

COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010

**COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report	2-3
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	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	1	4
Statement of Activities	2	5
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	9
Statement of Fiduciary Net Assets	7	10
Notes to Financial Statements		11-37

Required Supplementary Information:

Combining and Individual Fund Statements and Schedules:		
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual - General Fund	8	38
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual – Special Revenue Fund - Coal Road Tax Fund	9	39
Schedules of Funding Progress	10	40

OTHER SUPPLEMENTARY INFORMATION SECTION

Supplementary Financial Statements:

Combining Statement of Fiduciary Net Assets – Fiduciary Funds	11	41
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**COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION SECTION (continued)

	<u>Exhibit</u>	<u>Page</u>
Supplementary Financial Statements: (continued)		
Discretely Presented Component Unit – School Board:		
Balance Sheet.....	12	42
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13	43
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	14	44
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues – Budget and Actual – Governmental Funds	1	45-49
Schedule of Expenditures – Budget and Actual – Governmental Funds	2	50-53
	<u>Table</u>	<u>Page</u>
Other Statistical Information:		
Government-wide information:		
Government-Wide Expenses by Function.....	1	54
Government-Wide Revenues.....	2	55
Fund information:		
General Governmental Expenditures by Function.....	3	56
General Governmental Revenues by Source.....	4	57
Property Tax Levies and Collections.....	5	58
Assessed Value of Taxable Property	6	59
Property Tax Rates	7	60
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	8	61
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	62

**COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION

Page

Compliance:

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>	63-64
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	65-66
Schedule of Expenditures of Federal Awards	67-68
Notes to Schedule of Expenditures of Federal Awards	69
Schedule of Findings, Responses, and Questioned Costs	70-71

INTRODUCTORY SECTION

COUNTY OF DICKENSON, VIRGINIA

BOARD OF SUPERVISORS

Delano Sykes, Vice-chair
Teddy Bailey

Roger Stanley, Chair

Donnie Rife
Shelbie Willis

COUNTY SCHOOL BOARD

William Patton
Susan Mullins

Dr. Jewell Askins, Chair

Dr. Lurton B. Lyle, Vice-chair
Rocky Barton

SOCIAL SERVICES BOARD

Kenneth Childress
Carroll Dean Rasnick

Gary Hall, Chair

Ginger Senter
Charlie Turner

PUBLIC SERVICE AUTHORITY BOARD

Don Mullins
Scott Moore

Damon Rasnick, Chair

Delano Sykes
Zane Counts

BEHAVIORAL HEALTH SERVICES

Richard Edwards
Roger Deel
Henry Spangler

Smiddy Harrison, Chair

Gary Artrip
Carol Robinette
T.J. Fryatt

OTHER OFFICIALS

Clerk of the Circuit Court Richard Edwards
Commonwealth's Attorney..... Joe Short
Commissioner of the Revenue Ronnie Robbins
Treasurer..... Danny Edwards
Sheriff..... Bobby Hammons
Superintendent of Schools Haydee Robinson
Director of Social Services Harry T. Mullins
County Administrator..... Mark Vanover

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Dickenson, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Dickenson, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Dickenson, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2011, on our consideration of the County of Dickenson, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has elected to omit Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America.

The budgetary comparison information and the Schedules of Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the budgetary comparison information and the Schedules of

Funding Progress, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Dickenson, Virginia. The combining and individual statements and schedules, supporting schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Turner, Co. Associates

Christiansburg, Virginia
March 11, 2011

Basic Financial Statements

County of Dickenson, Virginia
Statement of Net Assets
June 30, 2010

	Primary Government	Component Units	
	Governmental Activities	School Board	Public Service Authority
ASSETS			
Cash and investments	\$ 466,244	\$ 4,283,237	\$ 931,298
Cash in custody of others	-	1,100	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,066,647	-	-
Other local taxes receivable	554,939	-	-
Accounts receivable	-	-	242,579
Due from component unit	1,480,667	-	-
Due from other governmental units	1,344,347	775,723	349,770
Prepaid expenses	-	160,963	39,642
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	4,149,980	-	274,133
Capital assets (net of accumulated depreciation):			
Land	2,725,519	1,862,000	34,592
Buildings and system	6,813,040	1,635,112	127,742
Machinery and equipment	2,033,328	1,506,169	94,022
Infrastructure	-	-	21,159,620
Construction in progress	-	-	7,820,103
Total assets	\$ 21,634,711	\$ 10,224,304	\$ 31,073,501
LIABILITIES			
Accounts payable	\$ 118,669	\$ 127,812	\$ 604,019
Reconciled overdraft	2,808,599	-	-
Accrued liabilities	50,424	2,849,007	-
Customers' deposits	-	-	163,929
Accrued interest payable	118,027	-	23,419
Due to primary government	-	1,480,667	-
Due to other governmental units	439,630	-	-
Deferred revenue	453,482	-	-
Line of credit	-	-	18,719
Long-term liabilities:			
Due within one year	621,469	-	179,019
Due in more than one year	5,105,988	1,265,786	7,562,436
Total liabilities	\$ 9,716,288	\$ 5,723,272	\$ 8,551,541
NET ASSETS			
Invested in capital assets, net of related debt	\$ 6,681,725	\$ 5,003,281	\$ 21,576,907
Restricted for:			
Construction	51	-	-
Coal Road	4,240,384	-	-
Other	-	-	110,204
Unrestricted (deficit)	996,263	(502,249)	834,849
Total net assets	\$ 11,918,423	\$ 4,501,032	\$ 22,521,960

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, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board	Public Service Authority
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,787,393	\$ 335,551	\$ 288,200	\$ -	\$ (1,183,642)	\$ -	\$ -
Judicial administration	1,109,611	42,101	446,383	-	(621,127)	-	-
Public safety	3,505,608	25,262	1,114,026	-	(2,366,320)	-	-
Public works	2,563,389	181,003	7,269	-	(2,375,117)	-	-
Health and welfare	8,756,538	1,316,630	5,966,602	-	(1,473,306)	-	-
Education	6,335,489	-	-	-	(6,335,489)	-	-
Parks, recreation, and cultural	513,311	8,923	34,953	-	(469,435)	-	-
Community development	7,059,122	-	-	2,222,045	(4,837,077)	-	-
Interest on long-term debt	118,545	-	-	-	(118,545)	-	-
Total governmental activities	\$ 31,749,006	\$ 1,909,470	\$ 7,837,433	\$ 2,222,045	\$ (19,780,056)	\$ -	\$ -
Total primary government	\$ 31,749,006	\$ 1,909,470	\$ 7,837,433	\$ 2,222,045	\$ (19,780,056)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 27,806,955	\$ 427,004	\$ 18,446,976	\$ 814,914	\$ -	\$ (8,118,061)	\$ -
Public Service Authority	2,812,572	2,287,075	651,046	4,499,186	-	-	4,624,735
Total component units	\$ 30,619,527	\$ 2,714,079	\$ 19,098,022	\$ 5,314,100	\$ -	\$ (8,118,061)	\$ 4,624,735
General revenues:							
General property taxes					\$ 9,495,473	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					827,667	-	-
Consumers' utility taxes					329,910	-	-
Consumption taxes					66,275	-	-
Vehicle reg. withholding stops					14,880	-	-
Bank stock taxes					43,665	-	-
Hotel and motel room taxes					12,484	-	-
Coal severance taxes					7,510,028	-	-
Unrestricted revenues from use of money and property					30,472	6,317	189
Miscellaneous					261,355	634,195	152,007
Payments from County of Dickenson					1,198,714	-	-
Grants and contributions not restricted to specific programs					-	-	2,200
Gain on disposal of capital assets					-	6,897,173	154,396
Total general revenues					\$ 19,790,923	\$ 6,897,173	\$ 154,396
Change in net assets					\$ 10,865	\$ (1,220,888)	\$ 4,779,131
Net assets - beginning, as restated					11,907,558	5,721,920	17,742,829
Net assets - ending					\$ 11,918,423	\$ 4,501,032	\$ 22,521,960

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

County of Dickenson, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Coal Road Tax</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 466,244	\$ -	\$ 466,244
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,066,647	-	2,066,647
Other local taxes receivable	554,939	-	554,939
Accounts receivable	-	-	-
Due from other funds	-	90,455	90,455
Due from component unit	1,480,667	-	1,480,667
Due from other governmental units	1,344,347	-	1,344,347
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	51	4,149,929	4,149,980
Total assets	<u>\$ 5,912,895</u>	<u>\$ 4,240,384</u>	<u>\$ 10,153,279</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 118,669	\$ -	\$ 118,669
Reconciled overdraft	2,808,599	-	2,808,599
Accrued liabilities	50,424	-	50,424
Due to other funds	90,455	-	90,455
Due to other governmental units	439,630	-	439,630
Deferred revenue	2,173,834	-	2,173,834
Total liabilities	<u>\$ 5,681,611</u>	<u>\$ -</u>	<u>\$ 5,681,611</u>
Fund balances:			
Reserved for:			
Construction	\$ 51	\$ -	\$ 51
Coal Road	-	4,240,384	4,240,384
Unreserved:			
Designated, reported in:			
Unreserved (deficit)	231,233	-	231,233
Total fund balances	<u>\$ 231,284</u>	<u>\$ 4,240,384</u>	<u>\$ 4,471,668</u>
Total liabilities and fund balances	<u>\$ 5,912,895</u>	<u>\$ 4,240,384</u>	<u>\$ 10,153,279</u>

