

COUNTY OF DICKENSON, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

**COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report	2-3
Management's Discussion and Analysis.....	4-10

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	1	11
Statement of Activities.....	2	12
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	16
Statement of Fiduciary Net Assets.....	7	17
Notes to Financial Statements.....		18-45

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	46
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual – Special Revenue Fund - Coal Road Tax Fund	9	47
Schedules of Funding Progress.....	10	48

OTHER SUPPLEMENTARY INFORMATION SECTION

Supplementary Financial Statements:

Combining Statement of Fiduciary Net Assets – Fiduciary Funds	11	49
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**COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

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	50
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13	51
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	14	52
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues – Budget and Actual – Governmental Funds	1	53-57
Schedule of Expenditures – Budget and Actual – Governmental Funds	2	58-61
	<u>Table</u>	<u>Page</u>
Other Statistical Information:		
Government-wide information:		
Government-Wide Expenses by Function	1	62
Government-Wide Revenues	2	63
Fund information:		
General Governmental Expenditures by Function	3	64
General Governmental Revenues by Source	4	65
Property Tax Levies and Collections	5	66
Assessed Value of Taxable Property	6	67
Property Tax Rates	7	68
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	69
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	70

COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION

	<u>Page</u>
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>	71-72
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	73-74
Schedule of Expenditures of Federal Awards	75-76
Notes to Schedule of Expenditures of Federal Awards.....	77
Schedule of Findings, Responses, and Questioned Costs	78-79

INTRODUCTORY SECTION

COUNTY OF DICKENSON, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

Susan Mullins, Chair
Johnny Skeen
Shanghai Nichols
Don Raines, Vice-chair
Rocky Barton

SOCIAL SERVICES BOARD

Eric Vitatoe, Chair
Gary Harless
Josh Evans
Linza Baker
Charlie Turner

PUBLIC SERVICE AUTHORITY BOARD

Damon Rasnick, Chair
Don Mullins
Zane Counts
Ricky Sam Edwards
Delano Sykes

BEHAVIORAL HEALTH SERVICES

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

OTHER OFFICIALS

Clerk of the Circuit Court Richard Edwards
Commonwealth's Attorney Josh Evans
Commissioner of the Revenue Mike Yates
Treasurer Danny Edwards
Sheriff Bobby Hammons
Superintendent of Schools Haydee Robinson
Director of Social Services Harry T. Mullins
County Administrator G. David Morre, Jr.

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

THE HONORABLE 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, 2011, 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 business-type 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, 2011, 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.

As described in Note 1 to the financial statements, the County of Dickenson, Virginia adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012, on our consideration of the County of Dickenson, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedules of

funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Dickenson, Virginia's financial statements as a whole. The introductory section, other supplementary information, supporting schedules, and statistical 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 other supplementary information, supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory 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 or provide any assurance on them.

Robinson, Farmer, Co. Associates

Blacksburg, Virginia
January 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Dickenson, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County's governmental activities exceeded its liabilities at the close of the fiscal year by \$12,920,967 (net assets). Of this amount, \$576,162 was considered unrestricted.
- The assets of the School Board component unit exceeded its liabilities at the close of the fiscal year by \$3,524,865 (net assets). Of this amount \$(1,474,251) was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$5,157,165. Of the amount \$(677,260) was considered unassigned, \$20,276 was considered committed, and \$5,814,149 was considered restricted.
- During the year, the County had governmental expenditures that were \$78,040 more than revenues.

Overview of the Financial Statements:

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

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

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

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

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

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

Both of the Government-wide Financial Statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Our governmental activities include general government, courts, public safety, public works, social services, education, cultural events, recreation and community development.

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

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

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

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

The County maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Coal Road Tax Fund of which both are considered to be major funds.

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

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds and expendable trust funds. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's Government-wide Financial Statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison and presentation of combining financial statements for the discretely presented component units and the non-major funds.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a County's financial position. In the case of the of the County's Primary Government, assets exceed liabilities by \$12,920,967 at the close of the most recent fiscal year.

The largest portion of the County's net assets \$7,176,042 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net assets \$5,168,763, are subject to restrictions on how they may be used. The remaining balance of net assets \$576,162 may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Assets and Statement of Activities for 2011 and 2010.

Statement of Net Assets

	Governmental Activities	Governmental Activities
	2011	2010
Current and other assets	\$ 18,509,841	\$ 16,631,430
Capital and other assets	11,441,212	5,003,281
Total assets	\$ 29,951,053	\$ 21,634,711
Current and other liabilities	\$ 12,619,782	\$ 4,610,300
Long-term liabilities	4,410,304	5,105,988
Total Liabilities	\$ 17,030,086	\$ 9,716,288
Net assets:		
Invested in capital assets, net of related debt	\$ 7,176,042	\$ 6,681,725
Restricted	5,168,763	4,240,435
Unrestricted	576,162	996,263
Total net assets	\$ 12,920,967	\$ 11,918,423

Statement of Activities

	Governmental Activities 2011	Governmental Activities 2010
Program revenues		
Charges for services	\$ 2,039,718	\$ 1,909,470
Operating grants and contributions	7,729,598	7,837,433
Capital grants and contributions	167,311	-
General revenues		
Property taxes	8,849,635	9,495,473
Other taxes	10,745,737	8,804,909
Revenue from use of money and property	33,382	30,472
Miscellaneous	225,498	261,355
Intergovernmental revenues Grants and contributions not restricted to specific programs	1,586,883	1,198,714
Total revenues	31,377,762	29,537,826
Expenses		
General government	1,763,110	1,787,393
Judicial administration	1,074,443	1,109,611
Public Safety	3,686,694	3,505,608
Public works	3,372,252	2,563,389
Health and welfare	8,674,918	8,756,538
Education	6,197,020	6,335,489
Parks, recreation and cultural	571,735	513,311
Community development	5,607,673	4,837,077
Interest on debt	190,910	118,545
Total expenses	31,138,755	29,526,961
Change in net assets	\$ 239,007	\$ 10,865

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

Financial Analysis of the County's Funds

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

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported

combined ending fund balances of \$5,157,165. 111% or \$5,168,763 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately 13% or \$694,503 has been committed by action of the Board of Supervisors. The remaining balance, \$(706,101) or (14)% is unassigned, meaning there is no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$(11,598), of this amount \$(706,101) was considered unassigned. The Coal Road Tax fund had restricted fund balances of \$5,168,763.

Total governmental fund revenues increased \$1,105,640 and expenses increased \$204,564 over prior year amounts. For fiscal year ended June 30, 2011, expenses exceeded revenues by \$78,040, as compared to the fiscal year ended June 30, 2010, expenses exceeded revenue by \$979,116.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds activities as of June 30, 2011 amounts to \$11,441,212 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County of Dickenson’s capital assets can be found in Note 12 of this report.

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

Primary Government:	
Accrued leave	\$ 450,059
Lease purchase agreement	3,074,481
General obligation bonds	1,097,821
Notes payable	92,868
Landfill post-closure costs	339,523
Total	<u>\$ 5,054,752</u>

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

Economic Factors

The June 2011 unemployment rate for the County of Dickenson, Virginia was 8.0%, which is a decrease from a rate of 8.2% in June 2010. This is slightly above the state's average unemployment rate of 6.0% and below the national average rate of 9.2%.

Request for Information

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

Basic Financial Statements

County of Dickenson, Virginia
Statement of Net Assets
June 30, 2011

	Primary Government		Component Units	
	Governmental Activities		School Board	Public Service Authority
ASSETS				
Cash and investments	\$ 1,154,436		\$ 3,927,870	\$ 1,430,622
Cash in custody of others	-		1,100	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	8,801,568		-	-
Other local taxes receivable	1,053,224		-	-
Accounts receivable	-		-	242,392
Due from component unit	2,971,775		-	-
Due from other governmental units	893,219		518,161	-
Prepaid expenses	-		144,890	52,439
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-		-	340,931
Capital assets (net of accumulated depreciation):				
Land	2,725,519		1,988,000	34,592
Buildings and system	6,509,945		1,514,274	123,919
Machinery and equipment	2,122,078		1,496,842	163,222
Infrastructure	-		-	28,674,852
Construction in progress	83,670		-	221,021
Total assets	<u>\$ 26,315,434</u>		<u>\$ 9,591,137</u>	<u>\$ 31,283,990</u>
LIABILITIES				
Accounts payable	\$ 518,860		\$ 148,194	\$ 181,380
Accrued liabilities	50,383		1,472,052	-
Customers' deposits	-		-	216,460
Accrued interest payable	113,536		-	13,857
Due to primary government	-		2,971,775	-
Unearned revenue	7,656,936		-	-
Line of credit	-		-	-
Long-term liabilities:				
Due within one year	644,448		-	179,433
Due in more than one year	4,410,304		1,474,251	7,528,410
Total liabilities	<u>\$ 13,394,467</u>		<u>\$ 6,066,272</u>	<u>\$ 8,119,540</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 7,176,042		\$ 4,999,116	\$ 21,591,669
Restricted for:				
Cash Reserve Accounts	-		-	124,471
Unrestricted (deficit)	576,162		(1,474,251)	1,448,310
Total net assets	<u>\$ 12,920,967</u>		<u>\$ 3,524,865</u>	<u>\$ 23,164,450</u>

