

**COUNTY OF DICKENSON, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2012**

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**COUNTY OF DICKENSON, VIRGINIA**  
**ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2012**

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## INTRODUCTORY SECTION

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## COUNTY OF DICKENSON, VIRGINIA

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### BOARD OF SUPERVISORS

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

### COUNTY SCHOOL BOARD

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Susan Mullins, Chair	
Donnie Raines, Vice-chair	Rocky Barton
Rufus "Shanghai" Nickles	John Skeen

### SOCIAL SERVICES BOARD

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Eric Vitatoe, Chair	
Linza Baker, Vice-chair	Josh Evans
Charles Hay	Scott Stanley

### PUBLIC SERVICE AUTHORITY BOARD

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

### BEHAVIORAL HEALTH SERVICES

---

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

### OTHER OFFICIALS

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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

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

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

We conducted our audit in accordance with auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dickenson, Virginia, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012, on our consideration of the County of Dickenson, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress 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 management's discussion and analysis and schedules of funding progress 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 management's discussion and analysis and schedules of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Dickenson, Virginia's financial statements as a whole. The introductory section, other supplementary information, supporting schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information, supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
December 19, 2012

## 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, 2012. 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 \$14,240,269 (net assets). Of this amount, \$1,288,921 was considered unrestricted.
- The assets of the School Board component unit exceeded its liabilities at the close of the fiscal year by \$3,342,164 (net assets). Of this amount \$(1,854,665) was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$8,121,010. Of the amount \$2,195,191 was considered unassigned and \$5,925,819 was considered restricted.
- During the year, the County had governmental revenue that were \$2,963,845 more than 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 Assets presents information on all of the County’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the Government-wide Financial Statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). 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 assets 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 \$14,240,269 at the close of the most recent fiscal year.

A significant portion of the County's net assets \$7,025,529 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 assets \$5,925,819, are subject to restrictions on how they may be used. The remaining balance of net assets \$1,288,921 may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Assets and Statement of Activities for 2012 and 2011.

Statement of Net Assets

	Governmental Activities	Governmental Activities
	2012	2011
Current and other assets	\$ 18,662,478	\$ 18,419,386
Capital and other assets	10,642,705	11,441,212
Total assets	<u>\$ 29,305,183</u>	<u>\$ 29,860,598</u>
Current and other liabilities	\$ 11,109,999	\$ 12,529,327
Long-term liabilities	3,954,915	4,410,304
Total Liabilities	<u>\$ 15,064,914</u>	<u>\$ 16,939,631</u>
Net assets:		
Invested in capital assets,		
net of related debt	\$ 7,025,529	\$ 7,176,042
Restricted	5,925,819	5,168,763
Unrestricted	1,288,921	576,162
Total net assets	<u>\$ 14,240,269</u>	<u>\$ 12,920,967</u>

Statement of Activities

	Governmental Activities	Governmental Activities
	2012	2011
Program revenues		
Charges for services	\$ 1,979,393	\$ 2,039,718
Operating grants and contributions	6,596,439	7,896,909
General revenues		
Property taxes	12,155,080	8,849,635
Other taxes	10,898,718	10,745,737
Revenue from use of money and property	15,874	33,382
Miscellaneous	159,191	225,498
Intergovernmental revenues		
Grants and contributions not restricted to specific programs	3,406,628	1,586,883
Total revenues	<u>35,211,323</u>	<u>31,377,762</u>

Expenses		
General government	2,008,466	1,763,110
Judicial administration	1,025,378	1,074,443
Public Safety	5,115,076	3,686,694
Public works	2,720,172	3,372,252
Health and welfare	9,124,993	8,674,918
Education	7,425,648	6,197,020
Parks, recreation and cultural	107,046	571,735
Community development	6,201,727	5,607,673
Interest on debt	163,515	190,910
Total expenses	<u>33,892,021</u>	<u>31,138,755</u>
Change in net assets	<u>\$ 1,319,302</u>	<u>\$ 239,007</u>

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

#### 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 \$8,121,010; 73% or \$5,925,819 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, \$2,195,191 or 27% 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 \$2,195,191, of this amount all was considered unassigned. The Coal Road Tax fund had restricted fund balances of \$5,925,819.

Total governmental fund revenues increased \$5,205,003 and expenses increased \$2,163,118 over prior year amounts. For fiscal year ended June 30, 2012, revenue exceeded expenses by \$2,963,845, as compared to the fiscal year ended June 30, 2011, expenses exceeded revenue by \$78,040.

#### General Fund Budgetary Highlights

There were no differences 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, 2012 amounts to \$10,642,705 (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 12 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	\$ 454,398
Lease purchase agreement	2,560,002
General obligation bonds	1,009,729
Notes payable	47,445
Landfill post-closure costs	347,672
Total	<u>\$ 4,419,246</u>

Additional information on the County of Dickenson’s long-term debt can be found in Note 7 of this report.

## Economic Factors

The June 2012 unemployment rate for the County of Dickenson, Virginia was 8.6%, which is an increase from a rate of 8.5% in June 2011. This is above the state’s average unemployment rate of 5.7% and also above the national average rate of 8.2%.

## 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 Assets  
June 30, 2012

	Primary Government	Component Units	
	Governmental	School	Public Service
	<u>Activities</u>	<u>Board</u>	<u>Authority</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,993,380	\$ 3,010,983	\$ 2,102,540
Cash in custody of others	-	1,100	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	13,205,328	-	-
Other local taxes receivable	781,346	-	-
Accounts receivable	-	-	455,903
Due from component unit	2,166,896	-	-
Due from other governmental units	961,171	778,610	164,684
Prepaid expenses	-	156,207	43,441
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	-	475,394
Capital assets (net of accumulated depreciation):			
Land	2,725,519	1,988,000	34,592
Buildings and improvements	6,273,421	1,397,737	120,097
Machinery and equipment	1,482,577	1,811,092	179,251
Infrastructure	-	-	28,410,487
Construction in progress	161,188	-	1,467,508
Total assets	<u>\$ 29,750,826</u>	<u>\$ 9,143,729</u>	<u>\$ 33,453,897</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 580,823	\$ 452,432	\$ 244,519
Accrued liabilities	50,383	1,327,572	-
Customers' deposits	-	-	182,264
Accrued interest payable	104,200	-	12,126
Due to primary government	-	2,166,896	-
Unearned revenue	7,548,698	-	-
Long-term liabilities:			
Due within one year	464,331	-	182,972
Due in more than one year	3,954,915	1,854,665	7,619,665
Total liabilities	<u>\$ 12,703,350</u>	<u>\$ 5,801,565</u>	<u>\$ 8,241,546</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 7,025,529	\$ 5,196,829	\$ 22,490,575
Restricted for:			
Coal Road	5,925,819	-	-
Debt service and bond covenants	-	-	293,130
Unrestricted (deficit)	4,096,128	(1,854,665)	2,428,646
Total net assets	<u>\$ 17,047,476</u>	<u>\$ 3,342,164</u>	<u>\$ 25,212,351</u>