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

County of Dickenson, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 4,471,668
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,571,887
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,720,352
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,845,484)
Net assets of governmental activities	<u>\$ 11,918,423</u>

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

County of Dickenson, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	<u>General</u>	<u>Coal Road Tax</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 9,128,477	\$ -	\$ 9,128,477
Other local taxes	5,267,906	3,537,003	8,804,909
Permits, privilege fees, and regulatory licenses	18,382	-	18,382
Fines and forfeitures	41,078	-	41,078
Revenue from the use of money and property	18,497	11,975	30,472
Charges for services	1,850,010	-	1,850,010
Miscellaneous	261,355	-	261,355
Recovered costs	95,004	-	95,004
Intergovernmental revenues:			
Commonwealth	7,288,991	-	7,288,991
Federal	3,969,201	-	3,969,201
Total revenues	<u>\$ 27,938,901</u>	<u>\$ 3,548,978</u>	<u>\$ 31,487,879</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,741,323	\$ -	\$ 1,741,323
Judicial administration	1,107,320	-	1,107,320
Public safety	3,852,444	-	3,852,444
Public works	2,446,667	105,084	2,551,751
Health and welfare	8,627,325	-	8,627,325
Education	6,112,516	-	6,112,516
Parks, recreation, and cultural	511,050	-	511,050
Community development	3,869,528	3,220,969	7,090,497
Debt service:			
Principal retirement	684,273	-	684,273
Interest and other fiscal charges	188,496	-	188,496
Total expenditures	<u>\$ 29,140,942</u>	<u>\$ 3,326,053</u>	<u>\$ 32,466,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,202,041)</u>	<u>\$ 222,925</u>	<u>\$ (979,116)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of capital leases	\$ 179,993	\$ -	\$ 179,993
Total other financing sources (uses)	<u>\$ 179,993</u>	<u>\$ -</u>	<u>\$ 179,993</u>
Net change in fund balances	\$ (1,022,048)	\$ 222,925	\$ (799,123)
Fund balances - beginning, as restated	1,253,332	4,017,459	5,270,791
Fund balances - ending	<u>\$ 231,284</u>	<u>\$ 4,240,384</u>	<u>\$ 4,471,668</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, 2010

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

Net change in fund balances - total governmental funds	\$ (799,123)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(39,283)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	366,996
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	505,036
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.	(22,761)
Change in net assets of governmental activities	<u>\$ 10,865</u>

County of Dickenson, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 37,445
Total assets	\$ 37,445
 LIABILITIES	
Amounts held for social services clients	\$ 10,115
Amounts held for Town of Clinchco	2,613
Amounts held for Town of Clintwood	20,612
Amounts held for Town of Haysi	4,080
Amounts held for County employees' fringe benefits	25
Total liabilities	\$ 37,445

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

COUNTY OF DICKENSON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

Blended component units - None

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

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

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

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

Jointly Governed Organizations - The County of Dickenson and the Counties of Wise, Lee, Scott, the 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, 2010, the County contributed \$337,683 to the Library.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

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

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for un-collectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$420,968 at June 30, 2010 and is comprised of property taxes.

5. Use of Estimates

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

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

6. Capital assets (continued)

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

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

7. Compensated Absences

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

8. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Net Assets

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

Note 2-Reconciliation of Government-Wide and Fund Financial Statements:

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(5,845,484) and \$(1,265,786) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Lease purchase agreements	\$(3,567,893)	\$ -
Note payable	(136,356)	
Bond payable	(1,155,000)	-
Unamortized bond premium	(30,913)	-
Accrued interest payable	(118,027)	-
Landfill accrued post-closure monitoring costs	(336,121)	-
Net OPEB obligation	-	(408,778)
Compensated absences	(501,174)	(857,008)
	<hr/>	<hr/>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (5,845,484)</u>	<u>\$ (1,265,786)</u>

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$(39,283) and \$(90,628) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Capital outlays	\$ 550,510	\$ 295,682
Depreciation expense	<u>(589,793)</u>	<u>(386,310)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (39,283)</u>	<u>\$ (90,628)</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$(22,761) and \$31,521 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
(Increase) decrease in compensated absences	\$ (89,620)	\$ 31,521
(Increase) decrease in accrued interest	<u>66,859</u>	<u>-</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (22,761)</u>	<u>\$ 31,521</u>

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

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

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The detail of this \$505,036 difference in the primary government is as follows:

	Primary Government
Debt Issued or Incurred:	
Accrued landfill postclosure monitoring costs	\$ (2,336)
Proceeds of lease purchase agreement	(179,993)
Principal Payments:	
Literary loans	98,676
Note payable	41,635
DCWIN Bond	85,000
Lease purchase agreements	458,962
Amortization of bond premium	3,092
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>505,036</u>

Note 3-Stewardship, Compliance, and Accountability:

- A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

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

A. Budgetary information (continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Deficit fund equity

At June 30, 2010, the Enhanced E-911 fund had deficit fund equity of \$(1,220,568). This fund has been included with the General Fund for financial statement presentation.

Note 4-Deposits and Investments:

Deposits:

All cash of the County and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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, 2010, the County had no investments.

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
State sales tax	\$ 133,096	\$ 340,936
Categorical aid-shared expenses	134,158	-
Categorical aid-Comprehensive Services Act	159,903	-
Categorical aid-Virginia Public Assistance	292,262	-
Other state aid	624,928	-
<u>Federal Government:</u>		
Categorical aid-other	-	434,787
Totals	<u>\$ 1,344,347</u>	<u>\$ 775,723</u>

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 1,480,667
Component Unit - School Board:		
School Fund	\$ 1,480,667	\$ -

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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	Bond Payable		Note Payable	
	Principal	Interest	Principal	Interest
2011	\$ 85,000	\$ 50,692	\$ 43,488	\$ 6,068
2012	85,000	47,657	45,423	4,133
2013	95,000	44,660	47,445	2,111
2014	95,000	41,476	-	-
2015	100,000	33,895	-	-
2016-2020	565,000	92,756	-	-
2021	130,000	2,665	-	-
Totals	\$ 1,155,000	\$ 313,801	\$ 136,356	\$ 12,312

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2010:

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Literary loans payable	\$ 98,676	\$ -	\$ (98,676)	\$ -
Note payable	177,991	-	(41,635)	136,356
Bond payable	1,240,000	-	(85,000)	1,155,000
Bond premium	34,005	-	(3,092)	30,913
Lease purchase agreements	3,846,862	179,993	(458,962)	3,567,893
Landfill postclosure liability	333,785	2,336	-	336,121
Compensated absences	411,554	114,559	(24,939)	501,174
Total	\$ 6,142,873	\$ 296,888	\$ (712,304)	\$ 5,727,457

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bond:</u>		
\$1,475,000 bond issued June 8, 2005. Interest payments will commence on October 1, 2005 and continued through October 1, 2020. Interest rates vary from 3.1% to 4.9295%. Principal amounts varying from \$75,000 to \$130,000 are due each October 1st starting in 2006 and continuing until 2020.	\$ 1,155,000	85,000
Add: Premium on bond	<u>30,913</u>	<u>-</u>
Total General Obligation Bond	\$ <u>1,185,913</u>	<u>85,000</u>
<u>Other Obligations:</u>		
Capital leases (Note 8)	\$ 3,567,893	\$ 492,981
Landfill post-closure monitoring liability	336,121	-
Compensated absences	501,174	-
Note payable	\$ <u>136,356</u>	\$ <u>43,488</u>
Total Other Obligations	\$ <u>4,541,544</u>	\$ <u>536,469</u>
Total Long-Term Obligations	\$ <u><u>5,727,457</u></u>	\$ <u><u>621,469</u></u>

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 8-Capital Lease:

Primary Government:

The County has previously entered into the lease agreements for the acquisition of a fire pumper, fire truck, police cars, packer trucks, school buses, and energy improvements to schools. During 2010, the County entered into a new fire truck lease.

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

Asset:	<u>Police Cars</u>	<u>Fire Trucks</u>	<u>School Buses</u>	<u>Packer Trucks</u>
Equipment	\$ 160,562	\$ 275,118	\$ 1,020,729	\$ 498,069
Less: Accumulated Depreciation	(144,467)	(44,018)	(254,716)	(120,082)
Total	<u>\$ 16,095</u>	<u>\$ 231,100</u>	<u>\$ 766,013</u>	<u>\$ 377,987</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2010, are as follows:

Year Ending June 30,	Lease Purchase
2011	641,179
2012	641,178
2013	424,311
2014	305,048
2015	305,048
2016-2020	1,376,033
2021-2023	<u>781,810</u>
Sub-total	\$ 4,474,607
Less, amount representing interest	<u>(906,714)</u>
Present Value of Lease Agreement	<u>\$ 3,567,893</u>

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 9-Long-Term Debt-Component Unit School Board:

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the Component Unit-School Board for the year ended June 30, 2010:

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Net OPEB obligation	\$ 268,400	\$ 140,378	\$ -	\$ 408,778
Compensated absences	888,529	-	(31,521)	857,008
	<u>1,156,929</u>	<u>140,378</u>	<u>(31,521)</u>	<u>1,265,786</u>
Total	\$ 1,156,929	\$ 140,378	\$ (31,521)	\$ 1,265,786

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Net OPEB obligation	\$ 408,778	\$ -
Compensated absences	857,008	-
Total Long-Term Obligations	<u>\$ 1,265,786</u>	<u>\$ -</u>

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Note 10-Employee Retirement System and Pension Plans:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65.

