OFFICIALS

Clerk of the Circuit Court	Richard Edwards
Commonwealth's Attorney	Joshua Newberry
Commissioner of the Revenue	Mike Yates
Treasurer	Danny Edwards
Sheriff	Bobby Hammons
Superintendent of Schools	Haydee Robinson
Director of Social Services	Susan Mullins
County Administrator	David Moore

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors
County of Dickenson, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Dickenson, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise County of Dickenson, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Dickenson, Virginia, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension and OPEB funding progress on pages 5-10, 49-50, and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Dickenson, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014, on our consideration of County of Dickenson, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Dickenson, Virginia's internal control over financial reporting and compliance.

Robinson, Finner, Cox Associates

Blacksburg, Virginia

December 18, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the
Board of Supervisors
To the Citizens of Dickenson County
County of Dickenson, Virginia

As management of the County of Dickenson, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County's governmental activities exceeded its liabilities at the close of the fiscal year by \$50,579,420 (net position). Of this amount, \$13,831,421 was considered unrestricted.
- The assets of the School Board component unit exceeded its liabilities at the close of the fiscal year by \$3,179,433 (net position). Of this amount \$(1,661,469) was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$20,909,414. Of the amount \$4,282,047 was considered unassigned and \$16,627,367 was considered restricted.
- During the year, the County had governmental expenditures that were \$26,908,781 more than revenue. The County received \$17,988,212 in debt proceeds to cover the additional expenditures

Overview of the Financial Statements:

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

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

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

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

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

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

The Statement of Activities 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). Our governmental activities include general government, courts, public safety, sanitation, social services, education, cultural events, and recreation.

The Government-wide Financial Statements include not only the County of Dickenson, Virginia itself (known as the primary government), but also a legally separate school board for which the County of Dickenson, Virginia is financially accountable. The financial statements also include a discretely presented component units that we do not control, but do exercise a significant financial relationship with. This discretely presented component unit is the Public Service Authority.

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 Dickenson, 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 Statements, 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 the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains two individual governmental funds. Information is presented 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 Coal Road Tax Fund of which both are considered to be major funds.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds and expendable trust funds. We are 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. The County excludes these activities from the County's Government-wide Financial Statements because the County cannot use these assets to finance its operations.

Notes to the 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 statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets exceed liabilities by \$50,479,420 at the close of the most recent fiscal year.

A significant portion of the County's net position \$30,141,416 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 services 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. An additional portion of the County's net position \$6,606,583, are subject to restrictions on how they may be used. The remaining balance of net position \$13,831,421 may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Position and Statement of Activities for 2014 and 2013.

Statement of Net Position

	Governmental Activities 2014	Governmental Activities 2013
Current and other assets	\$ 38,998,091	\$ 41,625,642
Capital and other assets	62,669,320	24,415,669
Total assets	<u>\$ 101,667,411</u>	<u>\$ 66,041,311</u>
Current and other liabilities	\$ 15,810,872	\$ 1,704,763
Long-term liabilities	35,277,119	37,994,623
Total Liabilities	<u>\$ 51,087,991</u>	<u>\$ 39,699,386</u>
Net position:		
Net investment in		
Capital assets	\$ 30,141,416	\$ 15,578,059
Restricted	6,606,583	5,999,660
Unrestricted	13,831,421	4,764,206
Total net position	<u>\$ 50,579,420</u>	<u>\$ 26,341,925</u>

Statement of Activities

	Governmental Activities	Governmental Activities
Program revenues		
Charges for services	\$ 2,277,170	\$ 2,209,570
Operating grants and contributions	9,232,185	8,880,910
Capital grants and contributions	25,519,376	-
General revenues		
Property taxes	11,786,105	11,906,790
Other taxes	8,606,472	9,509,539
Revenue from use of money and property	15,262	32,329
Miscellaneous	59,715	
Intergovernmental revenues		
Grants and contributions not restricted to specific programs	1,545,215	8,907,031
Total revenues	<u>59,041,500</u>	<u>41,446,169</u>
Expenses		
General government	1,144,784	2,050,009
Judicial administration	1,110,535	1,138,929
Public Safety	4,976,702	4,885,973
Public works	2,835,218	3,022,683
Health and welfare	9,490,390	9,254,319
Education	9,635,086	6,766,973
Parks, recreation and cultural	170,643	185,519
Community development	4,284,122	6,453,207
Interest on debt	1,156,525	888,962
Total expenses	<u>34,804,005</u>	<u>34,646,574</u>
Change in net position	<u>\$ 24,237,495</u>	<u>\$ 6,799,595</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$20,909,414; 79% or \$16,627,367 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. The remaining balance, \$4,282,047 or 21% is unassigned, meaning there is no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$4,282,047, of this amount all was considered unassigned. The Coal Road Tax fund had restricted fund balances of \$6,606,583 and the School Construction fund had restricted fund balance of \$10,020,784.

Total governmental fund revenues increased \$17,595,331 and expenses increased \$157,431 over prior year amounts. For fiscal year ended June 30, 2014, revenues exceeded expenses by \$24,237,495, as compared to the fiscal year ended June 30, 2013, revenue exceeded expenses by \$6,799,595.

General Fund Budgetary Highlights

There were some differences in expenditures between the original budget and the final amended budget for the current year.

Capital Assets and Debt Administration

Capital assets – The County's investment in capital assets for its governmental funds activities as of June 30, 2014 amounts to \$62,669,320 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County of Dickenson's capital assets can be found in Note 11 of this report.

Long-term debt – At the end of the current fiscal year, the County’s primary government had total debt outstanding as follows:

Primary Government:	
Accrued leave	\$ 449,047
Lease purchase agreement	2,510,289
General obligation bonds	813,545
Notes payable	31,145,706
Landfill post-closure costs	358,532
Total	<u>\$ 35,277,119</u>

Additional information on the County of Dickenson’s long-term debt can be found in Note 6 of this report.

Economic Factors

The June 2014 unemployment rate for the County of Dickenson, Virginia was 9.8%, which is a decrease from a rate of 10.2% in June 2013. This is above the state’s average unemployment rate of 5.4% and also above the national average rate of 6.3%.

Request for Information

This financial report is designed to provide a general overview of the County’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 293 Main Street, P.O. Box 1098, Clintwood, Virginia 24228.

Basic Financial Statements

County of Dickenson, Virginia
Statement of Net Position
June 30, 2014

	Primary Government	Component Units		
	Governmental	School	Public Service	Industrial
	Activities	Board	Authority	Development
				Authority
ASSETS				
Cash and investments	\$ 24,445,066	\$ 2,178,307	\$ 2,395,549	\$ 157,042
Cash in custody of others	-	1,100	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,587,925	-	-	-
Other local taxes receivable	751,665	-	-	-
Accounts receivable	-	-	300,176	6,379
Other receivables	-	-	147,549	741,060
Due from primary government	-	-	52,391	21,556,706
Due from component unit	1,135,926	-	-	-
Due from other governmental units	1,077,509	744,556	-	-
Prepaid items	-	109,784	41,853	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	605,203	242,389
Capital assets (net of accumulated depreciation):				
Land	4,014,898	2,051,900	34,592	774,821
Buildings and system	5,860,513	1,268,205	112,451	11,562,579
Machinery and equipment	1,084,113	1,520,797	318,275	-
Infrastructure	-	-	29,889,714	-
Construction in progress	51,709,796	-	1,357,920	-
Total assets	\$ 101,667,411	\$ 7,874,649	\$ 35,255,673	\$ 35,040,976
LIABILITIES				
Accounts payable	\$ 6,044,728	\$ 477,048	\$ 243,760	\$ 6,379
Accrued liabilities	-	1,285,989	-	-
Customers' deposits	-	-	203,678	-
Accrued interest payable	82,158	-	23,528	-
Due to primary government	-	1,135,926	-	-
Long-term liabilities:				
Due within one year	1,057,330	-	273,065	539,963
Due in more than one year	34,219,789	1,796,253	8,367,675	25,762,057
Total liabilities	\$ 41,404,005	\$ 4,695,216	\$ 9,111,706	\$ 26,308,399
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 9,683,986	\$ -	\$ -	\$ -
NET POSITION				
Net investment in capital assets	\$ 30,141,416	\$ 4,840,902	\$ 23,168,222	\$ 7,615,284
Restricted				
Coal Road	6,606,583	-	-	-
Economic Development	-	-	-	950,805
Agricultural Center	-	-	-	-
Cash Reserve Accounts	-	-	401,525	-
Unrestricted (deficit)	13,831,421	(1,661,469)	2,574,220	166,488
Total net position	\$ 50,579,420	\$ 3,179,433	\$ 26,143,967	\$ 8,732,577

The notes to the financial statements are an integral part of this statement.

County of Dickenson, Virginia
Statement of Activities
For the Year Ended June 30, 2014

					Net (Expense) Revenue and Changes in Net Position			
					Component Units			
					Primary Government			
					Governmental		Public Service	Industrial
Functions/Programs	Expenses	Charges for	Operating	Capital	Activities	School Board	Authority	Development
		Services	Grants and	Grants and				Authority
			Contributions	Contributions				
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,144,784	\$ 261,588	\$ 1,841,893	\$ -	\$ 958,697	\$ -	\$ -	\$ -
Judicial administration	1,110,535	117,569	406,204	-	(586,762)	-	-	-
Public safety	4,976,702	38,718	1,479,731	-	(3,458,253)	-	-	-
Public works	2,835,218	452,180	8,595	-	(2,374,443)	-	-	-
Health and welfare	9,490,390	1,390,175	5,123,295	-	(2,976,920)	-	-	-
Education	9,635,086	-	-	25,393,907	15,758,821	-	-	-
Parks, recreation, and cultural	170,643	16,940	5,000	-	(148,703)	-	-	-
Community development	4,284,122	-	367,467	125,469	(3,791,186)	-	-	-
Interest on long-term debt	1,156,525	-	-	-	(1,156,525)	-	-	-
Total governmental activities	\$ 34,804,005	\$ 2,277,170	\$ 9,232,185	\$ 25,519,376	\$ 2,224,726	\$ -	\$ -	\$ -
Total primary government	\$ 34,804,005	\$ 2,277,170	\$ 9,232,185	\$ 25,519,376	\$ 2,224,726	\$ -	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 24,607,033	\$ 354,916	\$ 17,006,587	\$ -	\$ -	\$ (7,245,530)	\$ -	\$ -
Public Service Authority	3,254,044	2,835,393	-	941,312	-	-	522,661	-
Industrial Development Authority	-	-	-	-	-	-	-	(2,724,039)
Total component units	\$ 27,861,077	\$ 3,190,309	\$ 17,006,587	\$ 941,312	\$ -	\$ (7,245,530)	\$ 522,661	\$ (2,724,039)
General revenues:								
General property taxes					\$ 11,786,105	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					950,717	-	-	-
Consumers' utility taxes					328,761	-	-	-
Consumption taxes					64,424	-	-	-
Vehicle reg. withholding stops					17,420	-	-	-
Bank stock taxes					31,140	-	-	-
Taxes on recordation and wills					4	-	-	-
Hotel and motel room taxes					45,844	-	-	-
Coal severance taxes					4,692,904	-	-	-
Gas severance taxes					2,475,258	-	-	-
Unrestricted revenues from use of money and property					15,262	-	289	338,961
Miscellaneous					59,715	435,339	121,093	2,049
Payments from County of Dickenson					-	6,954,016	-	382,675
Grants and contributions not restricted to specific programs					1,545,215	-	-	-
Total general revenues					\$ 22,012,769	\$ 7,389,355	\$ 121,382	\$ 723,685
Change in net position					\$ 24,237,495	\$ 143,825	\$ 644,043	\$ (2,000,354)
Net position - beginning					26,341,925	3,035,608	25,499,924	10,732,931
Net position - ending					\$ 50,579,420	\$ 3,179,433	\$ 26,143,967	\$ 8,732,577

The notes to the financial statements are an integral part of this statement.