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

County of Dickenson, Virginia
Statement of Activities
For the Year Ended June 30, 2011

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	\$ 1,763,110	\$ 310,190	\$ 213,236	\$ -	\$ (1,239,684)	\$ -	\$ -
Judicial administration	1,074,443	43,662	280,177	-	(750,604)	-	-
Public safety	3,686,694	51,499	1,072,334	-	(2,562,861)	-	-
Public works	3,372,252	273,866	8,076	-	(3,090,310)	-	-
Health and welfare	8,674,918	1,359,078	6,153,775	-	(1,162,065)	-	-
Education	6,197,020	-	-	-	(6,197,020)	-	-
Parks, recreation, and cultural	571,735	1,423	2,000	-	(568,312)	-	-
Community development	5,607,673	-	-	167,311	(5,440,362)	-	-
Interest on long-term debt	190,910	-	-	-	(190,910)	-	-
Total governmental activities	\$ 31,138,755	\$ 2,039,718	\$ 7,729,598	\$ 167,311	\$ (21,202,128)	\$ -	\$ -
Total primary government	\$ 31,138,755	\$ 2,039,718	\$ 7,729,598	\$ 167,311	\$ (21,202,128)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 26,879,779	\$ 449,543	\$ 18,649,864	\$ 814,914	\$ -	\$ (6,965,458)	\$ -
Public Service Authority	3,274,353	2,244,917	672,135	706,726	-	-	349,425
Total component units	\$ 30,154,132	\$ 2,694,460	\$ 19,321,999	\$ 1,521,640	\$ -	\$ (6,965,458)	\$ 349,425
General revenues:							
General property taxes					\$ 8,849,635	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					746,183	-	-
Consumers' utility taxes					292,590	-	-
Consumption taxes					58,792	-	-
Vehicle reg. withholding stops					13,480	-	-
Bank stock taxes					24,624	-	-
Hotel and motel room taxes					16,342	-	-
Coal severance taxes					6,622,996	-	-
Gas severance taxes					2,970,730	-	-
Unrestricted revenues from use of money and property					33,382	1,534	31
Miscellaneous					225,498	613,274	84,686
Payments from County of Dickenson					-	6,138,020	-
Grants and contributions not restricted to specific programs					1,586,883	-	208,348
Gain on disposal of capital assets					-	-	-
Total general revenues					\$ 21,441,135	\$ 6,752,828	\$ 293,065
Change in net assets					\$ 239,007	\$ (212,630)	\$ 642,490
Net assets - beginning, as restated					12,681,960	3,737,495	22,521,960
Net assets - ending					\$ 12,920,967	\$ 3,524,865	\$ 23,164,450

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

County of Dickenson, Virginia
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>Coal Road Tax</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ -	\$ 4,790,055	\$ 4,790,055
Receivables (net of allowance for uncollectibles):			
Taxes receivable	8,801,568	-	8,801,568
Other local taxes receivable	556,207	497,017	1,053,224
Due from component unit	2,971,775	-	2,971,775
Due from other governmental units	893,219	-	893,219
Total assets	<u>\$ 13,222,769</u>	<u>\$ 5,287,072</u>	<u>\$ 18,509,841</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 400,551	\$ 118,309	\$ 518,860
Reconciled overdraft	3,635,619	-	3,635,619
Accrued liabilities	50,383	-	50,383
Deferred revenue	9,147,814	-	9,147,814
Total liabilities	<u>\$ 13,234,367</u>	<u>\$ 118,309</u>	<u>\$ 13,352,676</u>
Fund balances:			
Restricted for:			
Coal Road	\$ -	\$ 5,168,763	\$ 5,168,763
Committed for:			
Dickenson County Behavioral Health Services	645,386	-	645,386
Law Library	20,271	-	20,271
Drug Restitution	28,846	-	28,846
Unassigned	(706,101)	-	(706,101)
Total fund balances	<u>\$ (11,598)</u>	<u>\$ 5,168,763</u>	<u>\$ 5,157,165</u>
Total liabilities and fund balances	<u>\$ 13,222,769</u>	<u>\$ 5,287,072</u>	<u>\$ 18,509,841</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, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 5,157,165
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,441,212
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,490,878
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,168,288)
Net assets of governmental activities	<u>\$ 12,920,967</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, 2011

	<u>General</u>	<u>Coal Road Tax</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 9,079,109	\$ -	\$ 9,079,109
Other local taxes	5,822,390	4,923,347	10,745,737
Permits, privilege fees, and regulatory licenses	16,255	-	16,255
Fines and forfeitures	42,244	-	42,244
Revenue from the use of money and property	22,837	10,545	33,382
Charges for services	1,981,219	-	1,981,219
Miscellaneous	225,498	-	225,498
Recovered costs	986,283	-	986,283
Intergovernmental revenues:			
Commonwealth	7,422,697	-	7,422,697
Federal	2,061,095	-	2,061,095
Total revenues	<u>\$ 27,659,627</u>	<u>\$ 4,933,892</u>	<u>\$ 32,593,519</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,771,524	\$ -	\$ 1,771,524
Judicial administration	1,069,006	-	1,069,006
Public safety	4,946,091	-	4,946,091
Public works	2,513,362	740,680	3,254,042
Health and welfare	8,697,353	-	8,697,353
Education	5,974,047	-	5,974,047
Parks, recreation, and cultural	568,027	-	568,027
Community development	2,306,243	3,264,833	5,571,076
Debt service:			
Principal retirement	621,900	-	621,900
Interest and other fiscal charges	198,493	-	198,493
Total expenditures	<u>\$ 28,666,046</u>	<u>\$ 4,005,513</u>	<u>\$ 32,671,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,006,419)</u>	<u>\$ 928,379</u>	<u>\$ (78,040)</u>
Net change in fund balances	\$ (1,006,419)	\$ 928,379	\$ (78,040)
Fund balances - beginning, as restated	994,821	4,240,384	5,235,205
Fund balances - ending	<u>\$ (11,598)</u>	<u>\$ 5,168,763</u>	<u>\$ 5,157,165</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, 2011

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

Net change in fund balances - total governmental funds	\$ (78,040)
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.	(130,675)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(229,474)
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.	621,590
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.	55,606
Change in net assets of governmental activities	\$ 239,007

County of Dickenson, Virginia
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 35,745
Total assets	\$ 35,745
 LIABILITIES	
Amounts held for social services clients	\$ 6,364
Amounts held for Town of Clinchco	2,506
Amounts held for Town of Clintwood	21,195
Amounts held for Town of Haysi	5,643
Amounts held for County employees' fringe benefits	37
Total liabilities	\$ 35,745

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

COUNTY OF DICKENSON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011, the County contributed \$440,511 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 nonspendable fund balance 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 \$448,666 at June 30, 2011 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 the asset's life 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

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

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

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

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

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

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

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

10. Net Assets

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

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 \$(5,168,288) and \$(1,474,251) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Lease purchase agreements	\$(3,074,481)	\$ -
Note payable	(92,868)	
Bond payable	(1,070,000)	-
Unamortized bond premium	(27,821)	-
Accrued interest payable	(113,536)	-
Landfill accrued post-closure monitoring costs	(339,523)	-
Net OPEB obligation	-	(597,358)
Compensated absences	(450,059)	(876,893)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$(5,168,288)	\$(1,474,251)

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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 \$(130,675) and \$(4,165) 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	\$ 510,779	\$ 389,126
Depreciation expense	<u>(641,454)</u>	<u>(393,291)</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>\$ (130,675)</u>	<u>\$ (4,165)</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 \$55,606 and \$(19,885) 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	\$ 51,115	\$ (19,885)
(Increase) decrease in accrued interest	<u>4,491</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>\$ 55,606</u>	<u>\$ (19,885)</u>

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 details of this \$621,590 difference in the primary government are as follows:

	<u>Primary Government</u>
Debt Issued or Incurred:	
Accrued landfill postclosure monitoring costs	\$ (3,402)
Principal Payments:	
Note payable	43,488
DCWIN Bond	85,000
Lease purchase agreements	493,412
Amortization of bond premium	<u>3,092</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 621,590</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, 2011, the General Fund had deficit fund equity of \$(11,598).