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2009 was 6.94% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2010 was 23.29% of the annual covered payroll.

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 10-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost

For fiscal year 2010, the County's annual pension cost was equal to the County's required contribution.

	Primary Government	Discretely Presented Component Unit
	County Retirement Plan	School Board Non-Professional Retirement Plan
Contribution rates for fiscal year ended 6/30/08:		
Employer	6.94%	23.29%
Plan members ¹	5.00%	5.00%
Annual pension cost	\$440,610	\$401,440
Contributions made	\$440,610	\$401,440
Actuarial valuation date	6/30/2009	6/30/2009
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent, Open	Level Percent, Open
Payroll growth rate	2.50%	2.50%
Remaining amortization period	20 Years	20 Years
Asset valuation method	Modified Market	Modified Market
Actuarial assumptions:		
Investment rate of return ²	7.50%	7.50%
Projected salary increases ²		
Non-LEO employees	3.75% to 5.60%	3.750% to 5.60%
LEO employees	3.50% to 4.75%	3.50% to 4.75%
Cost-of-living adjustments	2.50%	2.50%

¹ This member contribution has been assumed by the employer.

² Includes inflation at 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 10-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost (continued)

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2008	\$ 396,549	100.00%	\$ -
	6/30/2009	428,202	100.00%	-
	6/30/2010	440,610	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2008	\$ 402,303	100.00%	\$ -
	6/30/2009	409,402	100.00%	-
	6/30/2010	401,440	100.00%	-

¹ Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Dickenson, Virginia's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Dickenson, Virginia's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2009, the most recent actuarial valuation date, the plan was 86.28% funded. The actuarial accrued liability for benefits was \$21,165,196, and the actuarial value of assets was \$18,261,152, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,904,044. The covered payroll (annual payroll of active employees covered by the plan) was \$6,212,991, and ratio of the UAAL to the covered payroll was 46.74%.

Note 10-Employee Retirement System and Pension Plans: (continued)

D. Funded Status and Funding Progress (continued)

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 55.32% funded. The actuarial accrued liability for benefits was \$10,879,139, and the actuarial value of assets was \$6,018,752, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,860,387. The covered payroll (annual payroll of active employees covered by the plan) was \$1,747,764, and ratio of the UAAL to the covered payroll was 278.09%.

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

E. Discretely Presented Component – School Board (Professional Employees)

Plan Description

The Dickenson County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be downloaded from the System's web site at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$832,179, \$1,006,620, and \$1,157,296 for the fiscal years ended 2010, 2009, and 2008, respectively. Employer contributions represented 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, 10.30%, and 9.20% of covered payroll for the fiscal years ended 2009, and 2008, respectively.

Note 11-Other Post-Employment Benefits:

A. Plan Description

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

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 2010, 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 9/1/2009):

Monthly Premiums:	Retiree Only	Retiree and One Child	Retiree and Spouse/Family
Anthem (PPO)	\$ 402.83	\$ 644.53	\$ 1,098.64
Anthem Dental	22.99	30.57	47.80

Retiree Contributions:	Retiree Only	Retiree and One Child	Retiree and Spouse/Family
Anthem (PPO)	\$ 25.00	\$ 30.00	\$ 50.00
Anthem Dental	-	7.58	24.81

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 11-Other Post-Employment Benefits: (continued)

C. Annual OPEB Cost and Net OPEB Obligation

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

	School Board
Annual required contribution	\$ 681,900
Interest on net OPEB obligation	10,736
Adjustment to annual required contribution	(10,958)
Annual OPEB cost (expense)	681,678
Estimated pay-as-you-go contributions	(541,300)
Increase in net OPEB obligation	140,378
Net OPEB obligation - beginning of year	268,400
Net OPEB obligation - end of year	<u>\$ 408,778</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 661,400	59%	\$ 268,400
6/30/2010	681,678	79%	408,778

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$7,777,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$14,359,100, and ratio of the UAAL to the covered payroll was 54.16%.

Note 11-Other Post-Employment Benefits: (continued)

D. Funded Status and Funding Progress (continued)

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

E. Actuarial Methods and Assumptions

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

In the June 30, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return and a 3.75% payroll growth rate per annum. An annual healthcare cost trend rate of 8.1 percent initially, reduced by varying amounts until an ultimate rate of 4.5 percent is reached in year 2061. Dental trend rates were held constant at 4.5 percent for all years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2009, was 30 years.

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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,720,519	\$ 5,000	\$ -	\$ 2,725,519
Total capital assets not being depreciated	<u>\$ 2,720,519</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 2,725,519</u>
Capital assets, being depreciated:				
Buildings	\$ 12,353,080	\$ 14,726	\$ -	\$ 12,367,806
Machinery and equipment	3,401,411	530,784	-	3,932,195
Total capital assets being depreciated	<u>\$ 15,754,491</u>	<u>\$ 545,510</u>	<u>\$ -</u>	<u>\$ 16,300,001</u>
Less: accumulated depreciation for:				
Buildings	\$ (5,250,481)	\$ (304,285)	\$ -	\$ (5,554,766)
Machinery and equipment	(1,613,359)	(285,508)	-	(1,898,867)
Total accumulated depreciation	<u>\$ (6,863,840)</u>	<u>\$ (589,793)</u>	<u>\$ -</u>	<u>\$ (7,453,633)</u>
Total capital assets being depreciated, net	<u>\$ 8,890,651</u>	<u>\$ (44,283)</u>	<u>\$ -</u>	<u>\$ 8,846,368</u>
Governmental activities capital assets, net	<u>\$ 11,611,170</u>	<u>\$ (39,283)</u>	<u>\$ -</u>	<u>\$ 11,571,887</u>

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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 12-Capital Assets: (continued)

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

Governmental activities:			
General government		\$	93,603
Judicial administration			3,321
Public safety			167,597
Public works			67,478
Health and welfare			26,903
Education			222,973
Parks, recreation, and culture			2,871
Community development			5,047
			<u>589,793</u>
Total depreciation expense-governmental activities		\$	<u>589,793</u>

Capital asset activity for the School Board for the year ended June 30, 2010 was as follows:

Discretely Presented Component Unit:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,862,000	\$ -	\$ -	\$ 1,862,000
Capital assets, being depreciated:				
Buildings	\$ 6,027,801	\$ -	\$ -	\$ 6,027,801
Machinery and equipment	4,637,719	295,682	-	4,933,401
Total capital assets being depreciated	\$ 10,665,520	\$ 295,682	\$ -	\$ 10,961,202
Less: accumulated depreciation for:				
Buildings	\$ (4,271,781)	\$ (120,908)	\$ -	\$ (4,392,689)
Machinery and equipment	(3,161,830)	(265,402)	-	(3,427,232)
Total accumulated depreciation	\$ (7,433,611)	\$ (386,310)	\$ -	\$ (7,819,921)
Total capital assets being depreciated, net	\$ 3,231,909	\$ (90,628)	\$ -	\$ 3,141,281
Governmental activities capital assets, net	\$ 5,093,909	\$ (90,628)	\$ -	\$ 5,003,281

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 13-Risk Management:

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

Note 14-Contingent Liabilities:

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

Note 15-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Richard Edwards, Clerk of the Circuit Court	\$ 103,000
Danny Edwards, Treasurer	400,000
Ronnie Robbins, 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

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 15-Surety Bonds: (continued)

Component Unit – School Board:

Nationwide Insurance-Surety		
Judy Compton	\$	10,000
Clerk of the School Board		10,000
Monica Wright, Deputy Clerk of the School Board		10,000
All School Board employees: blanket bond		10,000

Note 16-Landfill Post-closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The landfill has stopped accepting waste and \$336,121 is the total estimated post-closure care liability at June 30, 2010. The liability represents what it cost to perform all post-closure care in 2010. 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.

Note 17-Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling \$2,173,834 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$453,482 at June 30, 2010.

Property Taxes Receivable – Taxes billed and not due until after June 30, 2010, less amounts received 60 days after the period end totaled \$1,720,352 at June 30, 2010.

