

COUNTY OF DICKENSON, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

---

COUNTY OF DICKENSON, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2017

---

TABLE OF CONTENTS

---

INTRODUCTORY SECTION

---

	<u>Page</u>
List of Elected and Appointed Officials .....	1

---

FINANCIAL SECTION

---

Independent Auditors' Report .....	2-4
Management's Discussion and Analysis .....	5-11

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position .....	1	12
Statement of Activities .....	2	13
Fund Financial Statements:		
Balance Sheet - Governmental Funds .....	3	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	4	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	5	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6	17
Statement of Fiduciary Net Position - Fiduciary Funds .....	7	18
Notes to the Financial Statements .....		19-73

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund .....	8	74
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Coal Road Tax Fund .....	9	75
Schedule of OPEB Funding .....	10	76
Schedule of Employer's Proportionate Share of the Net Pension Liability .....	11	77
Schedule of Changes in Net Pension Liability and Related Ratios-Component Unit School Board (nonprofessional) .....	12	78
Schedule of Employer Contributions .....	13	79
Notes to Required Supplementary Information .....	14	80

COUNTY OF DICKENSON, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2017

---

TABLE OF CONTENTS (CONTINUED)

---

FINANCIAL SECTION (CONTINUED)

---

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Combining Statement of Fiduciary Net Position - Fiduciary Funds .....	15	81
Combining Statement of Changes in Assets and Liabilities - Agency Funds .....	16	82
Discretely Presented Component Unit - School Board:		
Balance Sheet .....	17	83
Statement of Revenues, Expenditures, and Changes in Fund Balances -		
Governmental Funds .....	18	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances -		
Budget and Actual .....	19	85
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds .....	1	86-91
Schedule of Expenditures - Budget and Actual - Governmental Funds .....	2	92-95
Other Statistical Information:	<u>Table</u>	<u>Page</u>
Government-wide information:		
Government-wide Expenses by Function .....	1	96
Government-wide Revenues .....	2	97
Fund information:		
General Governmental Expenditures by Function .....	3	98
General Governmental Revenues by Source .....	4	99
Property Tax Levies and Collections .....	5	100
Assessed Value of Taxable Property .....	6	101
Property Tax Rates .....	7	102
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded		
Debt Per Capita .....	8	103
Ratio of Annual Debt Service Expenditures for General Bonded Debt to		
Total General Governmental Expenditures .....	9	104

COUNTY OF DICKENSON, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2017

---

TABLE OF CONTENTS (CONTINUED)

---

COMPLIANCE SECTION

---

Page

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	105-106
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	107-108
Schedule of Expenditures of Federal Awards.....	109
Notes to Schedule of Expenditures of Federal Awards.....	110
Schedule of Findings and Questioned Costs.....	111-112

## COUNTY OF DICKENSON, VIRGINIA

---

### BOARD OF SUPERVISORS

---

Ron Peters, Vice-chair David Perry	Shelbie Willis, Chair	Jason Compton David Yates
---------------------------------------	-----------------------	------------------------------

### COUNTY SCHOOL BOARD

---

Rocky Barton, Vice-chair Rick Mullins	Susan Mullins, Chair	Dr. L.B. Lyle R.E. "Shanghai" Nickles
--	----------------------	--

### SOCIAL SERVICES BOARD

---

Ginger Senter, Vice-chair Donald Rife	Charles Hay, Chair	Dean Rasnick Scott Stanley
--	--------------------	-------------------------------

### PUBLIC SERVICE AUTHORITY BOARD

---

Sam Edwards, Vice-chair Lurton Lyle	Zane Counts, Chair	Keith Deel Shelbie Willis
--	--------------------	------------------------------

### OTHER OFFICIALS

---

Clerk of the Circuit Court .....	Richard Edwards
Commonwealth's Attorney .....	Seth Baker
Commissioner of the Revenue .....	Mike Yates
Treasurer .....	Angela Rakes
Sheriff .....	Bobby Hammons
Superintendent of Schools .....	Haydee Robinson
Director of Social Services .....	Susan Mullins
County Administrator .....	David Moore, Jr.

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units School Board and Public Service Authority, each major fund, and the aggregate remaining fund information of the County of Dickenson, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit Industrial Development Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units School Board and Public Service Authority, each major fund, and the aggregate remaining fund information of the County of Dickenson, Virginia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 74-75, 76-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Dickenson, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

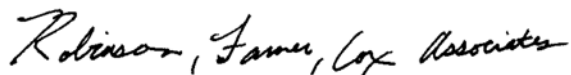
*Other Information (continued)*

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2018, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Dickenson, Virginia's internal control over financial reporting and compliance.



Blacksburg, Virginia  
January 18, 2018



## **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, 2017. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

### **Financial Highlights:**

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$29,809,677 (net position). Of this amount, \$2,363,043 was considered unrestricted.
- The assets and deferred outflows of resources of the School Board component unit exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$35,865,309 (net position). Of this amount \$(26,179,489) was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$21,279,493. Of that amount, \$3,288,824 was considered unassigned, \$860,082 was considered committed, \$16,988,105 was considered restricted and \$142,482 was considered non-spendable.
- During the year, the County had governmental fund revenues that were \$9,361,202 more than expenditures. Additionally, the County received \$667,394 in debt proceeds to cover capital project related 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 required supplementary information in addition to the basic financial statements.

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

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

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

The Statement of Activities distinguishes 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 discretely presented component units that we do not control, but do exercise a significant financial relationship with. These discretely presented component units are the Public Service Authority and Industrial Development 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 two categories: governmental 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 statements focus on near-term inflows and outflows of spendable resources, as well as on the 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 three 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, the Coal Road Tax Fund, and the School Construction Projects Fund of which all 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 position. The County excludes these activities from the County’s Government-wide Financial Statements because the County cannot use these assets to finance its operations. Fiduciary funds include the Special Welfare, Town of Clinchco, Town of Clintwood, Town of Haysi, Fringe Benefits, Dickenson County Behavioral Health Services, and EQT funds.

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 and schedules related to pension and OPEB funding.

#### Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County’s financial position. In the case of the County’s Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$29,809,677 at the close of the most recent fiscal year.

A significant portion of the County’s net position, \$10,458,529 reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County’s net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County’s net position, \$16,988,105, is subject to restrictions on how it may be used. The remaining balance of net position was \$2,363,043.

The following tables summarize the County's Statement of Net Position and Statement of Activities for 2017 and 2016.

Statement of Net Position

	Governmental Activities 2017	Governmental Activities 2016
Current and other assets	\$ 32,806,126	\$ 44,103,267
Capital and other assets	30,391,570	39,118,560
Total assets	<u>\$ 63,197,696</u>	<u>\$ 83,221,827</u>
Deferred outflows of resources	<u>\$ 1,096,329</u>	<u>\$ 753,508</u>
Current and other liabilities	\$ 458,320	\$ 1,581,079
Long-term liabilities	26,200,652	52,603,416
Total Liabilities	<u>\$ 26,658,972</u>	<u>\$ 54,184,495</u>
Deferred inflows of resources	<u>\$ 7,825,376</u>	<u>\$ 8,701,579</u>
Net position:		
Net investment in capital assets	\$ 10,458,529	\$ 12,470,030
Restricted	16,988,105	9,105,459
Unrestricted	2,363,043	(486,228)
Total net position	<u>\$ 29,809,677</u>	<u>\$ 21,089,261</u>

## Statement of Activities

	Governmental Activities 2017	Governmental Activities 2016
Program revenues		
Charges for services	\$ 526,988	\$ 519,966
Operating grants and contributions	7,130,074	6,872,593
Capital grants and contributions	35,345,442	18,455,204
General revenues		
Property taxes	12,677,750	11,937,747
Other taxes	9,285,792	6,274,918
Revenue from use of money and property	7,390	4,218
Miscellaneous	36,462	270,439
Grants and contributions not restricted to specific programs	1,488,617	1,562,224
Special Items	153,799	0
Total revenues	<u>66,652,314</u>	<u>45,897,309</u>
Expenses		
General government	1,889,360	1,447,189
Judicial administration	1,846,897	994,021
Public Safety	4,816,537	3,855,643
Public works	2,344,066	2,211,993
Health and welfare	6,696,701	6,481,617
Education	35,018,973	26,120,875
Parks, recreation and cultural	211,727	211,823
Community development	4,249,320	8,974,110
Interest on debt	858,317	1,703,899
Total expenses	<u>57,931,898</u>	<u>52,001,170</u>
Change in net position	<u>\$ 8,720,416</u>	<u>\$ (6,103,861)</u>

## 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 \$21,279,493; 80% or \$16,988,105 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; 1% or \$142,482 constitutes non-spendable funds or prepaid items; 4% or \$860,082 constitutes committed fund balance, which represents amounts that have been committed by the Board of Directors for specific future uses. The remaining balance, \$3,288,824 or 15% is unassigned, meaning there are no restrictions placed on the funds. The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$4,291,388 of this amount \$142,482 was considered non-spendable, \$860,082 was considered committed, and \$3,288,824 was considered unassigned. The Coal Road Tax fund had restricted fund balances of \$7,526,722 and the School Construction fund had restricted fund balance of \$9,461,383.

Total governmental fund revenues increased \$22,077,711 and expenses decreased \$6,337,995 over prior year amounts. For fiscal year ended June 30, 2017, revenues exceeded expenses by \$9,361,202, as compared to the fiscal year ended June 30, 2016, expenses exceeded revenues by \$19,054,504, excluding other financing sources to help cover the extra expenditures.

#### General Fund Budgetary Highlights

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

#### Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds activities as of June 30, 2017 amounts to \$30,391,570 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress.

Additional information on the County of Dickenson’s capital assets can be found in Note 10 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	\$ 405,876
Lease purchase agreement	1,773,264
General obligation bonds	494,269
Notes payable	19,313,685
Net Pension liability	4,204,689
Landfill post-closure costs	8,869
Total	<u>\$ 26,200,652</u>

Additional information on the County of Dickenson’s long-term debt can be found in Note 5 of this report.

#### Economic Factors

The June 2017 unemployment rate for the County of Dickenson, Virginia was 7.7%, which is a decrease from a rate of 9.1% in June 2016. This is above the state’s average unemployment rate of 3.9% and also above the national average rate of 4.3%.

#### Request for Information

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

County of Dickenson, Virginia  
Statement of Net Position  
June 30, 2017

June 30, 2017

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
ASSETS				
Cash and investments	\$ 19,951,438	\$ 1,390,332	\$ 3,280,268	\$ 382,969
Receivables (net of allowance for uncollectibles):				
Taxes receivable	10,775,168	-	-	-
Other local taxes receivable	652,271	-	-	-
Accounts receivable	-	-	221,855	1,825
Notes receivable	-	-	-	10,163,733
Other receivables	-	-	59,472	150,146
Due from primary government	-	-	130,476	-
Due from other governmental units	1,284,767	800,578	-	-
Prepaid items	142,482	-	55,415	-
Restricted assets:				
Cash and cash equivalents	-	-	340,284	228,547
Capital assets (net of accumulated depreciation):				
Land	3,523,716	2,594,378	34,592	910,705
Buildings and system	16,737,165	58,432,700	120,896	10,660,014
Machinery and equipment	1,130,689	1,017,720	208,073	-
Infrastructure	-	-	31,756,149	-
Construction in progress	9,000,000	-	467,449	-
Total assets	\$ 63,197,696	\$ 64,235,708	\$ 36,674,929	\$ 22,497,939
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 468,027	\$ 1,827,521	\$ 52,992	\$ -
Items related to measurement of net pension liability	628,302	1,567,160	77,608	-
Total deferred outflows of resources	\$ 1,096,329	\$ 3,394,681	\$ 130,600	\$ -
LIABILITIES				
Accounts payable	\$ 398,649	\$ 812,890	\$ 127,553	\$ 1,825
Accrued liabilities	-	1,212,713	-	8,386
Customers' deposits	-	-	254,117	-
Accrued interest payable	59,671	-	11,626	-
Long-term liabilities:				
Due within one year	2,014,563	847,544	427,845	750,127
Due in more than one year	24,186,089	28,079,933	8,397,362	13,119,622
Total liabilities	\$ 26,658,972	\$ 30,953,080	\$ 9,218,503	\$ 13,879,960
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 7,721,652	\$ -	\$ -	\$ -
Items related to measurement of net pension liability	103,724	812,000	5,375	-
	\$ 7,825,376	\$ 812,000	\$ 5,375	\$ -
NET POSITION				
Net investment in capital assets	\$ 10,458,529	\$ 62,044,798	\$ 24,384,320	\$ 8,005,535
Restricted				
Coal Road	7,526,722	-	-	-
School Construction	9,461,383	-	-	-
Economic Development	-	-	-	34,172
Agricultural Center	-	-	-	29,544
Judicial Center	-	-	-	142,243
Debt service and bond covenants	-	-	302,380	45,427
Unrestricted	2,363,043	(26,179,489)	2,894,951	361,058
Total net position	\$ 29,809,677	\$ 35,865,309	\$ 27,581,651	\$ 8,617,979