County of Dickenson, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Coal Road Tax</u>	<u>School Construction Projects</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 2,365,701	\$ 6,443,803	\$ 15,635,562	\$ 24,445,066
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,587,925	-	-	11,587,925
Other local taxes receivable	435,481	316,184	-	751,665
Due from component unit	1,135,926	-	-	1,135,926
Due from other governmental units	1,077,509	-	-	1,077,509
Total assets	<u>\$ 16,602,542</u>	<u>\$ 6,759,987</u>	<u>\$ 15,635,562</u>	<u>\$ 38,998,091</u>
LIABILITIES				
Accounts payable	\$ 276,546	\$ 153,404	5,614,778	\$ 6,044,728
Total liabilities	<u>\$ 276,546</u>	<u>\$ 153,404</u>	<u>\$ 5,614,778</u>	<u>\$ 6,044,728</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 12,043,949	\$ -	\$ -	\$ 12,043,949
FUND BALANCES				
Restricted:				
Coal Road	\$ -	\$ 6,606,583	\$ -	\$ 6,606,583
School Construction	-	-	10,020,784	10,020,784
Unassigned	4,282,047	-	-	4,282,047
Total fund balances	<u>\$ 4,282,047</u>	<u>\$ 6,606,583</u>	<u>\$ 10,020,784</u>	<u>\$ 20,909,414</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,602,542</u>	<u>\$ 6,759,987</u>	<u>\$ 15,635,562</u>	<u>\$ 38,998,091</u>

The notes to the financial statements are an integral part of this statement.

County of Dickenson, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 20,909,414
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 4,014,898	
Buildings and system	5,860,513	
Machinery and equipment	1,084,113	
Construction in progress	51,709,796	62,669,320

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenues in the funds.	2,359,963
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds	\$ (31,599,532)	
Bond premium	(18,545)	
Capital lease	(2,510,289)	
Landfill postclosure liability	(358,532)	
Compensated absences	(449,047)	
Accrued interest payable	(82,158)	(35,018,103)

Net position of governmental activities	\$ 50,920,594
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The notes to the financial statements are an integral part of this statement.

County of Dickenson, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General</u>	<u>Coal Road Tax</u>	<u>School Construction Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 11,852,575	\$ -	\$ -	\$ 11,852,575
Other local taxes	5,022,391	3,584,081	-	8,606,472
Permits, privilege fees, and regulatory licenses	16,001	-	-	16,001
Fines and forfeitures	64,460	-	-	64,460
Revenue from the use of money and property	4,399	37	10,826	15,262
Charges for services	2,196,709	-	-	2,196,709
Miscellaneous	59,715	-	-	59,715
Recovered costs	407,230	-	-	407,230
Intergovernmental:				
Commonwealth	8,090,742	100,000	-	8,190,742
Federal	2,712,127	-	25,393,907	28,106,034
Total revenues	<u>\$ 30,426,349</u>	<u>\$ 3,684,118</u>	<u>\$ 25,404,733</u>	<u>\$ 59,515,200</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,730,069	\$ -	\$ -	\$ 1,730,069
Judicial administration	1,450,019	-	-	1,450,019
Public safety	4,737,953	-	-	4,737,953
Public works	2,760,769	380	-	2,761,149
Health and welfare	9,648,214	-	-	9,648,214
Education	7,813,453	-	-	7,813,453
Parks, recreation, and cultural	164,694	-	-	164,694
Community development	1,742,363	3,076,815	-	4,819,178
Capital projects	-	-	39,178,197	39,178,197
Debt service:				
Principal retirement	339,183	-	12,610,000	12,949,183
Interest and other fiscal charges	98,918	-	1,072,954	1,171,872
Total expenditures	<u>\$ 30,485,635</u>	<u>\$ 3,077,195</u>	<u>\$ 52,861,151</u>	<u>\$ 86,423,981</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (59,286)</u>	<u>\$ 606,923</u>	<u>\$ (27,456,418)</u>	<u>\$ (26,908,781)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	\$ -	\$ -	\$ 17,988,212	\$ 17,988,212
Issuance of notes payable	0	-	-	-
Issuance of capital leases	611,356	-	-	611,356
Issuance of notes payable	341,174	-	-	341,174
Total other financing sources (uses)	<u>\$ 952,530</u>	<u>\$ -</u>	<u>\$ 17,988,212</u>	<u>\$ 18,940,742</u>
Net change in fund balances	\$ 893,244	\$ 606,923	\$ (9,468,206)	\$ (7,968,039)
Fund balances - beginning	3,388,803	5,999,660	19,488,990	28,877,453
Fund balances - ending	<u>\$ 4,282,047</u>	<u>\$ 6,606,583</u>	<u>\$ 10,020,784</u>	<u>\$ 20,909,414</u>

The notes to the financial statements are an integral part of this statement.

County of Dickenson, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$	(7,968,039)
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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.

Capital outlays	\$ 38,895,940	
Depreciation expense	<u>(642,289)</u>	38,253,651

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable property taxes.		(66,470)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
General obligation bonds	\$ (17,988,212)	
Capital leases	(611,356)	
Increase in landfill postclosure care liability	(4,950)	
Principal payments:		
General obligation bonds	12,410,000	
QSCB	200,000	
Capital leases	<u>339,183</u>	(5,655,335)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Decrease (increase) in compensated absences	\$ (485)	
Decrease (increase) in accrued interest payable	12,255	
Amortization of bond premium	<u>3,092</u>	14,862

Change in net position of governmental activities	\$	<u>24,578,669</u>
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FIDUCIARY FUNDS

Special Welfare- The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Town of Clinchco- The Town of Clinchco fund accounts for those funds collected by the County for the Town of Clinchco.

Town of Clintwood- The Town of Clintwood fund accounts for those funds collected by the County for the Town of Clintwood.

Town of Haysi- The Town of Haysi fund accounts for those funds collected by the County for the Town of Haysi.

Fringe Benefits- The Fringe Benefits fund accounts for the County employees' fringe benefits.

County of Dickenson, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 133,496
Total assets	<u>\$ 133,496</u>
LIABILITIES	
Amounts held for social services clients	\$ 13,284
Amounts held for Town of Clinchco	5,708
Amounts held for Town of Clintwood	20,965
Amounts held for Town of Haysi	6,380
Amounts held for County employees' fringe benefits	87,159
Total liabilities	<u>\$ 133,496</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF DICKENSON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial reporting entity

County of Dickenson, Virginia is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. 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 government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

Dickenson County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue separate financial statements; therefore all of the School Board's financial information is presented within this financial report.

The Dickenson County Public Service Authority operates the water and sewer service for the County. Authority board members are appointed by the County Board of Supervisors. The complete financial report for the Authority may be obtained by contacting the Authority.

The Dickenson County Industrial Development Authority operates for the economic development of the County. Authority board members are appointed by the County Board of Supervisors. The complete financial report for the Authority may be obtained by contacting the Authority.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The County of Dickenson and the Counties of Wise, Lee, Scott, the City of Norton, and the Towns of Wise, Big Stone Gap, Coeburn, and St. Paul participate in supporting the Lonesome Pine Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2014, the County did not make a contribution to the Library.

Note 1-Summary of Significant Accounting Policies: (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original and a comparison of final budget and actual results.

C. Measurement focus, basis of accounting, and financial statement presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

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 the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The County reports the following major governmental funds:

The *general fund* is the County's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in other funds. The general fund includes the activities of the Law Library, Enhanced E-911, CSA, CSA Admin., Early Intervention, Disability Services Board, Inmate Medical Co-payment, 29th Judicial Grant, Restitution Recoveries, and CSB funds.

The Coal Road Tax fund is the County's only major *special revenue fund*. It accounts for and reports financial resources to be used for improvements to roads used in conjunction with coal mining.

The School Construction Projects fund is the County's only major *capital projects fund*. It accounts for and reports financial resources to be used for the construction of school property.

Additionally, the government reports the following fund types:

Fiduciary funds (Trust and Agency Funds) account for assets held by the government in a trustee account or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Town of Clinchco, Town of Clintwood, Town of Haysi, and Fringe Benefits funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the County, as well as for its component units, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$506,890 at June 30, 2014 and is comprised of property taxes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 1-Summary of Significant Accounting Policies: (continued)****D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)****6. Use of Estimates**

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

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

8. Deferred Outflows/Inflows of Resources (continued)

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

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

11. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable -amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund).

Restricted -amounts that are restricted by external parties such as creditors or imposed by grants, law or legislation.

Committed -amounts that have been committed by formal action by the entity's "highest level of decision-making authority"; which the County of Dickenson, Virginia considers to be the Board of Directors.

Assigned -amounts that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Dickenson, Virginia considers this level of authority to be the Board of Directors or any Committee granted such authority by the Board of Directors.

Unassigned -amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance / resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

12. Net Position

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

13. Net Position Flow Assumption

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Coal Road Tax Fund, and the School Operating Fund.
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 function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2-Stewardship, Compliance, and Accountability: (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), and the School Construction Projects Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget.

Note 3-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 are considered fully collateralized.

Investments:

Statutes authorize 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).