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, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Units		
			Grants and Contributions	Capital Grants and Contributions		School Board	Public Service Authority	
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 2,008,466	\$ 304,013	\$ 1,732,620	\$ -	\$ 28,167	\$ -	\$ -	-
Judicial administration	1,025,378	120,664	396,898	-	(507,816)	-	-	-
Public safety	5,115,076	40,716	1,511,582	-	(3,562,778)	-	-	-
Public works	2,720,172	234,767	7,086	-	(2,478,319)	-	-	-
Health and welfare	9,124,993	1,271,274	4,824,358	-	(3,029,361)	-	-	-
Education	7,425,648	-	-	-	(7,425,648)	-	-	-
Parks, recreation, and cultural	107,046	7,959	9,716	-	(89,371)	-	-	-
Community development	6,201,727	-	-	27,629	(6,174,098)	-	-	-
Interest on long-term debt	163,515	-	-	-	(163,515)	-	-	-
Total governmental activities	\$ 33,892,021	\$ 1,979,393	\$ 8,482,260	\$ 27,629	\$ (23,402,739)	\$ -	\$ -	-
Total primary government	\$ 33,892,021	\$ 1,979,393	\$ 8,482,260	\$ 27,629	\$ (23,402,739)	\$ -	\$ -	-
<b>COMPONENT UNITS:</b>								
School Board	\$ 27,627,781	\$ 465,100	\$ 18,509,218	\$ 814,914	\$ -	\$ (7,838,549)	\$ -	-
Public Service Authority	3,066,422	2,367,425	871,250	1,430,073	-	-	-	1,602,326
Total component units	\$ 30,694,203	\$ 2,832,525	\$ 19,380,468	\$ 2,244,987	\$ -	\$ (7,838,549)	\$ 1,602,326	-
General revenues:								
General property taxes					\$ 14,237,747	\$ -	\$ -	-
Other local taxes:								
Local sales and use taxes					863,701	-	-	-
Consumers' utility taxes					329,733	-	-	-
Consumption taxes					58,884	-	-	-
Vehicle reg. withholding stops					17,760	-	-	-
Tax on deeds					35,862	-	-	-
Hotel and motel room taxes					27,529	-	-	-
Coal severance taxes					7,562,836	-	-	-
Gas severance taxes					2,002,413	-	-	-
Unrestricted revenues from use of money and property					15,874	1,761	1,050	-
Miscellaneous					159,191	297,439	162,067	-
Payments from County of Dickenson					-	7,356,648	-	-
Grants and contributions not restricted to specific programs					1,493,178	-	-	-
Total general revenues					\$ 26,804,708	\$ 7,655,848	\$ 163,117	-
Change in net assets					\$ 3,401,969	\$ (182,701)	\$ 1,765,443	-
Net assets - beginning, as restated					13,645,507	3,524,865	23,446,908	-
Net assets - ending					\$ 17,047,476	\$ 3,342,164	\$ 25,212,351	-

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

County of Dickenson, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2012

	<u>General</u>	<u>Coal Road Tax</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 5,669,763	\$ 5,669,763
Receivables (net of allowance for uncollectibles):			
Taxes receivable	13,205,328	-	13,205,328
Other local taxes receivable	439,938	341,408	781,346
Due from component unit	2,166,896	-	2,166,896
Due from other governmental units	961,171	-	961,171
Total assets	<u>\$ 16,773,333</u>	<u>\$ 6,011,171</u>	<u>\$ 22,784,504</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 495,471	\$ 85,352	\$ 580,823
Reconciled overdraft	3,676,383	-	3,676,383
Accrued liabilities	50,383	-	50,383
Deferred revenue	10,737,873	-	10,737,873
Total liabilities	<u>\$ 14,960,110</u>	<u>\$ 85,352</u>	<u>\$ 15,045,462</u>
Fund balances:			
Restricted:			
Coal Road	\$ -	\$ 5,925,819	\$ 5,925,819
Unassigned	1,813,223	-	1,813,223
Total fund balances	<u>\$ 1,813,223</u>	<u>\$ 5,925,819</u>	<u>\$ 7,739,042</u>
Total liabilities and fund balances	<u>\$ 16,773,333</u>	<u>\$ 6,011,171</u>	<u>\$ 22,784,504</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 Assets  
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 7,739,042
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,642,705
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,189,175
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,523,446)
Net assets of governmental activities	<u>\$ 17,047,476</u>

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, 2012

	<u>General</u>	<u>Coal Road Tax</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 13,263,990	\$ -	\$ 13,263,990
Other local taxes	6,116,094	4,782,624	10,898,718
Permits, privilege fees, and regulatory licenses	21,775	-	21,775
Fines and forfeitures	34,191	-	34,191
Revenue from the use of money and property	10,082	5,792	15,874
Charges for services	1,923,427	-	1,923,427
Miscellaneous	159,191	-	159,191
Recovered costs	1,096,321	-	1,096,321
Intergovernmental revenues:			
Commonwealth	7,959,821	-	7,959,821
Federal	2,043,246	-	2,043,246
Total revenues	<u>\$ 32,628,138</u>	<u>\$ 4,788,416</u>	<u>\$ 37,416,554</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 2,051,549	\$ -	\$ 2,051,549
Judicial administration	1,078,131	-	1,078,131
Public safety	5,171,970	-	5,171,970
Public works	2,641,301	-	2,641,301
Health and welfare	9,243,690	-	9,243,690
Education	6,716,497	-	6,716,497
Parks, recreation, and cultural	223,472	-	223,472
Community development	2,855,862	4,031,360	6,887,222
Debt service:			
Principal retirement	644,902	-	644,902
Interest and other fiscal charges	175,943	-	175,943
Total expenditures	<u>\$ 30,803,317</u>	<u>\$ 4,031,360</u>	<u>\$ 34,834,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,824,821</u>	<u>\$ 757,056</u>	<u>\$ 2,581,877</u>
Net change in fund balances	\$ 1,824,821	\$ 757,056	\$ 2,581,877
Fund balances - beginning	(11,598)	5,168,763	5,157,165
Fund balances - ending	<u>\$ 1,813,223</u>	<u>\$ 5,925,819</u>	<u>\$ 7,739,042</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, 2012

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

Net change in fund balances - total governmental funds	\$ 2,581,877
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.	(243,892)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(554,615)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	973,757
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.	639,845
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.	4,997
Change in net assets of governmental activities	<u>\$ 3,401,969</u>

County of Dickenson, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 71,608
Total assets	<u>\$ 71,608</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 16,808
Amounts held for Town of Clinchco	3,354
Amounts held for Town of Clintwood	41,190
Amounts held for Town of Haysi	9,921
Amounts held for County employees' fringe benefits	335
Total liabilities	<u>\$ 71,608</u>

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

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COUNTY OF DICKENSON, VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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**Note 1-Summary of Significant Accounting Policies:**

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

**A. Financial Reporting Entity**

The 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.

The 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 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.

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 County 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, 2012, 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 assets 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 Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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.

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

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.

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

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

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.

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 deferred 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.

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 government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for 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, 29<sup>th</sup> 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.

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.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government'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 government, 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.

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

D. Assets, liabilities, and net assets or equity (continued)

2. 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 non-current 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.

3. 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 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for un-collectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$448,666 at June 30, 2012 and is comprised of property taxes.

5. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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**Note 1-Summary of Significant Accounting Policies: (continued)****D. Assets, liabilities, and net assets or equity (continued)****6. 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
Land Improvements	20

**7. 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.

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

**D. Assets, liabilities, and net assets or equity (continued)**

**8. 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 applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Fund equity**

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard (implemented in 2011) has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. GASB Statement No. 54 requires that fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The County of Dickenson, Virginia evaluated its funds at June 30, 2011 and classified fund balance into the following five categories:

Non-spendable -items that cannot be spent because they are not in spendable form, such as prepaid items and inventory.

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

Committed -items 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 -items 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.

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

D. Assets, liabilities, and net assets or equity (continued)

9. Fund equity (continued)

Unassigned -this category is for any balances that have no restrictions placed upon them.

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.

10. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 2-Reconciliation of Government-Wide and Fund Financial Statements:**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(4,523,446) and \$(1,854,665) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Capital lease	\$ (2,560,002)	\$ -
Note payable	(47,445)	-
General obligation bond	(985,000)	-
Unamortized bond premium	(24,729)	-
Accrued interest payable	(104,200)	-
Landfill post closure liability	(347,672)	-
Net OPEB obligation	-	(744,764)
Compensated absences	(454,398)	(1,109,901)
Net adjustment to reduce <i>fund balance-total Governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (4,523,446)</u>	<u>\$ (1,854,665)</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)**

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "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." The details of these \$(798,507) and \$197,713 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Capital outlays	\$ 300,009	\$ 942,094
Depreciation expense	(543,901)	(744,381)
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (243,892)</u>	<u>\$ 197,713</u>

Another element of that reconciliation states, "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." The details of these \$4,997 and \$(380,414) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
(Increase) decrease in compensated absences	\$ (4,339)	\$ (233,008)
(Increase) decrease in accrued interest	9,336	-
(Increase) decrease in Net OPEB obligation	<u>-</u>	<u>(147,406)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 4,997</u>	<u>\$ (380,414)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)**

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states "the issuance of long-term obligations (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The detail of this \$639,845 difference in the primary government is as follows:

	<u>Primary Government</u>
Debt Issued or Incurred:	
Accrued landfill postclosure liability	\$ (8,149)
Principal Payments:	
Note payable	45,423
DCWIN bond	85,000
Capital lease	514,479
Amortization of bond premium	<u>3,092</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>639,845</u></u>

**Note 3-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 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.

**Note 3-Stewardship, Compliance, and Accountability: (continued)**

A. Budgetary information (continued)

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.
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), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects Fund are 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 as of June 30.