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, 2017

				Net (Expense) Revenue and Changes in Net Position				
Functions/Programs	Program Revenues			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 1,889,360	\$ 156,356	\$ 256,137	\$ -	\$ (1,476,867)	\$ -	\$ -	\$ -
Judicial administration	1,846,897	208,815	559,358	-	(1,078,724)	-	-	-
Public safety	4,816,537	16,222	1,384,745	-	(3,415,570)	-	-	-
Public works	2,344,066	121,408	13,010	-	(2,209,648)	-	-	-
Health and welfare	6,696,701	-	4,916,824	-	(1,779,877)	-	-	-
Education	35,018,973	-	-	34,934,220	(84,753)	-	-	-
Parks, recreation, and cultural	211,727	24,187	-	-	(187,540)	-	-	-
Community development	4,249,320	-	-	411,222	(3,838,098)	-	-	-
Interest on long-term debt	858,317	-	-	-	(858,317)	-	-	-
Total governmental activities	\$ 57,931,898	\$ 526,988	\$ 7,130,074	\$ 35,345,442	\$ (14,929,394)	\$ -	\$ -	\$ -
Total primary government	\$ 57,931,898	\$ 526,988	\$ 7,130,074	\$ 35,345,442	\$ (14,929,394)	\$ -	\$ -	\$ -
<b>COMPONENT UNITS:</b>								
School Board	\$ 25,512,975	\$ 299,726	\$ 45,717,294	\$ -	\$ -	\$ 20,504,045	\$ -	\$ -
Public Service Authority	3,276,796	3,087,014	-	385,116	-	-	195,334	-
Industrial Development Authority	1,301,679	-	-	-	-	-	-	(1,301,679)
Total component units	\$ 30,091,450	\$ 3,386,740	\$ 45,717,294	\$ 385,116	\$ -	\$ 20,504,045	\$ 195,334	\$ (1,301,679)
General revenues:								
General property taxes					\$ 12,677,750	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					726,260	-	-	-
Consumers' utility taxes					316,143	-	-	-
Consumption taxes					54,241	-	-	-
Vehicle registration withholding stops					12,960	-	-	-
Bank stock taxes					23,080	-	-	-
Hotel and motel room taxes					33,243	-	-	-
Coal severance taxes					6,411,912	-	-	-
Gas severance taxes					1,707,953	-	-	-
Unrestricted revenues from use of money and property					7,390	-	55	782,510
Miscellaneous					36,462	441,030	79,086	339,365
Payments from County of Dickenson					-	6,100,107	58,436	-
Grants and contributions not restricted to specific programs					1,488,617	-	-	87,602
Special Item - gain on debt restructuring					153,799	-	-	-
Total general revenues					\$ 23,649,810	\$ 6,541,137	\$ 137,577	\$ 1,209,477
Change in net position					\$ 8,720,416	\$ 27,045,182	\$ 332,911	\$ (92,202)
Net position - beginning					21,089,261	8,820,127	27,248,740	8,710,181
Net position - ending					\$ 29,809,677	\$ 35,865,309	\$ 27,581,651	\$ 8,617,979

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

County of Dickenson, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2017

	<u>General</u>	<u>Coal Road Tax</u>	<u>School Construction Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 3,094,896	\$ 7,395,159	\$ 9,461,383	\$ 19,951,438
Receivables (net of allowance for uncollectibles):				
Taxes receivable	10,775,168	-	-	10,775,168
Other local taxes receivable	380,220	272,051	-	652,271
Due from other governmental units	1,284,767	-	-	1,284,767
Prepaid items	142,482	-	-	142,482
Total assets	<u>\$ 15,677,533</u>	<u>\$ 7,667,210</u>	<u>\$ 9,461,383</u>	<u>\$ 32,806,126</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 258,161	\$ 140,488	\$ -	\$ 398,649
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 11,127,984	\$ -	\$ -	\$ 11,127,984
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	\$ 142,482	\$ -	\$ -	\$ 142,482
Restricted				
Coal Road	-	7,526,722	-	7,526,722
School Construction	-	-	9,461,383	9,461,383
Committed:				
Debt service	800,000	-	-	800,000
Law Library	27,840	-	-	27,840
Drug Restitution	32,242	-	-	32,242
Unassigned	3,288,824	-	-	3,288,824
Total fund balances	<u>\$ 4,291,388</u>	<u>\$ 7,526,722</u>	<u>\$ 9,461,383</u>	<u>\$ 21,279,493</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,677,533</u>	<u>\$ 7,667,210</u>	<u>\$ 9,461,383</u>	<u>\$ 32,806,126</u>

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

County of Dickenson, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2017

---

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 21,279,493
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 3,523,716	
Buildings and system	16,737,165	
Machinery and equipment	1,130,689	
Construction in progress	9,000,000	30,391,570

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenues in the funds.

Unavailable revenue - property taxes	3,406,332
--------------------------------------	-----------

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.

468,027

Items related to measurement of the net pension liability are considered deferred outflows or deferred inflows and will be amortized and recognized in pension expense over future years.

Deferred inflows related to measurement of net pension liability	(103,724)	
Deferred outflows related to measurement of net pension liability	628,302	524,578

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and note payable	\$ (19,798,685)	
Bond premium	(9,269)	
Capital lease	(1,773,264)	
Landfill postclosure liability	(8,869)	
Net pension liability	(4,204,689)	
Compensated absences	(405,876)	
Accrued interest payable	(59,671)	(26,260,323)

Net position of governmental activities

\$ 29,809,677

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, 2017

	<u>General</u>	<u>Coal Road Tax</u>	<u>School Construction Projects</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 12,500,553	\$ -	\$ -	\$ 12,500,553
Other local taxes	5,225,859	4,059,933	-	9,285,792
Permits, privilege fees, and regulatory licenses	8,448	-	-	8,448
Fines and forfeitures	119,047	-	-	119,047
Revenue from the use of money and property	5,901	62	1,427	7,390
Charges for services	399,493	-	-	399,493
Miscellaneous	36,462	-	-	36,462
Recovered costs	608,683	-	-	608,683
Intergovernmental	8,664,797	365,116	34,934,220	43,964,133
Total revenues	<u>\$ 27,569,243</u>	<u>\$ 4,425,111</u>	<u>\$ 34,935,647</u>	<u>\$ 66,930,001</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,925,915	\$ -	\$ -	\$ 1,925,915
Judicial administration	1,287,107	-	-	1,287,107
Public safety	4,804,937	-	-	4,804,937
Public works	2,177,675	75,600	-	2,253,275
Health and welfare	6,802,450	-	-	6,802,450
Education	6,001,716	-	-	6,001,716
Parks, recreation, and cultural	146,594	-	-	146,594
Community development	956,550	3,285,823	-	4,242,373
Capital projects	690,807	-	762,150	1,452,957
Debt service:				
Principal retirement	839,366	-	26,822,357	27,661,723
Interest and other fiscal charges	457,570	-	532,182	989,752
Total expenditures	<u>\$ 26,090,687</u>	<u>\$ 3,361,423</u>	<u>\$ 28,116,689</u>	<u>\$ 57,568,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,478,556</u>	<u>\$ 1,063,688</u>	<u>\$ 6,818,958</u>	<u>\$ 9,361,202</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bond and note payable	\$ 667,394	\$ -	\$ -	\$ 667,394
Total other financing sources (uses)	<u>\$ 667,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 667,394</u>
Net change in fund balances	\$ 2,145,950	\$ 1,063,688	\$ 6,818,958	\$ 10,028,596
Fund balances - beginning	2,145,438	6,463,034	2,642,425	11,250,897
Fund balances - ending	<u>\$ 4,291,388</u>	<u>\$ 7,526,722</u>	<u>\$ 9,461,383</u>	<u>\$ 21,279,493</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, 2017

---

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

Net change in fund balances - total governmental funds \$ 10,028,596

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 depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 97,665	
Depreciation expense	(774,655)	(676,990)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Transfer of asset to School Board (net book value)	\$ (28,100,000)	
Transfer of assets from School Board (net book value)	50,000	(28,050,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 177,197	
Changes in deferred inflows of resources related to the measurement of the net pension liability	367,685	544,882

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

Debt issued or incurred:

Rural development bonds	\$ (667,394)	
Increase in landfill postclosure care liability	(114)	

Principal payments:

General obligation and rural development bonds	26,823,622	
VSB note payable	233,964	
QSCB	200,000	
Capital leases	404,137	
Gain on restructuring of capital lease	153,799	27,148,014

Pension contribution subsequent to the measurement date will be an decrease in the net pension liability in the next fiscal year and therefore, are not reported in the funds.

(56,786)

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.

Changes in compensated absences	\$ 4,035	
Changes in accrued interest payable	128,343	
Change in net pension liability	(752,377)	
Change in deferred outflows related to measurement of net pension liability	399,607	
Amortization of bond premium	3,092	(217,300)

Change in net position of governmental activities

\$ 8,720,416

County of Dickenson, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 649,744
Total assets	<u>\$ 649,744</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 62,120
Amounts held for Town of Clinchco	2,696
Amounts held for Town of Clintwood	20,231
Amounts held for Town of Haysi	5,981
Amounts held for County employees' fringe benefits	46,281
Amounts held for Dickenson County Behavioral Health Services	511,425
Amounts held for EQT	1,010
Total liabilities	<u>\$ 649,744</u>

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

COUNTY OF DICKENSON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

---

Note 1-Summary of Significant Accounting Policies:

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

A. Financial reporting entity

County of Dickenson, Virginia is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

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

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

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

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

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

Jointly Governed Organizations - The County of Dickenson and the Counties of Wise, Lee, Scott, the City of Norton, and the Towns of Wise, Big Stone Gap, Coeburn, and St. Paul participate in supporting the Lonesome Pine Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2017, the County did not make a contribution to the Library.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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



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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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

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

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

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

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

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in other funds. The general fund includes the activities of the Law Library, Enhanced E-911, CSA, CSA Admin., Disabilities Services Board, Inmate Canteen, 29<sup>th</sup> Judicial Grant, Restitution Recoveries, Debt Service, and CSB funds.

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

3. Prepaid Items

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

4. 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). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). 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.

5. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

---

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

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

6. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$362,228 at June 30, 2017 and is comprised of property taxes.

7. Use of Estimates

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

8. 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 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 acquisition 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:

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

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

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

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

*The remainder of this page left blank intentionally.*

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

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

10. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

11. 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.

12. Long-term Obligations

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

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

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

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

13. Fund Equity

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

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

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

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

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

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

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

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

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

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

14. Net Position

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

15. Net Position Flow Assumption

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Coal Road Tax Fund, and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.



Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the School Construction Projects Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget.
9. For fiscal year ended June 30, 2017, numerous departments had expenditures in excess of appropriations.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2017 the County did not have any investments.