Note 4-Deposits and Investments:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

At June 30, 2011, the County had no investments.

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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	\$ 124,029	\$ 344,187
Categorical aid-shared expenses	104,949	-
Categorical aid-Comprehensive Services Act	196,032	-
Categorical aid-Virginia Public Assistance	300,074	-
Other state aid	154,673	-
<u>Federal Government:</u>		
Categorical aid-other	13,462	173,974
Totals	\$ <u>893,219</u>	\$ <u>518,161</u>

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	\$ -	\$ 2,971,775
<u>Component Unit - School Board:</u>		
School Fund	\$ 2,971,775	\$ -

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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2011:

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Note payable	\$ 136,356	\$ -	\$ (43,488)	\$ 92,868
Bond payable	1,155,000	-	(85,000)	1,070,000
Bond premium	30,913	-	(3,092)	27,821
Lease purchase agreements	3,567,893	-	(493,412)	3,074,481
Landfill postclosure liability	336,121	3,402	-	339,523
Compensated absences	501,174	-	(51,115)	450,059
Total	\$ 5,727,457	\$ 3,402	\$ (676,107)	\$ 5,054,752

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
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	100,000	29,108	-	-
2017-2021	595,000	66,313	-	-
Totals	\$ 1,070,000	\$ 263,109	\$ 92,868	\$ 6,244

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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.	\$ 1,070,000	\$ 85,000
Add: Premium on bond	<u>27,821</u>	<u>-</u>
Total General Obligation Bond	\$ <u>1,097,821</u>	<u>85,000</u>
<u>Other Obligations:</u>		
Capital leases (Note 8)	\$ 3,074,481	\$ 514,025
Landfill post-closure monitoring liability	339,523	-
Compensated absences	450,059	-
Note payable	<u>92,868</u>	<u>45,423</u>
Total Other Obligations	\$ <u>3,956,931</u>	<u>559,448</u>
Total Long-Term Obligations	\$ <u><u>5,054,752</u></u>	<u><u>644,448</u></u>

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8-Capital Lease:

Primary Government:

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

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

Asset:	Police Cars	Fire Trucks	School Buses	Packer Trucks
Equipment	\$ 160,562	\$ 275,118	\$ 1,020,729	\$ 498,069
Less: Accumulated Depreciation	(160,562)	(63,793)	(339,777)	(170,162)
Total	\$ -	\$ 211,325	\$ 680,952	\$ 327,907

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2011, are as follows:

Year Ending June 30,	Lease Purchase
2012	641,178
2013	424,311
2014	305,048
2015	305,048
2016	293,630
2017-2021	1,345,327
2022-2023	525,849
Sub-total	\$ 3,840,391
Less, amount representing interest	(765,910)
Present Value of Lease Agreement	\$ 3,074,481

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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, 2011:

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Net OPEB obligation	\$ 408,778	\$ 776,280	\$ (587,700)	\$ 597,358
Compensated absences	857,008	19,885	-	876,893
Total	\$ 1,265,786	\$ 796,165	\$ (587,700)	\$ 1,474,251

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Net OPEB obligation	\$ 597,358	\$ -
Compensated absences	876,893	-
Total Long-Term Obligations	\$ 1,474,251	\$ -

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

A. Plan Description

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

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

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County of Dickenson, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Dickenson, Virginia's contribution rate for the fiscal year ended 2011 was 7.79% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5.00% 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 2011 was 25.22% of annual covered payroll.

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

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost was equal to the County's required contribution.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2009	\$ 428,202	100.00%	\$ -
	6/30/2010	440,610	100.00%	-
	6/30/2011	500,706	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2009	\$ 409,402	100.00%	\$ -
	6/30/2010	401,440	100.00%	-
	6/30/2011	441,182	100.00%	-

¹ Employer portion only

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses of 7.50%, (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 and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Dickenson, Virginia's and the School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 76.77% funded. The actuarial accrued liability for benefits was \$24,133,581, and the actuarial value of assets was \$18,526,595, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,606,986. The covered payroll (annual payroll of active employees covered by the plan) was \$6,393,739, and ratio of the UAAL to the covered payroll was 87.69%.

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, 2010, the most recent actuarial valuation date, the plan was 49.81% funded. The actuarial accrued liability for benefits was \$11,633,528, and the actuarial value of assets was \$5,795,039, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,838,489. The covered payroll (annual payroll of active employees covered by the plan) was \$1,654,009, and ratio of the UAAL to the covered payroll was 352.99%.

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 Patrick 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 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/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 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 \$1,120,781, \$832,179, and \$1,006,620 for the fiscal years ended 2011, 2010, and 2009, respectively. Employer contributions represented 8.93% for fiscal year 2011, 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, and 10.30% of covered payroll for the fiscal years ended 2009.

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 2011, the School Board continued to follow the pay-as-you-go basis with no pre-funding.

Retirees are responsible for a portion of the monthly premiums for the benefits elected as shown in the tables below (premium amounts shown are for the year beginning 10/1/2011):

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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	\$ 774,600
Interest on net OPEB obligation	16,351
Adjustment to annual required contribution	(14,671)
Annual OPEB cost (expense)	776,280
Estimated pay-as-you-go contributions	(587,700)
Increase in net OPEB obligation	188,580
Net OPEB obligation - beginning of year	408,778
Net OPEB obligation - end of year	<u>\$ 597,358</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
6/30/2011	776,280	76%	597,358

D. Funded Status and Funding Progress

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

Note 11-Other Post-Employment Benefits: (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, 2011 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 6.3 percent initially, graded to 4.7% over 80 years. Dental trend rates were held constant at 4.7 percent for all years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2011, was 30 years.

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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2011 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,725,519	\$ -	\$ -	\$ 2,725,519
Construction in progress	-	83,670	-	83,670
Total capital assets not being depreciated	<u>\$ 2,725,519</u>	<u>\$ 83,670</u>	<u>\$ -</u>	<u>\$ 2,809,189</u>
Capital assets, being depreciated:				
Buildings	\$ 12,367,806	\$ -	\$ -	\$ 12,367,806
Machinery and equipment	3,932,195	427,109	(95,000)	4,264,304
Total capital assets being depreciated	<u>\$ 16,300,001</u>	<u>\$ 427,109</u>	<u>\$ (95,000)</u>	<u>\$ 16,632,110</u>
Less: accumulated depreciation for:				
Buildings	\$ (5,554,766)	\$ (303,095)	\$ -	\$ (5,857,861)
Machinery and equipment	(1,898,867)	(338,359)	95,000	(2,142,226)
Total accumulated depreciation	<u>\$ (7,453,633)</u>	<u>\$ (641,454)</u>	<u>\$ 95,000</u>	<u>\$ (8,000,087)</u>
Total capital assets being depreciated, net	<u>\$ 8,846,368</u>	<u>\$ (214,345)</u>	<u>\$ -</u>	<u>\$ 8,632,023</u>
Governmental activities capital assets, net	<u>\$ 11,571,887</u>	<u>\$ (130,675)</u>	<u>\$ -</u>	<u>\$ 11,441,212</u>

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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 12-Capital Assets: (continued)

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

Governmental activities:	
General government	\$ 1,831
Judicial administration	3,303
Public safety	178,530
Public works	111,829
Health and welfare	26,201
Education	222,973
Parks, recreation, and culture	2,855
Community development	<u>93,932</u>
Total depreciation expense-governmental activities	<u>\$ 641,454</u>

Capital asset activity for the School Board for the year ended June 30, 2011 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	\$ 126,000	\$ -	\$ 1,988,000
Capital assets, being depreciated:				
Buildings	\$ 6,027,801	\$ -	\$ -	\$ 6,027,801
Machinery and equipment	4,933,401	263,126	(73,000)	5,123,527
Total capital assets being depreciated	<u>\$ 10,961,202</u>	<u>\$ 263,126</u>	<u>\$ (73,000)</u>	<u>\$ 11,151,328</u>
Less: accumulated depreciation for:				
Buildings	\$ (4,392,689)	\$ (120,838)	\$ -	\$ (4,513,527)
Machinery and equipment	(3,427,232)	(272,453)	73,000	(3,626,685)
Total accumulated depreciation	<u>\$ (7,819,921)</u>	<u>\$ (393,291)</u>	<u>\$ 73,000</u>	<u>\$ (8,140,212)</u>
Total capital assets being depreciated, net	<u>\$ 3,141,281</u>	<u>\$ (130,165)</u>	<u>\$ -</u>	<u>\$ 3,011,116</u>
Governmental activities capital assets, net	<u>\$ 5,003,281</u>	<u>\$ (4,165)</u>	<u>\$ -</u>	<u>\$ 4,999,116</u>

COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 13-Risk Management:

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

Note 14-Contingent Liabilities:

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

Note 15-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

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

VACo Insurance Programs

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

All Social Services employees-blanket bond	\$	100,000
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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 15-Surety Bonds: (continued)

Component Unit – School Board:

<u>Nationwide Insurance-Surety</u>	
Haydee Robinson	\$ 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 \$339,523 is the total estimated post-closure care liability at June 30, 2011. The liability represents what it cost to perform all post-closure care in 2011. 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 \$9,147,814 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$550,573 at June 30, 2011.