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 4-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<u>Commonwealth of Virginia:</u>		
State sales tax	\$ 146,541	\$ 389,391
Categorical aid-shared expenses	134,945	-
Categorical aid-Comprehensive Services Act	200,315	-
Categorical aid-Virginia Public Assistance	155,869	-
Categorical aid-other	29,849	-
Noncategorical aid	217,226	-
<u>Federal Government:</u>		
Categorical aid-other	-	355,165
Categorical aid-Virginia Public Assistance	192,764	-
Totals	<u>\$ 1,077,509</u>	<u>\$ 744,556</u>

Note 5-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 1,135,926
Component Unit - School Board:		
School Fund	\$ 1,135,926	\$ -

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 6-Long-term Obligations:****Primary Government - Governmental Activities Indebtedness:**

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2014:

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
General obligation bond	\$ 890,000	\$ -	\$ (95,000)	\$ 795,000
Bond premium	21,637	-	(3,092)	18,545
QSCB	9,800,000	-	(200,000)	9,600,000
Rural Development	3,216,320	17,988,212	-	21,204,532
IDA School Project Loans	12,315,000	-	(12,315,000)	-
IDA Judicial Project Loan	-	341,174	-	341,174
Capital leases	2,238,116	611,356	(339,183)	2,510,289
Landfill post closure liability	353,582	4,950	-	358,532
Compensated absences	448,562	485	-	449,047
Total	\$ 29,283,217	\$ 18,946,177	\$ (12,952,275)	\$ 35,277,119

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

Year Ending June 30,	General Obligation Bond		Rural Development		QSCB	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 100,000	\$ 33,895	\$ 250,792	\$ 742,159	\$ 200,000	\$ 425,000
2016	100,000	29,108	259,570	733,381	200,000	425,000
2017	110,000	24,046	268,655	724,296	200,000	425,000
2018	115,000	18,677	278,058	714,893	800,000	425,000
2019	120,000	13,135	287,790	705,161	800,000	425,000
2020-2024	250,000	10,455	1,597,276	3,367,477	3,515,000	2,125,000
2025-2029	-	-	1,897,063	3,067,690	2,775,000	2,125,000
2030-2034	-	-	2,253,115	2,711,638	1,110,000	637,500
2035-2039	-	-	2,675,994	2,288,759	-	-
2040-2044	-	-	3,178,242	1,786,511	-	-
2045-2049	-	-	3,774,754	1,105,150	-	-
2050-2054	-	-	4,483,223	481,529	-	-
Totals	\$ 795,000	\$ 129,316	\$ 21,204,532	\$ 18,428,644	\$ 9,600,000	\$ 7,012,500

	IDA Note	
	Principal	Interest
2015	\$ 180,621	\$ 7,379
2016	160,553	1,292
	\$ 341,174	\$ 8,671

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>General Obligation Bond:</u>		
\$1,475,000 bond issued June 8, 2005. Interest payments commenced on October 1, 2005 and continue through October 1, 2020. Interest rates vary from 3.1% to 4.9295%. Principal amounts varying from \$75,000 to \$130,000 are due each October 1st starting in 2006 and continuing until 2020.	\$ 795,000	\$ 100,000
Premium on bond	18,545	-
Total General Obligation Bond	\$ 813,545	\$ 100,000
<u>Other Obligations:</u>		
\$10,000,000 QSCB issued on December 1, 2011. Payments beginning December 1, 2012. Fixed annual interest payments of \$425,000 with a 6.238% interest rate and varying annual principal payments.	\$ 9,600,000	\$ 200,000
\$42,150,000 available from USDA - Rural Development at a rate of 3.5% with interest only payments for the first two years during the construction phase. The initial draw occurred on May 14, 2013 and the total draws on the note as of June 30, 2014 were \$21,204,532.	21,204,532	250,792
\$2,500,000 issued by the IDA for the County's Judicial project at a rate of 2.44% interest. Total draws as of June 30, 2014 were \$341,174.	341,174	180,621
Capital leases (Note 7)	2,510,289	325,917
Landfill post closure liability	358,532	-
Compensated absences	449,047	-
Total Other Obligations	\$ 34,463,574	\$ 957,330
Total Long-term Obligations	\$ 35,277,119	\$ 1,057,330

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 7-Capital Leases:**Primary Government:

The County has previously entered into lease agreements for the acquisition of fire vehicles, school buses and energy improvements to schools.

The costs of the assets acquired through capital leases are as follows:

Asset:	<u>Fire Trucks</u>	<u>School Buses</u>
Equipment	\$ 370,243	\$ 611,356
Less: Accumulated Depreciation	<u>(247,577)</u>	<u>(28,697)</u>
Net	<u>\$ 122,666</u>	<u>\$ 582,659</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2015	\$ 421,668
2016	421,668
2017	421,847
2018	390,962
2019	262,924
2020-2024	<u>1,051,697</u>
Sub-total	\$ 2,970,766
Less, amount representing interest	<u>(460,477)</u>
Present Value of Lease Agreements	<u>\$ 2,510,289</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 8-Long-term Obligations-Component Unit School Board:**

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2014:

	Balance July 1, 2013	Increase	Decrease	Balance June 30, 2014
Net OPEB obligation	\$ 751,092	\$ 936,515	\$ (941,300)	\$ 746,307
Compensated absences	1,119,940	-	(69,994)	1,049,946
Total	<u>\$ 1,871,032</u>	<u>\$ 936,515</u>	<u>\$ (1,011,294)</u>	<u>\$ 1,796,253</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Net OPEB obligation	\$ 746,307	\$ -
Compensated absences	1,049,946	-
Total Long-term Obligations	<u>\$ 1,796,253</u>	<u>\$ -</u>

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Note 9-Employee Retirement System and Pension Plans:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

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

VRS – PLAN 1

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

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

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

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

Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

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

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

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

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

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

10. Normal Retirement Age - Age 65.

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

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

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

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

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

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

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Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

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

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

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

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

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

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

Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2

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

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

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

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

4. **Retirement Contributions** - Same as VRS Plan 1-Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1- Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1-Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1-Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.

Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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

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

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

- 14. Eligibility** - Same as VRS Plan 1–Refer to Section 14.

- 15. Exceptions to COLA Effective Dates** - Same as VRS Plan 1–Refer to Section 15.

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

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

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

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Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")
 - The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

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Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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

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

5. **Creditable Service**

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

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

Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting

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

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

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

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

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

Distribution is not required by law until age 70½.

7. Calculating the Benefit

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

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

- 8. Average Final Compensation** - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

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

10. Normal Retirement Age

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

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

11. Earliest Unreduced Retirement Eligibility

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

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

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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

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

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

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1– Refer to Section 14.

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

Note 9-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

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

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

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

17. Purchase of Prior Service

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

Defined Contribution Component - Not Applicable.

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

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County of Dickenson, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Dickenson, Virginia's contribution rate for the fiscal year ended 2014 was 10.84% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 9-Employee Retirement System and Pension Plans: (continued)****B. Funding Policy (continued)**Discretely Presented Component Unit - School Board (Non-Professional Employees):

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2014 was 24.93% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the County's and School Board's annual pension costs of \$717,209 and \$359,067 was equal to the required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2014	\$ 717,209	100.00%	\$ -
	6/30/2013	691,222	100.00%	-
	6/30/2012	492,236	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2014	\$ 359,067	100.00%	\$ -
	6/30/2013	332,025	100.00%	-
	6/30/2012	400,392	100.00%	-

¹ Employer portion only

Note 9-Employee Retirement System and Pension Plans: (Continued)

C. Annual Pension Cost (Continued)

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

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2013, the most recent actuarial valuation date, the plan was 74.81% funded. The actuarial accrued liability for benefits was \$26,634,679, and the actuarial value of assets was \$19,926,306, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,708,373. The covered payroll (annual payroll of active employees covered by the plan) was \$6,373,967, and ratio of the UAAL to the covered payroll was 105.25%.

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

As of June 30, 2013, the most recent actuarial valuation date, the plan was 44.40% funded. The actuarial accrued liability for benefits was \$11,692,903, and the actuarial value of assets was \$5,191,241, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,501,662. The covered payroll (annual payroll of active employees covered by the plan) was \$1,456,283, and ratio of the UAAL to the covered payroll was 446.46%.

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

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Note 9-Employee Retirement System and Pension Plans: (Continued)

E. Discretely Presented Component Unit School Board - Professional Employees

Plan Description

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

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$1,179,496, \$1,019,141, and \$720,333, for the fiscal years ended 2014, 2013, and 2012, respectively. Employer contributions represented 11.66%, 11.66%, and 6.33%, of covered payroll for the fiscal years ended 2014, 2013, and 2012, respectively.

Note 10-Other Post-Employment Benefits - Health Insurance:

A. Plan Description

The School Board's Retiree Medical Program (the "Program") is a single-employer defined benefit healthcare plan administered by the County. The Program provides health insurance benefits to eligible retirees and their spouses. To be eligible as a retiree, employees must be a full-time employee who retires directly from the School Board and are eligible to receive an early or regular retirement benefit from VRS. Retirees of the Public Schools must also be employed for at least five consecutive years. The benefit provisions, including employer and employee contributions, are governed by School Board and can be amended through School Board action. The Program does not issue a publicly available financial report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 10-Other Post-Employment Benefits - Health Insurance: (continued)****B. Funding Policy**

The Dickenson County School Board establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will be partially funded or fully funded in the upcoming fiscal year. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the School Board. For fiscal year 2014, the School Board continued to follow the pay-as-you-go basis with no pre-funding.

Retirees are responsible for a portion of the monthly premiums for the benefits elected as shown in the tables below (premium amounts shown are for the year beginning 6/30/13):

<u>Monthly Premiums:</u>	<u>Retiree Only</u>	<u>Retiree and One Child</u>	<u>Retiree and Spouse/Family</u>
Anthem (PPO)	\$ 489.05	\$ 752.47	\$ 1,320.41
Anthem Dental	24.83	33.02	51.62
<u>Retiree Contributions:</u>			
Anthem (PPO)	\$ 25.00	\$ 30.00	\$ 50.00
Anthem Dental	-	8.19	26.79

Retirees receive employer contributions toward monthly premium amounts for both medical and dental for a duration determined by the retiree's age at retirement as shown below:

<u>Age at Retirement</u>	<u>Duration of School Board's Contribution</u>
52 and younger	10 years
53	9 years
54	8 years
55 and older	7 years, but not past age 65

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 10-Other Post-Employment Benefits - Health Insurance: (continued)****C. Annual OPEB Cost and Net OPEB Obligation**

The School Board's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

	School Board
Annual required contribution	\$ 938,000
Interest on net OPEB obligation	26,288
Adjustment to annual required contribution	(27,773)
Annual OPEB cost (expense)	936,515
Contributions made	(941,300)
Increase in net OPEB obligation	(4,785)
Net OPEB obligation - beginning of year	751,092
Net OPEB obligation - end of year	\$ 746,307

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 798,606	82%	\$ 744,764
6/30/2013	917,828	99%	751,092
6/30/2014	936,515	101%	746,307

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$10,895,100, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$11,428,900, and ratio of the UAAL to the covered payroll was 95.33%.