*The remainder of this page left blank intentionally.*

Note 4-Due from Other Governmental Units:

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

	Primary Government	Component Unit- School Board
<u>Other Local Government Entities:</u>		
Regional Jail	\$ 303,835	\$ -
<u>Commonwealth of Virginia:</u>		
State sales tax	142,239	423,210
Categorical aid-shared expenses	157,502	-
Categorical aid-Comprehensive Services Act	65,773	-
Categorical aid-Virginia Public Assistance	149,251	-
Categorical aid-other	41,676	-
Noncategorical aid	208,361	-
<u>Federal Government:</u>		
Categorical aid-other	-	377,368
Categorical aid-Virginia Public Assistance	216,130	-
Totals	\$ 1,284,767	\$ 800,578

*The remainder of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 5-Long-term Obligations:Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2017:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bond	\$ 595,000	\$ -	\$ (110,000)	\$ 485,000
Bond premium	12,361	-	(3,092)	9,269
QSCB	9,200,000	-	(200,000)	9,000,000
Rural development bonds	34,518,635	667,394	(26,713,622)	8,472,407
VSB note payable	2,075,242	-	(233,964)	1,841,278
Capital leases	2,331,200	-	(557,936)	1,773,264
Net pension liability	3,452,312	1,976,838	(1,224,461)	4,204,689
Landfill post closure liability	8,755	114	-	8,869
Compensated absences	409,911	303,398	(307,433)	405,876
Total	\$ 52,603,416	\$ 2,947,744	\$ (29,350,508)	\$ 26,200,652

*The remainder of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 5-Long-term Obligations: (continued)Primary Government - Governmental Activities Indebtedness: (continued)

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

Year Ending June 30,	General Obligation Bond		Rural Development Bonds		QSCB	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 115,000	\$ 18,677	\$ 222,578	\$ 295,774	\$ 800,000	\$ 425,000
2019	120,000	13,135	230,202	288,150	800,000	425,000
2020	120,000	7,790	216,963	281,150	800,000	425,000
2021	130,000	2,665	203,268	273,132	800,000	425,000
2022	-	-	210,595	265,805	800,000	425,000
2023-2027	-	-	1,171,685	1,210,315	2,780,000	2,125,000
2028-2032	-	-	1,400,221	983,779	2,220,000	1,487,500
2033-2037	-	-	1,669,730	712,170	-	-
2038-2042	-	-	1,993,396	388,604	-	-
2043-2047	-	-	518,951	144,312	-	-
2048-2052	-	-	397,815	78,585	-	-
2053-2055	-	-	237,003	11,671	-	-
Totals	\$ 485,000	\$ 42,267	\$ 8,472,407	\$ 4,933,447	\$ 9,000,000	\$ 5,737,500

VSB Note Payable	
	Principal Interest
2018	\$ 239,737 \$ 42,263
2019	245,652 36,348
2020	251,633 30,367
2021	257,922 24,078
2022	264,287 17,713
2023-2025	582,047 15,779
Totals	\$ 1,841,278 \$ 166,548

*The remainder of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 5-Long-term Obligations: (continued)Primary Government - Governmental Activities 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 continue through October 1, 2020. Interest rates vary from 3.1% to 4.9295%. Principal amounts varying from \$100,000 to \$130,000 are due each October 1st starting in 2006 and continuing until 2021.	\$ 485,000	\$ 115,000
Premium on bond	9,269	3,092
Total General Obligation Bond	\$ 494,269	\$ 118,092
<u>Other Obligations:</u>		
<u>QSCB:</u>		
\$10,000,000 QSCB issued on December 1, 2011. Payments beginning December 1, 2012. Fixed annual interest payments of \$425,000 with a 6.238% interest rate and varying annual principal payments.	\$ 9,000,000	\$ 800,000
<u>Rural Development Bonds:</u>		
\$2,000,000 USDA - Rural Development issued on February 18, 2015 at a rate of 3.5% with interest only payments for the first two years during the construction phase. Principal and interest payments will start in fiscal year 2018 and continue until 2055.	\$ 1,987,728	\$ 25,999
\$6,442,745 USDA - Rural Development issued on February 18, 2015 at a rate of 3.5% with interest only payments for the first two years during the construction phase. Principal and interest payments will start in fiscal year 2018 and continue until 2055.	6,382,593	156,809
\$65,000 USDA - Rural Development issued on October 24, 2016 at a rate of 2.375%. Principal and interest payments will start in fiscal year 2017 and continue until 2020.	50,751	21,500
\$56,000 USDA - Rural Development issued on March 15, 2017 at a rate of 2.75%. Principal and interest payments will start in fiscal year 2017 and continue until 2020.	51,335	18,270
Total Rural Development Bonds	\$ 8,472,407	\$ 222,578

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 5-Long-term Obligations: (continued)Primary Government - Governmental Activities Indebtedness: (continued)

## Details of long-term indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount due Within One Year</u>
<u>Other Obligations (continued)</u>		
<u>VSB Note Payable:</u>		
\$2,075,242 available from Virginia Small Business Financing Authority at a rate of 2.44% with principal and interest payments of \$23,500 to continue until 2022.	\$ 1,841,278	\$ 239,737
Capital leases (Note 6)	\$ 1,773,264	\$ 329,749
Net pension liability	4,204,689	-
Landfill post closure liability	8,869	-
Compensated absences	405,876	304,407
Total Other Obligations	\$ 25,706,383	\$ 1,896,471
Total Long-term Obligations	\$ 26,200,652	\$ 2,014,563

Note 6-Capital Leases:Primary Government:

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

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

Asset:	<u>Fire Trucks</u>	<u>School Buses</u>
Equipment	\$ 711,278	\$ 611,356
Less: Accumulated Depreciation	(274,678)	(151,192)
Net	<u>\$ 436,600</u>	<u>\$ 460,164</u>

The School Board made energy improvements through a capital lease. These improvements have not been capitalized because individually each improvement was less than \$5,000, below the capitalization threshold.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 6-Capital Leases: (continued)

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2017, are as follows:

Year Ending June 30,	Capital Leases
2018	\$ 343,610
2019	378,496
2020	378,497
2021	324,987
2022	262,925
2023	<u>262,924</u>
Sub-total	\$ 1,951,439
Less, amount representing interest	<u>(178,175)</u>
Present Value of Lease Agreements	<u>\$ 1,773,264</u>

Note 7-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, 2017:

	Beginning Balance	Increase	Decrease	Ending Balance
Net pension liability	\$ 23,689,055	\$ 5,630,668	\$ (2,874,235)	\$ 26,445,488
Net OPEB obligation	1,164,033	919,298	(731,400)	1,351,931
Compensated absences	<u>1,094,362</u>	<u>856,468</u>	<u>(820,772)</u>	<u>1,130,058</u>
Total	<u>\$ 25,947,450</u>	<u>\$ 7,406,434</u>	<u>\$ (4,426,407)</u>	<u>\$ 28,927,477</u>

Note 7-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 pension liability	\$ 26,445,488	\$ -
Net OPEB obligation	1,351,931	-
Compensated absences	<u>1,130,058</u>	<u>847,544</u>
 Total Long-term Obligations	 <u><u>\$ 28,927,477</u></u>	 <u><u>\$ 847,544</u></u>

*The remainder of this page left blank intentionally.*



**Note 8-Pension Plans:***Plan Description*

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through the County and the participating entities report their proportionate information on the basis of a cost-sharing plan.

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system).

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> </ul>

Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> <li>The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>Political subdivision employees*</li> <li>School division employees</li> <li>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul>

Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election (Cont.)</b> The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <u><b>Defined Benefit Component:</b></u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u><b>Defined Contributions Component:</b></u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>Vesting (Cont.)  <u>Defined Contributions</u>  <u>Component: (Cont.)</u>            Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit            The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit            See definition under Plan 1.</p>	<p>Calculating the Benefit  <u>Defined Benefit Component:</u>            See definition under Plan 1.</p>

Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b> An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>		<p><b>Calculating the Benefit (Cont.)</b> <u><b>Defined Contribution Component:</b></u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b> VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <u><b>Defined Benefit Component:</b></u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>The member retires on disability.</li> </ul> <p>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> <li>The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

Note 8-Pension Plans: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u>Defined Contribution Component:</u> Not applicable.</p>

**Note 8-Pension Plans: (Continued)**

*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2017 was 9.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$468,027 and \$524,813 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit Public Service Authority contractually required contribution rate for the year ended June 30, 2017 was 9.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit Public Service Authority were \$52,992 and \$61,715 for the years ended June 30, 2017 and June 30, 2016, respectively.

Note 8-Pension Plans: (Continued)

*Contributions (Continued)*

*Net Pension Liability*

At June 30, 2017, the County and Component Unit Public Service Authority reported a liability of \$4,204,689 and \$494,447, respectively, for its proportionate share of the net pension liability. The County's and Component Unit Public Service Authority's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016. In order to allocate the net pension liability to all employers included in the plan, the County and Component Unit Public Service Authority are required to determine its proportionate share of the net pension liability. Contributions to the plan during fiscal years June 30, 2016 and 2015 were used as a basis for allocation to determine each entity's proportionate share of the net pension liability. At June 30, 2017 and 2016, the County's proportion was 71.5412% and 73.0764%, respectively. At June 30, 2017 and 2016, the Component Unit Public Service Authority's proportion was 8.4128% and 8.3263%, respectively.

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the Dickenson County's Retirement Plan and the Dickenson County Public Schools Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Note 8-Pension Plans: (Continued)

*Actuarial Assumptions - General Employees (Continued)*

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
  - Decrease in rates of disability retirement
  - Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Note 8-Pension Plans: (Continued)

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the Dickenson County's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

Note 8-Pension Plans: (Continued)

*Actuarial Assumptions - Public Safety Employees (Continued)*

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

*The remainder of this page left blank intentionally.*



Note 8-Pension Plans: (Continued)*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Note 8-Pension Plans: (Continued)*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Dickenson County Retirement Plan, Dickenson County Public Schools Retirement Plan, and the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the County's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the County Retirement Plan Net Pension Liability	\$ 7,164,460	\$ 4,204,689	\$ 1,753,851
Component Unit Public Service Authority's proportionate share of the County Retirement Plan Net Pension Liability	842,496	494,447	206,242

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 8-Pension Plans: (Continued)*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2017, the County and Component Unit Public Service Authority recognized pension expense of \$524,477 and \$62,110, respectively. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the County and Component Unit Public Service Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 162,214	\$ 45,705	\$ 18,483	\$ 5,375
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	58,019	3,270	-
Net difference between projected and actual earnings on pension plan investments	466,088	-	55,855	-
Employer contributions subsequent to the measurement date	468,027	-	52,992	-
Total	\$ 1,096,329	\$ 103,724	\$ 130,600	\$ 5,375

\$468,027 and \$52,992 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit Public Service Authority's contributions, respectively, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit Public Service Authority
2018	\$ 41,048	\$ 7,785
2019	41,046	7,784
2020	273,722	34,295
2021	168,762	22,369
Thereafter	-	-

Note 8-Pension Plans: (Continued)Component Unit School Board (nonprofessional)*Plan Description*

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

*Employees Covered by Benefit Terms*

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	126
Inactive members:	
Vested inactive members	5
Non-vested inactive members	16
Inactive members active elsewhere in VRS	12
Total inactive members	33
Active members	72
Total covered employees	231

*Contributions*

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 33.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 8-Pension Plans: (Continued)Component Unit School Board (nonprofessional) (Continued)*Contributions (Continued)*

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$426,007 and \$424,936 for the years ended June 30, 2017 and June 30, 2016, respectively.

*Net Pension Liability*

The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

*Changes in Net Pension Liability*

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 12,008,561	\$ 5,705,506	\$ 6,303,055
Changes for the year:			
Service cost	\$ 151,440	\$ -	\$ 151,440
Interest	808,963	-	808,963
Differences between expected and actual experience	228,526	-	228,526
Contributions - employer	-	424,936	(424,936)
Contributions - employee	-	68,659	(68,659)
Net investment income	-	88,640	(88,640)
Benefit payments, including refunds of employee contributions	(903,887)	(903,887)	-
Administrative expenses	-	(3,699)	3,699
Other changes	-	(40)	40
Net changes	\$ 285,042	\$ (325,391)	\$ 610,433
Balances at June 30, 2016	\$ 12,293,603	\$ 5,380,115	\$ 6,913,488

Note 8-Pension Plans: (Continued)Component Unit School Board (nonprofessional) (Continued)*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Component Unit School Board (nonprofessional) Net Pension Liability	\$ 8,189,962	\$ 6,913,488	\$ 5,828,923

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2017, the Component Unit School Board (nonprofessional) recognized pension expense of \$674,373. At June 30, 2017, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 174,523	\$ -
Net difference between projected and actual earnings on pension plan investments	139,637	-
Employer contributions subsequent to the measurement date	426,007	-
Total	\$ 740,167	\$ -

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 8-Pension Plans: (Continued)Component Unit School Board (nonprofessional) (Continued)*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$426,007 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2018	\$ 130,005
2019	37,903
2020	87,002
2021	59,250
Thereafter	-

Component Unit School Board (professional)*Plan Description*

Additional information related to the plan description, plan contribution requirements, long-term expected rate of return, and discount rate is included in the first section of this note.

*Contributions*

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$1,401,514 and \$1,490,224 for the years ended June 30, 2017 and June 30, 2016, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 8-Pension Plans: (Continued)Component Unit School Board (professional) (Continued)*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2017, the school division reported a liability of \$19,532,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 0.13937% as compared to 0.13813% at June 30, 2015.