Property Taxes Receivable – Taxes billed and not due until after June 30, 2011, less amounts received 60 days after the period end totaled \$8,597,241 at June 30, 2011.

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COUNTY OF DICKENSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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	\$ 231,284	\$ 11,918,423
Change in due from Component Unit	763,537	763,537
Restated amount	<u>\$ 994,821</u>	<u>\$ 12,681,960</u>
Component Unit - School Board:		
Governmental Funds/Activities:		
As previously stated	\$ 763,537	\$ 4,501,032
Change in due to Primary Government	<u>(763,537)</u>	<u>(763,537)</u>
Restated amount	<u>\$ -</u>	<u>\$ 3,737,495</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 10,022,209	\$ 10,022,209	\$ 9,079,109	\$ (943,100)
Other local taxes	5,971,172	5,971,172	5,822,390	(148,782)
Permits, privilege fees, and regulatory licenses	14,500	14,500	16,255	1,755
Fines and forfeitures	15,500	15,500	42,244	26,744
Revenue from the use of money and property	25,500	25,500	22,837	(2,663)
Charges for services	565,150	565,150	1,981,219	1,416,069
Miscellaneous	148,000	148,100	225,498	77,398
Recovered costs	73,030	79,125	986,283	907,158
Intergovernmental revenues:				
Commonwealth	6,140,289	6,140,289	7,422,697	1,282,408
Federal	2,659,314	2,660,878	2,061,095	(599,783)
Total revenues	<u>\$ 25,634,664</u>	<u>\$ 25,642,423</u>	<u>\$ 27,659,627</u>	<u>\$ 2,017,204</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,859,523	\$ 1,859,523	\$ 1,771,524	\$ 87,999
Judicial administration	1,032,276	1,032,276	1,069,006	(36,730)
Public safety	4,696,406	4,702,601	4,946,091	(243,490)
Public works	2,612,044	2,612,044	2,513,362	98,682
Health and welfare	5,805,986	5,805,986	8,697,353	(2,891,367)
Education	6,974,542	6,974,542	5,974,047	1,000,495
Parks, recreation, and cultural	456,726	458,290	568,027	(109,737)
Community development	1,829,180	1,829,180	2,306,243	(477,063)
Debt service:				
Principal retirement	367,981	367,981	621,900	(253,919)
Interest and other fiscal charges	-	-	198,493	(198,493)
Total expenditures	<u>\$ 25,634,664</u>	<u>\$ 25,642,423</u>	<u>\$ 28,666,046</u>	<u>\$ (3,023,623)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (1,006,419)	\$ (1,006,419)
Net change in fund balances	\$ -	\$ -	\$ (1,006,419)	\$ (1,006,419)
Fund balances - beginning, as restated	-	-	994,821	994,821
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,598)</u>	<u>\$ (11,598)</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, 2011

	<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	\$ 2,449,400	\$ 2,449,400	\$ 4,923,347	\$ 2,473,947
Revenue from the use of money and property	51,200	51,200	10,545	(40,655)
Total revenues	<u>\$ 2,500,600</u>	<u>\$ 2,500,600</u>	<u>\$ 4,933,892</u>	<u>\$ 2,433,292</u>
EXPENDITURES				
Current:				
Public works	\$ 406,849	\$ 406,849	\$ 740,680	\$ (333,831)
Community development	2,093,751	2,093,751	3,264,833	(1,171,082)
Total expenditures	<u>\$ 2,500,600</u>	<u>\$ 2,500,600</u>	<u>\$ 4,005,513</u>	<u>\$ (1,504,913)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928,379</u>	<u>\$ 928,379</u>
Net change in fund balances	\$ -	\$ -	\$ 928,379	\$ 928,379
Fund balances - beginning	-	-	4,240,384	4,240,384
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,168,763</u>	<u>\$ 5,168,763</u>

**County of Dickenson, Virginia
Required Supplementary Information**

**Schedules of Funding Progress
For the Year Ended June 30, 2011**

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, 2010	\$ 18,526,595	\$ 24,133,581	\$ 5,606,986	76.77%	\$ 6,393,739	87.69%
June 30, 2009	18,261,152	21,165,196	2,904,044	86.28%	6,212,991	46.74%
June 30, 2008	17,799,030	20,039,614	2,240,584	88.82%	6,100,487	36.73%

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, 2011	\$ 5,795,039	\$ 11,633,528	\$ 5,838,489	49.81%	\$ 1,654,009	352.99%
June 30, 2009	6,018,752	10,879,139	4,860,387	55.32%	1,747,764	278.09%
June 30, 2008	6,109,407	10,164,692	4,055,285	60.10%	1,719,468	235.85%

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, 2011	\$ -	\$ 9,185,100	\$ 9,185,100	0.00%	\$ 13,464,900	68.22%
June 30, 2009	\$ -	\$ 7,777,600	\$ 7,777,600	0.00%	\$ 14,359,100	54.16%

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, 2011

		Agency Funds					
	Special Welfare	Town of Clinchco	Town of Clintwood	Town of Haysi	Fringe Benefits	Total	
ASSETS							
Cash and cash equivalents	\$ 6,364	\$ 2,506	\$ 21,195	\$ 5,643	\$ 37	\$ 35,745	
Total assets	<u>\$ 6,364</u>	<u>\$ 2,506</u>	<u>\$ 21,195</u>	<u>\$ 5,643</u>	<u>\$ 37</u>	<u>\$ 35,745</u>	
LIABILITIES							
Amounts held for social services clients	\$ 6,364	\$ -	\$ -	\$ -	\$ -	\$ 6,364	
Amounts held for Town of Clinchco	-	2,506	-	-	-	2,506	
Amounts held for Town of Clintwood	-	-	21,195	-	-	21,195	
Amounts held for Town of Haysi	-	-	-	5,643	-	5,643	
Amounts held for County employees' fringe benefits	-	-	-	-	37	37	
Total liabilities	<u>\$ 6,364</u>	<u>\$ 2,506</u>	<u>\$ 21,195</u>	<u>\$ 5,643</u>	<u>\$ 37</u>	<u>\$ 35,745</u>	

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, 2011

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,927,870
Cash in custody of others	1,100
Due from other governmental units	518,161
Prepaid items	144,890
Total assets	<u>\$ 4,592,021</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 148,194
Accrued liabilities	1,472,052
Due to primary government	2,971,775
Total liabilities	<u>\$ 4,592,021</u>
Fund balances:	
Unassigned	\$ -
Total fund balances	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 4,592,021</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ -
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,999,116
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,474,251)
Net assets of governmental activities	<u>\$ 3,524,865</u>

County of Dickenson, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	<u>School Operating Fund</u>
REVENUES	
Revenue from the use of money and property	\$ 1,534
Charges for services	449,543
Miscellaneous	613,274
Intergovernmental revenues:	
Local government	5,915,047
Commonwealth	14,483,487
Federal	4,981,291
Total revenues	<u>\$ 26,444,176</u>
EXPENDITURES	
Current:	
Education	\$ 26,444,176
Total expenditures	<u>\$ 26,444,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>
Net change in fund balances	\$ -
Fund balances - beginning, as restated	-
Fund balances - ending	<u>\$ -</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ -
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(4,165)
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.	(188,580)
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.	(19,885)
Change in net assets of governmental activities	<u>\$ (212,630)</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, 2011

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 25,200	\$ 25,200	\$ 1,534	\$ (23,666)
Charges for services	473,300	473,300	449,543	(23,757)
Miscellaneous	494,476	811,927	613,274	(198,653)
Intergovernmental revenues:				
Local government	6,905,542	6,905,542	5,915,047	(990,495)
Commonwealth	15,172,947	15,198,947	14,483,487	(715,460)
Federal	3,318,022	5,666,688	4,981,291	(685,397)
Total revenues	<u>\$ 26,389,487</u>	<u>\$ 29,081,604</u>	<u>\$ 26,444,176</u>	<u>\$ (2,637,428)</u>
EXPENDITURES				
Current:				
Education	\$ 28,440,950	\$ 30,226,818	\$ 26,444,176	\$ 3,782,642
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,051,463)</u>	<u>\$ (1,145,214)</u>	<u>\$ -</u>	<u>\$ 1,145,214</u>
Net change in fund balances	\$ (2,051,463)	\$ (1,145,214)	\$ -	\$ 1,145,214
Fund balances - beginning	2,051,463	1,145,214	-	(1,145,214)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supporting Schedules