Note 10-Other Post-Employment Benefits - Health Insurance: (continued)

D. Funded Status and Funding Progress (continued)

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

E. Actuarial Methods and Assumptions

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

As of June 30, 2013, the most recent actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return and a 3.00% payroll growth rate per annum. An annual healthcare cost trend rate of 7.0 percent initially, graded to 4.8% over 70 years. Dental trend rates were held constant at 4.8 percent for all years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2013, was 30 years.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 11-Capital Assets:**

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,854,898	\$ 160,000	\$ -	\$ 4,014,898
Construction in progress	13,404,021	38,305,775	-	51,709,796
Total capital assets not being depreciated	<u>\$ 17,258,919</u>	<u>\$ 38,465,775</u>	<u>\$ -</u>	<u>\$ 55,724,694</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,434,709	\$ 46,200	\$ -	\$ 12,480,909
Machinery and equipment	3,625,796	383,965	-	4,009,761
Total capital assets being depreciated	<u>\$ 16,060,505</u>	<u>\$ 430,165</u>	<u>\$ -</u>	<u>\$ 16,490,670</u>
Accumulated depreciation:				
Buildings and improvements	\$ (6,313,515)	\$ (306,881)	\$ -	\$ (6,620,396)
Machinery and equipment	(2,590,240)	(335,408)	-	(2,925,648)
Total accumulated depreciation	<u>\$ (8,903,755)</u>	<u>\$ (642,289)</u>	<u>\$ -</u>	<u>\$ (9,546,044)</u>
Total capital assets being depreciated, net	<u>\$ 7,156,750</u>	<u>\$ (212,124)</u>	<u>\$ -</u>	<u>\$ 6,944,626</u>
Governmental activities capital assets, net	<u>\$ 24,415,669</u>	<u>\$ 38,253,651</u>	<u>\$ -</u>	<u>\$ 62,669,320</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 11-Capital Assets: (continued)**

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

Discretely Presented Component Unit School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,988,000	\$ 63,900	\$ -	\$ 2,051,900
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,027,801	\$ 94,304	\$ -	\$ 6,122,105
Machinery and equipment	6,173,130	293,376	-	6,466,506
Total capital assets being depreciated	\$ 12,200,931	\$ 387,680	\$ -	\$ 12,588,611
Less: accumulated depreciation for:				
Buildings and improvements	\$ (4,744,816)	\$ (109,084)	\$ -	\$ (4,853,900)
Machinery and equipment	(4,597,474)	(348,235)	-	(4,945,709)
Total accumulated depreciation	\$ (9,342,290)	\$ (457,319)	\$ -	\$ (9,799,609)
Total capital assets being depreciated, net	\$ 2,858,641	\$ (69,639)	\$ -	\$ 2,789,002
Governmental activities capital assets, net	\$ 4,846,641	\$ (5,739)	\$ -	\$ 4,840,902

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

Governmental activities:

General government administration	\$ 92,608
Judicial administration	2,264
Public safety	276,871
Public works	67,119
Health and welfare	18,979
Education	170,048
Parks, recreation, and cultural	5,864
Community development	8,536
Total depreciation expense-governmental activities	\$ 642,289

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 12-Risk Management:**

The County and its component unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Municipal Liability Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit - School Board pay the Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13-Contingent Liabilities:

Federal programs in which the County and its component units participate 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 of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 14-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Richard Edwards, Clerk of the Circuit Court	\$ 103,000
Danny Edwards, Treasurer	400,000
Mike Yates, Commissioner of the Revenue	3,000
Bobby Hammons, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000

VACo Insurance Programs

All County employees-blanket bond	\$ 250,000
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Hartford Insurance Company-Surety:

All Social Services employees-blanket bond	\$ 100,000
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 14-Surety Bonds: (continued)**

Component Unit - School Board:

Nationwide Insurance-Surety

Haydee Robinson, Superintendent	\$	10,000
Reba McCowen, Clerk of the School Board		10,000
Monica Wright, Deputy Clerk of the School Board		10,000
All School Board employees: blanket bond		10,000

Note 15-Landfill Post Closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The landfill has stopped accepting waste and \$358,532 is the total estimated post closure care liability at June 30, 2014. The liability represents what it cost to perform all post closure care in 2014. Actual costs post closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post closure costs.

The County has demonstrated financial assurance requirements for closure and post closure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 16-Deferred/Unavailable Revenue:

Deferred/Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$12,043,949 is comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$11,269,816 (including 2nd ½ tax billings of \$8,909,853 until December 5) at June 30, 2014.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$774,133 at June 30, 2014.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 17-Commitments and Contingencies:

The County entered into a construction contract with Branch & Associates, Inc. for the construction of the Ridgeview High School, Middle School, and Career Technical Center.

<u>Original Contract</u>	<u>Amount Paid As of 6/30/2014</u>	<u>Remaining Contract</u>	<u>Accounts Payable</u>	<u>Retainage Payable</u>
\$ 58,454,624	\$ 38,796,747	\$ 19,657,877	\$ 3,443,450	\$ 2,041,934

Note 18-Litigation:

At June 30, 2014, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 20-Upcoming Pronouncements:

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

Required Supplementary Information

County of Dickenson, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 11,348,633	\$ 11,348,633	\$ 11,852,575	\$ 503,942
Other local taxes	4,220,500	4,220,500	5,022,391	801,891
Permits, privilege fees, and regulatory licenses	17,000	17,000	16,001	(999)
Fines and forfeitures	26,700	26,700	64,460	37,760
Revenue from the use of money and property	7,000	7,000	4,399	(2,601)
Charges for services	623,776	623,776	2,196,709	1,572,933
Miscellaneous	10,000	10,000	59,715	49,715
Recovered costs	199,600	199,600	407,230	207,630
Intergovernmental:				
Commonwealth	8,920,315	6,714,044	8,090,742	1,376,698
Federal	247,487	2,453,758	2,712,127	258,369
Total revenues	\$ 25,621,011	\$ 25,621,011	\$ 30,426,349	\$ 4,805,338
EXPENDITURES				
Current:				
General government administration	\$ 1,653,949	\$ 1,817,565	\$ 1,730,069	\$ 87,496
Judicial administration	1,112,800	1,112,800	1,450,019	(337,219)
Public safety	4,641,827	4,262,918	4,737,953	(475,035)
Public works	2,530,062	2,800,820	2,760,769	40,051
Health and welfare	7,210,915	7,210,915	9,648,214	(2,437,299)
Education	6,570,724	6,380,836	7,813,453	(1,432,617)
Parks, recreation, and cultural	162,389	162,389	164,694	(2,305)
Community development	2,074,335	1,459,666	1,742,363	(282,697)
Debt service:				
Principal retirement	-	339,183	339,183	-
Interest and other fiscal charges	-	98,919	98,918	1
Total expenditures	\$ 25,957,001	\$ 25,646,011	\$ 30,485,635	\$ (4,839,624)
Excess (deficiency) of revenues over (under) expenditures	\$ (335,990)	\$ (25,000)	\$ (59,286)	\$ (34,286)
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	\$ -	\$ -	\$ 611,356	\$ 611,356
Note proceeds	\$ -	\$ -	\$ 341,174	\$ 341,174
Total other financing sources (uses)	\$ -	\$ -	\$ 952,530	\$ 952,530
Net change in fund balances	\$ (335,990)	\$ (25,000)	\$ 893,244	\$ 918,244
Fund balances - beginning	335,990	25,000	3,388,803	3,363,803
Fund balances - ending	\$ -	\$ -	\$ 4,282,047	\$ 4,282,047

County of Dickenson, Virginia
Special Revenue Fund-Coal Road Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Other local taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,584,081	\$ 584,081
Revenue from the use of money and property	-	-	37	37
Intergovernmental:				
Commonwealth	-	-	100,000	100,000
Total revenues	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,684,118</u>	<u>\$ 684,118</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ 380	\$ (380)
Community development	3,000,000	3,000,000	3,076,815	(76,815)
Total expenditures	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,077,195</u>	<u>\$ (77,195)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 606,923</u>	<u>\$ 606,923</u>
Net change in fund balances	\$ -	\$ -	\$ 606,923	\$ 606,923
Fund balances - beginning	-	-	5,999,660	5,999,660
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,606,583</u>	<u>\$ 6,606,583</u>

County of Dickenson, Virginia
Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2014

Primary Government:

County Retirement Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio % (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 20, 2013	\$ 19,926,306	\$ 26,634,679	\$ 6,708,373	74.81%	\$ 6,373,967	105.25%
June 20, 2012	19,096,070	26,416,424	7,320,354	72.29%	6,232,917	117.45%
June 20, 2011	19,088,437	25,026,322	5,937,885	76.27%	6,453,435	92.01%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio % (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2013	\$ 5,191,241	\$ 11,692,903	\$ 6,501,662	44.40%	\$ 1,456,283	446.46%
June 30, 2012	5,434,255	11,635,919	6,201,664	46.70%	1,575,977	393.51%
June 30, 2011	5,753,733	11,521,286	5,767,553	49.94%	1,656,180	348.24%

Other PostEmployment Benefits (OPEB):

Discretely Presented Component Unit:

Post-Retirement Medical Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio % (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2013	\$ -	\$ 10,895,100	\$ 10,895,100	0.00%	\$ 11,428,900	95.33%
June 30, 2011	-	9,185,100	9,185,100	0.00%	13,464,900	68.22%
June 30, 2009	-	7,777,600	7,777,600	0.00%	14,359,100	54.16%

Other Supplementary Information

County of Dickenson, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Agency Funds					Total
	<u>Special Welfare</u>	<u>Town of Clinchco</u>	<u>Town of Clintwood</u>	<u>Town of Haysi</u>	<u>Fringe Benefits</u>	
ASSETS						
Cash and cash equivalents	13,284	\$ 5,708	\$ 20,965	\$ 6,380	\$ 87,159	\$ 133,496
Total assets	<u>\$ 13,284</u>	<u>\$ 5,708</u>	<u>\$ 20,965</u>	<u>\$ 6,380</u>	<u>\$ 87,159</u>	<u>\$ 133,496</u>
LIABILITIES						
Amounts held for social services clients	\$ 13,284	\$ -	\$ -	\$ -	\$ -	\$ 13,284
Amounts held for Town of Clinchco	-	5,708	-	-	-	5,708
Amounts held for Town of Clintwood	-	-	20,965	-	-	20,965
Amounts held for Town of Haysi	-	-	-	6,380	-	6,380
Amounts held for County employees' fringe benefits	-	-	-	-	87,159	87,159
Total liabilities	<u>\$ 13,284</u>	<u>\$ 5,708</u>	<u>\$ 20,965</u>	<u>\$ 6,380</u>	<u>\$ 87,159</u>	<u>\$ 133,496</u>