For the year ended June 30, 2017, the school division recognized pension expense of \$1,640,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 634,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	137,000	178,000
Net difference between projected and actual earnings on pension plan investments	1,116,000	-
Employer contributions subsequent to the measurement date	1,401,514	-
Total	\$ 2,654,514	\$ 812,000



Note 8-Pension Plans: (Continued)Component Unit School Board (professional) (Continued)*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$1,401,514 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2018	\$ (170,000)
2019	(170,000)
2020	476,000
2021	336,000
Thereafter	(31,000)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

*Actuarial Assumptions (Continued)*

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

*The remainder of this page left blank intentionally.*

Note 8-Pension Plans: (Continued)Component Unit School Board (professional) (Continued)*Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 44,182,326
Plan Fiduciary Net Position	30,168,211
Employers' Net Pension Liability (Asset)	\$ <u>14,014,115</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

*Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Rate</u>		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Dickenson County School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 27,843,000	\$ 19,532,000	\$ 12,686,000

Note 8-Pension Plans: (Continued)Component Unit School Board (professional) (Continued)*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9-Other Postemployment 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 School Board. 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.

## 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 2017, 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 9/1/17):

<u>Monthly Premiums:</u>	<u>Retiree Only</u>	<u>Retiree and One Child</u>	<u>Retiree and Spouse/Family</u>
Anthem (PPO)	\$ 603.00	\$ 965.00	\$ 1,626.00
Anthem Dental	35.00	43.00	62.00
 <u>Retiree Contributions:</u>			
Anthem (PPO)	\$ 50.00	\$ 60.00	\$ 100.00
Anthem Dental	8.00	16.00	35.00

---

**Note 9-Other Postemployment Benefits - Health Insurance: (continued)****B. Funding Policy (continued)**

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:

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

**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	\$ 921,600
Interest on net OPEB obligation	40,741
Adjustment to annual required contribution	(43,043)
Annual OPEB cost (expense)	919,298
Contributions made	(731,400)
Increase in net OPEB obligation	187,898
Net OPEB obligation - beginning of year	1,164,033
Net OPEB obligation - end of year	<u>\$ 1,351,931</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 9-Other Postemployment Benefits - Health Insurance: (continued)

## C. Annual OPEB Cost and Net OPEB Obligation (continued)

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
6/30/2015	\$ 984,525	78%	\$ 960,532
6/30/2016	1,012,601	80%	1,164,033
6/30/2017	919,298	80%	1,351,931

## D. Funded Status and Funding Progress

As of June 30, 2017, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$10,653,200, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10,804,200, and ratio of the UAAL to the covered payroll was 98.60%.

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, 2017, the most recent actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return and a 3.00% payroll growth rate per annum. An annual healthcare cost trend rate of 5.5 percent initially, graded to 4.5% over 73 years. Dental trend rates were held constant at 4.3 percent for all years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2017, was 30 years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 10-Capital Assets:

Capital asset activity for the year ended June 30, 2017 was as follows:

## Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,473,716	\$ 50,000	\$ -	\$ 3,523,716
Construction in progress	47,665,434	52,655	(38,718,089)	9,000,000
Total capital assets not being depreciated	<u>\$ 51,139,150</u>	<u>\$ 102,655</u>	<u>\$ (38,718,089)</u>	<u>\$ 12,523,716</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,667,197	\$ 10,618,089	\$ -	\$ 23,285,286
Machinery and equipment	5,003,728	45,010	(20,500)	5,028,238
Total capital assets being depreciated	<u>\$ 17,670,925</u>	<u>\$ 10,663,099</u>	<u>\$ (20,500)</u>	<u>\$ 28,313,524</u>
Accumulated depreciation:				
Buildings and improvements	\$ (6,182,968)	\$ (365,153)	\$ -	\$ (6,548,121)
Machinery and equipment	(3,508,547)	(409,502)	20,500	(3,897,549)
Total accumulated depreciation	<u>\$ (9,691,515)</u>	<u>\$ (774,655)</u>	<u>\$ 20,500</u>	<u>\$ (10,445,670)</u>
Total capital assets being depreciated, net	<u>\$ 7,979,410</u>	<u>\$ 9,888,444</u>	<u>\$ -</u>	<u>\$ 17,867,854</u>
Governmental activities capital assets, net	<u>\$ 59,118,560</u>	<u>\$ 9,991,099</u>	<u>\$ (38,718,089)</u>	<u>\$ 30,391,570</u>

*The remainder of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 10-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2017 was as follows:

## Discretely Presented Component Unit School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,644,378	\$ -	\$ (50,000)	\$ 2,594,378
Construction in progress	29,796,581	109,421	(29,906,002)	-
Total capital assets not being depreciated	<u>\$ 32,440,959</u>	<u>\$ 109,421</u>	<u>\$ (29,956,002)</u>	<u>\$ 2,594,378</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,983,834	\$ 57,942,102	\$ (1,044,536)	\$ 61,881,400
Machinery and equipment	6,471,607	130,417	(144,112)	6,457,912
Total capital assets being depreciated	<u>\$ 11,455,441</u>	<u>\$ 58,072,519</u>	<u>\$ (1,188,648)</u>	<u>\$ 68,339,312</u>
Accumulated depreciation:				
Buildings and improvements	\$ (4,288,945)	\$ (48,971)	\$ 889,216	\$ (3,448,700)
Machinery and equipment	(5,246,562)	(318,829)	125,199	(5,440,192)
Total accumulated depreciation	<u>\$ (9,535,507)</u>	<u>\$ (367,800)</u>	<u>\$ 1,014,415</u>	<u>\$ (8,888,892)</u>
Total capital assets being depreciated, net	<u>\$ 1,919,934</u>	<u>\$ 57,704,719</u>	<u>\$ (174,233)</u>	<u>\$ 59,450,420</u>
Governmental activities capital assets, net	<u>\$ 34,360,893</u>	<u>\$ 57,814,140</u>	<u>\$ (30,130,235)</u>	<u>\$ 62,044,798</u>

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

## Governmental activities:

General government administration	\$ 97,756
Public safety	308,719
Public works	84,617
Health and welfare	8,680
Education	205,107
Parks, recreation, and cultural	64,926
Community development	<u>4,850</u>
Total depreciation expense-governmental activities	<u>\$ 774,655</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 11-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 12-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*. 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 13-Surety Bonds:

## Primary Government:

<u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>	
Richard Edwards, Clerk of the Circuit Court	\$ 103,000
Angela Rakes, Treasurer	400,000
Mike Yates, Commissioner of the Revenue	3,000
Bobby Hammons, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
 <u>VACo Insurance Programs</u>	
All County employees-blanket bond	\$ 250,000
 <u>Hartford Insurance Company-Surety:</u>	
All Social Services employees-blanket bond	\$ 100,000

**Note 13-Surety Bonds:** (continued)

Component Unit - School Board:

<u>Nationwide Insurance-Surety</u>	
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 14-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 \$8,869 is the total estimated post closure care liability at June 30, 2017. The liability represents what it cost to perform all post closure care in 2017. 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.

*The remainder of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 15-Deferred/Unavailable Revenue:

Deferred/Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements <u>Governmental Activities</u>	Balance Sheet <u>Governmental Funds</u>
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 3,406,332
2nd half assessments due in December 2017	7,134,539	7,134,539
Prepaid property taxes due in December 2017 but paid in advance by taxpayers	<u>587,113</u>	<u>587,113</u>
	\$ <u><u>7,721,652</u></u>	\$ <u><u>11,127,984</u></u>

Note 16-Litigation:

At June 30, 2017 there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 17 - Concentration Risk:

Historically, the County has relied on taxes generated by the Coal Industry. Direct taxes remitted from same include coal and gas severance and machinery and tools taxes. In the past five years, general fund net revenue generated from these sources has declined significantly. This decline in revenue has occurred due to changes in environmental policies of the United States Government. The County does not anticipate significant changes in these policies to occur in the near term. As such, the County does not anticipate continued reliance on the aforementioned revenues. In addition, the County anticipates that other revenue sources will be negatively impacted by a shrinking coal economy; however, estimates (projections) of these declines are not readily available. To date, the County has not identified alternative sources of revenue to maintain historical budget levels.

Note 18-Upcoming Pronouncements:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues*, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Note 18-Upcoming Pronouncements: (continued)

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

County of Dickenson, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 12,020,383	\$ 12,020,383	\$ 12,500,553	\$ 480,170
Other local taxes	4,157,500	4,157,500	5,225,859	1,068,359
Permits, privilege fees, and regulatory licenses	16,500	16,500	8,448	(8,052)
Fines and forfeitures	40,000	40,000	119,047	79,047
Revenue from the use of money and property	3,000	3,000	5,901	2,901
Charges for services	588,432	588,432	399,493	(188,939)
Miscellaneous	110,342	110,342	36,462	(73,880)
Recovered costs	222,150	222,150	608,683	386,533
Intergovernmental:				
Commonwealth	9,318,885	6,901,209	6,088,563	(812,646)
Federal	65,500	2,483,176	2,576,234	93,058
Total revenues	\$ 26,542,692	\$ 26,542,692	\$ 27,569,243	\$ 1,026,551
EXPENDITURES				
Current:				
General government administration	\$ 1,542,313	\$ 1,408,267	\$ 1,925,915	\$ (517,648)
Judicial administration	985,111	985,111	1,287,107	(301,996)
Public safety	3,918,532	3,540,995	4,804,937	(1,263,942)
Public works	1,914,131	1,914,131	2,177,675	(263,544)
Health and welfare	7,718,748	7,718,748	6,802,450	916,298
Education	7,039,351	6,834,351	6,001,716	832,635
Parks, recreation, and cultural	163,006	163,006	146,594	16,412
Community development	2,943,324	2,943,324	956,550	1,986,774
Capital projects	250,000	250,000	690,807	(440,807)
Debt service:				
Principal retirement	182,508	494,949	839,366	(344,417)
Interest and other fiscal charges	99,492	269,816	457,570	(187,754)
Total expenditures	\$ 26,756,516	\$ 26,522,698	\$ 26,090,687	\$ 432,011
Excess (deficiency) of revenues over (under) expenditures	\$ (213,824)	\$ 19,994	\$ 1,478,556	\$ 1,458,562
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ (233,818)	\$ -	\$ 233,818
Issuance of bond and note payable	-	-	667,394	667,394
Total other financing sources (uses)	\$ -	\$ (233,818)	\$ 667,394	\$ 901,212
Net change in fund balances	\$ (213,824)	\$ (213,824)	\$ 2,145,950	\$ 2,359,774
Fund balances - beginning	213,824	213,824	2,145,438	1,931,614
Fund balances - ending	\$ -	\$ -	\$ 4,291,388	\$ 4,291,388

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Other local taxes	\$ 2,900,000	\$ 2,900,000	\$ 4,059,933	\$ 1,159,933
Revenue from the use of money and property	-	-	62	62
Intergovernmental:				
Commonwealth	-	-	365,116	365,116
Total revenues	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 4,425,111</u>	<u>\$ 1,525,111</u>
EXPENDITURES				
Current:				
Public works	\$ 126,100	\$ 126,100	\$ 75,600	\$ 50,500
Community development	2,773,900	2,773,900	3,285,823	(511,923)
Total expenditures	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 3,361,423</u>	<u>\$ (461,423)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,063,688</u>	<u>\$ 1,063,688</u>
Net change in fund balances	\$ -	\$ -	\$ 1,063,688	\$ 1,063,688
Fund balances - beginning	-	-	6,463,034	6,463,034
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,526,722</u>	<u>\$ 7,526,722</u>

County of Dickenson, Virginia  
Schedule of OPEB Funding  
For the Year Ended June 30, 2017

---

## Other Postemployment Benefits (OPEB):

## Discretely Presented Component Unit - School Board:

## Post-Retirement Medical Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio % (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2017	\$ -	\$ 10,653,200	\$ 10,653,200	0.00%	\$ 10,804,200	98.60%
June 30, 2015	-	10,985,400	10,985,400	0.00%	11,470,900	95.77%
June 30, 2013	-	10,895,100	10,895,100	0.00%	11,428,900	95.33%



County of Dickenson, Virginia  
Schedule of Employer's Proportionate Share of the Net Pension Liability  
For the Years Ended June 30, 2015 through June 30, 2017