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

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	\$ 6,908,785	\$ 6,908,785	\$ 6,163,113	\$ (745,672)
Real and personal public service corporation taxes	370,000	370,000	367,626	(2,374)
Personal property taxes	1,053,424	1,053,424	1,110,935	57,511
Mobile home taxes	95,000	95,000	88,487	(6,513)
Machinery and tools taxes	1,400,000	1,400,000	1,117,011	(282,989)
Merchant's capital taxes	75,000	75,000	94,834	19,834
Penalties	45,000	45,000	58,763	13,763
Interest	75,000	75,000	78,340	3,340
Total general property taxes	<u>\$ 10,022,209</u>	<u>\$ 10,022,209</u>	<u>\$ 9,079,109</u>	<u>\$ (943,100)</u>
Other local taxes:				
Local sales and use taxes	\$ 700,000	\$ 700,000	\$ 746,183	\$ 46,183
Consumers' utility taxes	351,000	351,000	292,590	(58,410)
Consumption taxes	64,500	64,500	58,792	(5,708)
Vehicle reg. withholding stops	15,000	15,000	13,480	(1,520)
Tax on deeds	40,000	40,000	24,624	(15,376)
Hotel and motel room taxes	12,000	12,000	16,342	4,342
Gas severance taxes	1,858,817	1,858,817	1,485,365	(373,452)
Coal severance taxes	2,929,855	2,929,855	3,185,014	255,159
Total other local taxes	<u>\$ 5,971,172</u>	<u>\$ 5,971,172</u>	<u>\$ 5,822,390</u>	<u>\$ (148,782)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,932	\$ (68)
Transfer fees	500	500	463	(37)
Building permits	12,000	12,000	13,860	1,860
Total permits, privilege fees, and regulatory licenses	<u>\$ 14,500.00</u>	<u>\$ 14,500.00</u>	<u>\$ 16,255</u>	<u>\$ 1,755</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 15,500	\$ 15,500	\$ 42,244	\$ 26,744
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 6,479	\$ (3,521)
Revenue from use of property	15,500	15,500	16,358	858
Total revenue from use of money and property	<u>\$ 25,500</u>	<u>\$ 25,500</u>	<u>\$ 22,837</u>	<u>\$ (2,663)</u>
Charges for services:				
Clerk's interest	\$ 400	\$ 400	\$ 551	\$ 151
Charges for law enforcement and traffic control	30,132	30,132	35,707	5,575
Document production costs	4,000.00	4,000.00	3,447	(553)
Charges for Commonwealth's Attorney	500	500	867	367
Solid waste tipping fees	165,000	165,000	273,403	108,403
DCWIN user fees	365,118	365,118	306,743	(58,375)
Charges for law library	-	-	1,423	1,423
Charges for behavioral health services	-	-	1,359,078	1,359,078
Total charges for services	<u>\$ 565,150</u>	<u>\$ 565,150</u>	<u>\$ 1,981,219</u>	<u>\$ 1,416,069</u>
Miscellaneous revenue:				
Miscellaneous	\$ 148,000	\$ 148,100	\$ 225,498	\$ 77,398
Total miscellaneous revenue	<u>\$ 148,000</u>	<u>\$ 148,100</u>	<u>\$ 225,498</u>	<u>\$ 77,398</u>

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<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:				
E-911 reimbursement/refunds	\$ -	\$ -	\$ 912,338	\$ 912,338
Health department rental	7,150	7,150	7,150	-
VPA refunds/recoveries	60,000	60,000	53,905	(6,095)
Other recovered costs	5,880	11,975	12,890	915
Total recovered costs	<u>\$ 73,030</u>	<u>\$ 79,125</u>	<u>\$ 986,283</u>	<u>\$ 907,158</u>
Total revenue from local sources	<u>\$ 16,835,061</u>	<u>\$ 16,841,256</u>	<u>\$ 18,175,835</u>	<u>\$ 1,334,579</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 100,000	\$ 100,000	\$ 64,875	\$ (35,125)
Mobile home titling tax	100,000	100,000	104,384	4,384
DMV/animal friendly plates	-	-	107	107
State recordation tax	13,000	13,000	7,409	(5,591)
Grantor's tax	5,000	5,000	4,384	(616)
Personal property tax relief funds	817,952	817,952	817,952	-
Communications tax	550,000	550,000	559,387	9,387
Total noncategorical aid	<u>\$ 1,585,952</u>	<u>\$ 1,585,952</u>	<u>\$ 1,558,498</u>	<u>\$ (27,454)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 181,003	\$ 181,003	\$ 103,702	\$ (77,301)
Sheriff	966,296	966,296	1,024,360	58,064
Commissioner of revenue	111,614	111,614	102,352	(9,262)
Treasurer	91,078	91,078	72,499	(18,579)
Registrar/electoral board	52,000	52,000	38,385	(13,615)
Clerk of the Circuit Court	189,503	189,503	176,475	(13,028)
Amounts returned to the Commonwealth	-	-	(138,799)	(138,799)
Total shared expenses	<u>\$ 1,591,494</u>	<u>\$ 1,591,494</u>	<u>\$ 1,378,974</u>	<u>\$ (212,520)</u>
Other categorical aid:				
Comprehensive services act	\$ 764,257	\$ 764,257	\$ 958,374	\$ 194,117
Public assistance and welfare administration	1,637,586	1,637,586	1,565,841	(71,745)
Litter control grant	8,000	8,000	8,076	76
Commission for the arts	5,000	5,000	2,000	(3,000)
Fire programs	36,000	36,000	42,105	6,105
Virginia housing authority	80,000	80,000	101,884	21,884
State health department	-	-	8,648	8,648
State health department - four for life	14,000	14,000	15,042	1,042
Criminal justice grants	-	-	41,257	41,257
Special welfare - foster care	3,000	3,000	7,638	4,638
VITA grant	300,000	300,000	-	(300,000)
Behavioral health services	-	-	1,624,405	1,624,405
Department of environmental quality	75,000	75,000	56,702	(18,298)
Wireless E-911 services	40,000	40,000	53,253	13,253
Total other categorical aid	<u>\$ 2,962,843</u>	<u>\$ 2,962,843</u>	<u>\$ 4,485,225</u>	<u>\$ 1,522,382</u>

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

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	\$ 4,554,337	\$ 4,554,337	\$ 5,864,199	\$ 1,309,862
Total revenue from the Commonwealth	\$ 6,140,289	\$ 6,140,289	\$ 7,422,697	\$ 1,282,408
Revenue from the federal government:				
Payments in lieu of taxes	\$ 12,000	\$ 12,000	\$ 15,149	\$ 3,149
Categorical aid:				
Public assistance and welfare administration	\$ 1,930,967	\$ 1,930,967	\$ 1,879,581	\$ (51,386)
Emergency management preparedness grant	-	-	18,462	18,462
Emergency management homeland security	-	-	24,058	24,058
Emergency services - Snow storm	40,000	40,000	-	(40,000)
Corps of engineers	25,000	25,000	28,934	3,934
DMV grants	7,000	7,000	13,236	6,236
Cranesnest river trail	283,347	283,347	-	(283,347)
USDA RD - School Kitchen Equipment	100,000	100,000	-	(100,000)
USDA RD - Libraries	100,000	100,000	-	(100,000)
USDA RD - Watershed	-	-	27,619	27,619
Haysi Breaks Trail	149,000	149,000	51,389	(97,611)
Arc Flex E Grants	12,000	13,564	2,667	(10,897)
Total categorical aid	\$ 2,647,314	\$ 2,648,878	\$ 2,045,946	\$ (602,932)
Total revenue from the federal government	\$ 2,659,314	\$ 2,660,878	\$ 2,061,095	\$ (599,783)
Total General Fund	\$ 25,634,664	\$ 25,642,423	\$ 27,659,627	\$ 2,017,204
Special Revenue Fund:				
Coal Road Tax Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road improvement taxes	\$ 1,428,000	\$ 1,428,000	\$ 3,437,982	\$ 2,009,982
Gas severance taxes	1,021,400	1,021,400	1,485,365	463,965
Total other local taxes	\$ 2,449,400	\$ 2,449,400	\$ 4,923,347	\$ 2,473,947
Revenue from use of money and property:				
Revenue from the use of money	\$ 51,200	\$ 51,200	\$ 10,545	\$ (40,655)
Total revenue from local sources	\$ 2,500,600	\$ 2,500,600	\$ 4,933,892	\$ 2,433,292
Total Coal Road Tax Fund	\$ 2,500,600	\$ 2,500,600	\$ 4,933,892	\$ 2,433,292
Total Primary Government	\$ 28,135,264	\$ 28,143,023	\$ 32,593,519	\$ 4,450,496