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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 18—Restatement of Beginning Fund Balance/Net Assets:

	<u>Fund Balances</u>	<u>Net Assets</u>
Primary Government:		
Governmental Funds/Activities:		
As previously stated	\$ 1,337,396	\$ 12,059,592
Increase in accounts payable	(84,064)	(84,064)
Increase in compensated absences	-	(67,970)
Restated amount	<u>\$ 1,253,332</u>	<u>\$ 11,907,558</u>

Required Supplementary Information

County of Dickenson, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 10,033,181	\$ 10,033,181	\$ 9,128,477	\$ (904,704)
Other local taxes	7,561,630	7,561,630	5,267,906	(2,293,724)
Permits, privilege fees, and regulatory licenses	500	500	18,382	17,882
Fines and forfeitures	38,850	38,850	41,078	2,228
Revenue from the use of money and property	21,800	21,800	18,497	(3,303)
Charges for services	593,260	593,260	1,850,010	1,256,750
Miscellaneous	169,751	171,962	261,355	89,393
Recovered costs	52,150	52,150	95,004	42,854
Intergovernmental revenues:				
Commonwealth	5,808,391	5,808,391	7,288,991	1,480,600
Federal	418,032	468,032	3,969,201	3,501,169
Total revenues	<u>\$ 24,697,545</u>	<u>\$ 24,749,756</u>	<u>\$ 27,938,901</u>	<u>\$ 3,189,145</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,614,326	\$ 1,614,326	\$ 1,741,323	\$ (126,997)
Judicial administration	1,068,050	1,068,050	1,107,320	(39,270)
Public safety	4,169,658	4,221,869	3,852,444	369,425
Public works	2,623,519	2,623,519	2,446,667	176,852
Health and welfare	5,403,734	5,403,734	8,627,325	(3,223,591)
Education	6,887,428	6,487,428	6,112,516	374,912
Parks, recreation, and cultural	496,904	496,904	511,050	(14,146)
Community development	2,315,626	2,715,626	3,869,528	(1,153,902)
Debt service:				
Principal retirement	-	-	684,273	(684,273)
Interest and other fiscal charges	-	-	188,496	(188,496)
Total expenditures	<u>\$ 24,579,245</u>	<u>\$ 24,631,456</u>	<u>\$ 29,140,942</u>	<u>\$ (4,509,486)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 118,300</u>	<u>\$ 118,300</u>	<u>\$ (1,202,041)</u>	<u>\$ (1,320,341)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 394,340	\$ 394,340	\$ -	\$ (394,340)
Proceeds of capital leases	-	500,000	179,993	(320,007)
Total other financing sources and uses	<u>\$ 394,340</u>	<u>\$ 894,340</u>	<u>\$ 179,993</u>	<u>\$ (714,347)</u>
Net change in fund balances	\$ 512,640	\$ 1,012,640	\$ (1,022,048)	\$ (2,034,688)
Fund balances - beginning, as restated	-	-	1,253,332	1,253,332
Fund balances - ending	<u>\$ 512,640</u>	<u>\$ 1,012,640</u>	<u>\$ 231,284</u>	<u>\$ (781,356)</u>

County of Dickenson, Virginia
Special Revenue Fund-Coal Road Tax
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 3,144,000	\$ 3,144,000	\$ 3,537,003	\$ 393,003
Revenue from the use of money and property	56,000	56,000	11,975	(44,025)
Total revenues	<u>\$ 3,200,000</u>	<u>\$ 3,200,000</u>	<u>\$ 3,548,978</u>	<u>\$ 348,978</u>
EXPENDITURES				
Current:				
Public works	\$ 300,000	\$ 300,000	\$ 105,084	\$ 194,916
Community development	2,900,000	2,900,000	3,220,969	(320,969)
Total expenditures	<u>\$ 3,200,000</u>	<u>\$ 3,200,000</u>	<u>\$ 3,326,053</u>	<u>\$ (126,053)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,925</u>	<u>\$ 222,925</u>
Net change in fund balances	\$ -	\$ -	\$ 222,925	\$ 222,925
Fund balances - beginning	-	-	4,017,459	4,017,459
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,240,384</u>	<u>\$ 4,240,384</u>

County of Dickenson, Virginia
Required Supplementary Information

Schedules of Funding Progress
For the Year Ended June 30, 2009

Defined Benefit Plan:

Primary Government:

County Retirement Plan:

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2009	\$ 18,261,152	\$ 21,165,196	\$ 2,904,044	86.28%	\$ 6,212,991	46.74%
June 30, 2008	17,799,030	20,039,614	2,240,584	88.82%	6,100,487	36.73%
June 30, 2007	16,025,423	17,778,526	1,753,103	90.14%	5,898,583	29.72%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2009	\$ 6,018,752	\$ 10,879,139	\$ 4,860,387	55.32%	\$ 1,747,764	278.09%
June 30, 2008	6,109,407	10,164,692	4,055,285	60.10%	1,719,468	235.85%
June 30, 2007	5,629,215	9,692,831	4,063,616	58.08%	1,670,921	243.20%

Other Post-Employment Benefits (OPEB):

Discretely Presented Component Unit:

Post-Retirement Medical Plan:

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
June 30, 2009	\$ -	\$ 7,777,600	\$ 7,777,600	0.00%	\$ 14,359,100	54.16%

OTHER SUPPLEMENTARY INFORMATION

Supplementary Financial Statements

FIDUCIARY FUNDS

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

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

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

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

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

County of Dickenson, Virginia
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

Agency Funds

		<u>Special Welfare</u>	<u>Town of Clinchco</u>	<u>Town of Clintwood</u>	<u>Town of Haysi</u>	<u>Fringe Benefits</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$	10,115	\$ 2,613	\$ 20,612	\$ 4,080	\$ 25	\$ 37,445
Total assets	\$	10,115	\$ 2,613	\$ 20,612	\$ 4,080	\$ 25	\$ 37,445
LIABILITIES							
Amounts held for social services clients	\$	10,115	-	-	-	-	10,115
Amounts held for Town of Clinchco		-	2,613	-	-	-	2,613
Amounts held for Town of Clintwood		-	-	20,612	-	-	20,612
Amounts held for Town of Haysi		-	-	-	4,080	-	4,080
Amounts held for County employees' fringe benefits		-	-	-	-	25	25
Total liabilities	\$	10,115	\$ 2,613	\$ 20,612	\$ 4,080	\$ 25	\$ 37,445

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

County of Dickenson, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2010

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 4,283,237
Cash in custody of others	1,100
Due from other governmental units	775,723
Prepaid items	160,963
Total assets	\$ 5,221,023
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 127,812
Accrued liabilities	2,849,007
Due to primary government	1,480,667
Total liabilities	\$ 4,457,486
Fund balances:	
Unreserved:	
Undesignated	\$ 763,537
Total fund balances	\$ 763,537
Total liabilities and fund balances	\$ 5,221,023
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 763,537
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,003,281
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,265,786)
Net assets of governmental activities	\$ 4,501,032

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, 2010

	<u>School Operating Fund</u>
REVENUES	
Revenue from the use of money and property	\$ 6,317
Charges for services	427,004
Miscellaneous	634,195
Intergovernmental revenues:	
Local government	6,033,688
Commonwealth	15,736,762
Federal	3,525,128
Total revenues	<u>\$ 26,363,094</u>
EXPENDITURES	
Current:	
Education	\$ 27,384,497
Total expenditures	<u>\$ 27,384,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,021,403)</u>
Net change in fund balances	\$ (1,021,403)
Fund balances - beginning, as restated	1,784,940
Fund balances - ending	<u>\$ 763,537</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	\$ (1,021,403)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(90,628)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(140,378)
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.	31,521
Change in net assets of governmental activities	<u>\$ (1,220,888)</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, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 40,200	\$ 40,200	\$ 6,317	\$ (33,883)
Charges for services	450,000	450,000	427,004	(22,996)
Miscellaneous	452,323	452,323	634,195	181,872
Intergovernmental revenues:				
Local government	6,805,542	6,405,542	6,033,688	(371,854)
Commonwealth	18,130,087	17,846,760	15,736,762	(2,109,998)
Federal	2,819,615	3,528,074	3,525,128	(2,946)
Total revenues	<u>\$ 28,697,767</u>	<u>\$ 28,722,899</u>	<u>\$ 26,363,094</u>	<u>\$ (2,359,805)</u>
EXPENDITURES				
Current:				
Education	\$ 29,619,846	\$ 30,749,088	\$ 27,384,497	\$ 3,364,591
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (922,079)</u>	<u>\$ (2,026,189)</u>	<u>\$ (1,021,403)</u>	<u>\$ 1,004,786</u>
Net change in fund balances	\$ (922,079)	\$ (2,026,189)	\$ (1,021,403)	\$ 1,004,786
Fund balances - beginning	1,031,009	2,135,119	1,784,940	(350,179)
Fund balances - ending	<u>\$ 108,930</u>	<u>\$ 108,930</u>	<u>\$ 763,537</u>	<u>\$ 654,607</u>