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - Dickenson County Retirement Plan					
2016	71.5412%	\$ 4,204,689	\$ 4,961,118	84.75%	81.06%
2015	73.0764%	3,452,312	4,900,886	70.44%	84.15%
2014	73.0764%	2,806,983	4,836,327	58.04%	86.32%
Component Unit Public Service Authority					
2016	8.4128%	\$ 494,447	\$ 565,268	87.47%	81.06%
2015	8.3263%	393,355	558,405	70.44%	84.15%
2014	8.3263%	319,828	551,049	58.04%	86.32%
Component Unit School Board (professional)					
2016	0.13937%	\$ 19,532,000	\$ 10,630,160	183.74%	68.28%
2015	0.13813%	17,386,000	10,002,824	173.81%	70.68%
2014	0.13882%	16,776,000	10,115,746	165.84%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Dickenson, Virginia  
Schedule of Changes in Net Pension Liability and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 151,440	\$ 155,770	\$ 158,898
Interest	808,963	792,187	787,715
Differences between expected and actual experience	228,526	186,523	-
Benefit payments, including refunds of employee contributions	(903,887)	(885,765)	(879,670)
Net change in total pension liability	\$ 285,042	\$ 248,715	\$ 66,943
Total pension liability - beginning	12,008,561	11,759,846	11,692,903
Total pension liability - ending (a)	<u>\$ 12,293,603</u>	<u>\$ 12,008,561</u>	<u>\$ 11,759,846</u>
Plan fiduciary net position			
Contributions - employer	\$ 424,936	\$ 449,539	\$ 351,545
Contributions - employee	68,659	74,927	70,449
Net investment income	88,640	255,532	817,553
Benefit payments, including refunds of employee contributions	(903,887)	(885,765)	(879,670)
Administrative expense	(3,699)	(3,803)	(4,764)
Other	(40)	(54)	43
Net change in plan fiduciary net position	\$ (325,391)	\$ (109,624)	\$ 355,156
Plan fiduciary net position - beginning	5,705,506	5,815,130	5,459,974
Plan fiduciary net position - ending (b)	<u>\$ 5,380,115</u>	<u>\$ 5,705,506</u>	<u>\$ 5,815,130</u>
School Division's net pension liability - ending (a) - (b)	\$ 6,913,488	\$ 6,303,055	\$ 5,944,716
Plan fiduciary net position as a percentage of the total pension liability	43.76%	47.51%	49.45%
Covered payroll	\$ 1,381,996	\$ 1,436,362	\$ 1,445,420
School Division's net pension liability as a percentage of covered payroll	500.25%	438.82%	411.28%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Dickenson, Virginia  
Schedule of Employer Contributions  
For the Years Ended June 30, 2008 through June 30, 2017

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2017	\$ 468,027	\$ 468,027	\$ -	4,853,848	9.64%
2016	524,813	524,813	-	4,961,118	10.58%
2015	593,971	593,971	-	4,900,886	12.12%
<b>Component Unit Public Service Authority</b>					
2017	\$ 52,992	\$ 52,992	\$ -	567,935	9.33%
2016	61,715	61,715	-	565,268	10.92%
2015	60,755	60,755	-	558,405	10.88%
<b>Component Unit School Board (nonprofessional)</b>					
2017	\$ 426,007	\$ 426,007	\$ -	1,297,374	32.84%
2016	424,936	424,936	-	1,381,996	30.75%
2015	449,539	449,539	-	1,436,362	31.30%
2014	351,545	351,545	-	1,445,420	24.32%
2013	364,800	364,800	-	1,463,297	24.93%
2012	418,554	418,554	-	1,659,613	25.22%
2011	441,182	441,182	-	1,749,334	25.22%
2010	401,380	401,380	-	1,723,399	23.29%
2009	409,402	409,402	-	1,757,843	23.29%
2008	402,545	402,545	-	1,721,750	23.38%
<b>Component Unit School Board (professional)</b>					
2017	\$ 1,401,514	\$ 1,401,514	\$ -	9,599,056	14.60%
2016	1,490,224	1,490,224	-	10,630,160	14.02%
2015	1,485,000	1,485,000	-	10,002,824	14.85%
2014	1,179,496	1,179,496	-	10,115,746	11.66%
2013	1,019,141	1,019,141	-	8,740,489	11.66%
2012	720,333	720,333	-	11,379,668	6.33%
2011	1,120,781	1,120,781	-	12,550,739	8.93%
2010	832,179	832,179	-	9,445,846	8.81%
2009	1,006,620	1,006,620	-	9,773,010	10.30%
2008	1,157,296	1,157,296	-	11,235,883	10.30%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

Schedule is intended to show information for 10 years. Prior to 2015 the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County. Additional years will be included as they become available.

County of Dickenson, Virginia  
Notes to Required Supplementary Information  
June 30, 2017

---

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

County of Dickenson, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017

	Agency Funds						Dickenson County		
	Special Welfare	Town of Clinchco	Town of Clintwood	Town of Haysi	Fringe Benefits	Health Services	Behavioral	EQT Funds	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 62,120	\$ 2,696	\$ 20,231	\$ 5,981	\$ 46,281	\$ 511,425	\$ 1,010	\$ 649,744	
Total assets	\$ 62,120	\$ 2,696	\$ 20,231	\$ 5,981	\$ 46,281	\$ 511,425	\$ 1,010	\$ 649,744	
<b>LIABILITIES</b>									
Amounts held for social services clients	\$ 62,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,120	
Amounts held for Town of Clinchco	-	2,696	-	-	-	-	-	2,696	
Amounts held for Town of Clintwood	-	-	20,231	-	-	-	-	20,231	
Amounts held for Town of Haysi	-	-	-	5,981	-	-	-	5,981	
Amounts held for County employees' fringe benefits	-	-	-	-	46,281	-	-	46,281	
Amounts held for Dickenson County Behavioral Health Services	-	-	-	-	-	511,425	-	511,425	
Amounts held for EQT	-	-	-	-	-	-	1,010	1,010	
Total liabilities	\$ 62,120	\$ 2,696	\$ 20,231	\$ 5,981	\$ 46,281	\$ 511,425	\$ 1,010	\$ 649,744	

County of Dickenson, Virginia  
Combining Statement of Changes in Assets and Liabilities - Agency Funds  
June 30, 2017

	Agency Funds						Total
	Special Welfare	Town of <u>Clinchco</u>	Town of <u>Clintwood</u>	Town of <u>Haysi</u>	Fringe Benefits	Dickenson County Behavioral Health Services	EQT Funds
<b>ASSETS</b>							
Cash and Cash Equivalents:							
Beginning Balance	\$ 58,116	\$ 1,760	\$ 20,193	\$ 6,677	\$ 78,484	\$ 589,067	\$ 1,010
Additions	180,870	14,022	134,905	42,419	992,094	3,505,529	-
Deductions	(176,866)	(13,086)	(134,867)	(43,115)	(1,024,297)	(3,583,171)	-
Ending Balance	\$ 62,120	\$ 2,696	\$ 20,231	\$ 5,981	\$ 46,281	\$ 511,425	\$ 1,010
							\$ 649,744
<b>LIABILITIES</b>							
Amounts Held for Others:							
Beginning Balance	\$ 58,116	\$ 1,760	\$ 20,193	\$ 6,677	\$ 78,484	\$ 589,067	\$ 1,010
Additions	180,870	14,022	134,905	42,419	992,094	3,505,529	-
Deductions	(176,866)	(13,086)	(134,867)	(43,115)	(1,024,297)	(3,583,171)	-
Ending Balance	\$ 62,120	\$ 2,696	\$ 20,231	\$ 5,981	\$ 46,281	\$ 511,425	\$ 1,010
							\$ 649,744

County of Dickenson, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2017

		School Operating <u>Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents		\$ 1,390,332
Due from other governmental units		800,578
Total assets		<u>\$ 2,190,910</u>
<b>LIABILITIES</b>		
Accounts payable		\$ 812,890
Accrued liabilities		1,212,713
Total liabilities		<u>\$ 2,025,603</u>
<b>FUND BALANCES</b>		
Unassigned		\$ 165,307
Total fund balances		<u>\$ 165,307</u>
Total liabilities and fund balances		<u>\$ 2,190,910</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above		\$ 165,307
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 2,594,378	
Buildings and improvements	58,432,700	
Machinery and equipment	<u>1,017,720</u>	62,044,798
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		1,827,521
Items related to measurement of the net pension liability are considered deferred outflows or deferred inflows and will be amortized and recognized in pension expense over future years.		
Deferred inflows related to measurement of net pension liability	(812,000)	
Deferred outflows related to measurement of net pension liability	<u>1,567,160</u>	755,160
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (26,445,488)	
Compensated absences	(1,130,058)	
Net OPEB obligation	<u>(1,351,931)</u>	(28,927,477)
Net position of governmental activities		<u>\$ 35,865,309</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, 2017

	School Operating <u>Fund</u>
<b>REVENUES</b>	
Charges for services	\$ 299,726
Miscellaneous	441,030
Recovered costs	32,034
Intergovernmental:	
Local government	5,895,000
Commonwealth	15,041,202
Federal	2,360,092
Total revenues	<u>\$ 24,069,084</u>
<b>EXPENDITURES</b>	
Current:	
Education	<u>\$ 23,987,136</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 81,948
Fund balances - beginning	83,359
Fund balances - ending	<u>\$ 165,307</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	\$ 81,948
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital outlays	\$ 175,938
Depreciation expense	<u>(367,800)</u> (191,862)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	
Deletions of assets	\$ (174,233)
Transfer of asset from County	28,100,000
Transfer of assets to County (net book value)	<u>(50,000)</u> 27,875,767
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Changes in deferred inflows of resources related to the measurement of the net pension liability	892,925
Pension contribution subsequent to the measurement date will be an decrease in the net pension liability in the next fiscal year and therefore, are not reported in the funds.	
	(87,640)
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.	
Change in net pension liability	\$ (2,756,433)
Change in deferred outflows related to measurement of net pension liability	1,454,071
Change in compensated absences	(35,696)
Change in net OPEB obligation	<u>(187,898)</u> (1,525,956)
Change in net position of governmental activities	<u>\$ 27,045,182</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, 2017

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 365,000	\$ 365,000	\$ 299,726	\$ (65,274)
Miscellaneous	455,000	455,000	441,030	(13,970)
Recovered costs	30,000	30,000	32,034	2,034
Intergovernmental:				
Local government	6,100,000	5,895,000	5,895,000	-
Commonwealth	15,224,734	15,224,734	15,041,202	(183,532)
Federal	2,382,000	2,382,000	2,360,092	(21,908)
Total revenues	\$ 24,556,734	\$ 24,351,734	\$ 24,069,084	\$ (282,650)
EXPENDITURES				
Current:				
Education	\$ 24,556,734	\$ 24,351,734	\$ 23,987,136	\$ 364,598
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 81,948	\$ 81,948
Net change in fund balances	\$ -	\$ -	\$ 81,948	\$ 81,948
Fund balances - beginning	-	-	83,359	83,359
Fund balances - ending	\$ -	\$ -	\$ 165,307	\$ 165,307

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,110,000	\$ 8,110,000	\$ 7,367,461	\$ (742,539)
Real and personal public service corporation taxes	365,000	365,000	643,213	278,213
Personal property taxes	1,280,383	1,280,383	3,730,650	2,450,267
Mobile home taxes	65,000	65,000	63,110	(1,890)
Machinery and tools taxes	1,850,000	1,850,000	320,599	(1,529,401)
Merchant's capital taxes	75,000	75,000	76,297	1,297
Penalties	55,000	55,000	64,716	9,716
Interest	220,000	220,000	234,507	14,507
Total general property taxes	\$ 12,020,383	\$ 12,020,383	\$ 12,500,553	\$ 480,170
Other local taxes:				
Local sales and use taxes	\$ 800,000	\$ 800,000	\$ 726,260	\$ (73,740)
Consumers' utility taxes	325,000	325,000	316,143	(8,857)
Consumption taxes	55,000	55,000	54,241	(759)
Vehicle registration withholding stops	17,500	17,500	12,960	(4,540)
Tax on deeds	30,000	30,000	23,080	(6,920)
Hotel and motel room taxes	30,000	30,000	33,243	3,243
Gas severance taxes	900,000	900,000	853,976	(46,024)
Coal severance taxes	2,000,000	2,000,000	3,205,956	1,205,956
Total other local taxes	\$ 4,157,500	\$ 4,157,500	\$ 5,225,859	\$ 1,068,359
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,500	\$ 1,500	\$ 712	\$ (788)
Building permits	15,000	15,000	7,736	(7,264)
Total permits, privilege fees, and regulatory licenses	\$ 16,500	\$ 16,500	\$ 8,448	\$ (8,052)
Fines and forfeitures:				
Court fines and forfeitures	\$ 40,000	\$ 40,000	\$ 119,047	\$ 79,047
Revenue from use of money and property:				
Revenue from use of money	\$ 1,500	\$ 1,500	\$ 4,431	\$ 2,931
Revenue from use of property	1,500	1,500	1,470	(30)
Total revenue from use of money and property	\$ 3,000	\$ 3,000	\$ 5,901	\$ 2,901
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,732	\$ 5,732	\$ 7,774	\$ 2,042
Document production costs	4,000	4,000	2,692	(1,308)
Charges for Commonwealth's Attorney	1,200	1,200	1,216	16
Solid waste tipping fees	325,500	325,500	121,408	(204,092)
DCWIN user fees	180,000	180,000	153,664	(26,336)
Charges for law library	-	-	1,695	1,695
Charges for parks and recreation	12,000	12,000	22,492	10,492
Charges for office on youth	60,000	60,000	88,552	28,552
Total charges for services	\$ 588,432	\$ 588,432	\$ 399,493	\$ (188,939)