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<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	\$ 25,200	\$ 25,200	\$ 1,534	\$ (23,666)
Charges for services:				
Cafeteria charges	\$ 473,300	\$ 473,300	\$ 449,543	(23,757)
Miscellaneous revenue:				
Other miscellaneous	\$ 494,476	\$ 811,927	\$ 613,274	\$ (198,653)
Total revenue from local sources	\$ 992,976	\$ 1,310,427	\$ 1,064,351	\$ (246,076)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Dickenson, Virginia	\$ 6,905,542	\$ 6,905,542	\$ 5,915,047	\$ (990,495.00)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,936,066	\$ 1,936,066	\$ 2,015,230	\$ 79,164
Basic school aid	9,145,742	9,145,742	8,457,649	(688,093)
Remedial summer education	28,794	28,794	14,889	(13,905)
Regular foster care	16,933	16,933	5,659	(11,274)
ISAFP	7,859	7,859	7,859	-
GED testing	2,500	2,500	-	(2,500)
Pass partnerships	1,000	1,000	-	(1,000)
Gifted and talented	88,644	88,644	86,761	(1,883)
Remedial education	297,449	297,449	292,484	(4,965)
Special education	898,258	898,258	892,112	(6,146)
Textbook payment	103,497	103,497	101,298	(2,199)
Vocational standards of quality payments	622,477	622,477	609,253	(13,224)
CTE adult education	4,000	4,000	3,090	(910)
Industry certification	4,000	4,000	2,673	(1,327)
Social security fringe benefits	555,502	555,502	543,701	(11,801)
Retirement fringe benefits	328,967	328,967	309,043	(19,924)
Early reading intervention	61,224	61,224	53,877	(7,347)
Homebound education	39,569	39,569	23,553	(16,016)
Group life insurance instructional	19,699	19,699	19,280	(419)
Vocational education - occup/tech	-	-	23,198	23,198
Vocational education - equipment	-	-	4,987	4,987
School breakfast incentive	7,883	7,883	5,436	(2,447)
School food	17,467	17,467	15,621	(1,846)

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<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	\$ 25,793	\$ 25,793	\$ 25,211	\$ (582)
At risk payments	337,538	337,538	330,485	(7,053)
Primary class size	241,740	241,740	233,492	(8,248)
Technology	258,000	284,000	284,000	-
Standards of Learning algebra readiness	37,710	37,710	37,587	(123)
Mentor teacher program	2,424	2,424	2,847	423
VA preschool initiative	82,212	82,212	82,212	-
Total categorical aid	<u>\$ 15,172,947</u>	<u>\$ 15,198,947</u>	<u>\$ 14,483,487</u>	<u>\$ (715,460)</u>
Total revenue from the Commonwealth	<u>\$ 15,172,947</u>	<u>\$ 15,198,947</u>	<u>\$ 14,483,487</u>	<u>\$ (715,460)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 930,000	\$ 930,000	\$ 784,380	\$ (145,620)
Title VI-B, special education flow-through	560,000	560,000	557,712	(2,288)
Vocational education	59,000	59,000	83,582	24,582
Title VI-B, special education pre-school	31,000	31,000	30,349	(651)
Drug free schools	15,747	15,747	4,657	(11,090)
Title II, part A	237,000	237,000	195,821	(41,179)
Title II, part D	8,269	8,269	6,211	(2,058)
USDA - School kitchen project	-	100,000	100,000	-
Reading first	-	-	36,216	36,216
School breakfast program	220,000	220,000	211,884	(8,116)
School lunch program	555,000	555,000	654,514	99,514
Fresh fruits and vegetables	-	-	12,584	12,584
Federal reserve	23,000	23,000	18,242	(4,758)
Federal leasing of land payments	10,000	10,000	1,213	(8,787)
School improvement	-	-	6,149	6,149
Rural and low income schools	63,000	63,000	67,495	4,495
ARRA - Education technology grant	-	-	1,774	1,774
ARRA - Title I	314,122	314,122	283,845	(30,277)
ARRA - Title VI-B, special education flow-through	291,884	291,884	251,849	(40,035)
ARRA - Education jobs fund	-	707,894	410,147	(297,747)
ARRA - State Fiscal Stabilization Funds	-	1,540,772	1,262,667	(278,105)
Total categorical aid	<u>\$ 3,318,022</u>	<u>\$ 5,666,688</u>	<u>\$ 4,981,291</u>	<u>\$ (685,397)</u>
Total revenue from the federal government	<u>\$ 3,318,022</u>	<u>\$ 5,666,688</u>	<u>\$ 4,981,291</u>	<u>\$ (685,397)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 26,389,487</u>	<u>\$ 29,081,604</u>	<u>\$ 26,444,176</u>	<u>\$ (2,637,428)</u>

County of Dickenson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<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	\$ 126,708	\$ 126,708	\$ 133,326	\$ (6,618)
General and financial administration:				
County administrator	\$ 319,169	\$ 319,169	\$ 316,769	\$ 2,400
Audit services	67,500	67,500	71,000	(3,500)
Legal services	35,500	35,500	37,574	(2,074)
Commissioner of revenue	407,670	407,670	382,874	24,796
Treasurer	524,327	524,327	456,047	68,280
IT/Mapping/Data processing	215,175	215,175	220,445	(5,270)
Total general and financial administration	<u>\$ 1,569,341</u>	<u>\$ 1,569,341</u>	<u>\$ 1,484,709</u>	<u>\$ 84,632</u>
Board of elections:				
Registrar	\$ 113,801	\$ 113,801	\$ 116,132	\$ (2,331)
Electoral board and officials	49,673	49,673	37,357	12,316
Total board of elections	<u>\$ 163,474</u>	<u>\$ 163,474</u>	<u>\$ 153,489</u>	<u>\$ 9,985</u>
Total general government administration	<u>\$ 1,859,523</u>	<u>\$ 1,859,523</u>	<u>\$ 1,771,524</u>	<u>\$ 87,999</u>
Judicial administration:				
Courts:				
Circuit court	\$ 147,017	\$ 147,017	\$ 122,791	\$ 24,226
General district court	26,823	26,823	20,897	5,926
Juvenile court services	85,340	85,340	83,428	1,912
Office on youth	114,356	114,356	141,479	(27,123)
Law library	307,046	307,046	333,463	(26,417)
Clerk of the circuit court	351,694	351,694	366,948	(15,254)
Total courts	<u>\$ 1,032,276</u>	<u>\$ 1,032,276</u>	<u>\$ 1,069,006</u>	<u>\$ (36,730)</u>
Total judicial administration	<u>\$ 1,032,276</u>	<u>\$ 1,032,276</u>	<u>\$ 1,069,006</u>	<u>\$ (36,730)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,696,703	\$ 1,702,798	\$ 1,738,381	\$ (35,583)
Fire and rescue services:				
Volunteer fire and rescue	\$ 246,825	\$ 246,825	\$ 248,317	\$ (1,492)
E-911 Fund	1,210,110	1,210,110	1,507,693	(297,583)
DCWIN	567,801	567,801	444,035	123,766
Total fire and rescue services	<u>\$ 2,024,736</u>	<u>\$ 2,024,736</u>	<u>\$ 2,200,045</u>	<u>\$ (175,309)</u>
Correction and detention:				
SWVa Regional Jail Authority	\$ 720,391	\$ 720,391	\$ 736,587	\$ (16,196)
Inspections:				
Building	\$ 127,236	\$ 127,236	\$ 109,129	\$ 18,107