Supporting Schedules

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,624,067	\$ 6,624,067	\$ 6,436,418	\$ (187,649)
Real and personal public service corporation taxes	390,000	390,000	389,220	(780)
Personal property taxes	1,744,114	1,744,114	1,063,708	(680,406)
Mobile home taxes	75,000	75,000	79,115	4,115
Machinery and tools taxes	1,000,000	1,000,000	961,318	(38,682)
Merchant's capital taxes	80,000	80,000	65,212	(14,788)
Penalties	45,000	45,000	57,572	12,572
Interest	75,000	75,000	75,914	914
Total general property taxes	<u>\$ 10,033,181</u>	<u>\$ 10,033,181</u>	<u>\$ 9,128,477</u>	<u>\$ (904,704)</u>
Other local taxes:				
Local sales and use taxes	\$ 600,000	\$ 600,000	\$ 827,667	\$ 227,667
Consumers' utility taxes	671,500	671,500	329,910	(341,590)
Consumption taxes	-	-	66,275	66,275
Vehicle reg. withholding stops	15,000	15,000	14,880	(120)
Tax on deeds	35,000	35,000	43,665	8,665
Hotel and motel room taxes	12,000	12,000	12,484	484
Coal severance taxes	6,228,130	6,228,130	3,973,025	(2,255,105)
Total other local taxes	<u>\$ 7,561,630</u>	<u>\$ 7,561,630</u>	<u>\$ 5,267,906</u>	<u>\$ (2,293,724)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ -	\$ -	\$ 1,783	\$ 1,783
Transfer fees	500	500	500	-
Building permits	-	-	16,099	16,099
Total permits, privilege fees, and regulatory licenses	<u>\$ 500.00</u>	<u>\$ 500.00</u>	<u>\$ 18,382</u>	<u>\$ 17,882</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 38,850	\$ 38,850	\$ 41,078	\$ 2,228
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 8,498	\$ (1,502)
Revenue from use of property	11,800	11,800	9,999	(1,801)
Total revenue from use of money and property	<u>\$ 21,800</u>	<u>\$ 21,800</u>	<u>\$ 18,497</u>	<u>\$ (3,303)</u>
Charges for services:				
Clerk's interest	\$ 350	\$ 350	\$ 478	\$ 128
Charges for law enforcement and traffic control	4,232	4,232	7,380	3,148
Document production costs	-	-	4,285	4,285
Charges for Commonwealth's Attorney	500	500	545	45
Solid waste tipping fees	162,600	162,600	180,503	17,903
DCWIN user fees	413,578	413,578	331,266	(82,312)
Charges for parks and recreation	12,000	12,000	8,923	(3,077)
Charges for behavioral health services	-	-	1,316,630	1,316,630
Total charges for services	<u>\$ 593,260</u>	<u>\$ 593,260</u>	<u>\$ 1,850,010</u>	<u>\$ 1,256,750</u>
Miscellaneous revenue:				
Miscellaneous	\$ 169,751	\$ 171,962	\$ 252,115	\$ 80,153
Transfer from Special Welfare	-	-	9,240	9,240
Total miscellaneous revenue	<u>\$ 169,751</u>	<u>\$ 171,962</u>	<u>\$ 261,355</u>	<u>\$ 89,393</u>

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Health department rental	\$ 7,150	\$ 7,150	\$ 7,150	\$ -
VPA refunds/recoveries	45,000	45,000	87,854	42,854
Total recovered costs	<u>\$ 52,150</u>	<u>\$ 52,150</u>	<u>\$ 95,004</u>	<u>\$ 42,854</u>
Total revenue from local sources	<u>\$ 18,471,122</u>	<u>\$ 18,473,333</u>	<u>\$ 16,680,709</u>	<u>\$ (1,792,624)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 100,000	\$ 100,000	\$ 595	\$ (99,405)
Mobile home titling tax	90,000	90,000	127,337	37,337
DMV/animal friendly plates	-	-	61	61
State recordation tax	13,000	13,000	10,720	(2,280)
Grantor's tax	7,000	7,000	4,902	(2,098)
Personal property tax relief funds	-	-	817,952	817,952
Communications tax	-	-	209,142	209,142
Total noncategorical aid	<u>\$ 210,000</u>	<u>\$ 210,000</u>	<u>\$ 1,170,709</u>	<u>\$ 960,709</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 196,058	\$ 196,058	\$ 184,748	\$ (11,310)
Sheriff	911,378	911,378	951,856	40,478
Commissioner of revenue	136,177	136,177	121,156	(15,021)
Treasurer	117,555	117,555	103,412	(14,143)
Registrar/electoral board	51,257	51,257	43,632	(7,625)
Clerk of the Circuit Court	198,637	198,637	261,635	62,998
Amounts returned to the Commonwealth	(114,528)	(114,528)	(114,528)	-
Total shared expenses	<u>\$ 1,496,534</u>	<u>\$ 1,496,534</u>	<u>\$ 1,551,911</u>	<u>\$ 55,377</u>
Other categorical aid:				
Comprehensive services act	\$ 752,171	\$ 752,171	\$ 1,071,053	\$ 318,882
Public assistance and welfare administration	3,151,104	3,151,104	1,478,043	(1,673,061)
Litter control grant	8,582	8,582	7,269	(1,313)
Commission for the arts	5,000	5,000	-	(5,000)
Fire programs	36,000	36,000	39,276	3,276
Virginia housing authority	95,000	95,000	49,421	(45,579)
State health department	14,000	14,000	114,121	100,121
Criminal justice grants	-	-	15,031	15,031
DMV grants	-	-	66,302	66,302
Behavioral health services	-	-	1,667,831	1,667,831
Department of environmental quality	40,000	40,000	6,122	(33,878)
DBHDS - pharmacy	-	-	6,443	6,443
Wireless E-911 services	-	-	45,459	45,459
Total other categorical aid	<u>\$ 4,101,857</u>	<u>\$ 4,101,857</u>	<u>\$ 4,566,371</u>	<u>\$ 464,514</u>

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 3 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Total categorical aid	\$ 5,598,391	\$ 5,598,391	\$ 6,118,282	\$ 519,891
Total revenue from the Commonwealth	\$ 5,808,391	\$ 5,808,391	\$ 7,288,991	\$ 1,480,600
Revenue from the federal government:				
Payments in lieu of taxes	\$ 12,697	\$ 12,697	\$ 15,000	\$ 2,303
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 1,592,695	\$ 1,592,695
CDBG	-	-	411,070	411,070
Homeland security grant	-	-	29,200	29,200
Department of mines, minerals and energy	-	-	1,804,853	1,804,853
Emergency management preparedness grant	-	-	5,000	5,000
ARC flex E grant	-	-	1,821	1,821
Corps of engineers	19,735	19,735	24,609	4,874
Cranesnest river trail	118,300	118,300	34,953	(83,347)
USDA RD - Sheriff's cars	-	50,000	50,000	-
Cranesnest River Trail	118,300	118,300	-	(118,300)
Haysi Breaks Trail	149,000	149,000	-	(149,000)
Total categorical aid	\$ 405,335	\$ 455,335	\$ 3,954,201	\$ 3,498,866
Total revenue from the federal government	\$ 418,032	\$ 468,032	\$ 3,969,201	\$ 3,501,169
Total General Fund	\$ 24,697,545	\$ 24,749,756	\$ 27,938,901	\$ 3,189,145
Special Revenue Fund:				
Coal Road Tax Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road improvement taxes	\$ 3,144,000	\$ 3,144,000	\$ 3,537,003	\$ 393,003
Revenue from use of money and property:				
Revenue from the use of money	\$ 56,000	\$ 56,000	\$ 11,975	\$ (44,025)
Total revenue from local sources	\$ 3,200,000	\$ 3,200,000	\$ 3,548,978	\$ 348,978
Total Coal Road Tax Fund	\$ 3,200,000	\$ 3,200,000	\$ 3,548,978	\$ 348,978
Total Primary Government	\$ 27,897,545	\$ 27,949,756	\$ 31,487,879	\$ 3,538,123

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 4 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 40,200	\$ 40,200	\$ 6,317	\$ (33,883)
Charges for services:				
Cafeteria charges	\$ 450,000	\$ 450,000	\$ 427,004	(22,996)
Miscellaneous revenue:				
Other miscellaneous	\$ 452,323	\$ 452,323	\$ 634,195	\$ 181,872
Total revenue from local sources	\$ 942,523	\$ 942,523	\$ 1,067,516	\$ 124,993
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Dickenson, Virginia	\$ 6,805,542	\$ 6,405,542	\$ 6,033,688	\$ (371,854.00)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,032,564	\$ 1,884,201	\$ 1,939,702	\$ 55,501
Basic school aid	10,013,279	10,103,144	9,257,324	(845,820)
Remedial summer education	13,118	13,118	24,362	11,244
Regular foster care	33,807	33,807	1,005	(32,802)
General adult education	3,976	3,976	-	(3,976)
ISAEF	7,859	7,859	7,859	-
Gifted and talented	88,392	88,392	88,842	450
Remedial education	328,032	328,032	-	(328,032)
Enrollment loss	38,161	-	-	-
Special education	923,203	923,203	927,904	4,701
Textbook payment	232,804	232,804	-	(232,804)
Vocational standards of quality payments	604,993	604,993	581,587	(23,406)
Industry certification	-	-	4,165	4,165
School construction	178,492	175,821	227,929	52,108
Social security fringe benefits	559,815	559,815	562,665	2,850
Retirement fringe benefits	720,884	542,136	544,897	2,761
Early reading intervention	51,821	51,821	61,692	9,871
Homebound education	70,917	70,917	37,427	(33,490)
Group life insurance instructional	19,643	13,750	13,820	70
Vocational education - occup/tech	25,772	25,772	21,168	(4,604)
Vocational education - equipment	-	-	4,730	4,730
School food	21,557	21,557	22,149	592