County of Dickenson, Virginia
Combining Statement of Changes in Assets and Liabilities - Agency Funds
June 30, 2014

		Agency Funds					
		<u>Special Welfare</u>	<u>Town of Clinchco</u>	<u>Town of Clintwood</u>	<u>Town of Haysi</u>	<u>Fringe Benefits</u>	<u>Total</u>
ASSETS							
Cash and Cash Equivalents:							
Beginning Balance		\$ 9,747	\$ 5,654	\$ 19,997	\$ 7,725	\$ 84,165	\$ 127,288
Additions		135,843	58,028	144,546	54,442	1,048,616	1,441,475
Deductions		(132,306)	(57,974)	(143,578)	(55,787)	(1,045,622)	(1,435,267)
Ending Balance		<u>\$ 13,284</u>	<u>\$ 5,708</u>	<u>\$ 20,965</u>	<u>\$ 6,380</u>	<u>\$ 87,159</u>	<u>\$ 133,496</u>
LIABILITIES							
Amounts Held for Others:							
Beginning Balance		\$ 9,747	\$ 5,654	\$ 19,997	\$ 7,725	\$ 84,165	\$ 127,288
Additions		135,843	58,028	144,546	54,442	1,048,616	1,441,475
Deductions		(132,306)	(57,974)	(143,578)	(55,787)	(1,045,622)	(1,435,267)
Ending Balance		<u>\$ 13,284</u>	<u>\$ 5,708</u>	<u>\$ 20,965</u>	<u>\$ 6,380</u>	<u>\$ 87,159</u>	<u>\$ 133,496</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Dickenson, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2014

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 2,178,307
Cash in custody of others	1,100
Due from other governmental units	744,556
Prepaid items	109,784
Total assets	<u>\$ 3,033,747</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 477,048
Accrued liabilities	1,285,989
Due to primary government	1,135,926
Total liabilities	<u>\$ 2,898,963</u>
Fund balances:	
Nonspendable:	
Prepaid items	\$ 109,784
Unassigned	25,000
Total fund balances	<u>\$ 134,784</u>
Total liabilities and fund balances	<u>\$ 3,033,747</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 134,784
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 2,051,900
Buildings and improvements	1,268,205
Machinery and equipment	<u>1,520,797</u>
	4,840,902
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (1,049,946)
Net OPEB obligation	<u>(746,307)</u>
	(1,796,253)
Net position of governmental activities	<u>\$ 3,179,433</u>

County of Dickenson, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund
REVENUES	
Charges for services	\$ 354,916
Miscellaneous	435,339
Recovered costs	95,702
Intergovernmental:	
Local government	7,132,383
Commonwealth	14,703,263
Federal	2,303,324
Total revenues	<u>\$ 25,024,927</u>
EXPENDITURES	
Current:	
Education	<u>\$ 24,950,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 74,785</u>
Fund balances - beginning	59,999
Fund balances - ending	<u><u>\$ 134,784</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ 74,785
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital outlays	\$ 451,580
Depreciation expense	<u>(457,319)</u> (5,739)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	
Decrease (increase) in compensated absences	\$ 69,994
Decrease (increase) in net OPEB obligation	<u>4,785</u> 74,779
Change in net position of governmental activities	<u><u>\$ 143,825</u></u>

County of Dickenson, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,300	\$ 1,300	\$ -	\$ (1,300)
Charges for services	485,000	485,000	354,916	(130,084)
Miscellaneous	457,000	457,000	435,339	(21,661)
Recovered costs	188,000	188,000	95,702	(92,298)
Intergovernmental:				
Local government	6,500,000	6,310,112	7,132,383	822,271
Commonwealth	14,718,538	14,718,538	14,703,263	(15,275)
Federal	2,831,274	2,831,274	2,303,324	(527,950)
Total revenues	<u>\$ 25,181,112</u>	<u>\$ 24,991,224</u>	<u>\$ 25,024,927</u>	<u>\$ 33,703</u>
EXPENDITURES				
Current:				
Education	\$ 26,375,645	\$ 26,185,757	\$ 24,950,142	\$ 1,235,615
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,194,533)</u>	<u>\$ (1,194,533)</u>	<u>\$ 74,785</u>	<u>\$ 1,269,318</u>
Net change in fund balances	\$ (1,194,533)	\$ (1,194,533)	\$ 74,785	\$ 1,269,318
Fund balances - beginning	1,194,533	1,194,533	59,999	(1,134,534)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,784</u>	<u>\$ 134,784</u>

Supporting Schedules

County of Dickenson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,613,250	\$ 7,613,250	\$ 7,134,821	\$ (478,429)
Real and personal public service corporation taxes	365,000	365,000	597,123	232,123
Personal property taxes	1,330,383	1,330,383	1,442,858	112,475
Mobile home taxes	75,000	75,000	66,263	(8,737)
Machinery and tools taxes	1,725,000	1,725,000	2,203,295	478,295
Merchant's capital taxes	85,000	85,000	84,826	(174)
Penalties	55,000	55,000	83,359	28,359
Interest	100,000	100,000	240,030	140,030
Total general property taxes	<u>\$ 11,348,633</u>	<u>\$ 11,348,633</u>	<u>\$ 11,852,575</u>	<u>\$ 503,942</u>
Other local taxes:				
Local sales and use taxes	\$ 790,000	\$ 790,000	\$ 950,717	\$ 160,717
Consumers' utility taxes	318,000	318,000	328,761	10,761
Consumption taxes	55,000	55,000	64,424	9,424
Vehicle reg. withholding stops	17,500	17,500	17,420	(80)
Tax on deeds	25,000	25,000	31,140	6,140
Taxes on recordation and wills	-	-	4	4
Hotel and motel room taxes	15,000	15,000	45,844	30,844
Gas severance taxes	500,000	500,000	1,237,629	737,629
Coal severance taxes	2,500,000	2,500,000	2,346,452	(153,548)
Total other local taxes	<u>\$ 4,220,500</u>	<u>\$ 4,220,500</u>	<u>\$ 5,022,391</u>	<u>\$ 801,891</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,399	\$ (601)
Building permits	15,000	15,000	14,602	(398)
Total permits, privilege fees, and regulatory licenses	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 16,001</u>	<u>\$ (999)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 26,700	\$ 26,700	\$ 64,460	\$ 37,760
Revenue from use of money and property:				
Revenue from use of money	\$ 4,500	\$ 4,500	\$ 1,809	\$ (2,691)
Revenue from use of property	2,500	2,500	2,590	90
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 4,399</u>	<u>\$ (2,601)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,732	\$ 5,732	\$ 22,717	\$ 16,985
Document production costs	4,000	4,000	5,083	1,083
Charges for Commonwealth's Attorney	1,000	1,000	1,939	939
Solid waste tipping fees	300,500	300,500	452,180	151,680
DCWIN user fees	200,000	200,000	256,505	56,505
Cell tower fees	30,000	30,000	-	(30,000)
Charges for law library	-	-	1,128	1,128
Charges for parks and recreation	10,000	10,000	15,812	5,812

County of Dickenson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for behavioral health services	\$ 2,544	\$ 2,544	\$ 1,390,175	\$ 1,387,631
Charges for office on youth	70,000	70,000	51,170	(18,830)
Total charges for services	<u>\$ 623,776</u>	<u>\$ 623,776</u>	<u>\$ 2,196,709</u>	<u>\$ 1,572,933</u>
Miscellaneous revenue:				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 59,715	\$ 49,715
Recovered costs:				
Engineering reimbursement	\$ 30,000	\$ 30,000	\$ 18,025	\$ (11,975)
DUI Restitution payments	5,000	5,000	2,379	(2,621)
VPA refunds/recoveries	70,000	70,000	128,244	58,244
Health insurance reimbursement	74,950	74,950	197,499	122,549
Expenditure refunds	-	-	7,320	7,320
Health department rental	7,150	7,150	7,150	-
Other recovered costs	12,500	12,500	46,613	34,113
Total recovered costs	<u>\$ 199,600</u>	<u>\$ 199,600</u>	<u>\$ 407,230</u>	<u>\$ 207,630</u>
Total revenue from local sources	<u>\$ 16,453,209</u>	<u>\$ 16,453,209</u>	<u>\$ 19,623,480</u>	<u>\$ 3,170,271</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 100,000	\$ 100,000	\$ 117,882	\$ 17,882
Mobile home titling tax	70,000	70,000	63,672	(6,328)
State recordation tax	9,000	9,000	10,449	1,449
Grantor's tax	4,000	4,000	5,348	1,348
Personal property tax relief funds	819,617	819,617	817,952	(1,665)
Communications tax	540,000	540,000	497,613	(42,387)
Total noncategorical aid	<u>\$ 1,542,617</u>	<u>\$ 1,542,617</u>	<u>\$ 1,512,916</u>	<u>\$ (29,701)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 185,772	\$ 185,772	\$ 189,349	\$ 3,577
Sheriff	979,740	979,740	977,857	(1,883)
Commissioner of revenue	106,591	106,591	105,451	(1,140)
Treasurer	92,587	92,587	88,870	(3,717)
Registrar/electoral board	33,954	33,954	36,334	2,380
Clerk of the Circuit Court	191,539	191,539	216,855	25,316
Total shared expenses	<u>\$ 1,590,183</u>	<u>\$ 1,590,183</u>	<u>\$ 1,614,716</u>	<u>\$ 24,533</u>
Other categorical aid:				
Comprehensive services act	\$ 1,053,700	\$ 1,053,700	\$ 921,209	\$ (132,491)
Public assistance and welfare administration	4,461,123	2,254,852	1,840,169	(414,683)
Department of environmental quality	25,000	25,000	33,487	8,487
Litter control grant	7,000	7,000	8,595	1,595

County of Dickenson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Fire program	\$ -	\$ -	\$ 79,950	\$ 79,950
Commission for the arts	5,000	5,000	5,000	-
Virginia housing authority	75,000	75,000	64,594	(10,406)
State health department	-	-	79,134	79,134
Grants to localities	-	-	1,577,103	1,577,103
State health department - four for life	-	-	14,345	14,345
Criminal justice grant	24,638	24,638	24,599	(39)
Special welfare - foster care	-	-	11,138	11,138
State and local foster care	-	-	780	780
VITA grant	78,396	78,396	243,874	165,478
Reduction in state aid	-	-	648	648
Wireless E-911 services	57,658	57,658	58,485	827
Total other categorical aid	\$ 5,787,515	\$ 3,581,244	\$ 4,963,110	\$ 1,381,866
Total categorical aid	\$ 7,377,698	\$ 5,171,427	\$ 6,577,826	\$ 1,406,399
Total revenue from the Commonwealth	\$ 8,920,315	\$ 6,714,044	\$ 8,090,742	\$ 1,376,698
Revenue from the federal government:				
Payments in lieu of taxes	\$ 20,000	\$ 20,000	\$ 32,299	\$ 12,299
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ 2,206,271	\$ 2,206,271	\$ -
Corps of engineers	29,987	29,987	25,469	(4,518)
DMV grants	10,000	10,000	9,862	(138)
Emergency Management	7,500	7,500	27,909	20,409
Cranesnest River Trail	140,000	140,000	367,467	227,467
Equitable Sharing Program	-	-	42,850	42,850
Haysi Breaks Trail	40,000	40,000	-	(40,000)
Total categorical aid	\$ 227,487	\$ 2,433,758	\$ 2,679,828	\$ 246,070
Total revenue from the federal government	\$ 247,487	\$ 2,453,758	\$ 2,712,127	\$ 258,369
Total General Fund	\$ 25,621,011	\$ 25,621,011	\$ 30,426,349	\$ 4,805,338
Special Revenue Fund:				
Coal Road Tax Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road improvement taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,346,452	\$ (153,548)
Gas severance taxes	500,000	500,000	1,237,629	737,629
Total other local taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,584,081	\$ 584,081