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 110,342	\$ 110,342	\$ 36,462	\$ (73,880)
Recovered costs:				
Regional jails	\$ 50,000	\$ 50,000	\$ 303,834	\$ 253,834
Engineering reimbursement	10,000	10,000	9,639	(361)
E-911 SWVA regional project	-	-	26	26
DUI Restitution payments	2,000	2,000	-	(2,000)
VPA refunds/recoveries	75,000	75,000	89,810	14,810
Health insurance reimbursement	65,000	65,000	124,746	59,746
Health department rental	7,150	7,150	7,150	-
Other recovered costs	13,000	13,000	73,478	60,478
Total recovered costs	\$ 222,150	\$ 222,150	\$ 608,683	\$ 386,533
Total revenue from local sources	\$ 17,158,307	\$ 17,158,307	\$ 18,904,446	\$ 1,746,139
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 110,000	\$ 110,000	\$ 95,217	\$ (14,783)
Mobile home titling tax	70,000	70,000	34,186	(35,814)
State recordation tax	8,000	8,000	37,299	29,299
Grantor's tax	5,000	5,000	7,374	2,374
Personal property tax relief funds	819,617	819,617	817,952	(1,665)
Communications tax	500,000	500,000	465,706	(34,294)
Total noncategorical aid	\$ 1,512,617	\$ 1,512,617	\$ 1,457,734	\$ (54,883)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 246,396	\$ 246,396	\$ 318,572	\$ 72,176
Sheriff	998,292	998,292	988,520	(9,772)
Commissioner of revenue	110,811	110,811	110,885	74
Treasurer	94,173	94,173	92,957	(1,216)
Registrar/electoral board	-	-	37,029	37,029
Clerk of the Circuit Court	195,508	195,508	232,676	37,168
Total shared expenses	\$ 1,645,180	\$ 1,645,180	\$ 1,780,639	\$ 135,459
Other categorical aid:				
Comprehensive services act	\$ 1,053,700	\$ 1,053,700	\$ 723,537	\$ (330,163)
Public assistance and welfare administration	4,874,388	2,456,712	1,670,990	(785,722)
Department of environmental quality	20,000	20,000	14,853	(5,147)
Litter control grant	8,000	8,000	8,393	393
Fire program	36,000	36,000	44,309	8,309
Commission for the arts	5,000	5,000	-	(5,000)
Virginia housing authority	65,000	65,000	85,049	20,049

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
State health department	\$ -	\$ -	\$ 5,135	\$ 5,135
State health department - four for life	15,000	15,000	27,501	12,501
Criminal justice grant	24,000	24,000	28,703	4,703
Sheriff grants	-	-	46,347	46,347
Special welfare - foster care	-	-	6,662	6,662
Dream team drawdown	-	-	5,830	5,830
Preservation grant (Clerk of Court)	-	-	8,110	8,110
VITA grant	-	-	110,913	110,913
Reduction in state aid	-	-	413	413
Wireless E-911 services	60,000	60,000	63,445	3,445
Total other categorical aid	<u>\$ 6,161,088</u>	<u>\$ 3,743,412</u>	<u>\$ 2,850,190</u>	<u>\$ (893,222)</u>
Total categorical aid	<u>\$ 7,806,268</u>	<u>\$ 5,388,592</u>	<u>\$ 4,630,829</u>	<u>\$ (757,763)</u>
Total revenue from the Commonwealth	<u>\$ 9,318,885</u>	<u>\$ 6,901,209</u>	<u>\$ 6,088,563</u>	<u>\$ (812,646)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 30,883</u>	<u>\$ 10,883</u>
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ 2,417,676	\$ 2,425,451	\$ 7,775
CDBG	-	-	12,000	12,000
Open container grant	-	-	4,988	4,988
National priority safety programs	-	-	8,555	8,555
Victim witness	-	-	33,716	33,716
Corps of engineers	28,000	28,000	34,106	6,106
DMV grants	10,000	10,000	-	(10,000)
USDA road/Ridgeview	-	-	4,617	4,617
Emergency management	7,500	7,500	21,918	14,418
Total categorical aid	<u>\$ 45,500</u>	<u>\$ 2,463,176</u>	<u>\$ 2,545,351</u>	<u>\$ 82,175</u>
Total revenue from the federal government	<u>\$ 65,500</u>	<u>\$ 2,483,176</u>	<u>\$ 2,576,234</u>	<u>\$ 93,058</u>
Total General Fund	<u>\$ 26,542,692</u>	<u>\$ 26,542,692</u>	<u>\$ 27,569,243</u>	<u>\$ 1,026,551</u>
Special Revenue Fund:				
Coal Road Tax Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road improvement taxes	\$ 2,000,000	\$ 2,000,000	\$ 3,205,956	\$ 1,205,956
Gas severance taxes	900,000	900,000	853,977	(46,023)
Total other local taxes	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 4,059,933</u>	<u>\$ 1,159,933</u>

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
Coal Road Tax Fund: (Continued)				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 62	\$ 62
Total revenue from local sources	\$ 2,900,000	\$ 2,900,000	\$ 4,059,995	\$ 1,159,995
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT revenue	\$ -	\$ -	\$ 365,116	\$ 365,116
Total Coal Road Tax Fund	\$ 2,900,000	\$ 2,900,000	\$ 4,425,111	\$ 1,525,111
Capital Projects Fund:				
School Construction Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,427	\$ 1,427
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
QSCB interest subsidy	\$ -	\$ -	\$ 395,675	\$ 395,675
USACE	-	-	34,538,545	34,538,545
Total categorical aid	\$ -	\$ -	\$ 34,934,220	\$ 34,934,220
Total School Construction Projects Fund	\$ -	\$ -	\$ 34,935,647	\$ 34,935,647
Total Primary Government	\$ 29,442,692	\$ 29,442,692	\$ 66,930,001	\$ 37,487,309
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria charges	\$ 365,000	\$ 365,000	\$ 299,726	\$ (65,274)
Miscellaneous:				
Other miscellaneous	\$ 455,000	\$ 455,000	\$ 441,030	\$ (13,970)
Recovered costs:				
Other recovered costs	\$ 30,000	\$ 30,000	\$ 32,034	\$ 2,034
Total revenue from local sources	\$ 850,000	\$ 850,000	\$ 772,790	\$ (77,210)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Dickenson, Virginia	\$ 6,100,000	\$ 5,895,000	\$ 5,895,000	\$ -

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,457,296	\$ 2,457,296	\$ 2,394,042	\$ (63,254)
Basic school aid	7,596,792	7,596,792	7,471,246	(125,546)
Remedial summer education	15,970	15,970	6,583	(9,387)
Regular foster care	960	960	7,734	6,774
ISAEF	7,859	7,859	8,418	559
Expanded GED payments	222	222	823	601
Gifted and talented	75,956	75,956	71,584	(4,372)
Remedial education	348,777	348,777	342,402	(6,375)
Enrollment loss	-	-	147,963	147,963
Special education	999,826	999,826	981,553	(18,273)
Textbook payment	170,172	170,172	167,062	(3,110)
Vocational standards of quality payments	420,082	420,082	412,404	(7,678)
CTE adult education	5,814	5,814	21,930	16,116
Social security fringe benefits	485,187	485,187	476,319	(8,868)
Retirement fringe benefits	999,826	999,826	981,553	(18,273)
State lottery payments	81,257	81,257	79,985	(1,272)
Early reading intervention	50,056	50,056	53,040	2,984
Homebound education	19,345	19,345	14,560	(4,785)
Group life insurance instructional	32,552	32,552	31,958	(594)
Adult literacy	12,183	12,183	-	(12,183)
Vocational education - occup/tech	21,844	21,844	20,316	(1,528)
Vocational education - equipment	3,856	3,856	10,545	6,689
Vocational education - competitive grants	-	-	37,500	37,500
Vocational education - Stem-H industry credentials	-	-	1,341	1,341
School breakfast incentive	3,486	3,486	4,987	1,501
School food	14,172	14,172	13,391	(781)
Industry certification	-	-	3,572	3,572
Compensation supplement	119,144	119,144	-	(119,144)
Special education - foster children	14,618	14,618	14,883	265
At risk payments	371,539	371,539	364,738	(6,801)
Project graduation	-	-	18,407	18,407
Primary class size	401,456	401,456	387,769	(13,687)
Technology	227,570	227,570	222,889	(4,681)
Standards of Learning algebra readiness	36,789	36,789	39,044	2,255
STEM recruitment and retention	-	-	1,000	1,000
Mentor teacher program	678	678	211	(467)
VA preschool initiative	228,034	228,034	228,034	-
English as a second language	1,416	1,416	1,416	-
Total categorical aid	\$ 15,224,734	\$ 15,224,734	\$ 15,041,202	\$ (183,532)
Total revenue from the Commonwealth	\$ 15,224,734	\$ 15,224,734	\$ 15,041,202	\$ (183,532)

County of Dickenson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 700,000	\$ 700,000	\$ 625,457	\$ (74,543)
Title VI-B, special education flow-through	529,000	529,000	529,065	65
Vocational education	46,000	46,000	43,761	(2,239)
Title VI-B, special education pre-school	29,000	29,000	30,101	1,101
Title II, part A	190,000	190,000	192,004	2,004
School breakfast program	175,000	175,000	218,772	43,772
School lunch program	660,000	660,000	662,540	2,540
Federal reserve	10,000	10,000	8,353	(1,647)
Advanced placement	-	-	38	38
Federal leasing of land payments	1,000	1,000	968	(32)
Rural and low income schools	42,000	42,000	49,033	7,033
Total categorical aid	<u>\$ 2,382,000</u>	<u>\$ 2,382,000</u>	<u>\$ 2,360,092</u>	<u>\$ (21,908)</u>
Total revenue from the federal government	<u>\$ 2,382,000</u>	<u>\$ 2,382,000</u>	<u>\$ 2,360,092</u>	<u>\$ (21,908)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 24,556,734</u>	<u>\$ 24,351,734</u>	<u>\$ 24,069,084</u>	<u>\$ (282,650)</u>

County of Dickenson, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 2  
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 59,733	\$ 59,733	\$ 127,027	\$ (67,294)
General and financial administration:				
County administrator	\$ 239,129	\$ 239,129	\$ 311,688	\$ (72,559)
Audit services	71,686	71,686	62,880	8,806
Legal services	35,500	35,500	24,156	11,344
Commissioner of revenue	267,966	267,966	353,151	(85,185)
Reassessment	-	-	209,807	(209,807)
Treasurer	253,405	253,405	321,695	(68,290)
IT/Mapping/Data processing	208,160	208,160	218,715	(10,555)
DCWIN	235,048	101,002	103,888	(2,886)
Total general and financial administration	\$ 1,310,894	\$ 1,176,848	\$ 1,605,980	\$ (429,132)
Board of elections:				
Registrar	\$ 95,752	\$ 95,752	\$ 147,522	\$ (51,770)
Electoral board and officials	75,934	75,934	45,386	30,548
Total board of elections	\$ 171,686	\$ 171,686	\$ 192,908	\$ (21,222)
Total general government administration	\$ 1,542,313	\$ 1,408,267	\$ 1,925,915	\$ (517,648)
Judicial administration:				
Courts:				
Circuit court	\$ 134,475	\$ 134,475	\$ 129,830	\$ 4,645
General district court	13,156	13,156	11,542	1,614
Special magistrates	1,500	1,500	1,733	(233)
Juvenile court services	82,250	82,250	78,946	3,304
Office on youth	108,638	108,638	115,537	(6,899)
Law library	5,000	5,000	15,735	(10,735)
Clerk of the circuit court	286,463	286,463	398,638	(112,175)
Total courts	\$ 631,482	\$ 631,482	\$ 751,961	\$ (120,479)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 353,629	\$ 353,629	\$ 535,146	\$ (181,517)
Total judicial administration	\$ 985,111	\$ 985,111	\$ 1,287,107	\$ (301,996)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,312,959	\$ 1,312,959	\$ 1,770,080	\$ (457,121)
Fire and rescue services:				
Volunteer fire and rescue	\$ 390,881	\$ 247,162	\$ 455,900	\$ (208,738)
E-911 Fund	796,848	563,030	915,521	(352,491)
Total fire and rescue services	\$ 1,187,729	\$ 810,192	\$ 1,371,421	\$ (561,229)
Correction and detention:				
SWVa Regional Jail Authority	\$ 1,182,249	\$ 1,182,249	\$ 1,340,008	\$ (157,759)