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

<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)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid:				
Special education - foster children	\$ -	\$ -	\$ 12,251	\$ 12,251
At risk payments	351,878	350,988	346,771	(4,217)
Primary class size	348,354	348,354	343,423	(4,931)
Technology	284,000	284,000	284,000	-
Standards of Learning algebra readiness	37,755	37,755	37,861	106
Mentor teacher program	890	2,424	5,191	2,767
Prevention, intervention, and remediation	-	-	329,702	329,702
VA preschool initiative	38,606	38,606	48,258	9,652
Virtual advanced placement	-	-	78	78
Federal stimulus money from state	1,099,515	1,099,515	-	(1,099,515)
Total categorical aid	<u>\$ 18,130,087</u>	<u>\$ 17,846,760</u>	<u>\$ 15,736,762</u>	<u>\$ (2,109,998)</u>
Total revenue from the Commonwealth	<u>\$ 18,130,087</u>	<u>\$ 17,846,760</u>	<u>\$ 15,736,762</u>	<u>\$ (2,109,998)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 850,000	\$ 923,969	\$ 982,981	\$ 59,012
Title VI-B, special education flow-through	600,000	538,825	506,802	(32,023)
Vocational education	64,346	58,857	48,113	(10,744)
Title VI-B, special education pre-school	30,000	30,349	-	(30,349)
Drug free schools	13,385	13,385	9,487	(3,898)
Title II, part A	-	-	41,101	41,101
Reading first	295,434	295,434	324,957	29,523
School breakfast program	168,000	168,000	199,398	31,398
School lunch program	432,000	432,000	619,776	187,776
Summer school food	1,450	1,450	260	(1,190)
Fresh fruits and vegetables	-	-	14,665	14,665
Federal reserve	5,000	5,000	21,050	16,050
Federal leasing of land payments	-	-	1,326	1,326
School improvement	75,000	165,880	104,488	(61,392)
Rural and low income schools	60,000	60,000	73,514	13,514
Improving teacher quality	225,000	231,890	190,766	(41,124)
Education technology grant	-	-	8,270	8,270
ARRA - Education technology grant	-	-	19,163	19,163
ARRA - Title I	-	311,151	296,951	(14,200)
ARRA - State Fiscal Stabilization Funds	-	291,884	62,060	(229,824)
Total categorical aid	<u>\$ 2,819,615</u>	<u>\$ 3,528,074</u>	<u>\$ 3,525,128</u>	<u>\$ (2,946)</u>
Total revenue from the federal government	<u>\$ 2,819,615</u>	<u>\$ 3,528,074</u>	<u>\$ 3,525,128</u>	<u>\$ (2,946)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 28,697,767</u>	<u>\$ 28,722,899</u>	<u>\$ 26,363,094</u>	<u>\$ (2,359,805)</u>

County of Dickenson, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

<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	\$ 92,977	\$ 92,977	\$ 229,313	\$ (136,336)
General and financial administration:				
County administrator	\$ 335,703	\$ 335,703	\$ 299,324	\$ 36,379
Audit services	67,500	67,500	67,250	250
Legal services	35,500	35,500	30,473	5,027
Commissioner of revenue	407,713	407,713	404,724	2,989
Treasurer	310,676	310,676	322,183	(11,507)
IT/Mapping/Data processing	212,152	212,152	243,209	(31,057)
Total general and financial administration	<u>\$ 1,369,244</u>	<u>\$ 1,369,244</u>	<u>\$ 1,367,163</u>	<u>\$ 2,081</u>
Board of elections:				
Registrar	\$ 110,303	\$ 110,303	\$ 109,777	\$ 526
Electoral board and officials	41,802	41,802	35,070	6,732
Total board of elections	<u>\$ 152,105</u>	<u>\$ 152,105</u>	<u>\$ 144,847</u>	<u>\$ 7,258</u>
Total general government administration	<u>\$ 1,614,326</u>	<u>\$ 1,614,326</u>	<u>\$ 1,741,323</u>	<u>\$ (126,997)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 143,496	\$ 143,496	\$ 131,539	\$ 11,957
General district court	18,785	18,785	16,273	2,512
Special magistrates	12,500	12,500	9,209	3,291
Juvenile court services	74,225	74,225	71,420	2,805
Office on youth	113,288	113,288	139,225	(25,937)
Law library	13,000	13,000	14,819	(1,819)
Clerk of the circuit court	398,085	398,085	416,281	(18,196)
Total courts	<u>\$ 773,379</u>	<u>\$ 773,379</u>	<u>\$ 798,766</u>	<u>\$ (25,387)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 294,671	\$ 294,671	\$ 308,554	\$ (13,883)
Total judicial administration	<u>\$ 1,068,050</u>	<u>\$ 1,068,050</u>	<u>\$ 1,107,320</u>	<u>\$ (39,270)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,697,778	\$ 1,749,989	\$ 1,690,611	\$ 59,378
Fire and rescue services:				
E-911 Fund	\$ 1,133,812	\$ 1,133,812	\$ 1,112,668	\$ 21,144
Total fire and rescue services	<u>\$ 1,133,812</u>	<u>\$ 1,133,812</u>	<u>\$ 1,112,668</u>	<u>\$ 21,144</u>
Correction and detention:				
SWVa Regional Jail Authority	\$ 1,013,096	\$ 1,013,096	\$ 808,177	\$ 204,919
Inspections:				
Building	\$ 165,838	\$ 165,838	\$ 107,431	\$ 58,407

County of Dickenson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

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)				
Other protection:				
Animal warden	\$ 134,898	\$ 134,898	\$ 105,145	\$ 29,753
Emergency management	24,236	24,236	28,412	(4,176)
Total other protection	<u>\$ 159,134</u>	<u>\$ 159,134</u>	<u>\$ 133,557</u>	<u>\$ 25,577</u>
Total public safety	<u>\$ 4,169,658</u>	<u>\$ 4,221,869</u>	<u>\$ 3,852,444</u>	<u>\$ 369,425</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,777,768	\$ 1,777,768	\$ 1,668,953	\$ 108,815
Litter control	172,028	172,028	168,760	3,268
Total sanitation and waste removal	<u>\$ 1,949,796</u>	<u>\$ 1,949,796</u>	<u>\$ 1,837,713</u>	<u>\$ 112,083</u>
Maintenance of general buildings and grounds:				
General properties	\$ 324,094	\$ 324,094	\$ 400,733	\$ (76,639)
Engineering	349,629	349,629	208,221	\$ 141,408
Total maintenance of general buildings and grounds	<u>\$ 673,723</u>	<u>\$ 673,723</u>	<u>\$ 608,954</u>	<u>\$ 64,769</u>
Total public works	<u>\$ 2,623,519</u>	<u>\$ 2,623,519</u>	<u>\$ 2,446,667</u>	<u>\$ 176,852</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 273,740	\$ 273,740	\$ 273,740	\$ -
Mental health and mental retardation:				
Community services board	\$ 117,936	\$ 117,936	\$ 2,932,396	\$ (2,814,460)
Welfare:				
Public assistance and welfare administration	\$ 4,837,408	\$ 4,837,408	\$ 5,255,182	\$ (417,774)
Senior citizens	174,650	174,650	166,007	8,643
Total welfare	<u>\$ 5,012,058</u>	<u>\$ 5,012,058</u>	<u>\$ 5,421,189</u>	<u>\$ (409,131)</u>
Total health and welfare	<u>\$ 5,403,734</u>	<u>\$ 5,403,734</u>	<u>\$ 8,627,325</u>	<u>\$ (3,223,591)</u>
Education:				
Other instructional costs:				
Community colleges	\$ 81,886	\$ 81,886	\$ 78,828	\$ 3,058
Contribution to County School Board	6,805,542	6,405,542	6,033,688	371,854
Total education	<u>\$ 6,887,428</u>	<u>\$ 6,487,428</u>	<u>\$ 6,112,516</u>	<u>\$ 374,912</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 71,000	\$ 71,000	\$ 71,275	\$ (275)
Swimming pool	38,712	38,712	52,927	(14,215)
Tourism	49,509	49,509	49,165	344
Total parks and recreation	<u>\$ 159,221</u>	<u>\$ 159,221</u>	<u>\$ 173,367</u>	<u>\$ (14,146)</u>
Library:				
Contribution to regional library	\$ 337,683	\$ 337,683	\$ 337,683	\$ -
Total parks, recreation, and cultural	<u>\$ 496,904</u>	<u>\$ 496,904</u>	<u>\$ 511,050</u>	<u>\$ (14,146)</u>