**Note 4-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).

At June 30, 2012, the County had no investments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 5-Due from Other Governmental Units:**

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

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
State sales tax	\$ 153,476	\$ 370,871
Categorical aid-shared expenses	120,735	-
Categorical aid-Comprehensive Services Act	149,123	-
Categorical aid-Virginia Public Assistance	335,665	-
Other state aid	195,816	-
<u>Federal Government:</u>		
Categorical aid-other	6,356	407,739
Totals	\$ <u>961,171</u>	\$ <u>778,610</u>

**Note 6-Interfund/Component-Unit Obligations:**

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ <u>-</u>	\$ <u>2,166,896</u>
Component Unit - School Board:		
School Fund	\$ <u>2,166,896</u>	\$ <u>-</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012Note 7-Long-Term Obligations:Primary Government - Governmental Activity Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2012:

	Balance July 1, 2011	Increase/ Issuances	Decrease/ Retirements	Balance June 30, 2012
Note payable	\$ 92,868	\$ -	\$ (45,423)	\$ 47,445
General obligation bond	1,070,000	-	(85,000)	985,000
Bond premium	27,821	-	(3,092)	24,729
Capital lease	3,074,481	-	(514,479)	2,560,002
Landfill postclosure liability	339,523	8,149	-	347,672
Compensated absences	450,059	4,339	-	454,398
Total	\$ 5,054,752	\$ 12,488	\$ (647,994)	\$ 4,419,246

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

Year Ending June 30,	General Obligation Bond		Note Payable	
	Principal	Interest	Principal	Interest
2013	\$ 95,000	\$ 44,660	\$ 47,445	\$ 2,111
2014	95,000	41,476	-	-
2015	100,000	33,895	-	-
2016	100,000	29,108	-	-
2017	100,000	24,046	-	-
2018-2021	495,000	42,267	-	-
Totals	\$ 985,000	\$ 215,452	\$ 47,445	\$ 2,111

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012Note 7-Long-Term Obligations: (continued)Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bond:</u>		
\$1,475,000 bond issued June 8, 2005. Interest payments commenced on October 1, 2005 and continued 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.	\$ 985,000	\$ 95,000
Premium on bond	<u>24,729</u>	<u>-</u>
Total General Obligation Bond	\$ <u>1,009,729</u>	<u>95,000</u>
<u>Other Obligations:</u>		
Capital lease (Note 8)	\$ 2,560,002	\$ 321,886
Landfill postclosure monitoring liability	347,672	-
Compensated absences	454,398	-
Note payable	<u>47,445</u>	<u>47,445</u>
Total Other Obligations	\$ <u>3,409,517</u>	<u>369,331</u>
Total Long-Term Obligations	\$ <u><u>4,419,246</u></u>	<u><u>464,331</u></u>

Note 8-Capital Lease:Primary Government:

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

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

Asset:	<u>Fire Trucks</u>	<u>Packer Trucks</u>	<u>Energy Lease</u>
Equipment	\$ 370,243	\$ 498,069	\$ 5,733,747
Less: Accumulated Depreciation	(173,529)	(219,969)	(3,318,424)
Total	<u>\$ 196,714</u>	<u>\$ 278,100</u>	<u>\$ 2,415,323</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 8-Capital Lease: (continued)**

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2012, are as follows:

Year Ending June 30,	Capital Lease
2013	\$ 426,614
2014	304,820
2015	294,151
2016	293,630
2017	293,630
2018-2022	1,405,222
2023	262,924
Sub-total	\$ 3,280,991
Less, amount representing interest	(720,989)
Present Value of Lease Agreement	\$ 2,560,002

**Note 9-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, 2012:

	Balance July 1, 2011	Increase/ Issuances	Decrease/ Retirements	Balance June 30, 2012
Net OPEB obligation	\$ 597,358	\$ 798,606	\$ (651,200)	\$ 744,764
Compensated absences	876,893	233,008	-	1,109,901
Total	\$ 1,474,251	\$ 1,031,614	\$ (651,200)	\$ 1,854,665

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 9-Long-Term Obligations-Component Unit School Board: (continued)**Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Other Obligations:</u>		
Net OPEB obligation	\$ 744,764	\$ -
Compensated absences	<u>1,109,901</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 1,854,665</u>	<u>\$ -</u>

**Note 10-Employee Retirement System and Defined Benefit Pension Plans:****A. Plan Description**

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

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

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

Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or at age 50 with at least 10 years of service credit.

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**Note 10-Employee Retirement System and Defined Benefit Pension Plans: (Continued)**

**A. Plan Description (Continued)**

Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

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

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

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

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/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 10-Employee Retirement System and Defined Benefit Pension Plans: (Continued)****B. Funding Policy**Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. 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 2012 was 7.79% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. 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 2012 was 25.22% of annual covered payroll.

**C. Annual Pension Cost**

For fiscal year 2012, the County's and School Board's annual pension costs of \$492,236 and \$480,392 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) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2012	\$ 492,236	100.00%	\$ -
	6/30/2011	500,706	100.00%	-
	6/30/2010	440,610	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2012	\$ 400,392	100.00%	\$ -
	6/30/2011	441,182	100.00%	-
	6/30/2010	401,440	100.00%	-

<sup>1</sup> Employer portion only

**Note 10-Employee Retirement System and Defined Benefit Pension Plans: (Continued)**

**C. Annual Pension Cost (Continued)**

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.5%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.5 % 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. 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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

**D. Funded Status and Funding Progress**

**Primary Government:**

As of June 30, 2011, the most recent actuarial valuation date, the plan was 76.27% funded. The actuarial accrued liability for benefits was \$25,026,322, and the actuarial value of assets was \$19,088,437, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,937,885. The covered payroll (annual payroll of active employees covered by the plan) was \$6,453,435, and ratio of the UAAL to the covered payroll was 92.01%.

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

As of June 30, 2011, the most recent actuarial valuation date, the plan was 49.94% funded. The actuarial accrued liability for benefits was \$11,521,286, and the actuarial value of assets was \$5,753,733, resulting in an overfunded actuarial accrued liability (UAAL) of \$5,767,553. The covered payroll (annual payroll of active employees covered by the plan) was \$1,656,180, and ratio of the UAAL to the covered payroll was 348.24%.

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 10-Employee Retirement System and Defined Benefit 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/2011-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. 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 \$720,333, \$493,244, and \$1,104,678, for the fiscal years ended 2012, 2011, and 2010, respectively. Employer contributions represented 6.33%, 3.93%, and 8.81%, of covered payroll for the fiscal years ended 2012, 2011, and 2010, respectively.

**Note 11-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, 2012**Note 11-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 2012, 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 10/1/2011):

<u>Monthly Premiums:</u>	<u>Retiree Only</u>	<u>Retiree and One Child</u>	<u>Retiree and Spouse/Family</u>
Anthem (PPO)	\$ 452.82	\$ 724.51	\$ 1,222.60
Anthem Dental	22.99	30.57	47.80
 <u>Retiree Contributions:</u>			
Anthem (PPO)	\$ 25.00	\$ 30.00	\$ 50.00
Anthem Dental	-	7.58	24.81

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, 2012Note 11-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	\$ 799,100
Interest on net OPEB obligation	23,894
Adjustment to annual required contribution	(24,388)
Annual OPEB cost (expense)	798,606
Contributions made	(651,200)
Increase in net OPEB obligation	147,406
Net OPEB obligation - beginning of year	597,358
Net OPEB obligation - end of year	\$ 744,764

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
6/30/2010	\$ 681,678	79%	\$ 408,778
6/30/2011	776,280	76%	597,358
6/30/2012	798,606	84%	744,764

## D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$9,185,100, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$13,464,900, and ratio of the UAAL to the covered payroll was 68.22%.