County of Dickenson, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 2  
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public Safety: (Continued)				
Inspections:				
Building	\$ 94,682	\$ 94,682	\$ 63,726	\$ 30,956
Other protection:				
Animal warden	\$ 85,990	\$ 85,990	\$ 140,528	\$ (54,538)
Town of Haysi School Resource Officer	41,000	41,000	41,000	-
Emergency management	13,923	13,923	78,174	(64,251)
Total other protection	\$ 140,913	\$ 140,913	\$ 259,702	\$ (118,789)
Total public safety	\$ 3,918,532	\$ 3,540,995	\$ 4,804,937	\$ (1,263,942)
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,333,555	\$ 1,333,555	\$ 1,432,729	\$ (99,174)
Litter control	116,290	116,290	169,141	(52,851)
Total sanitation and waste removal	\$ 1,449,845	\$ 1,449,845	\$ 1,601,870	\$ (152,025)
Maintenance of general buildings and grounds:				
General properties	\$ 313,034	\$ 313,034	\$ 493,237	\$ (180,203)
Engineering	151,252	151,252	82,568	68,684
Total maintenance of general buildings and grounds	\$ 464,286	\$ 464,286	\$ 575,805	\$ (111,519)
Total public works	\$ 1,914,131	\$ 1,914,131	\$ 2,177,675	\$ (263,544)
Health and welfare:				
Health:				
Supplement of local health department	\$ 246,843	\$ 246,843	\$ 252,151	\$ (5,308)
Mental health and mental retardation:				
Community services board	\$ 142,140	\$ 142,140	\$ 142,140	\$ -
Welfare:				
Public assistance and welfare administration	\$ 7,178,386	\$ 7,178,386	\$ 4,993,732	\$ 2,184,654
Comprehensive services board	-	-	1,256,007	(1,256,007)
Senior citizens	68,339	68,339	51,375	16,964
Rental assistance	83,040	83,040	107,045	(24,005)
Total welfare	\$ 7,329,765	\$ 7,329,765	\$ 6,408,159	\$ 921,606
Total health and welfare	\$ 7,718,748	\$ 7,718,748	\$ 6,802,450	\$ 916,298
Education:				
Other instructional costs:				
Community colleges	\$ 69,351	\$ 69,351	\$ 70,798	\$ (1,447)
Contribution to child care center	70,000	70,000	35,918	34,082
Contribution to County School Board	6,900,000	6,695,000	5,895,000	800,000
Total education	\$ 7,039,351	\$ 6,834,351	\$ 6,001,716	\$ 832,635

County of Dickenson, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 2  
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 64,500	\$ 64,500	\$ 29,552	\$ 34,948
Swimming pool	48,836	48,836	59,684	(10,848)
Tourism	49,670	49,670	57,358	(7,688)
Total parks and recreation	<u>\$ 163,006</u>	<u>\$ 163,006</u>	<u>\$ 146,594</u>	<u>\$ 16,412</u>
Total parks, recreation, and cultural	<u>\$ 163,006</u>	<u>\$ 163,006</u>	<u>\$ 146,594</u>	<u>\$ 16,412</u>
Community development:				
Planning and community development:				
Community development				
Planning and community development	\$ 175,000	\$ 175,000	\$ 100,000	\$ 75,000
Non-Departmental	1,933,368	1,933,368	127,721	1,805,647
Regional Planning	344,360	344,360	294,360	50,000
Education and Research Center	50,000	50,000	25,000	25,000
Industrial Development Authority/Economic Development Corp.	365,380	365,380	336,342	29,038
Contribution to Cumberland Plateau	-	-	12,000	(12,000)
Total planning and community development	<u>\$ 2,868,108</u>	<u>\$ 2,868,108</u>	<u>\$ 895,423</u>	<u>\$ 1,972,685</u>
Cooperative extension program:				
Extension office	\$ 75,216	\$ 75,216	\$ 61,127	\$ 14,089
Total community development	<u>\$ 2,943,324</u>	<u>\$ 2,943,324</u>	<u>\$ 956,550</u>	<u>\$ 1,986,774</u>
Capital projects:				
Judicial Center Project	\$ 200,000	\$ 200,000	\$ 606,970	\$ (406,970)
Other capital projects	50,000	50,000	83,837	(33,837)
Total capital projects	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 690,807</u>	<u>\$ (440,807)</u>
Debt service:				
Principal retirement	\$ 182,508	\$ 494,949	\$ 839,366	\$ (344,417)
Interest and other fiscal charges	99,492	269,816	457,570	(187,754)
Total debt service	<u>\$ 282,000</u>	<u>\$ 764,765</u>	<u>\$ 1,296,936</u>	<u>\$ (532,171)</u>
Total General Fund	<u><u>\$ 26,756,516</u></u>	<u><u>\$ 26,522,698</u></u>	<u><u>\$ 26,090,687</u></u>	<u><u>\$ 432,011</u></u>
Special Revenue Fund:				
Coal Road Tax Fund:				
Public Works:				
Maintenance of Highways, Streets and Bridges:				
Road improvements	\$ 126,100	\$ 126,100	\$ 75,600	\$ 50,500

County of Dickenson, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 2  
Page 4 of 4

<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:				
Planning and Community Development:				
Coalfield Economic Development	\$ 730,150	\$ 730,150	\$ 1,127,158	\$ (397,008)
Revenue sharing matching	1,500,000	1,500,000	1,465,127	34,873
Contribution to Public Service Authority	543,750	543,750	693,538	(149,788)
Total planning and community development	<u>\$ 2,773,900</u>	<u>\$ 2,773,900</u>	<u>\$ 3,285,823</u>	<u>\$ (511,923)</u>
Total community development	<u>\$ 2,773,900</u>	<u>\$ 2,773,900</u>	<u>\$ 3,285,823</u>	<u>\$ (511,923)</u>
Total Coal Road Tax Fund	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 3,361,423</u>	<u>\$ (461,423)</u>
Capital Projects Fund:				
School Construction Projects Fund:				
Capital Projects:				
Capital projects expenditures:				
School Construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 762,150</u>	<u>\$ (762,150)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 26,822,357	\$ (26,822,357)
Interest and other fiscal charges	-	-	532,182	(532,182)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,354,539</u>	<u>\$ (27,354,539)</u>
Total School Construction Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,116,689</u>	<u>\$ (28,116,689)</u>
Total Primary Government	<u>\$ 29,656,516</u>	<u>\$ 29,422,698</u>	<u>\$ 57,568,799</u>	<u>\$ (28,146,101)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health	<u>\$ 2,077,310</u>	<u>\$ 2,077,310</u>	<u>\$ 2,079,481</u>	<u>\$ (2,171)</u>
Instruction costs:				
Instruction	<u>\$ 15,847,117</u>	<u>\$ 15,847,117</u>	<u>\$ 15,739,281</u>	<u>\$ 107,836</u>
Operating costs:				
Pupil transportation	\$ 2,000,197	\$ 1,945,197	\$ 1,789,037	\$ 156,160
Operation and maintenance of school plant	2,671,334	2,521,334	2,471,178	50,156
School food and other non-instructional costs	1,390,791	1,390,791	1,372,757	18,034
Technology	569,985	569,985	535,402	34,583
Total operating costs	<u>\$ 6,632,307</u>	<u>\$ 6,427,307</u>	<u>\$ 6,168,374</u>	<u>\$ 258,933</u>
Total education	<u>\$ 24,556,734</u>	<u>\$ 24,351,734</u>	<u>\$ 23,987,136</u>	<u>\$ 364,598</u>
Total School Operating Fund	<u>\$ 24,556,734</u>	<u>\$ 24,351,734</u>	<u>\$ 23,987,136</u>	<u>\$ 364,598</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 24,556,734</u>	<u>\$ 24,351,734</u>	<u>\$ 23,987,136</u>	<u>\$ 364,598</u>

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	Parks, Recreation, and Cultural		Community Development	Interest on Long-Term Debt	Total								
	Administration	Government						Education (1)												
2016-17	\$	1,889,360	\$	1,846,897	\$	4,816,537	\$	2,344,066	\$	6,696,701	\$	35,018,973	\$	211,727	\$	4,249,320	\$	858,317	\$	57,931,898
2015-16		1,447,189		994,021		3,855,643		2,211,993		6,481,617		26,120,875		211,823		8,974,110		1,703,899		52,001,170
2014-15		1,598,909		492,729		3,819,908		1,603,292		7,263,106		28,868,548		84,497		5,420,583		1,829,169		50,980,741
2013-14		1,144,784		1,110,535		4,976,702		2,835,218		6,547,181		9,635,086		170,643		4,284,122		1,156,525		31,860,796
2012-13		2,050,009		1,138,929		4,885,973		3,022,683		6,385,324		6,766,973		185,519		6,453,207		888,962		31,777,579
2011-12		2,008,466		1,025,378		5,115,076		2,720,172		6,059,904		7,425,648		107,046		6,201,727		163,515		30,826,932
2010-11		1,763,110		1,074,443		3,686,694		3,372,252		5,750,370		6,197,020		571,735		5,607,673		190,910		28,214,207
2009-10		1,787,393		1,109,611		3,505,608		2,563,389		5,824,142		6,335,489		513,311		7,059,122		118,545		28,816,610
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

(1) Includes the transfer of capital assets for which the underlying debt has been repaid during 2015 and 2016.

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Special Items	Total
2016-17	\$ 526,988	\$ 7,130,074	\$ 35,345,442	\$	12,677,750	9,285,792	7,390	36,462	1,488,617	153,799	\$ 66,652,314
2105-16	519,966	6,872,593	18,455,204		11,937,747	6,274,918	4,218	270,439	1,562,224	-	45,897,309
2014-15	622,693	7,450,931	607,116		12,667,960	7,875,794	4,241	880,143	1,521,625	-	31,630,503
2013-14	886,995	7,655,082	25,519,376		11,786,105	8,606,472	15,262	59,715	1,545,215	-	56,074,222
2012-13	925,629	7,304,984	6,159,720		11,906,790	9,509,539	32,329	-	2,747,311	-	38,586,302
2011-12	708,119	6,876,198	27,629		14,237,747	10,898,718	15,874	159,191	1,493,178	-	34,416,654
2010-11	680,640	6,105,193	167,311		8,849,635	10,745,737	33,382	225,498	1,586,883	-	28,394,279
2009-10	592,840	6,169,602	2,222,045		9,495,473	8,804,909	30,472	261,355	1,198,714	-	28,775,410
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

Table 3

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

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Debt Service	Total
	Government	Administration										
2016-17	\$ 1,925,915	\$ 1,287,107	\$ 1,287,107	\$ 4,804,937	\$ 2,253,275	\$ 6,802,450	\$ 24,093,852	\$ 146,594	\$ 4,242,373	\$ 1,452,957	\$ 28,651,475	\$ 75,660,935
2015-16	1,465,556	1,015,153	1,015,153	4,228,678	2,149,697	6,689,813	24,596,740	185,091	9,028,587	14,459,765	18,033,028	81,852,108
2014-15	1,703,249	3,853,976	3,853,976	4,056,384	2,019,276	6,583,461	24,715,042	172,611	5,133,192	19,928,691	2,789,575	70,955,457
2013-14	1,730,069	1,450,019	1,450,019	4,737,953	2,761,149	6,705,005	25,631,212	164,694	4,819,178	39,178,197	14,121,055	101,298,531
2012-13	2,108,988	1,138,723	1,138,723	4,652,216	2,950,774	6,517,894	24,661,068	179,094	7,317,639	-	1,751,172	51,277,568
2011-12	2,051,549	1,078,131	1,078,131	5,171,970	2,641,301	6,178,601	26,973,108	223,472	6,887,222	-	820,845	52,026,199
2010-11	1,771,524	1,069,006	1,069,006	4,946,091	3,254,042	5,772,805	26,503,176	568,027	5,571,076	-	820,393	50,276,140
2009-10	1,741,323	1,107,320	1,107,320	3,852,444	2,551,751	5,694,929	27,463,325	511,050	7,090,497	-	872,769	50,885,408
2008-09	1,657,821	965,283	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	913,816	3,961,686	4,855,519	5,512,456	29,152,214	476,082	5,230,753	-	725,928	52,568,020