County of Dickenson, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

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)				
Community development:				
Planning and community development:				
Planning and community development	\$ 366,656	\$ 366,656	\$ 289,995	\$ 76,661
Non-Departmental	512,247	912,247	-	912,247
ISTEA grant projects	290,000	290,000	52,490	237,510
Industrial Development Authority/Economic Development Corp.	1,056,623	1,056,623	1,267,826	(211,203)
Buchanan County Public Service Authority	-	-	2,215,923	(2,215,923)
Total planning and community development	<u>\$ 2,225,526</u>	<u>\$ 2,625,526</u>	<u>\$ 3,826,234</u>	<u>\$ (1,200,708)</u>
Cooperative extension program:				
Extension office	\$ 90,100	\$ 90,100	\$ 43,294	\$ 46,806
Total community development	<u>\$ 2,315,626</u>	<u>\$ 2,715,626</u>	<u>\$ 3,869,528</u>	<u>\$ (1,153,902)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 684,273	\$ (684,273)
Interest and other fiscal charges	-	-	188,496	(188,496)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 872,769</u>	<u>\$ (872,769)</u>
Total General Fund	<u>\$ 24,579,245</u>	<u>\$ 24,631,456</u>	<u>\$ 29,140,942</u>	<u>\$ (4,509,486)</u>
Special Revenue Fund:				
Coal Road Tax Fund:				
Public Works:				
Maintenance of Highways, Streets and Bridges:				
Road improvements	\$ 300,000	\$ 300,000	\$ 105,084	\$ 194,916
Total public works	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 105,084</u>	<u>\$ 194,916</u>
Community Development:				
Planning and Community Development:				
Coalfield Economic Development	\$ 800,000	\$ 800,000	\$ 1,309,923	\$ (509,923)
Revenue sharing matching	1,500,000	1,500,000	1,260,000	240,000
Contribution to Public Service Authority	600,000	600,000	651,046	(51,046)
Total planning and community development	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 3,220,969</u>	<u>(320,969)</u>
Total community development	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 3,220,969</u>	<u>\$ (320,969)</u>
Total Coal Road Tax Fund	<u>\$ 3,200,000</u>	<u>\$ 3,200,000</u>	<u>\$ 3,326,053</u>	<u>\$ (126,053)</u>
Total Primary Government	<u>\$ 27,779,245</u>	<u>\$ 27,831,456</u>	<u>\$ 32,466,995</u>	<u>\$ (4,635,539)</u>

County of Dickenson, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

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>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health	\$ 1,600,481	\$ 1,548,759	\$ 1,671,182	\$ (122,423)
Instruction costs:				
Instruction	\$ 20,090,345	\$ 20,511,748	\$ 18,305,826	\$ 2,205,922
Operating costs:				
Pupil transportation	\$ 2,032,242	\$ 1,994,813	\$ 1,834,846	\$ 159,967
Operation and maintenance of school plant	3,509,210	4,331,771	3,220,883	1,110,888
School food and other non-instructional costs	1,835,627	1,811,066	1,733,280	77,786
Technology	551,941	550,931	618,480	(67,549)
Total operating costs	<u>\$ 7,929,020</u>	<u>\$ 8,688,581</u>	<u>\$ 7,407,489</u>	<u>\$ 1,281,092</u>
Total education	<u>\$ 29,619,846</u>	<u>\$ 30,749,088</u>	<u>\$ 27,384,497</u>	<u>\$ 3,364,591</u>
Total School Fund	<u>\$ 29,619,846</u>	<u>\$ 30,749,088</u>	<u>\$ 27,384,497</u>	<u>\$ 3,364,591</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 29,619,846</u>	<u>\$ 30,749,088</u>	<u>\$ 27,384,497</u>	<u>\$ 3,364,591</u>

Other Statistical Information

Table 1

County of Dickenson, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2009-10	\$ 1,787,393	\$ 1,109,611	\$ 3,505,608	\$ 2,563,389	\$ 8,756,538	\$ 6,335,489	\$ 513,311	\$ 7,059,122	\$ 118,545	\$ 31,749,006
2008-09	1,799,477	957,871	3,910,141	2,804,944	5,174,372	7,058,251	501,388	6,139,085	240,406	28,585,935
2007-08	1,703,149	912,606	3,995,130	4,441,749	5,444,737	8,735,154	463,367	5,307,833	128,391	31,132,116
2006-07	1,501,542	850,347	3,537,314	2,641,070	5,211,236	5,880,047	457,546	3,201,093	68,026	23,348,221
2005-06	1,786,331	849,373	4,691,276	4,107,375	6,635,722	7,186,784	357,787	2,985,691	95,667	28,696,006
2004-05	1,363,560	772,003	3,913,522	2,710,489	6,613,972	4,790,114	387,081	2,539,694	96,111	23,186,546
2003-04	1,187,527	711,957	3,860,851	2,670,881	6,820,211	5,844,415	349,081	2,215,918	78,457	23,739,298
2002-03	1,244,818	630,274	4,118,153	3,085,759	5,999,914	5,506,850	331,077	2,980,786	90,816	23,988,447

(1) Information has only been available for 8 years.

Table 2

County of Dickenson, Virginia
Government-Wide Revenues
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES					GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses (2)	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2009-10	\$ 1,909,470	\$ 7,837,433	\$ 2,222,045	\$ 9,495,473	\$ 8,804,909	\$ -	\$ 30,472	\$ 261,355	\$ 1,198,714	\$ 31,759,871	
2008-09	283,173	5,814,889	200,367	8,384,400	13,453,817	-	47,889	404,828	1,094,113	29,663,476	
2007-08	238,467	5,967,611	268,364	8,204,925	12,994,102	-	77,032	418,645	1,097,572	29,266,718	
2006-07	141,089	5,378,433	-	6,965,778	11,208,523	-	171,437	260,260	1,724,980	25,850,500	
2005-06	1,256,694	6,416,389	6,500	6,352,073	10,359,744	-	98,164	385,927	1,853,132	26,728,623	
2004-05	1,046,391	6,595,296	22,926	7,147,156	7,673,572	-	25,298	415,021	1,299,746	24,225,406	
2003-04	1,001,257	7,358,147	1,447,745	6,472,585	6,653,364	-	16,946	351,639	1,062,561	24,364,244	
2002-03	861,340	6,694,984	-	6,383,749	6,093,299	61,861	36,307	255,425	2,252,854	22,639,819	

(1) Information has only been available for 8 years.

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

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	Debt Service	Total
2009-10	\$ 1,741,323	\$ 1,107,320	\$ 3,852,444	\$ 2,551,751	\$ 8,627,325	\$ 27,463,325	\$ 511,050	\$ 7,090,497	\$ 872,769	53,817,804
2008-09	1,657,821	965,283	3,772,252	2,692,577	5,474,083	27,983,215	496,678	6,121,357	867,396	50,030,662
2007-08	1,739,566	913,816	3,961,686	4,855,519	5,512,456	29,152,214	476,082	5,230,753	725,928	52,568,020
2006-07	1,394,588	846,594	3,438,152	2,659,827	5,221,693	26,825,710	466,225	3,194,739	546,549	44,584,077
2005-06	1,834,513	837,090	4,728,723	3,939,020	6,628,785	23,957,556	356,466	3,220,288	490,125	45,992,566
2004-05	1,433,634	760,972	4,260,097	2,706,406	6,564,503	22,444,690	385,760	2,540,003	462,709	41,558,774
2003-04	1,177,758	700,128	4,128,007	2,620,013	6,905,504	22,443,400	347,760	2,292,066	672,774	41,287,410
2002-03	1,153,893	621,392	4,192,259	3,072,821	5,912,955	21,454,251	329,756	2,154,643	1,096,166	39,988,136
2001-02	1,188,516	639,555	3,489,597	2,843,384	6,149,393	19,989,657	425,178	1,867,612	678,857	37,271,749
2000-01	1,060,494	798,000	2,456,933	2,320,995	5,531,448	20,566,450	292,807	1,763,256	690,171	35,500,554

(1) Includes General and Special Revenue 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
2009-10	\$ 9,128,477	\$ 8,804,909	\$ 18,382	\$ 41,078	\$ 36,789	\$ 2,277,014	\$ 990,554	\$ 30,520,082	\$ 51,817,285
2008-09	8,201,918	13,453,817	15,472	22,228	63,503	1,304,850	629,220	28,589,816	52,280,824
2007-08	8,109,308	12,994,102	17,547	49,511	113,744	1,023,583	691,465	26,695,030	49,694,290
2006-07	7,473,706	11,208,523	108,403	21,576	209,813	1,025,199	520,266	26,038,913	46,606,399
2005-06	6,759,485	10,359,744	64,726	1,270	128,110	2,001,178	910,721	24,982,136	45,207,370
2004-05	6,348,150	7,673,572	34,656	215	30,217	1,574,485	1,386,627	24,640,601	41,688,523
2003-04	6,686,416	6,653,364	87,042	666	17,905	1,312,310	1,099,010	24,744,346	40,601,059
2002-03	6,666,842	6,093,299	61,861	1,742	39,501	1,335,855	619,650	23,111,259	37,930,009
2001-02	6,730,918	5,481,847	25,209	836	243,624	849,556	1,591,276	22,873,059	37,796,325
2000-01	6,493,368	6,031,201	22,436	289	205,651	1,594,675	371,104	22,108,121	36,826,845

(1) Includes General and Special Revenue 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 (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,3)	Percent of Delinquent Taxes to Tax Levy
2009-10	\$ 9,050,359	\$ 8,631,704	95.37%	\$ 363,287	\$ 8,994,991	99.39%	\$ 2,069,958	22.87%
2008-09	9,313,787	8,891,496	95.47%	128,374	9,019,870	96.84%	1,525,225	16.38%
2007-08	8,815,450	8,517,421	96.62%	280,676	8,798,097	99.80%	2,121,451	24.07%
2006-07	8,299,829	7,696,352	92.73%	449,969	8,146,321	98.15%	1,853,714	22.33%
2005-06	7,932,216	6,994,396	88.18%	485,252	7,479,648	94.29%	2,089,333	26.34%
2004-05	7,325,432	6,824,842	93.17%	212,532	7,037,374	96.07%	2,073,197	28.30%
2003-04	7,463,604	6,791,794	91.00%	507,204	7,298,998	97.79%	2,172,830	29.11%
2002-03	7,371,243	6,922,672	93.91%	427,997	7,350,669	99.72%	2,185,628	29.65%
2001-02	7,282,811	6,634,490	91.10%	483,809	7,118,299	97.74%	4,665,186	64.06%
2000-01	6,996,603	6,278,650	89.74%	433,093	6,711,743	95.93%	4,700,047	67.18%
1999-00	6,289,176	5,413,803	86.08%	568,489	5,982,292	95.12%	4,873,802	77.50%

(1) Exclusive of penalties and interest.