**Note 11-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, 2011, the most recent actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return and a 3.75% payroll growth rate per annum. An annual healthcare cost trend rate of 6.3 percent initially, graded to 4.7% over 80 years. Dental trend rates were held constant at 4.7 percent for all years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2011, was 30 years.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 12-Capital Assets:**

Capital asset activity for the year ended June 30, 2012 was as follows:

## Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,725,519	\$ -	\$ -	\$ 2,725,519
Construction in progress	83,670	77,518	-	161,188
Total capital assets not being depreciated	<u>\$ 2,809,189</u>	<u>\$ 77,518</u>	<u>\$ -</u>	<u>\$ 2,886,707</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,367,806	\$ 66,903	\$ -	\$ 12,434,709
Machinery and equipment	4,264,304	155,588	(831,354)	3,588,538
Total capital assets being depreciated	<u>\$ 16,632,110</u>	<u>\$ 222,491</u>	<u>\$ (831,354)</u>	<u>\$ 16,023,247</u>
Less: accumulated depreciation for:				
Buildings and improvements	\$ (5,857,861)	\$ (303,427)	\$ -	\$ (6,161,288)
Machinery and equipment	(2,142,226)	(240,474)	276,739	(2,105,961)
Total accumulated depreciation	<u>\$ (8,000,087)</u>	<u>\$ (543,901)</u>	<u>\$ 276,739</u>	<u>\$ (8,267,249)</u>
Total capital assets being depreciated, net	<u>\$ 8,632,023</u>	<u>\$ (321,410)</u>	<u>\$ (554,615)</u>	<u>\$ 7,755,998</u>
Governmental activities capital assets, net	<u>\$ 11,441,212</u>	<u>\$ (243,892)</u>	<u>\$ (554,615)</u>	<u>\$ 10,642,705</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 12-Capital Assets: (continued)**

Capital asset activity for the School Board for the year ended June 30, 2012 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	\$ -	\$ -	\$ 1,988,000
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,027,801	\$ -	\$ -	\$ 6,027,801
Machinery and equipment	5,123,527	942,094	-	6,065,621
Total capital assets being depreciated	\$ 11,151,328	\$ 942,094	\$ -	\$ 12,093,422
Less: accumulated depreciation for:				
Buildings and improvements	\$ (4,513,527)	\$ (116,537)	\$ -	\$ (4,630,064)
Machinery and equipment	(3,626,685)	(627,844)	-	(4,254,529)
Total accumulated depreciation	\$ (8,140,212)	\$ (744,381)	\$ -	\$ (8,884,593)
Total capital assets being depreciated, net	\$ 3,011,116	\$ 197,713	\$ -	\$ 3,208,829
Governmental activities capital assets, net	\$ 4,999,116	\$ 197,713	\$ -	\$ 5,196,829

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

## Governmental activities:

General government administration	\$ 92,608
Judicial administration	3,303
Public safety	341,838
Public works	67,294
Health and welfare	23,186
Education	744,381
Parks, recreation, and culture	2,855
Community development	12,817
Total depreciation expense-governmental activities	\$ 1,288,282

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**Note 13-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 14-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 15-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, 2012**Note 15-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 16-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 \$347,672 is the total estimated post closure care liability at June 30, 2012. The liability represents what it cost to perform all post closure care in 2012. 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 17-Deferred Revenue:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling \$10,737,873 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2012, but paid in advance by the taxpayers totaled \$381,968 at June 30, 2012.

Property Taxes Receivable - Taxes billed and not due until after June 30, 2012, less amounts received 60 days after the period end totaled \$10,355,905 at June 30, 2012.

**Note 18-Commitments and Contingencies:**

The County had no commitments or contingencies as of June 30, 2012.

**Note 19-Litigation:**

At June 30, 2012, there were no matter 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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**Note 20-Restatement of Beginning Net Assets:**

Beginning balances have been restated from the prior financial report as noted below:

	General Fund
Restatement of beginning net assets:	
Net assets, as previously reported	\$ 12,920,967
Adjustment for deferred revenue	724,540
Beginning net assets, as restated	<u>\$ 13,645,507</u>

## **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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 9,988,611	\$ 9,988,611	\$ 13,263,990	\$ 3,275,379
Other local taxes	5,568,860	5,568,860	6,116,094	547,234
Permits, privilege fees, and regulatory licenses	16,000	16,000	21,775	5,775
Fines and forfeitures	46,900	46,900	34,191	(12,709)
Revenue from the use of money and property	14,400	14,400	10,082	(4,318)
Charges for services	624,552	624,552	1,923,427	1,298,875
Miscellaneous	5,000	5,000	159,191	154,191
Recovered costs	168,380	168,380	1,096,321	927,941
Intergovernmental revenues:				
Commonwealth	8,156,766	8,156,766	7,959,821	(196,945)
Federal	515,993	515,993	2,043,246	1,527,253
Total revenues	<u>\$ 25,105,462</u>	<u>\$ 25,105,462</u>	<u>\$ 32,628,138</u>	<u>\$ 7,522,676</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,877,122	\$ 1,934,122	\$ 2,051,549	\$ (117,427)
Judicial administration	1,047,935	1,047,935	1,078,131	(30,196)
Public safety	4,402,064	4,236,850	5,171,970	(935,120)
Public works	2,483,239	2,700,193	2,641,301	58,892
Health and welfare	5,880,393	5,880,393	9,243,690	(3,363,297)
Education	6,174,542	5,911,618	6,716,497	(804,879)
Parks, recreation, and cultural	116,665	116,665	223,472	(106,807)
Community development	2,386,841	2,456,841	2,855,862	(399,021)
Debt service:				
Principal retirement	736,661	644,902	644,902	-
Interest and other fiscal charges	-	175,943	175,943	-
Total expenditures	<u>\$ 25,105,462</u>	<u>\$ 25,105,462</u>	<u>\$ 30,803,317</u>	<u>\$ (5,697,855)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,824,821</u>	<u>\$ 1,824,821</u>
Net change in fund balances	\$ -	\$ -	\$ 1,824,821	\$ 1,824,821
Fund balances - beginning	-	-	(11,598)	(11,598)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,813,223</u>	<u>\$ 1,813,223</u>

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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget -
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ 3,790,600	\$ 3,790,600	\$ 4,782,624	\$ 992,024
Revenue from the use of money and property	10,000	10,000	5,792	(4,208)
Total revenues	<u>\$ 3,800,600</u>	<u>\$ 3,800,600</u>	<u>\$ 4,788,416</u>	<u>\$ 987,816</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 542,500	\$ 542,500	\$ -	\$ 542,500
Community development	3,258,100	3,258,100	4,031,360	(773,260)
Total expenditures	<u>\$ 3,800,600</u>	<u>\$ 3,800,600</u>	<u>\$ 4,031,360</u>	<u>\$ (230,760)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757,056</u>	<u>\$ 757,056</u>
Net change in fund balances	\$ -	\$ -	\$ 757,056	\$ 757,056
Fund balances - beginning	-	-	5,168,763	5,168,763
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,925,819</u>	<u>\$ 5,925,819</u>

## County of Dickenson, Virginia

**Schedule of Pension and OPEB Funding Progress**  
**For the Year Ended June 30, 2012**

Defined Benefit Plan:  
 Primary Government:  
 County Retirement Plan:

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2011	\$ 19,088,437	\$ 25,026,322	\$ 5,937,885	76.27%	\$ 6,453,435	92.01%
June 30, 2010	18,526,595	24,133,581	5,606,986	76.77%	6,393,739	87.69%
June 30, 2009	18,261,152	21,165,196	2,904,044	86.28%	6,212,991	46.74%

Discretely Presented Component Unit:  
 School Board Non-Professional Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2011	\$ 5,753,733	\$ 11,521,286	\$ 5,767,553	49.94%	\$ 1,656,180	348.24%
June 30, 2010	5,795,039	11,633,528	5,838,489	49.81%	1,654,009	352.99%
June 30, 2009	6,018,752	10,879,139	4,860,387	55.32%	1,747,764	278.09%

Other Post-Employment Benefits (OPEB) - Health Insurance:  
 Discretely Presented Component Unit School Board:  
 Post-Retirement Medical Plan:

Valuation as of *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%

\* Only two valuations available



## **Supplementary Financial Statements**

## **FIDUCIARY FUNDS**

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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  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012

		Agency Funds				
	Special Welfare	Town of <u>Clinchco</u>	Town of <u>Clintwood</u>	Town of <u>Haysi</u>	Fringe Benefits	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 16,808	\$ 3,354	\$ 41,190	\$ 9,921	\$ 335	\$ 71,608
Total assets	\$ 16,808	\$ 3,354	\$ 41,190	\$ 9,921	\$ 335	\$ 71,608
<b>LIABILITIES</b>						
Amounts held for social services clients	\$ 16,808	\$ -	\$ -	\$ -	\$ -	\$ 16,808
Amounts held for Town of Clinchco	-	3,354	-	-	-	3,354
Amounts held for Town of Clintwood	-	-	41,190	-	-	41,190
Amounts held for Town of Haysi	-	-	-	9,921	-	9,921
Amounts held for County employees' fringe benefits	-	-	-	-	335	335
Total liabilities	\$ 16,808	\$ 3,354	\$ 41,190	\$ 9,921	\$ 335	\$ 71,608

#### **DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**

##### **MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund is a special revenue fund that 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, 2012

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	School Operating <u>Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,010,983
Cash in custody of others	1,100
Due from other governmental units	778,610
Prepaid items	156,207
Total assets	<u>\$ 3,946,900</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 452,432
Accrued liabilities	1,327,572
Due to primary government	2,166,896
Total liabilities	<u>\$ 3,946,900</u>
Fund balances:	
Nonspendable	\$ 156,907
Unassigned	(156,907)
Total fund balances	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 3,946,900</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ -
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,196,829
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,854,665)
Net assets of governmental activities	<u>\$ 3,342,164</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, 2012

	School Operating Fund
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 1,761
Charges for services	465,100
Miscellaneous	297,439
Recovered costs	168,179
Intergovernmental revenues:	
Local government	6,647,497
Commonwealth	15,132,367
Federal	4,191,765
Total revenues	<u>\$ 26,904,108</u>
<b>EXPENDITURES</b>	
Current:	
Education	\$ 26,904,108
Total expenditures	<u>\$ 26,904,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>
Net change in fund balances	\$ -
Fund balances - beginning	-
Fund balances - ending	<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	\$ -
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.	197,713
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.	(380,414)
Change in net assets of governmental activities	<u>\$ (182,701)</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, 2012

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 4,000	\$ 4,000	\$ 1,761	\$ (2,239)
Charges for services	450,000	450,000	465,100	15,100
Miscellaneous	503,976	503,976	297,439	(206,537)
Recovered costs	115,000	115,000	168,179	53,179
Intergovernmental revenues:				
Local government	8,290,101	8,290,101	6,647,497	(1,642,604)
Commonwealth	15,195,486	15,195,486	15,132,367	(63,119)
Federal	4,603,096	4,603,096	4,191,765	(411,331)
Total revenues	\$ 29,161,659	\$ 29,161,659	\$ 26,904,108	\$ (2,257,551)
EXPENDITURES				
Current:				
Education	\$ 29,161,659	\$ 29,161,659	\$ 26,904,108	\$ 2,257,551
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

## **Supporting Schedules**



County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

Schedule 1  
Page 1 of 5

<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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,026,111	\$ 7,026,111	\$ 9,351,126	\$ 2,325,015
Real and personal public service corporation taxes	362,500	362,500	369,649	7,149
Personal property taxes	1,142,000	1,142,000	1,837,786	695,786
Mobile home taxes	80,000	80,000	89,844	9,844
Machinery and tools taxes	1,175,000	1,175,000	1,366,898	191,898
Merchant's capital taxes	78,000	78,000	83,716	5,716
Penalties	45,000	45,000	56,473	11,473
Interest	80,000	80,000	108,498	28,498
Total general property taxes	\$ 9,988,611	\$ 9,988,611	\$ 13,263,990	\$ 3,275,379
Other local taxes:				
Local sales and use taxes	\$ 700,000	\$ 700,000	\$ 863,701	\$ 163,701
Consumers' utility taxes	352,000	352,000	329,733	(22,267)
Consumption taxes	64,500	64,500	58,884	(5,616)
Vehicle reg. withholding stops	15,000	15,000	17,760	2,760
Tax on deeds	40,000	40,000	35,862	(4,138)
Hotel and motel room taxes	12,000	12,000	27,529	15,529
Gas severance taxes	1,444,194	1,444,194	1,001,207	(442,987)
Coal severance taxes	2,941,166	2,941,166	3,781,418	840,252
Total other local taxes	\$ 5,568,860	\$ 5,568,860	\$ 6,116,094	\$ 547,234
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,705	\$ (295)
Building permits	14,000	14,000	20,070	6,070
Total permits, privilege fees, and regulatory licenses	\$ 16,000.00	\$ 16,000.00	\$ 21,775	\$ 5,775
Fines and forfeitures:				
Court fines and forfeitures	\$ 46,900	\$ 46,900	\$ 34,191	\$ (12,709)
Revenue from use of money and property:				
Revenue from use of money	\$ 5,400	\$ 5,400	\$ 7,317	\$ 1,917
Revenue from use of property	9,000	9,000	2,765	(6,235)
Total revenue from use of money and property	\$ 14,400	\$ 14,400	\$ 10,082	\$ (4,318)
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,732	\$ 5,732	\$ 18,941	\$ 13,209
Document production costs	4,000	4,000	6,075	2,075
Charges for Commonwealth's Attorney	500	500	1,325	825
Solid waste tipping fees	185,500	185,500	234,767	49,267
DCWIN user fees	338,820	338,820	297,938	(40,882)
Charges for law library	-	-	1,149	1,149
Charges for parks and recreation	-	-	6,810	6,810
Charges for behavioral health services	-	-	1,271,274	1,271,274
Charges for office on youth	90,000	90,000	85,148	(4,852)
Total charges for services	\$ 624,552	\$ 624,552	\$ 1,923,427	\$ 1,298,875

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

Schedule 1  
Page 2 of 5

<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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 159,191	\$ 154,191
Recovered costs:				
Regional jails	\$ 19,000	\$ 19,000	\$ 102,065	\$ 83,065
Engineering reimbursement	-	-	42,019	42,019
Reimbursement from IDA for school project	-	-	665,000	665,000
DUI restitution payments	-	-	1,150	1,150
VPA refunds/recoveries	60,000	60,000	145,786	85,786
Health insurance reimbursement	74,380	74,380	73,938	(442)
Expenditure refunds	-	-	5,941	5,941
Health department rental	-	-	7,150	7,150
Other recovered costs	15,000	15,000	53,272	38,272
Total recovered costs	\$ 168,380	\$ 168,380	\$ 1,096,321	\$ 927,941
Total revenue from local sources	\$ 16,432,703	\$ 16,432,703	\$ 22,625,071	\$ 6,192,368
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 100,000	\$ 100,000	\$ 94,753	\$ (5,247)
Mobile home titling tax	100,000	100,000	59,808	(40,192)
State recordation tax	10,000	10,000	11,922	1,922
Grantor's tax	5,000	5,000	6,103	1,103
Personal property tax relief funds	817,952	817,952	817,952	-
Communications tax	610,000	610,000	502,640	(107,360)
Total noncategorical aid	\$ 1,642,952	\$ 1,642,952	\$ 1,493,178	\$ (149,774)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 180,951	\$ 180,951	\$ 179,167	\$ (1,784)
Sheriff	942,853	942,853	959,477	16,624
Commissioner of revenue	104,944	104,944	102,366	(2,578)
Treasurer	91,050	91,050	87,807	(3,243)
Registrar/electoral board	38,400	38,400	47,565	9,165
Clerk of the Circuit Court	188,547	188,547	217,731	29,184
Total shared expenses	\$ 1,546,745	\$ 1,546,745	\$ 1,594,113	\$ 47,368
Other categorical aid:				
Comprehensive services act	\$ 884,962	\$ 884,962	\$ 873,818	\$ (11,144)
Public assistance and welfare administration	3,835,107	3,835,107	1,761,678	(2,073,429)
Department of environmental quality	60,000	60,000	27,988	(32,012)
Litter control grant	8,000	8,000	7,086	(914)
Commission for the arts	5,000	5,000	5,000	-
Fire programs	36,000	36,000	36,500	500
Virginia housing authority	80,000	80,000	94,402	14,402
State health department	-	-	89,163	89,163
State health department - four for life	13,000	13,000	14,857	1,857