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

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

Table 4

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

Fiscal Year	General Property Taxes		Other Local Taxes		Permits, Privilege Fees, Regulatory Licenses		Fines and Forfeitures		Revenue from the Use of Money and Property		Charges for Services		Miscellaneous & Recovered Costs		Inter- governmental (2)		Total	
2016-17	\$	12,500,553	\$	9,285,792	\$	8,448	\$	119,047	\$	7,390	\$	699,219	\$	1,118,209	\$	61,365,427	\$	85,104,085
2015-16		10,394,299		6,274,918		10,893		43,014		4,218		775,992		1,330,307		43,843,934		62,677,575
2014-15		13,342,236		7,875,794		9,951		38,973		4,241		883,221		1,614,878		26,416,565		50,185,859
2013-14		11,852,575		8,606,472		16,001		64,460		15,262		1,161,450		997,986		51,726,260		74,440,466
2012-13		12,669,532		9,509,539		12,822		35,276		32,329		1,272,325		895,640		33,583,277		58,010,740
2011-12		13,263,990		10,898,718		21,775		34,191		17,635		1,117,253		1,721,130		27,721,137		54,795,829
2010-11		9,079,109		10,745,737		16,255		42,244		34,916		1,071,684		1,825,055		27,324,165		50,139,165
2009-10		9,128,477		8,804,909		18,382		41,078		36,789		960,384		990,554		28,852,251		48,832,824
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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent		Total Tax Collections	Percent of		Percent of	
				Collections (1)	Tax		Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Delinquent Taxes to Tax Levy	
2016-17	\$ 13,453,679	\$ 8,289,279	61.61%	\$ 3,924,581	\$ 12,213,860		90.78%	\$ 4,002,856	29.75%	
2015-16	12,567,077	7,559,599	60.15%	3,279,434	10,839,033		86.25%	3,812,167	30.33%	
2014-15	13,160,900	12,896,358	97.99%	827,972	13,724,330		104.28%	2,462,240	18.71%	
2013-14	12,867,584	12,599,469	97.92%	521,802	13,121,271		101.97%	3,184,962	24.75%	
2012-13	12,457,549	12,299,417	98.73%	916,967	13,216,384		106.09%	2,713,540	21.78%	
2011-12	10,894,220	9,135,852	83.86%	1,957,654	11,093,506		101.83%	5,146,710	47.24%	
2010-11	9,359,592	8,747,619	93.46%	194,387	8,942,006		95.54%	5,367,481	57.35%	
2009-10	9,050,359	8,631,704	95.37%	363,287	8,994,991		99.39%	2,069,958	22.87%	
2008-09	9,313,787	8,891,496	95.47%	128,374	9,019,870		96.84%	1,525,225	16.38%	
2007-08	8,815,450	8,517,421	96.62%	280,676	8,798,097		99.80%	2,121,451	24.07%	

(1) Exclusive of penalties and interest.



Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
					Real Estate	Personal Property	
2016-17	\$ 1,364,073,644	\$ 136,088,656	\$ 151,109,249	\$ 774,644	\$ 107,045,402	\$ 191,687	\$ 1,759,283,282
2015-16	1,377,223,700	134,806,776	96,449,867	807,876	116,712,808	238,089	1,726,239,116
2014-15	1,390,386,000	138,302,847	122,746,615	745,341	113,807,768	264,543	1,766,253,114
2013-14	1,471,653,492	140,183,821	137,652,367	936,673	111,285,447	284,982	1,861,996,782
2012-13	1,467,556,192	150,444,999	100,668,822	728,086	105,721,465	249,781	1,825,369,345
2011-12	1,427,628,192	120,235,607	82,207,942	792,469	61,196,373	169,334	1,692,229,917
2010-11	1,093,381,069	128,742,527	65,275,601	822,585	61,015,901	181,474	1,349,419,157
2009-10	1,069,562,685	113,496,700	65,964,070	671,287	65,016,120	144,107	1,314,854,969
2008-09	970,579,579	125,410,393	59,682,284	883,644	64,133,685	141,025	1,220,830,610
2007-08	911,733,593	123,235,367	52,816,288	906,980	66,060,474	142,983	1,154,895,685

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property (2)	Machinery and Tools (2)	Merchant's Capital
2016-17	\$ 0.56	1.82	\$ 1.82	10.50
2015-16	0.56	1.82	1.82	10.50
2014-15	0.56	1.82	1.82	10.50
2013-14	0.56	1.82	1.82	10.50
2012-13	0.60	1.69	1.69	10.50
2011-12	0.60	1.69	1.69	10.50
2010-11	0.60	1.69	1.69	10.50
2009-10	0.60	1.69	1.69	10.50
2008-09	0.60	1.69	1.69	10.50
2007-08	0.60	1.69	1.69	10.50

(1) Per \$100 of assessed value.

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2016-17	15,903	\$ 1,759,283	\$ 17,957,407	\$ 17,957,407	1.02%	\$ 1,129
2015-16	15,903	1,726,239	44,313,634	44,313,634	2.57%	2,786
2014-15	15,903	1,766,253	51,282,301	51,282,301	2.90%	3,225
2013-14	15,903	1,861,997	31,599,532	31,599,532	1.70%	1,987
2012-13	15,903	1,825,369	26,242,957	26,242,957	1.44%	1,650
2011-12	15,903	1,692,230	985,000	985,000	0.06%	62
2010-11	15,903	1,349,419	1,070,000	1,070,000	0.08%	67
2009-10	16,395	1,314,855	1,155,000	1,155,000	0.09%	70
2008-09	16,395	1,220,831	1,338,676	1,338,676	0.11%	82
2007-08	16,395	1,154,896	1,747,016	1,747,016	0.15%	107

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.  
Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2016-17	\$ 27,661,723	\$ 989,752	\$ 28,651,475	\$ 75,660,935	37.87%
2015-16	16,312,703	1,720,325	18,033,028	81,852,108	22.03%
2014-15	952,545	1,837,030	2,789,575	70,955,457	3.93%
2013-14	12,949,183	1,171,872	14,121,055	101,298,531	13.94%
2012-13	849,331	901,841	1,751,172	51,277,568	3.42%
2011-12	644,902	175,943	820,845	52,026,199	1.58%
2010-11	621,900	198,493	820,393	50,276,140	1.63%
2009-10	684,273	188,496	872,769	50,885,408	1.72%
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%

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

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

---

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

---

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units School Board and Public Service Authority, each major fund, and the aggregate remaining fund information of the County of Dickenson, Virginia as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Dickenson, Virginia's basic financial statements and have issued our report thereon dated January 18, 2018. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit Industrial Development Authority, as described in our report on the County of Dickenson, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness. (2017-001)

## Compliance and Other Matters

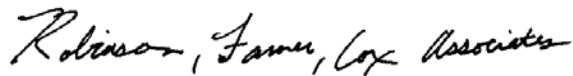
As part of obtaining reasonable assurance about whether the County of Dickenson, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

## County of Dickenson, Virginia's Response to Findings

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

## Purpose of this Report

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



Blacksburg, Virginia  
January 18, 2018

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

### Report on Compliance for Each Major Federal Program

We have audited the County of Dickenson, Virginia's compliance with the types of compliance requirements described in the *OMB 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, 2017. The County of Dickenson, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Dickenson, Virginia's basic financial statements include the operations of the Dickenson County Public Service Authority, which received \$821,116 in federal awards which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2017. Our audit, described below, did not include the operations of Dickenson County Public Service Authority because the component unit engaged other auditors to perform an audit of compliance for the Uniform Guidance.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the County of Dickenson, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Dickenson, Virginia's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the County of Dickenson, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

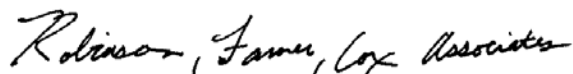
### **Report on Internal Control over Compliance**

Management of the County of Dickenson, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Dickenson, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Blacksburg, Virginia  
January 18, 2018



County of Dickenson, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	706116/760117	\$ 52,486
Promoting Safe and Stable Families	93.556	950115/950116	28,347
Temporary Assistance for Needy Families (TANF)	93.558	400116/400117	285,338
Refugee and Entrant Assistance - State Administered Programs	93.566	500116/500117	983
Low-Income Home Energy Assistance	93.568	600416/600417	36,734
Chaffee Education and Training Vouchers Program (ETV)	93.599	9160115/9160116	6,256
Adoption and Legal Guardianship Incentive Payments	93.603	1130114	3,500
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900116	392
Foster Care - Title IV-E	93.658	1100116/1100117	352,846
Adoption Assistance	93.659	1120116/1120117	495,028
Social Services Block Grant	93.667	1000116/1000117	276,412
Chafee Foster Care Independence Program	93.674	9150116/9150117	7,389
Children's Health Insurance Program	93.767	0540116/0540117	15,246
Medical Assistance Program	93.778	1200116/1200117	483,564
Total Department of Health and Human Service:			\$ 2,044,521
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants	10.766	Not applicable	\$ 4,617
Pass Through Payments:			
Department of Education:			
School and Roads - Grants to States	10.665	43841	8,353
Child Nutrition Cluster:			
School Breakfast Program	10.553	40253/40591	\$ 218,772
National School Lunch Program	10.555	40254	\$ 574,072
Department of Agriculture:			
Food Distribution (Note 3) - inventory	10.555	Not Applicable	88,468 662,540
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010116/0010117/0040116/0040117	380,930
Total Department of Agriculture			\$ 1,275,212
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	50790	\$ 12,000
Department of Justice:			
Pass Through Payments:			
Office for Victims of Crime:			
Crime Victim Assistance	16.575	86015	\$ 33,716
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
National Priority Safety Programs	20.616	Unknown	\$ 8,555
Alcohol Open Container Requirements	20.607	Unknown	4,988
Total Department of Transportation			\$ 13,543
Department of Defense:			
Pass Through Payments:			
Department of Environmental Quality:			
Payments to States in Lieu of Real Estate Taxes	12.112	42845	\$ 968

County of Dickenson, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42892/42901/42933 42935/42945/42955	\$ 625,457
<i>Special Education Cluster:</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	43071	\$ 529,065
Special Education - Preschool Grants (IDEA Preschool)	84.173	62521	30,101
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	61095/61159	43,761
Rural Education	84.358	43481	49,033
Supporting Effective Instruction State Grant	84.367	61480	192,004
Advanced Placement Program	84.330	60957	38
Total Department of Education			<u>\$ 1,469,459</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	110273/62744000/6274500	\$ 21,918
Total Expenditures of Federal Awards			<u>\$ 4,871,337</u>

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

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of County of Dickenson, Virginia and its component units under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budgets Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County of Dickenson, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Dickenson, Virginia.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.

Note 4 -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2017.

Note 5 -- 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 (less payments in lieu of taxes)	\$ 2,545,351
Flood Control Projects Not Subject to Single Audit Requirements	(34,106)
School Construction Projects	34,934,220
Flood Control Projects Not Subject to Single Audit Requirements	(34,538,545)
QCSB Interest Subsidy	(395,675)
Total primary government	<u>\$ 2,511,245</u>

Component Unit School Board:

School Operating Fund	<u>\$ 2,360,092</u>
-----------------------	---------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 4,871,337</u>
---	---------------------

County of Dickenson, Virginia

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

---

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplement Nutrition Program
10.553/10.555	Child Nutrition Cluster
84.010	Title I: Grants to Local Educational Agencies
93.659	Adoption Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Schedule of Findings and Questioned Costs (continued)  
For the Year Ended June 30, 2017

---

Section II - Financial Statement Findings

2017-001

---

Criteria:	Per Statement on Auditing Standards 115, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to post such transactions is not a component of the auditee's internal controls.
Condition:	The County's 2017 adjusted trial balance required significant adjusting entries that were made by the auditors.
Cause:	The County failed to identify all year end accounting adjustments necessary for the financial statements to be prepared in accordance with current reporting standards. The County does not have proper controls in place to detect and correct adjustments in closing their year end financial information.
Effect:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal controls over financial reporting.
Recommendation:	Management should continue to implement and follow review procedures to make adjustments in a timely manner.
Management's Response:	Management is dedicated to complying with the concepts set forth in Statement on Auditing Standards 115 and will make efforts in the future to eliminate material misstatements from its adjusted trial balance.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior audit findings related to federal awards.