County of Dickenson, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<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	\$ 108,904	\$ 109,004	\$ 108,412	\$ 592
Emergency management	18,436	18,436	53,537	(35,101)
Total other protection	<u>\$ 127,340</u>	<u>\$ 127,440</u>	<u>\$ 161,949</u>	<u>\$ (34,509)</u>
Total public safety	<u>\$ 4,696,406</u>	<u>\$ 4,702,601</u>	<u>\$ 4,946,091</u>	<u>\$ (243,490)</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,776,738	\$ 1,776,738	\$ 1,747,402	\$ 29,336
Litter control	153,597	153,597	162,532	(8,935)
Total sanitation and waste removal	<u>\$ 1,930,335</u>	<u>\$ 1,930,335</u>	<u>\$ 1,909,934</u>	<u>\$ 20,401</u>
Maintenance of general buildings and grounds:				
General properties	\$ 461,012	\$ 461,012	\$ 394,644	\$ 66,368
Engineering	220,697	220,697	208,784	\$ 11,913
Total maintenance of general buildings and grounds	<u>\$ 681,709</u>	<u>\$ 681,709</u>	<u>\$ 603,428</u>	<u>\$ 78,281</u>
Total public works	<u>\$ 2,612,044</u>	<u>\$ 2,612,044</u>	<u>\$ 2,513,362</u>	<u>\$ 98,682</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 262,441	\$ 262,441	\$ 262,441	\$ -
Mental health and mental retardation:				
Community services board	\$ 125,000	\$ 125,000	\$ 2,924,548	\$ (2,799,548)
Welfare:				
Public assistance and welfare administration	\$ 5,242,252	\$ 5,242,252	\$ 5,331,124	\$ (88,872)
Senior citizens	67,125	67,125	67,125	-
Rental assistance	109,168	109,168	112,115	(2,947)
Total welfare	<u>\$ 5,418,545</u>	<u>\$ 5,418,545</u>	<u>\$ 5,510,364</u>	<u>\$ (91,819)</u>
Total health and welfare	<u>\$ 5,805,986</u>	<u>\$ 5,805,986</u>	<u>\$ 8,697,353</u>	<u>\$ (2,891,367)</u>
Education:				
Other instructional costs:				
Community colleges	\$ 69,000	\$ 69,000	\$ 59,000	\$ 10,000
Contribution to County School Board	6,905,542	6,905,542	5,915,047	990,495
Total education	<u>\$ 6,974,542</u>	<u>\$ 6,974,542</u>	<u>\$ 5,974,047</u>	<u>\$ 1,000,495</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 72,000	\$ 72,000	\$ 74,790	\$ (2,790)
Swimming pool	-	-	3,579	(3,579)
Tourism	47,043	48,607	49,147	(540)
Total parks and recreation	<u>\$ 119,043</u>	<u>\$ 120,607</u>	<u>\$ 127,516</u>	<u>\$ (6,909)</u>
Library:				
Contribution to regional library	\$ 337,683	\$ 337,683	\$ 440,511	\$ (102,828)
Total parks, recreation, and cultural	<u>\$ 456,726</u>	<u>\$ 458,290</u>	<u>\$ 568,027</u>	<u>\$ (109,737)</u>

County of Dickenson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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	\$ 284,744	\$ 284,744	\$ 247,204	\$ 37,540
Haysi/Breaks Trail	140,000	140,000	17,896	122,104
Cranestrail Trail	150,000	150,000	16,559	133,441
Industrial Development Authority/Economic Development Corp.	1,164,849	1,164,849	1,980,751	(815,902)
Total planning and community development	<u>\$ 1,739,593</u>	<u>\$ 1,739,593</u>	<u>\$ 2,262,410</u>	<u>\$ (522,817)</u>
Cooperative extension program:				
Extension office	\$ 89,587	\$ 89,587	\$ 43,833	\$ 45,754
Total community development	<u>\$ 1,829,180</u>	<u>\$ 1,829,180</u>	<u>\$ 2,306,243</u>	<u>\$ (477,063)</u>
Debt service:				
Principal retirement	\$ 367,981	\$ 367,981	\$ 621,900	\$ (253,919)
Interest and other fiscal charges	-	-	198,493	(198,493)
Total debt service	<u>\$ 367,981</u>	<u>\$ 367,981</u>	<u>\$ 820,393</u>	<u>\$ (452,412)</u>
Total General Fund	<u>\$ 25,634,664</u>	<u>\$ 25,642,423</u>	<u>\$ 28,666,046</u>	<u>\$ (3,023,623)</u>
Special Revenue Fund:				
Coal Road Tax Fund:				
Public Works:				
Maintenance of Highways, Streets and Bridges:				
Road improvements	\$ 406,849	\$ 406,849	\$ 740,680	\$ (333,831)
Total public works	<u>\$ 406,849</u>	<u>\$ 406,849</u>	<u>\$ 740,680</u>	<u>\$ (333,831)</u>
Community Development:				
Planning and Community Development:				
Coalfield Economic Development	\$ 625,000	\$ 625,000	\$ 1,537,050	\$ (912,050)
Revenue sharing matching	1,000,001	1,000,001	1,000,001	-
Contribution to Public Service Authority	468,750	468,750	727,782	(259,032)
Total planning and community development	<u>\$ 2,093,751</u>	<u>\$ 2,093,751</u>	<u>\$ 3,264,833</u>	<u>(1,171,082)</u>
Total community development	<u>\$ 2,093,751</u>	<u>\$ 2,093,751</u>	<u>\$ 3,264,833</u>	<u>\$ (1,171,082)</u>
Total Coal Road Tax Fund	<u>\$ 2,500,600</u>	<u>\$ 2,500,600</u>	<u>\$ 4,005,513</u>	<u>\$ (1,504,913)</u>
Total Primary Government	<u>\$ 28,135,264</u>	<u>\$ 28,143,023</u>	<u>\$ 32,671,559</u>	<u>\$ (4,528,536)</u>

County of Dickenson, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<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	\$ 1,517,500	\$ 1,694,763	\$ 1,677,885	\$ 16,878
Instruction costs:				
Instruction	\$ 18,963,367	\$ 19,476,011	\$ 17,373,952	\$ 2,102,059
Operating costs:				
Pupil transportation	\$ 1,911,984	\$ 2,100,133	\$ 2,000,227	\$ 99,906
Operation and maintenance of school plant	3,751,920	4,324,308	2,737,671	1,586,637
School food and other non-instructional costs	1,804,602	2,024,161	2,113,165	(89,004)
Technology	491,577	607,442	541,276	66,166
Total operating costs	\$ 7,960,083	\$ 9,056,044	\$ 7,392,339	\$ 1,663,705
Total education	\$ 28,440,950	\$ 30,226,818	\$ 26,444,176	\$ 3,782,642
Total School Fund	\$ 28,440,950	\$ 30,226,818	\$ 26,444,176	\$ 3,782,642
Total Discretely Presented Component Unit - School Board	\$ 28,440,950	\$ 30,226,818	\$ 26,444,176	\$ 3,782,642

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
2010-11	\$ 1,763,110	\$ 1,074,443	\$ 3,686,694	\$ 3,372,252	\$ 8,674,918	\$ 6,197,020	\$ 571,735	\$ 5,607,673	\$ 190,910	\$ 31,138,755
2009-10	1,787,393	1,109,611	3,505,608	2,563,389	8,756,538	6,335,489	513,311	7,059,122	118,545	31,749,006
2008-09	1,799,477	957,871	3,910,141	2,804,944	5,174,372	7,058,251	501,388	6,139,085	240,406	28,585,935
2007-08	1,703,149	912,606	3,995,130	4,441,749	5,444,737	8,735,154	463,367	5,307,833	128,391	31,132,116
2006-07	1,501,542	850,347	3,537,314	2,641,070	5,211,236	5,880,047	457,546	3,201,093	68,026	23,348,221
2005-06	1,786,331	849,373	4,691,276	4,107,375	6,635,722	7,186,784	357,787	2,985,691	95,667	28,696,006
2004-05	1,363,560	772,003	3,913,522	2,710,489	6,613,972	4,790,114	387,081	2,539,694	96,111	23,186,546
2003-04	1,187,527	711,957	3,860,851	2,670,881	6,820,211	5,844,415	349,081	2,215,918	78,457	23,739,298
2002-03	1,244,818	630,274	4,118,153	3,095,759	5,999,914	5,506,650	331,077	2,980,786	90,816	23,988,447

(1) Information has only been available for 9 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		
2010-11	\$ 2,039,718	\$ 7,729,598	\$ 167,311	\$ 8,849,635	\$ 10,745,737	\$ -	\$ 33,382	\$ 225,498	\$ 1,586,883	\$ 31,377,762	
2009-10	1,909,470	7,837,433	2,222,045	9,495,473	8,804,909	-	30,472	261,355	1,198,714	31,759,871	
2008-09	283,173	5,814,889	200,367	8,384,400	13,453,817	-	47,889	404,828	1,094,113	29,683,476	
2007-08	238,467	5,967,611	268,364	8,204,925	12,994,102	-	77,032	418,645	1,097,572	29,266,718	
2006-07	141,089	5,378,433	-	6,965,778	11,208,523	-	171,437	260,260	1,724,980	25,850,500	
2005-06	1,256,694	6,416,389	6,500	6,352,073	10,359,744	-	98,164	385,927	1,853,132	26,728,623	
2004-05	1,046,391	6,595,296	22,926	7,147,156	7,673,572	-	25,298	415,021	1,299,746	24,225,406	
2003-04	1,001,257	7,358,147	1,447,745	6,472,585	6,653,364	-	16,946	351,639	1,052,561	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 9 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
2010-11	\$ 1,771,524	\$ 1,069,006	\$ 4,946,091	\$ 3,254,042	\$ 8,697,353	\$ 26,503,176	\$ 568,027	\$ 5,571,076	\$ 820,393	\$ 53,200,688
2009-10	1,741,323	1,107,320	3,852,444	2,551,751	8,627,325	27,463,325	511,050	7,090,497	872,769	53,817,804
2008-09	1,657,821	965,283	3,772,252	2,692,577	5,474,083	27,983,215	496,678	6,121,357	867,396	50,030,662
2007-08	1,739,566	913,816	3,961,686	4,855,519	5,512,456	29,152,214	476,082	5,230,753	725,928	52,568,020
2006-07	1,394,588	846,594	3,438,152	2,659,827	5,221,693	26,825,710	456,225	3,194,739	546,549	44,584,077
2005-06	1,834,513	837,090	4,728,723	3,939,020	6,628,785	23,957,556	356,466	3,220,288	490,125	45,992,566
2004-05	1,433,634	760,972	4,260,097	2,706,406	6,564,503	22,444,690	385,760	2,540,003	462,709	41,558,774
2003-04	1,177,758	700,128	4,128,007	2,620,013	6,905,504	22,443,400	347,760	2,292,066	672,774	41,287,410
2002-03	1,153,893	621,392	4,192,259	3,072,821	5,912,955	21,454,251	329,756	2,154,643	1,096,166	39,988,136
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