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

Schedule 1  
Page 3 of 5

<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>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Criminal justice grants	\$ -	\$ -	\$ 24,550	\$ 24,550
Special welfare - foster care	5,000	5,000	799	(4,201)
Aid for local libraries	-	-	4,716	4,716
State and local foster care	-	-	4,154	4,154
Grants to localities	-	-	1,606,062	1,606,062
VITA grant	-	-	92,989	92,989
Reduction in state aid	-	-	(139,168)	(139,168)
E-911 regional ID grant	-	-	301,436	301,436
Wireless E-911 services	40,000	40,000	66,500	26,500
Total other categorical aid	\$ 4,967,069	\$ 4,967,069	\$ 4,872,530	\$ (94,539)
Total categorical aid	\$ 6,513,814	\$ 6,513,814	\$ 6,466,643	\$ (47,171)
Total revenue from the Commonwealth	\$ 8,156,766	\$ 8,156,766	\$ 7,959,821	\$ (196,945)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 2,000,344	\$ 2,000,344
Corps of engineers	25,000	25,000	27,629	2,629
DMV grants	10,000	10,000	15,218	5,218
Emergency management grant	-	-	55	55
USDA RD - Libraries	95,035	95,035	-	(95,035)
Cranesnest River Trail	283,347	283,347	-	(283,347)
Haysi Breaks Trail	97,611	97,611	-	(97,611)
Arc Flex E Grants	5,000	5,000	-	(5,000)
Total categorical aid	\$ 515,993	\$ 515,993	\$ 2,043,246	\$ 1,527,253
Total revenue from the federal government	\$ 515,993	\$ 515,993	\$ 2,043,246	\$ 1,527,253
Total General Fund	\$ 25,105,462	\$ 25,105,462	\$ 32,628,138	\$ 7,522,676
<b>Special Revenue Fund:</b>				
<b>Coal Road Tax Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Coal road improvement taxes	\$ 2,571,100	\$ 2,571,100	\$ 3,781,418	\$ 1,210,318
Gas severance taxes	1,219,500	1,219,500	1,001,206	(218,294)
Total other local taxes	\$ 3,790,600	\$ 3,790,600	\$ 4,782,624	\$ 992,024
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,000	\$ 10,000	\$ 5,792	\$ (4,208)
Total revenue from local sources	\$ 3,800,600	\$ 3,800,600	\$ 4,788,416	\$ 987,816

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

Schedule 1  
Page 4 of 5

<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)				
Total Coal Road Tax Fund	\$ 3,800,600	\$ 3,800,600	\$ 4,788,416	\$ 987,816
Total Primary Government	\$ 28,906,062	\$ 28,906,062	\$ 37,416,554	\$ 8,510,492
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 4,000	\$ 4,000	\$ 1,761	\$ (2,239)
Charges for services:				
Cafeteria charges	\$ 450,000	\$ 450,000	\$ 465,100	\$ 15,100
Miscellaneous revenue:				
Other miscellaneous	\$ 503,976	\$ 503,976	\$ 297,439	\$ (206,537)
Recovered costs:				
Other recovered costs	\$ 115,000	\$ 115,000	\$ 168,179	\$ 53,179
Total revenue from local sources	\$ 1,072,976	\$ 1,072,976	\$ 932,479	\$ (140,497)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Dickenson, Virginia	\$ 8,290,101	\$ 8,290,101	\$ 6,647,497	\$ (1,642,604)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,085,919	\$ 2,085,919	\$ 2,114,701	\$ 28,782
Basic school aid	8,746,608	8,746,608	8,586,362	(160,246)
Remedial summer education	17,719	17,719	19,934	2,215
Regular foster care	32,546	32,546	-	(32,546)
ISAEP	7,859	7,859	7,859	-
Gifted and talented	86,165	86,165	85,055	(1,110)
Remedial education	287,216	287,216	271,551	(15,665)
Special education	873,137	873,137	861,894	(11,243)
Textbook payment	77,663	77,663	95,836	18,173
Vocational standards of quality payments	605,069	605,069	597,277	(7,792)
CTE adult education	-	-	2,659	2,659
Industry certification	4,200	4,200	3,543	(657)
Social security fringe benefits	539,966	539,966	533,013	(6,953)
Retirement fringe benefits	488,267	488,267	481,980	(6,287)
State lottery payments	-	-	40,759	40,759
Early reading intervention	53,877	53,877	73,469	19,592
Homebound education	24,967	24,967	16,494	(8,473)
Group life insurance instructional	19,148	19,148	30,868	11,720
Adult literacy	8,000	8,000	-	(8,000)
Vocational education - occup/tech	25,898	25,898	24,888	(1,010)
Vocational education - equipment	-	-	5,704	5,704

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

Schedule 1  
Page 5 of 5

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid:				
School breakfast incentive	\$ 7,087	\$ 7,087	\$ 8,727	\$ 1,640
School food	15,968	15,968	16,093	125
Compensation supplement	248,193	248,193	204,237	(43,956)
Special education - foster children	-	-	31,265	31,265
At risk payments	328,798	328,798	324,423	(4,375)
Project graduation	-	-	75,000	75,000
Primary class size	235,829	235,829	217,562	(18,267)
Technology	258,000	258,000	284,000	26,000
Standards of Learning algebra readiness	37,587	37,587	37,710	123
Mentor teacher program	2,424	2,424	1,970	(454)
VA preschool initiative	77,376	77,376	77,376	-
Electronic classroom	-	-	158	158
Total categorical aid	\$ 15,195,486	\$ 15,195,486	\$ 15,132,367	\$ (63,119)
Total revenue from the Commonwealth	\$ 15,195,486	\$ 15,195,486	\$ 15,132,367	\$ (63,119)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,156,527	\$ 1,156,527	\$ 1,021,268	\$ (135,259)
Title VI-B, special education flow-through	611,224	611,224	399,896	(211,328)
Vocational education	83,032	83,032	67,899	(15,133)
Title VI-B, special education pre-school	30,000	30,000	30,345	345
Drug free schools	3,703	3,703	2,320	(1,383)
Title II, part A	256,732	256,732	219,611	(37,121)
School breakfast program	216,000	216,000	213,078	(2,922)
School lunch program	568,500	568,500	554,003	(14,497)
School food commodities	-	-	70,043	70,043
Summer school food	2,000	2,000	1,013	(987)
School food service	-	-	534	534
Federal reserve	23,000	23,000	14,461	(8,539)
Federal leasing of land payments	5,000	5,000	987	(4,013)
Rural and low income schools	70,023	70,023	42,704	(27,319)
ARRA - Title I	66,524	66,524	46,937	(19,587)
ARRA - Title VI-B, special education flow-through	250,840	250,840	250,840	-
ARRA - Title VI-B, special education preschool	19,017	19,017	19,017	-
ARRA - Education jobs fund	301,912	301,912	297,747	(4,165)
ARRA - State Fiscal Stabilization Funds	939,062	939,062	939,062	-
Total categorical aid	\$ 4,603,096	\$ 4,603,096	\$ 4,191,765	\$ (411,331)
Total revenue from the federal government	\$ 4,603,096	\$ 4,603,096	\$ 4,191,765	\$ (411,331)
Total Discretely Presented Component Unit - School Board	\$ 29,161,659	\$ 29,161,659	\$ 26,904,108	\$ (2,257,551)