County of Dickenson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
Coal Road Tax Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 37	\$ 37
Total revenue from local sources	\$ 3,000,000	\$ 3,000,000	\$ 3,584,118	\$ 584,118
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT - Buffalo Rd Project	\$ -	\$ -	\$ 100,000	\$ 100,000
Total revenue from the Commonwealth	\$ -	\$ -	\$ 100,000	\$ 100,000
Total Coal Road Tax Fund	\$ 3,000,000	\$ 3,000,000	\$ 3,684,118	\$ 684,118
Capital Projects Fund:				
School Construction Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 10,826	\$ 10,826
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
QSCB	\$ -	\$ -	\$ 197,200	\$ 197,200
USACE	-	-	25,196,707	25,196,707
Total categorical aid	\$ -	\$ -	\$ 25,393,907	\$ 25,393,907
Total School Construction Projects Fund	\$ -	\$ -	\$ 25,404,733	\$ 25,404,733
Total Primary Government	\$ 28,621,011	\$ 28,621,011	\$ 59,515,200	\$ 30,894,189
Discretely Presented Component Unit - School Board:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,300	\$ 1,300	\$ -	\$ (1,300)
Charges for services:				
Cafeteria charges	\$ 485,000	\$ 485,000	\$ 354,916	\$ (130,084)

County of Dickenson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Other miscellaneous	\$ 457,000	\$ 457,000	\$ 435,339	\$ (21,661)
Recovered costs:				
Other recovered costs	\$ 188,000	\$ 188,000	\$ 95,702	\$ (92,298)
Total revenue from local sources	\$ 1,131,300	\$ 1,131,300	\$ 885,957	\$ (245,343)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Dickenson, Virginia	\$ 6,500,000	\$ 6,310,112	\$ 7,132,383	\$ 822,271
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,196,317	\$ 2,196,317	\$ 2,192,754	\$ (3,563)
Basic school aid	7,333,458	7,333,458	7,330,711	(2,747)
Remedial summer education	23,972	23,972	23,972	-
Regular foster care	16,451	16,451	1,950	(14,501)
ISAP	7,859	7,859	7,859	-
Retirement inflation preschool	108,805	108,805	108,805	-
Expanded GED payments	-	-	901	901
Gifted and talented	76,132	76,132	76,109	(23)
Remedial education	281,359	281,359	281,272	(87)
Special education	786,149	786,149	785,908	(241)
Textbook payment	148,508	148,508	148,462	(46)
Vocational standards of quality payments	582,578	582,578	582,399	(179)
CTE adult education	3,976	3,976	7,811	3,835
Social security fringe benefits	486,585	486,585	486,436	(149)
Retirement fringe benefits	810,975	810,975	810,726	(249)
Early reading intervention	53,519	53,519	53,519	-
Homebound education	11,603	11,603	11,603	-
Group life insurance instructional	29,791	29,791	29,782	(9)
Vocational education - occup/tech	32,302	32,302	25,755	(6,547)
Vocational education - equipment	-	-	5,297	5,297
School breakfast incentive	6,908	6,908	6,908	-
School food	15,814	15,814	15,149	(665)
Industry certification	3,500	3,500	3,507	7
Compensation supplement	182,842	182,842	182,786	(56)
Special education - foster children	-	-	14,501	14,501
At risk payments	304,420	304,420	304,420	-
Project graduation	261,912	261,912	136,912	(125,000)
Primary class size	337,046	337,046	337,046	-
Technology	206,000	206,000	232,000	26,000
VCU math in elementary school	60,000	60,000	25,000	(35,000)
Standards of Learning algebra readiness	35,789	35,789	35,789	-

County of Dickenson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Adademy grants	\$ -	\$ -	\$ 125,000	\$ 125,000
Mentor teacher program	2,208	2,208	454	(1,754)
School security grant	79,226	79,226	79,226	-
VA preschool initiative	232,534	232,534	232,534	-
Total categorical aid	<u>\$ 14,718,538</u>	<u>\$ 14,718,538</u>	<u>\$ 14,703,263</u>	<u>\$ (15,275)</u>
Total revenue from the Commonwealth	<u>\$ 14,718,538</u>	<u>\$ 14,718,538</u>	<u>\$ 14,703,263</u>	<u>\$ (15,275)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 944,844	\$ 944,844	\$ 626,573	\$ (318,271)
Title VI-B, special education flow-through	720,668	720,668	495,382	(225,286)
Vocational education	72,297	72,297	82,704	10,407
Title II, part A	234,120	234,120	205,769	(28,351)
School breakfast program	224,000	224,000	211,835	(12,165)
School lunch program	565,000	565,000	626,815	61,815
Summer school food	1,000	1,000	-	(1,000)
Federal reserve	20,000	20,000	11,719	(8,281)
Federal leasing of land payments	2,500	2,500	-	(2,500)
Rural and low income schools	46,845	46,845	42,302	(4,543)
Other federal funds	-	-	225	225
Total categorical aid	<u>\$ 2,831,274</u>	<u>\$ 2,831,274</u>	<u>\$ 2,303,324</u>	<u>\$ (527,950)</u>
Total revenue from the federal government	<u>\$ 2,831,274</u>	<u>\$ 2,831,274</u>	<u>\$ 2,303,324</u>	<u>\$ (527,950)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,181,112</u>	<u>\$ 24,991,224</u>	<u>\$ 25,024,927</u>	<u>\$ 33,703</u>

County of Dickenson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 110,727	\$ 115,727	\$ 122,884	\$ (7,157)
General and financial administration:				
County administrator	\$ 308,696	\$ 450,649	\$ 405,996	\$ 44,653
Audit services	68,500	68,500	60,750	7,750
Legal services	35,500	35,500	27,121	8,379
Commissioner of revenue	396,307	396,307	378,621	17,686
Treasurer	328,784	345,447	352,236	(6,789)
IT/Mapping/Data processing	222,148	222,148	215,731	6,417
Total general and financial administration	\$ 1,359,935	\$ 1,518,551	\$ 1,440,455	\$ 78,096
Board of elections:				
Registrar	\$ 133,734	\$ 133,734	\$ 129,005	\$ 4,729
Electoral board and officials	49,553	49,553	37,725	11,828
Total board of elections	\$ 183,287	\$ 183,287	\$ 166,730	\$ 16,557
Total general government administration	\$ 1,653,949	\$ 1,817,565	\$ 1,730,069	\$ 87,496
Judicial administration:				
Courts:				
Circuit court	\$ 170,187	\$ 170,187	\$ 150,278	\$ 19,909
General district court	13,839	13,839	11,747	2,092
Special magistrates	5,000	5,000	1,749	3,251
Juvenile court services	68,396	68,396	68,818	(422)
Office on youth	117,039	117,039	93,806	23,233
Law library	5,000	5,000	18,799	(13,799)
Clerk of the circuit court	375,679	375,679	723,812	(348,133)
Total courts	\$ 755,140	\$ 755,140	\$ 1,069,009	\$ (313,869)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 357,660	\$ 357,660	\$ 381,010	\$ (23,350)
Total judicial administration	\$ 1,112,800	\$ 1,112,800	\$ 1,450,019	\$ (337,219)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,711,539	\$ 1,816,497	\$ 1,871,411	\$ (54,914)
Fire and rescue services:				
Volunteer fire and rescue	\$ 288,671	\$ 248,847	\$ 487,821	\$ (238,974)
E-911 Fund	1,062,984	751,994	987,300	(235,306)
DCWIN	303,614	170,561	127,072	43,489
Total fire and rescue services	\$ 1,655,269	\$ 1,171,402	\$ 1,602,193	\$ (430,791)
Correction and detention:				
SWVa Regional Jail Authority	\$ 990,650	\$ 990,650	\$ 1,003,682	\$ (13,032)

County of Dickenson, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2014

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 133,604	\$ 133,604	\$ 115,646	\$ 17,958
Other protection:				
Animal warden	\$ 136,129	\$ 136,129	\$ 131,213	\$ 4,916
Emergency management	14,636	14,636	13,808	828
Total other protection	\$ 150,765	\$ 150,765	\$ 145,021	\$ 5,744
Total public safety	\$ 4,641,827	\$ 4,262,918	\$ 4,737,953	\$ (475,035)
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,760,558	\$ 1,760,558	\$ 1,668,087	\$ 92,471
Litter control	163,607	163,607	155,398	8,209
Total sanitation and waste removal	\$ 1,924,165	\$ 1,924,165	\$ 1,823,485	\$ 100,680
Maintenance of general buildings and grounds:				
General properties	\$ 376,014	\$ 646,772	\$ 721,028	\$ (74,256)
Engineering	229,883	229,883	216,256	13,627
Total maintenance of general buildings and grounds	\$ 605,897	\$ 876,655	\$ 937,284	\$ (60,629)
Total public works	\$ 2,530,062	\$ 2,800,820	\$ 2,760,769	\$ 40,051
Health and welfare:				
Health:				
Supplement of local health department	\$ 258,788	\$ 258,788	\$ 280,352	\$ (21,564)
Mental health and mental retardation:				
Community services board	\$ 142,140	\$ 142,140	\$ 2,943,209	\$ (2,801,069)
Welfare:				
Public assistance and welfare administration	\$ 6,631,975	\$ 5,119,475	\$ 4,815,667	\$ 303,808
Comprehensive services board	-	1,512,500	1,439,015	73,485
Senior citizens	62,738	62,738	60,500	2,238
Rental assistance	115,274	115,274	109,471	5,803
Total welfare	\$ 6,809,987	\$ 6,809,987	\$ 6,424,653	\$ 385,334
Total health and welfare	\$ 7,210,915	\$ 7,210,915	\$ 9,648,214	\$ (2,437,299)
Education:				
Other instructional costs:				
Community colleges	\$ 70,724	\$ 70,724	\$ 69,714	\$ 1,010
Capital Outlay School Bus	-	-	611,356	(611,356)
Contribution to County School Board	6,500,000	6,310,112	7,132,383	(822,271)
Total education	\$ 6,570,724	\$ 6,380,836	\$ 7,813,453	\$ (1,432,617)