(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

(3) 2002-03 fiscal year does not include second half 2003 real estate tax assessment.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (3)	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
					Real Estate	Real Estate	Personal Property	
2009-10	\$ 1,069,562,685	\$ 113,496,700	\$ 65,964,070	\$ 671,287	\$ 65,016,120	\$ 144,107	\$ 1,314,854,969	
2008-09	970,579,579	125,410,393	59,682,284	883,644	64,133,685	141,025	1,220,830,610	
2007-08	911,733,593	123,235,367	52,816,288	906,980	66,060,474	142,983	1,154,895,685	
2006-07	882,861,410	119,050,605	40,309,232	868,957	63,627,112	171,367	1,106,888,683	
2005-06	873,938,794	117,929,124	27,825,557	762,586	52,780,901	146,699	1,073,383,661	
2004-05	800,535,106	114,581,205	24,523,736	751,678	56,764,786	194,749	997,351,260	
2003-04	772,253,199	113,469,941	31,382,419	952,635	93,219,669	894,777	1,012,172,640	
2002-03	779,817,713	107,486,194	42,299,541	674,399	61,814,311	326,801	992,418,959	
2001-02	781,682,213	101,893,727	38,873,278	639,896	65,378,153	241,470	988,708,737	
2000-01	780,181,347	91,755,512	33,632,318	662,049	54,717,070	7,024,451	967,972,747	

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

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

(3) Personal property is assessed at 100% of fair market value as of January 1, 1995.

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
2009-10	\$ 0.60	\$ 1.69	\$ 1.69	10.50
2008-09	0.60	1.69	1.69	10.50
2007-08	0.60	1.69	1.69	10.50
2006-07	0.60	1.69	1.69	10.50
2005-06	0.60	1.59	1.59	10.50
2004-05	0.60	1.59	1.59	10.50
2003-04	0.60	1.59	1.59	10.50
2002-03	0.60	1.59	1.59	10.50
2001-02	0.60	1.59	1.59	10.50
2000-01	0.60	1.59	1.59	10.50

(1) Per \$100 of assessed value.

(2) In fiscal year 1996, assessments for personal property taxes increased to 100%.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2009-10	\$ 16,395	\$ 1,314,855	\$ 1,155,000	\$ 1,155,000	0.09%	\$ 70
2008-09	16,395	1,220,831	1,338,676	1,338,676	0.11%	82
2007-08	16,395	1,154,896	1,747,016	1,747,016	0.15%	107
2006-07	16,395	1,106,889	2,145,356	2,145,356	0.19%	131
2005-06	16,395	1,073,384	2,543,696	2,543,696	0.24%	155
2004-05	16,395	997,351	2,913,409	2,913,409	0.29%	178
2003-04	16,395	1,012,173	1,728,123	1,728,123	0.17%	105
2002-03	16,395	992,419	2,064,210	2,064,210	0.21%	126
2001-02	16,395	988,709	2,400,297	2,400,297	0.24%	146
2000-01	16,395	967,973	2,736,384	2,736,384	0.28%	167

(1) Bureau of the Census

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

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

Table 9

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

Fiscal Year	Principal(2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2009-10	\$ 684,273	\$ 188,496	\$ 872,769	\$ 53,817,804	1.62%
2008-09	408,340	75,936	484,276	50,030,662	0.97%
2007-08	398,340	88,241	486,581	52,568,020	0.93%
2006-07	470,051	76,498	546,549	44,584,077	1.23%
2005-06	398,710	91,415	490,125	45,992,566	1.07%
2004-05	361,474	101,235	462,709	41,558,774	1.11%
2003-04	589,194	83,580	672,774	41,287,410	1.63%
2002-03	1,000,319	95,847	1,096,166	39,988,136	2.74%
2001-02	547,039	131,818	678,857	37,271,749	1.82%
2000-01	531,871	158,300	690,171	35,500,554	1.94%
1999-00	602,516	186,177	788,693	33,607,724	2.35%

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

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

COMPLIANCE SECTION

Compliance

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Dickenson, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Dickenson, Virginia's basic financial statements and have issued our report thereon dated March 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency (2010-1) described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Dickenson, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we

do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

We noted certain matters that we reported to management of the County of Dickenson, Virginia in a separate letter dated March 11, 2011.

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

Robinson, Farmer, Co. Associates

Christiansburg, Virginia
March 11, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the County of Dickenson, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County of Dickenson, Virginia's major federal programs for the year ended June 30, 2010. The County of Dickenson, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Dickenson, Virginia's management. Our responsibility is to express an opinion on the County of Dickenson, Virginia's compliance based on our audit.

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

In our opinion, the County of Dickenson, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

Robinson, Fauner, Cox Associates

Christiansburg, Virginia
March 11, 2011

County of Dickenson, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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:			
<i>Child Care and Development Cluster:</i>			
Child Care Mandatory and Matching funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	\$ 53,946
ARRA - Child Care and Development Block Grant	93.713	90116, 90117, 90118, 90236 90237, 90238, 90378	15,954
Child Care and Development Block Grant	93.575	90544, 90545	43,473
Promoting Safe and Stable Families	93.556	90249, 90360	19,557
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	292,433
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	758
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	16,164
Chaffae Education and Training Vouchers Program	93.599	90353	4,781
Child Welfare Services - State Grants	93.645	90251	1,092
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	291,199
ARRA - Foster Care - Title IV-E	93.658	90636, 90637, 90639, 90658	27,318
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	131,005
ARRA - Adoption Assistance	93.659	90606	14,953
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	129,496
Chafee Foster Care Independence Program	93.674	90254	8,610
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	14,418
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701	183,599
Total Department of Health and Human Services:			\$ 1,248,756
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
School breakfast program	10.553	40591	\$ 199,398
National school lunch program	10.555	40623	619,776
Summer Food Service Program for Children	10.559		260
Fresh fruit and vegetable Program	10.582	40599	14,665
School and roads - grants to states	10.665	43841	21,050
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	\$ 341,315
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703	2,624
Total Department of Agriculture			\$ 1,199,088
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant-State's programs	14.228	50797	\$ 411,070
Appalachian Regional Development	23.001		\$ 111,383
Total Department of Housing and Urban Development			\$ 522,453

County of Dickenson, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

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:			
<i>Title I, Part A Cluster:</i>			
Title I: Grants to Local Educational Agencies	84.010	42892, 42901	\$ 982,981
ARRA - Title I: Grants to Local Educational Agencies	84.389	42913	296,951
<i>Education Technology State Grants Cluster:</i>			
Education Technology State Grants	84.318	61600	8,270
ARRA - Education Technology State Grants	84.386	60897	19,163
Special Education - Grants to States	84.027	43071	506,802
Career and Technical Education - Basic Grants to States	84.048	61095	48,113
Safe and Drug-free schools and communities	84.186	65011	9,487
State Grants for Innovative Programs	84.298		104,488
Reading First State Grants	84.357		324,957
Rural Education	84.358		73,514
Improving Teacher Quality State Grants	84.367	61480	41,101
Title II - Teacher Partnership Grants	84.336		190,766
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62,532	62,060
Emergency Impact Aid	84.938		1,326
			<u>\$ 2,669,979</u>
Total Department of Education			
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland security grant	97.004	52749	\$ 29,200
Emergency Management Performance Grant	97.042		5,000
			<u>\$ 34,200</u>
Total Department of Homeland Security			
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226	Not applicable	\$ 15,000
Department of Mines, Minerals and Energy			
Abandoned Mine Land Reclamation Program	15.252		\$ 1,804,853
			<u>\$ 1,819,853</u>
Total Department of Environmental Quality			
			<u>\$ 7,494,329</u>
Total Expenditures of Federal Awards			

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

County of Dickenson, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dickenson County, Virginia and its component units under programs of the federal government for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County of Dickenson, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Dickenson, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2010, the County had no food commodities in inventory.

Note 4 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund \$ 3,969,201

Component Unit Schools:

School Operating Fund \$ 3,525,128

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 7,494,329

County of Dickenson, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? Yes

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.357	Reading First State Grants
84.010/84.389	Title I - Part A Cluster
10.561	SNAP Cluster
15.252	Abandoned Mine Land Reclamation Program
93.658	Foster Care - Title IV-E/ARRA - Foster Care
93.659	Adoption Assistance/ ARRA - Adoption Assistance
14.228	Community Development Block Grant - State's Programs
93.713/93.596/93.575	Child Care and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

County of Dickenson, Virginia

Schedule of Findings, Responses and Questioned Costs (continued)
Year Ended June 30, 2010

Section II - Financial Statement Findings

2010-1

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 2010 adjusted trial balance required significant adjustments that were made by the auditors.

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

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

Recommendation: Management should continue to implement and follow review procedures in order 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 errors 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.