County of Dickenson, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

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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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 100,781	\$ 102,781	\$ 123,564	\$ (20,783)
General and financial administration:				
County administrator	\$ 294,652	\$ 344,652	\$ 430,381	\$ (85,729)
Audit services	60,000	60,000	59,250	750
Legal services	35,500	35,500	39,341	(3,841)
Commissioner of revenue	400,187	400,187	436,825	(36,638)
Reassessment	220,000	220,000	207,916	12,084
Treasurer	326,454	331,454	334,075	(2,621)
Information technology	131,291	131,291	129,677	1,614
Data processing	88,843	88,843	88,021	822
Total general and financial administration	\$ 1,556,927	\$ 1,611,927	\$ 1,725,486	\$ (113,559)
Board of elections:				
Registrar	\$ 125,823	\$ 125,823	\$ 131,882	\$ (6,059)
Electoral board and officials	93,591	93,591	70,617	22,974
Total board of elections	\$ 219,414	\$ 219,414	\$ 202,499	\$ 16,915
Total general government administration	\$ 1,877,122	\$ 1,934,122	\$ 2,051,549	\$ (117,427)
Judicial administration:				
Courts:				
Circuit court	\$ 133,002	\$ 133,002	\$ 126,920	\$ 6,082
General district court	17,823	17,823	15,846	1,977
Special magistrates	9,000	9,000	4,780	4,220
Juvenile court services	81,900	81,900	77,520	4,380
Office on youth	114,860	114,860	109,651	5,209
Law library	14,000	14,000	13,480	520
Clerk of the circuit court	377,708	377,708	375,783	1,925
Total courts	\$ 748,293	\$ 748,293	\$ 723,980	\$ 24,313
Commonwealth's attorney:				
Commonwealth's attorney	\$ 299,642	\$ 299,642	\$ 354,151	\$ (54,509)
Total judicial administration	\$ 1,047,935	\$ 1,047,935	\$ 1,078,131	\$ (30,196)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,743,878	\$ 1,834,942	\$ 2,008,379	\$ (173,437)
Fire and rescue services:				
Volunteer fire and rescue	\$ 432,531	\$ 306,363	\$ 275,868	\$ 30,495
E-911 Fund	779,986	779,986	1,597,724	(817,738)
DCWIN	434,357	304,247	337,827	(33,580)
Total fire and rescue services	\$ 1,646,874	\$ 1,390,596	\$ 2,211,419	\$ (820,823)

County of Dickenson, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

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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>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
SWVa Regional Jail Authority	\$ 753,665	\$ 753,665	\$ 699,991	\$ 53,674
Inspections:				
Building	\$ 127,931	\$ 127,931	\$ 113,120	\$ 14,811
Other protection:				
Animal warden	\$ 113,780	\$ 113,780	\$ 125,661	\$ (11,881)
Emergency management	15,936	15,936	13,400	2,536
Total other protection	\$ 129,716	\$ 129,716	\$ 139,061	\$ (9,345)
Total public safety	\$ 4,402,064	\$ 4,236,850	\$ 5,171,970	\$ (935,120)
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,712,183	\$ 1,602,215	\$ 1,801,345	\$ (199,130)
Litter control	163,905	163,905	168,878	(4,973)
Total sanitation and waste removal	\$ 1,876,088	\$ 1,766,120	\$ 1,970,223	\$ (204,103)
Maintenance of general buildings and grounds:				
General properties	\$ 337,501	\$ 664,423	\$ 436,889	\$ 227,534
Engineering	269,650	269,650	234,189	35,461
Total maintenance of general buildings and grounds	\$ 607,151	\$ 934,073	\$ 671,078	\$ 262,995
Total public works	\$ 2,483,239	\$ 2,700,193	\$ 2,641,301	\$ 58,892
Health and welfare:				
Health:				
Supplement of local health department	\$ 258,788	\$ 258,788	\$ 258,788	\$ -
Mental health and mental retardation:				
Community services board	\$ 138,000	\$ 138,000	\$ 3,065,089	\$ (2,927,089)
Welfare:				
Public assistance and welfare administration	\$ 5,309,939	\$ 4,025,577	\$ 4,267,300	\$ (241,723)
Comprehensive services act	-	1,284,362	1,472,775	(188,413)
Senior citizens	62,100	62,100	69,625	(7,525)
Rental assistance	111,566	111,566	110,113	1,453
Total welfare	\$ 5,483,605	\$ 5,483,605	\$ 5,919,813	\$ (436,208)
Total health and welfare	\$ 5,880,393	\$ 5,880,393	\$ 9,243,690	\$ (3,363,297)

County of Dickenson, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

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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>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Community colleges	\$ 69,000	\$ 69,000	\$ 69,000	\$ -
Contribution to County School Board	6,105,542	5,842,618	6,647,497	(804,879)
Total education	<u>\$ 6,174,542</u>	<u>\$ 5,911,618</u>	<u>\$ 6,716,497</u>	<u>\$ (804,879)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 60,500	\$ 60,500	\$ 76,464	\$ (15,964)
Swimming pool	-	-	87,682	(87,682)
Tourism	56,165	56,165	59,326	(3,161)
Total parks and recreation	<u>\$ 116,665</u>	<u>\$ 116,665</u>	<u>\$ 223,472</u>	<u>\$ (106,807)</u>
Total parks, recreation, and cultural	<u>\$ 116,665</u>	<u>\$ 116,665</u>	<u>\$ 223,472</u>	<u>\$ (106,807)</u>
Community development:				
Planning and community development:				
Community development	\$ 224,800	\$ 224,800	\$ 225,924	\$ (1,124)
Planning	337,683	337,683	361,581	(23,898)
Haysi/Breaks Trail	255,976	255,976	18,876	237,100
Industrial Development Authority/Economic Development Corp.	1,483,736	1,553,736	2,213,065	(659,329)
Total planning and community development	<u>\$ 2,302,195</u>	<u>\$ 2,372,195</u>	<u>\$ 2,819,446</u>	<u>\$ (447,251)</u>
Cooperative extension program:				
Extension office	\$ 84,646	\$ 84,646	\$ 36,416	\$ 48,230
Total community development	<u>\$ 2,386,841</u>	<u>\$ 2,456,841</u>	<u>\$ 2,855,862</u>	<u>\$ (399,021)</u>
Debt service:				
Principal retirement	\$ 736,661	\$ 644,902	\$ 644,902	\$ -
Interest and other fiscal charges	-	175,943	175,943	-
Total debt service	<u>\$ 736,661</u>	<u>\$ 820,845</u>	<u>\$ 820,845</u>	<u>\$ -</u>
Total General Fund	<u>\$ 25,105,462</u>	<u>\$ 25,105,462</u>	<u>\$ 30,803,317</u>	<u>\$ (5,697,855)</u>
<b>Special Revenue Fund:</b>				
<b>Coal Road Tax Fund:</b>				
Public Works:				
Maintenance of Highways, Streets and Bridges:				
Road improvements	\$ 542,500	\$ 542,500	\$ -	\$ 542,500
Total public works	<u>\$ 542,500</u>	<u>\$ 542,500</u>	<u>\$ -</u>	<u>\$ 542,500</u>
Community Development:				
Planning and Community Development:				
Coalfield Economic Development	\$ 1,045,600	\$ 1,045,600	\$ 1,639,601	\$ (594,001)
Revenue sharing matching	1,500,000	1,500,000	1,499,999	1



County of Dickenson, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

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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>
Special Revenue Fund: (Continued)				
Coal Road Tax Fund: (Continued)				
Community Development: (Continued)				
Planning and Community Development: (Continued)				
Contribution to Public Service Authority	\$ 712,500	\$ 712,500	\$ 891,760	\$ (179,260)
Total planning and community development	\$ 3,258,100	\$ 3,258,100	\$ 4,031,360	\$ (773,260)
Total community development	\$ 3,258,100	\$ 3,258,100	\$ 4,031,360	\$ (773,260)
Total Coal Road Tax Fund	\$ 3,800,600	\$ 3,800,600	\$ 4,031,360	\$ (230,760)
Total Primary Government	\$ 28,906,062	\$ 28,906,062	\$ 34,834,677	\$ (5,928,615)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health	\$ 1,906,121	\$ 1,906,121	\$ 1,784,493	\$ 121,628
Instruction costs:				
Instruction	\$ 18,640,406	\$ 18,640,406	\$ 18,025,175	\$ 615,231
Operating costs:				
Pupil transportation	\$ 2,173,663	\$ 2,173,663	\$ 2,152,644	\$ 21,019
Operation and maintenance of school plant	3,646,301	3,646,301	2,603,510	1,042,791
School food and other non-instructional costs	2,203,176	2,203,176	1,772,111	431,065
Technology	591,992	591,992	566,175	25,817
Total operating costs	\$ 8,615,132	\$ 8,615,132	\$ 7,094,440	\$ 1,520,692
Total education	\$ 29,161,659	\$ 29,161,659	\$ 26,904,108	\$ 2,257,551
Total School Operating Fund	\$ 29,161,659	\$ 29,161,659	\$ 26,904,108	\$ 2,257,551
Total Discretely Presented Component Unit - School Board	\$ 29,161,659	\$ 29,161,659	\$ 26,904,108	\$ 2,257,551