County of Dickenson, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2014

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 60,500	\$ 60,500	\$ 60,364	\$ 136
Swimming pool	44,325	44,325	47,299	(2,974)
Tourism	57,564	57,564	57,031	533
Total parks and recreation	<u>\$ 162,389</u>	<u>\$ 162,389</u>	<u>\$ 164,694</u>	<u>\$ (2,305)</u>
Total parks, recreation, and cultural	<u>\$ 162,389</u>	<u>\$ 162,389</u>	<u>\$ 164,694</u>	<u>\$ (2,305)</u>
Community development:				
Planning and community development:				
Planning and community development	\$ 156,500	\$ 156,500	\$ 157,160	\$ (660)
Non-Departmental	684,669	-	-	-
Regional Planning	337,683	337,683	344,422	(6,739)
Education and Research Center	91,186	91,186	113,282	(22,096)
Haysi/Breaks/Cranesnest Trail	250,000	250,000	528,570	(278,570)
Industrial Development Authority/Economic Development Corp.	489,845	559,845	546,503	13,342
Total planning and community development	<u>\$ 2,009,883</u>	<u>\$ 1,395,214</u>	<u>\$ 1,689,937</u>	<u>\$ (294,723)</u>
Cooperative extension program:				
Extension office	\$ 64,452	\$ 64,452	\$ 52,426	\$ 12,026
Total community development	<u>\$ 2,074,335</u>	<u>\$ 1,459,666</u>	<u>\$ 1,742,363</u>	<u>\$ (282,697)</u>
Debt service:				
Principal retirement	\$ -	\$ 339,183	\$ 339,183	\$ -
Interest and other fiscal charges	-	98,919	98,918	1
Total debt service	<u>\$ -</u>	<u>\$ 438,102</u>	<u>\$ 438,101</u>	<u>\$ 1</u>
Total General Fund	<u>\$ 25,957,001</u>	<u>\$ 25,646,011</u>	<u>\$ 30,485,635</u>	<u>\$ (4,839,624)</u>
Special Revenue Fund:				
Coal Road Tax Fund:				
Public Works:				
Maintenance of Highways, Streets and Bridges:				
Road improvements	\$ -	\$ -	\$ 380	\$ (380)
Total public works	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380</u>	<u>\$ (380)</u>
Community Development:				
Planning and Community Development:				
Coalfield Economic Development	\$ 937,500	\$ 937,500	\$ 1,394,350	\$ (456,850)
Revenue sharing matching	1,500,000	1,500,000	1,073,978	426,022
Contribution to Public Service Authority	562,500	562,500	608,487	(45,987)
Total planning and community development	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,076,815</u>	<u>\$ (76,815)</u>
Total community development	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,076,815</u>	<u>\$ (76,815)</u>
Total Coal Road Tax Fund	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,077,195</u>	<u>\$ (77,195)</u>

County of Dickenson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
School Construction Projects Fund:				
Capital Projects:				
Capital projects expenditures:				
School Construction	\$ -	\$ -	\$ 39,178,197	\$ (39,178,197)
Total capital projects	\$ -	\$ -	\$ 39,178,197	\$ (39,178,197)
 Debt service:				
Principal retirement	\$ -	\$ -	\$ 12,610,000	\$ (12,610,000)
Interest and other fiscal charges	-	-	1,072,954	(1,072,954)
Total debt service	\$ -	\$ -	\$ 13,682,954	\$ (13,682,954)
 Total School Construction Projects Fund	\$ -	\$ -	\$ 52,861,151	\$ (52,861,151)
 Total Primary Government	\$ 28,957,001	\$ 28,646,011	\$ 86,423,981	\$ (57,777,970)
 Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health	\$ 1,991,368	\$ 1,991,368	\$ 1,902,219	\$ 89,149
 Instruction costs:				
Instruction	\$ 16,879,875	\$ 16,879,875	\$ 16,238,084	\$ 641,791
 Operating costs:				
Pupil transportation	\$ 1,940,159	\$ 2,013,195	\$ 1,971,486	\$ 41,709
Operation and maintenance of school plant	3,013,879	2,750,955	2,482,798	268,157
School food and other non-instructional costs	1,955,221	1,955,221	1,741,290	213,931
Technology	595,143	595,143	614,265	(19,122)
Total operating costs	\$ 7,504,402	\$ 7,314,514	\$ 6,809,839	\$ 504,675
 Total education	\$ 26,375,645	\$ 26,185,757	\$ 24,950,142	\$ 1,235,615
 Total School Operating Fund	\$ 26,375,645	\$ 26,185,757	\$ 24,950,142	\$ 1,235,615
 Total Discretely Presented Component Unit - School Board	\$ 26,375,645	\$ 26,185,757	\$ 24,950,142	\$ 1,235,615

Other Statistical Information

Table 1

County of Dickenson, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2013-14	\$ 1,144,784	\$ 1,110,535	\$ 4,976,702	\$ 2,835,218	\$ 9,490,390	\$ 9,635,086	\$ 170,643	\$ 4,284,122	\$ 1,156,525	\$ 34,804,005
2012-13	2,050,009	1,138,929	4,885,973	3,022,683	9,254,319	6,766,973	185,519	6,453,207	888,962	34,646,574
2011-12	2,008,466	1,025,378	5,115,076	2,720,172	9,124,993	7,425,648	107,046	6,201,727	163,515	33,892,021
2010-11	1,763,110	1,074,443	3,686,694	3,372,252	8,674,918	6,197,020	571,735	5,607,673	190,910	31,138,755
2009-10	1,787,393	1,109,611	3,505,608	2,563,389	8,756,538	6,335,489	513,311	7,059,122	118,545	31,749,006
2008-09	1,799,477	957,871	3,910,141	2,804,944	5,174,372	7,058,251	501,388	6,139,085	240,406	28,585,935
2007-08	1,703,149	912,606	3,995,130	4,441,749	5,444,737	8,735,154	463,367	5,307,833	128,391	31,132,116
2006-07	1,501,542	850,347	3,537,314	2,641,070	5,211,236	5,880,047	457,546	3,201,093	68,026	23,348,221
2005-06	1,786,331	849,373	4,691,276	4,107,375	6,635,722	7,186,784	357,787	2,985,691	95,667	28,696,006
2004-05	1,363,560	772,003	3,913,522	2,710,489	6,613,972	4,790,114	387,081	2,539,694	96,111	23,186,546

Table 2

County of Dickenson, Virginia
Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2013-14	\$ 2,277,170	\$ 9,232,185	\$ 25,519,376	\$ 11,786,105	\$ 8,606,472	\$ 15,262	\$ 59,715	\$ 1,545,215	\$ 59,041,500
2012-13	2,209,570	8,880,910	6,159,720	11,906,790	9,509,539	32,329	-	2,747,311	41,446,169
2011-12	1,979,393	8,482,260	27,629	14,237,747	10,898,718	15,874	159,191	1,493,178	37,293,990
2010-11	2,039,718	7,729,598	167,311	8,849,635	10,745,737	33,382	225,498	1,586,883	31,377,762
2009-10	1,909,470	7,837,433	2,222,045	9,495,473	8,804,909	30,472	261,355	1,198,714	31,759,871
2008-09	283,173	5,814,889	200,367	8,384,400	13,453,817	47,889	404,828	1,094,113	29,683,476
2007-08	238,467	5,967,611	268,364	8,204,925	12,994,102	77,032	418,645	1,097,572	29,266,718
2006-07	141,089	5,378,433	-	6,965,778	11,208,523	171,437	260,260	1,724,980	25,850,500
2005-06	1,256,694	6,416,389	6,500	6,352,073	10,359,744	98,164	385,927	1,853,132	26,728,623
2004-05	1,046,391	6,595,296	22,926	7,147,156	7,673,572	25,298	415,021	1,299,746	24,225,406

Table 3

County of Dickenson, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Debt Service	Total
2013-14	\$ 1,730,069	\$ 1,450,019	\$ 4,737,953	\$ 2,761,149	\$ 9,648,214	\$ 25,631,212	\$ 164,694	\$ 4,819,178	\$ 39,178,197	\$ 14,121,055	\$ 104,241,740
2012-13	2,108,988	1,138,723	4,652,216	2,950,774	9,386,889	24,661,068	179,094	7,317,639	-	1,751,172	54,146,563
2011-12	2,051,549	1,078,131	5,171,970	2,641,301	9,243,690	26,973,108	223,472	6,887,222	-	820,845	55,091,288
2010-11	1,771,524	1,069,006	4,946,091	3,254,042	8,697,353	26,503,176	568,027	5,571,076	-	820,393	53,200,688
2009-10	1,741,323	1,107,320	3,852,444	2,551,751	8,627,325	27,463,325	511,050	7,090,497	-	872,769	53,817,804
2008-09	1,657,821	965,283	3,772,252	2,692,577	5,474,083	27,983,215	496,678	6,121,357	-	867,396	50,030,662
2007-08	1,739,566	913,816	3,961,686	4,855,519	5,512,456	29,152,214	476,082	5,230,753	-	725,928	52,568,020
2006-07	1,394,588	846,594	3,438,152	2,659,827	5,221,693	26,825,710	456,225	3,194,739	-	546,549	44,584,077
2005-06	1,834,513	837,090	4,728,723	3,939,020	6,628,785	23,957,556	356,466	3,220,288	-	490,125	45,992,566
2004-05	1,433,634	760,972	4,260,097	2,706,406	6,564,503	22,444,690	385,760	2,540,003	-	462,709	41,558,774

(1) Includes General, Special Revenue, and Capital Project funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit-School Board.

Table 4

County of Dickenson, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous & Recovered Costs	Inter-governmental (2)	Total
2013-14	\$ 11,852,575	\$ 8,606,472	\$ 16,001	\$ 64,460	\$ 15,262	\$ 2,551,625	\$ 997,986	\$ 53,303,363	\$ 77,407,744
2012-13	12,669,532	9,509,539	12,822	35,276	32,329	2,556,266	895,640	35,159,203	60,870,607
2011-12	13,263,990	10,898,718	21,775	34,191	17,635	2,388,527	1,721,130	29,327,199	57,673,165
2010-11	9,079,109	10,745,737	16,255	42,244	34,916	2,430,762	1,825,055	28,948,570	53,122,648
2009-10	9,128,477	8,804,909	18,382	41,078	36,789	2,277,014	990,554	30,520,082	51,817,285
2008-09	8,201,918	13,453,817	15,472	22,228	63,503	1,304,850	629,220	28,589,816	52,280,824
2007-08	8,109,308	12,994,102	17,547	49,511	113,744	1,023,583	691,465	26,695,030	49,694,290
2006-07	7,473,706	11,208,523	108,403	21,576	209,813	1,025,199	520,266	26,038,913	46,606,399
2005-06	6,759,485	10,359,744	64,726	1,270	128,110	2,001,178	910,721	24,982,136	45,207,370
2004-05	6,348,150	7,673,572	34,656	215	30,217	1,574,485	1,386,627	24,640,601	41,688,523

(1) Includes General, Special Revenue, and Capital Project funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit-School Board.