## **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
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
2003-04	1,187,527	711,957	3,860,851	2,670,881	6,820,211	5,844,415	349,081	2,215,918	78,457	23,739,298
2002-03	1,244,818	630,274	4,118,153	3,085,759	5,999,914	5,506,850	331,077	2,980,786	90,816	23,988,447

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	Permits, Privilege Fees, Regulatory Licenses (1)	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs		
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
2003-04	1,001,257	7,358,147	1,447,745		6,472,585	6,653,364	-	16,946	351,639	1,062,561		24,364,244
2002-03	861,340	6,694,984	-		6,383,749	6,093,299	61,861	36,307	255,425	2,252,854		22,639,819

(1) Included in charges for services after fiscal year 2003

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

Fiscal Year	General Government		Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural			Community Development	Debt Service	Total								
	Administration	Government					Education (2)													
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
2003-04		1,177,758		700,128		4,128,007		2,620,013		6,905,504		22,443,400		347,760		2,292,066		672,774		41,287,410
2002-03		1,153,893		621,392		4,192,259		3,072,821		5,912,955		21,454,251		329,756		2,154,643		1,096,166		39,988,136

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

(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
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
2003-04	6,686,416	6,653,364	87,042	666	17,905	1,312,310	1,099,010	24,744,346	40,601,059
2002-03	6,666,842	6,093,299	61,861	1,742	39,501	1,335,855	619,650	23,111,259	37,930,009

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

(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 (1,2)	Percent of Delinquent Taxes to Tax Levy
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%
2003-04	7,463,604	6,791,794	91.00%	507,204	7,298,998	97.79%	2,172,830	29.11%
2002-03	7,371,243	6,922,672	93.91%	427,997	7,350,669	99.72%	2,185,628	29.65%

(1) Exclusive of penalties and interest.

(2) 2002-03 fiscal year does not include second half 2003 real estate tax assessment.

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 (3)	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
					Real Estate	Personal Property		
2011-12	\$ 1,093,381,069	\$ 120,235,607	\$ 82,207,942	\$ 792,469	\$ 61,196,373	\$ 169,334	\$	1,357,982,794
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
2003-04	772,253,199	113,469,941	31,382,419	952,635	93,219,669	894,777		1,012,172,640
2002-03	779,817,713	107,486,194	42,299,541	674,399	61,814,311	326,801		992,418,959

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

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

(3) Personal property is assessed at 100% of fair market value.



Table 7

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

Fiscal Year	Real Estate	Personal Property (2)	Machinery and Tools (2)		Merchant's Capital
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	
2003-04	0.60	1.59	1.59	10.50	
2002-03	0.60	1.59	1.59	10.50	

(1) Per \$100 of assessed value.

(2) Assessments for personal property taxes valued at 100%.

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	Net Bonded Debt per Capita
2011-12	\$ 15,903	\$ 1,357,983	\$ 985,000	\$ 985,000	0.07%	\$ 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
2003-04	16,395	1,012,173	1,728,123	1,728,123	0.17%	105
2002-03	16,395	992,419	2,064,210	2,064,210	0.21%	126

(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(2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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%
2003-04	589,194	83,580	672,774	41,287,410	1.63%
2002-03	1,000,319	95,847	1,096,166	39,988,136	2.74%

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

(2) Fiscal year 2002-03 the County paid off the School Board's unfunded pension obligation with a commercial loan from First Vantage Bank.

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dickenson, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Dickenson, Virginia's basic financial statements and have issued our report thereon dated December 19, 2012. 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.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting 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 (reference 2012-1).

## Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Dickenson, Virginia in a separate letter dated December 19, 2012.

The County of Dickenson, Virginia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Dickenson, Virginia's response and, accordingly, we express no opinion on it.

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
December 19, 2012

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

We have audited the 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 the County of Dickenson, Virginia's major federal programs for the year ended June 30, 2012. The County of Dickenson, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Dickenson, Virginia's management. Our responsibility is to express an opinion on the County of Dickenson, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County 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. Our audit does not provide a legal determination of the County of Dickenson, Virginia's compliance with those requirements.

In our opinion, the County of Dickenson, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

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

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

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
December 19, 2012



County of Dickenson, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

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 and Development Cluster:			
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	\$ 59,500
Child Care and Development Block Grant	93.575	90544, 90545	20,486
Promoting Safe and Stable Families	93.556	90359, 90360, 90361	17,661
Temporary Assistance for Needy Families	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	311,317
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233	536
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235 90414, 90415, 90714, 90715	28,758
Chaffee Education and Training Vouchers Program	93.599	90353	6,335
Stephanie Tabbs Jones Child Welfare Services Program	93.645	90251, 90731	1,043
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	351,723
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90604, 90627, 90708	371,176
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	264,657
Chafee Foster Care Independence Program	93.674	90254, 90356, 90734	12,628
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	9,704
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	205,469
Total Department of Health and Human Services			\$ 1,660,993
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Summer Food Service Program for Children (Note 3)	10.559	40591	\$ 1,013
Food Distribution (Note 3)	10.555	Not applicable	\$ 70,043
Department of Education:			
National School Lunch Program	10.555	40623	554,003
School Breakfast Program	10.553	40591	213,078
Fresh Fruit and Vegetable Program	10.582	40599	534
School and Roads - Grants to States	10.665	43841	14,461
Cooperative Forestry Assistance	10.664	43841	986
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	\$ 339,352
Total Department of Agriculture			\$ 1,193,470

County of Dickenson, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2012

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	AL-2012-52162-4540	\$ 10,225
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	K8-2001-51243-4185	<u>4,993</u>
Total Department of Transportation			<u>\$ 15,218</u>
Department of Defense:			
Flood Control Projects	12.106	Not available	<u>\$ 27,629</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I: Grants to Local Educational Agencies	84.010	42892, 42901	\$ 1,021,268
ARRA - Title I: Grants to Local Educational Agencies	84.389	42913	46,937
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	399,896
ARRA - Special Education - Grants to States	84.391	61245	250,840
Special Education - Preschool Grants	84.173	62521	30,345
ARRA - Special Education - Preschool Grants	84.392	61247	19,017
Career and Technical Education - Basic Grants to States	84.048	61095	67,899
Safe and Drug-Free Schools and Communities	84.186	65011	2,320
Rural Education	84.358	43481	42,704
Improving Teacher Quality State Grants	84.367	61480	219,611
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62532	939,062
ARRA - Education Jobs Fund	84.410	62700	<u>297,747</u>
Total Department of Education			<u>\$ 3,337,646</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
State and Local All Hazards Emergency Operations Planning	97.051	Not available	<u>\$ 55</u>
Total Expenditures of Federal Awards			<u>\$ 6,235,011</u>

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, 2012

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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, 2012. 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 assets, or cash flows of the 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, 2012, 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	\$ 2,043,246
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Component Unit School Board:

School Operating Fund	\$ 4,191,765
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 6,235,011</u>
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County of Dickenson, Virginia

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

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

**Financial Statements**

Type of auditor's report issued:	Unqualified
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 auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010/84.389/84.392	Title I - Part A Cluster
84.027/84.391/84.173	Special Education Cluster
84.394	ARRA - State Fiscal Stabilization Funds - Education State Grants
10.553/10.555/10.559	Child Nutrition Cluster
93.558	Temporary Assistance to Needy Families

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, 2012

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Section II - Financial Statement Findings

2012-1

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

Condition: The County's 2012 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 entity'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 2012-1 is recurring from the prior year finding 2011-1.