Table 5

County of Dickenson, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2013-14	\$ 12,867,584	\$ 12,599,469	97.92%	\$ 521,802	\$ 13,121,271	101.97%	\$ 3,184,962	24.75%
2012-13	12,457,549	12,299,417	98.73%	916,967	13,216,384	106.09%	2,713,540	21.78%
2011-12	10,894,220	9,135,852	83.86%	1,957,654	11,093,506	101.83%	5,146,710	47.24%
2010-11	9,359,592	8,747,619	93.46%	194,387	8,942,006	95.54%	5,367,481	57.35%
2009-10	9,050,359	8,631,704	95.37%	363,287	8,994,991	99.39%	2,069,958	22.87%
2008-09	9,313,787	8,891,496	95.47%	128,374	9,019,870	96.84%	1,525,225	16.38%
2007-08	8,815,450	8,517,421	96.62%	280,676	8,798,097	99.80%	2,121,451	24.07%
2006-07	8,299,829	7,696,352	92.73%	449,969	8,146,321	98.15%	1,853,714	22.33%
2005-06	7,932,216	6,994,396	88.18%	485,252	7,479,648	94.29%	2,089,333	26.34%
2004-05	7,325,432	6,824,842	93.17%	212,532	7,037,374	96.07%	2,073,197	28.30%

(1) Exclusive of penalties and interest.

Table 6

County of Dickenson, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
					Real Estate	Personal Property	
2013-14	\$ 1,471,653,492	\$ 140,183,821	\$ 137,652,367	\$ 936,673	\$ 111,285,447	\$ 284,982	\$ 1,861,996,782
2012-13	1,467,556,192	150,444,999	100,668,822	728,086	105,721,465	249,781	1,825,369,345
2011-12	1,427,628,192	120,235,607	82,207,942	792,469	61,196,373	169,334	1,692,229,917
2010-11	1,093,381,069	128,742,527	65,275,601	822,585	61,015,901	181,474	1,349,419,157
2009-10	1,069,562,685	113,496,700	65,964,070	671,287	65,016,120	144,107	1,314,854,969
2008-09	970,579,579	125,410,393	59,682,284	883,644	64,133,685	141,025	1,220,830,610
2007-08	911,733,593	123,235,367	52,816,288	906,980	66,060,474	142,983	1,154,895,685
2006-07	882,861,410	119,050,605	40,309,232	868,957	63,627,112	171,367	1,106,888,683
2005-06	873,938,794	117,929,124	27,825,557	762,586	52,780,901	146,699	1,073,383,661
2004-05	800,535,106	114,581,205	24,523,736	751,678	56,764,786	194,749	997,351,260

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Dickenson, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property (2)	Machinery and Tools (2)	Merchant's Capital
2013-14	\$ 0.56	\$ 1.82	\$ 1.82	\$ 10.50
2012-13	0.60	1.69	1.69	10.50
2011-12	0.60	1.69	1.69	10.50
2010-11	0.60	1.69	1.69	10.50
2009-10	0.60	1.69	1.69	10.50
2008-09	0.60	1.69	1.69	10.50
2007-08	0.60	1.69	1.69	10.50
2006-07	0.60	1.69	1.69	10.50
2005-06	0.60	1.59	1.59	10.50
2004-05	0.60	1.59	1.59	10.50

(1) Per \$100 of assessed value.

(2) Personal property taxes are assessed at 100% of fair market value.

Table 8

County of Dickenson, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2013-14	15,903	\$ 1,861,997	\$ 31,599,532	\$ 31,599,532	1.70%	\$ 1,987
2012-13	15,903	1,825,369	26,242,957	26,242,957	1.44%	1,650
2011-12	15,903	1,692,230	985,000	985,000	0.06%	62
2010-11	15,903	1,349,419	1,070,000	1,070,000	0.08%	67
2009-10	16,395	1,314,855	1,155,000	1,155,000	0.09%	70
2008-09	16,395	1,220,831	1,338,676	1,338,676	0.11%	82
2007-08	16,395	1,154,896	1,747,016	1,747,016	0.15%	107
2006-07	16,395	1,106,889	2,145,356	2,145,356	0.19%	131
2005-06	16,395	1,073,384	2,543,696	2,543,696	0.24%	155
2004-05	16,395	997,351	2,913,409	2,913,409	0.29%	178

(1) Bureau of the Census.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

County of Dickenson, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2013-14	\$ 12,949,183	\$ 1,171,872	\$ 14,121,055	\$ 104,241,740	13.55%
2012-13	849,331	901,841	1,751,172	54,146,563	3.23%
2011-12	644,902	175,943	820,845	55,091,288	1.49%
2010-11	621,900	198,493	820,393	53,200,688	1.54%
2009-10	684,273	188,496	872,769	53,817,804	1.62%
2008-09	408,340	75,936	484,276	50,030,662	0.97%
2007-08	398,340	88,241	486,581	52,568,020	0.93%
2006-07	470,051	76,498	546,549	44,584,077	1.23%
2005-06	398,710	91,415	490,125	45,992,566	1.07%
2004-05	361,474	101,235	462,709	41,558,774	1.11%

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.

Compliance

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
the Board of Supervisors
County of Dickenson, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Dickenson, Virginia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Dickenson, Virginia's basic financial statements and have issued our report thereon dated December 18, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2014-001)

Compliance and Other Matters

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

County of Dickenson, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Finner, Cox Associates
Blacksburg, Virginia
December 18, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
the Board of Supervisors
County of Dickenson, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Dickenson, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Dickenson, Virginia's major federal programs for the year ended June 30, 2014. County of Dickenson, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Dickenson, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Dickenson, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Dickenson, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of County of Dickenson, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Dickenson, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Dickenson, Virginia's internal control over compliance.

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

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

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

Robinson, Turner, Cox Associates
Blacksburg, Virginia
December 18, 2014

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90119 90236, 90237, 90238, 90239 90378, 90416, 90417, 90418 90419, 90529, 90540, 90541 90716, 90717, 90718, 90719	\$ 49,628
Promoting Safe and Stable Families	93.556	90249, 90360	18,984
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90249, 90366 90377, 90409, 90410, 90411 90412, 90603, 90709, 90710 90711, 90712, 90727, 90729	309,893
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233	2,230
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235 90414, 90415, 90714, 90715	33,605
Chaffee Education and Training Vouchers Program (ETV)	93.599	90353	3,219
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251, 90731	2,352
Foster Care - Title IV-E	93.658	90047, 90081, 90105, 90106 90107, 90147, 90209, 90225 90226, 90227, 90253, 90258 90267, 90268, 90368, 90405 90406, 90407, 90447, 636 90637, 90639, 90657, 90658 90705, 90706, 90707, 90733 90738, 90747, 90748	404,447
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90604, 90627, 90708	406,079
Social Services Block Grant	93.667	90122, 90123, 90124, 90125 90126, 90240, 90242, 90243 90244, 90245, 90246, 90262 90340, 90351, 90358, 90379 90422, 90423, 90424, 90425 90426, 90648, 90720, 90722 90723, 90724, 90725, 90726 90742	298,394
Chafee Foster Care Independence Program	93.674	90254, 90356, 90734	11,177
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	10,782
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701	309,183
Total Department of Health and Human Services:			\$ 1,859,973
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution (Note 3)	10.555	Not Applicable	\$ 93,303
Department of Education:			
National School Lunch Program	10.555	40623	533,512
School breakfast program	10.553	40591	626,815
School and roads - grants to states	10.665	43841	211,835
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	346,297
Total Department of Agriculture			\$ 1,196,666

County of Dickenson, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development: Pass Through Payments: Department of Housing and Community Development: Community Development Block Grant State's program and Non-Entitlement Grants in Hawaii	14.228	50797	\$ 367,467
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	Not Available	\$ 9,863
Department of the Treasury: Equitable Sharing Program	21.000	Not Available	\$ 42,850
Department of Defense: Direct payments: Payments to States in Lieu of Real Estate Taxes	12.112	Not Applicable	\$ 32,299
Pass Through Payments: Flood Control Projects	12.106	Not Available	25,469
Total Department of Defense			\$ 57,768
Department of Education: Pass Through Payments: Department of Education: Title I: Grants to Local Educational Agencies	84.010	42892, 42901	\$ 626,573
Special Education - Grants to States (IDEA, Part B)	84.027	43071	495,382
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	61095	82,704
Rural Education	84.358	43481	42,302
Improving Teacher Quality State Grants	84.367	61480	205,769
Advanced Placement Program	84.330	61	225
Total Department of Education			\$ 1,452,955
Department of Homeland Security: Pass Through Payments: Department of Emergency Management: Emergency Management Performance Grant	97.042	Not Available	\$ 27,909
Total Expenditures of Federal Awards			\$ 5,015,451

See accompanying notes to the schedule of expenditures of federal awards.

County of Dickenson, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dickenson County, Virginia and its component units under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County of Dickenson, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Dickenson, Virginia.

Note 2 -- Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
(2) Pass-through entity identifying numbers are presented where available.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2014, the County had no food commodities in inventory.

Note 4 -- Relationship to the Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,712,127
Flood Control Projects Not Subject to Single Audit Requirements	(25,393,907)
School Construction Projects	<u>25,393,907</u>

Total primary government	<u>\$ 2,712,127</u>
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Component Unit School Board:

School Operating Fund	<u>\$ 2,303,324</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 5,015,451</u></u>
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County of Dickenson, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.010	Title I : Grants to Local Education Agencies
84.027	Special Education - Grants to States
10.561	State Administrative Matching Grants for the Supplement Nutrition Program
10.553/10.555	Child Nutrition Cluster
93.659	Adoption Assistance
93.778	Medical Assistance Program
93.658	Foster Care - Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

County of Dickenson, Virginia

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2014

Section II - Financial Statement Findings

2014-001

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

Condition: The County's 2014 adjusted trial balance required significant adjusting entries that were made by the auditors.

Cause: The County has historically relied on the auditors for assistance in preparing the financial statements and related adjustments.

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

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

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

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

Finding 2014-001 is recurring from the prior year finding 2013-1.