(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
2010-11	\$ 9,079,109	\$ 10,745,737	\$ 16,255	\$ 42,244	\$ 34,916	\$ 2,430,762	\$ 1,825,055	\$ 28,948,570	\$ 53,122,648
2009-10	9,128,477	8,804,909	18,382	41,078	36,789	2,277,014	990,554	30,520,082	51,817,285
2008-09	8,201,918	13,453,817	15,472	22,228	63,503	1,304,850	629,220	28,589,816	52,280,824
2007-08	8,109,308	12,994,102	17,547	49,511	113,744	1,023,583	691,465	26,695,030	49,694,290
2006-07	7,473,706	11,208,523	108,403	21,576	209,813	1,025,199	520,266	26,038,913	46,606,399
2005-06	6,759,485	10,359,744	64,726	1,270	128,110	2,001,178	910,721	24,982,136	45,207,370
2004-05	6,348,150	7,673,572	34,656	215	30,217	1,574,485	1,386,627	24,640,601	41,688,523
2003-04	6,686,416	6,653,364	87,042	666	17,905	1,312,310	1,099,010	24,744,346	40,601,059
2002-03	6,666,842	6,093,299	61,861	1,742	39,501	1,335,855	619,650	23,111,259	37,930,009
2001-02	6,730,918	5,481,847	25,209	836	243,624	849,556	1,591,276	22,873,059	37,796,325

(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
2010-11	\$ 9,359,592	\$ 8,747,619	93.46%	\$ 194,387	\$ 8,942,006	95.54%	\$ 2,168,850	23.17%
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%

(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	Personal Property	
2010-11	\$ 1,093,381,069	\$ 128,742,527	\$ 65,275,601	\$ 822,585	\$ 61,015,901	\$ 181,474	\$ 1,349,419,157
2009-10	1,069,562,685	113,496,700	65,994,070	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

(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
2010-11	\$ 0.60	\$ 1.69	\$ 1.69	10.50
2009-10	0.60	1.69	1.69	10.50
2008-09	0.60	1.69	1.69	10.50
2007-08	0.60	1.69	1.69	10.50
2006-07	0.60	1.69	1.69	10.50
2005-06	0.60	1.59	1.59	10.50
2004-05	0.60	1.59	1.59	10.50
2003-04	0.60	1.59	1.59	10.50
2002-03	0.60	1.59	1.59	10.50
2001-02	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
2010-11	15,903	\$ 1,349,419	\$ 1,070,000	\$ 1,070,000	0.08%	\$ 67
2009-10	16,395	1,314,855	1,155,000	1,155,000	0.09%	70
2008-09	16,395	1,220,831	1,338,676	1,338,676	0.11%	82
2007-08	16,395	1,154,896	1,747,016	1,747,016	0.15%	107
2006-07	16,395	1,106,889	2,145,356	2,145,356	0.19%	131
2005-06	16,395	1,073,384	2,543,696	2,543,696	0.24%	155
2004-05	16,395	997,351	2,913,409	2,913,409	0.29%	178
2003-04	16,395	1,012,173	1,728,123	1,728,123	0.17%	105
2002-03	16,395	992,419	2,064,210	2,064,210	0.21%	126
2001-02	16,395	988,709	2,400,297	2,400,297	0.24%	146

(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
2010-11	\$ 621,900	\$ 198,493	\$ 820,393	\$ 53,200,688	1.54%
2009-10	684,273	188,496	872,769	53,817,804	1.62%
2008-09	408,340	75,936	484,276	50,030,662	0.97%
2007-08	398,340	88,241	486,581	52,568,020	0.93%
2006-07	470,051	76,498	546,549	44,584,077	1.23%
2005-06	398,710	91,415	490,125	45,992,566	1.07%
2004-05	361,474	101,235	462,709	41,558,774	1.11%
2003-04	589,194	83,580	672,774	41,287,410	1.63%
2002-03	1,000,319	95,847	1,096,166	39,988,136	2.74%
2001-02	547,039	131,818	678,857	37,271,749	1.82%

(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

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 unit, each major fund and the aggregate remaining fund information of the County of Dickenson, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Dickenson, Virginia's basic financial statements and have issued our report thereon dated January 18, 2012. 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, (reference 2011-1). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Dickenson, Virginia in a separate letter dated January 18, 2012.

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 of Dickenson, Virginia's response and, accordingly, we express no opinion on it.

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 18, 2012

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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, 2011. 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, 2011.

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, Faimer, Co. Associates

Blacksburg, Virginia
January 18, 2012

County of Dickenson, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2011

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	\$ 68,844
ARRA - Child Care and Development Block Grant	93.713	90116, 90117, 90118, 90236 90237, 90238, 90378	6,767
Child Care and Development Block Grant	93.575	90544, 90545	41,930
Promoting Safe and Stable Families	93.556	90249, 90360	20,585
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	307,360
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	644
Low-income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	24,078
Chafee Education and Training Vouchers Program	93.599	90353	2,113
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251	1,322
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	\$ 334,861
ARRA - Foster Care - Title IV-E	93.658	90636, 90637, 90639, 90658	28,245
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	\$ 212,224
ARRA - Adoption Assistance	93.659	90606	18,021
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	240,612
Chafee Foster Care Independence Program	93.674	90254	10,780
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	10,149
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701	199,247
Total Department of Health and Human Services:			\$ 1,527,782
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution (Note 2)	10.555		\$ 96,073
Department of Education:			
National school lunch program	10.555	40623	658,441 \$
School breakfast program	10.553	40591	211,884
Fresh fruit and vegetable Program	10.582	40599	12,584
School and roads - grants to states	10.665	43841	18,242
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	\$ 349,664
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	2,135
Total Department of Agriculture			\$ 2,346,247
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	\$ 51,389
Appalachian Regional Development	23.001		56,553
Appalachian Area Development	23.002		2,667
Total Department of Housing and Urban Development			\$ 110,609

County of Dickenson, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600		\$ 13,236
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	\$ 784,380
ARRA - Title I: Grants to Local Educational Agencies	84.389	42913	283,845
			\$ 1,068,225
<i>Education Technology State Grants Cluster:</i>			
Education Technology State Grants	84.318	61600	\$ 6,211
ARRA - Education Technology State Grants	84.386	60897	1,774
			7,985
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	43071	\$ 557,712
ARRA - Special Education - Grants to States	84.391	61245	251,849
Special Education - Preschool Grants	84.173	62521	30,349
			839,910
Career and Technical Education - Basic Grants to States	84.048	61095	83,582
Safe and Drug-free schools and communities	84.186	65011	4,657
State Grants for Innovative Programs	84.298		6,149
Reading First State Grants	84.357		36,216
Rural Education	84.358		67,495
Improving Teacher Quality State Grants	84.367	61480	195,821
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62,532	1,262,667
ARRA - Education Jobs Fund	84.410		410,147
Emergency Impact Aid	84.938		1,213
			3,984,067
Total Department of Education			
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland security grant	97.004	52749	\$ 24,058
Emergency Management Performance Grant	97.042		18,462
Total Department of Homeland Security			
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226	Not applicable	\$ 15,149
Total Expenditures of Federal Awards			
			\$ 7,042,386

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, 2011

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, 2011. 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, 2011, the County had no food commodities in inventory.

Note 4 -- Relationship to the Financial Statements

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

Intergovernmental federal revenues per the basic financial statements

Primary government:

General Fund

\$ 2,061,095

Component Unit Schools:

School Operating Fund

\$ 4,981,291

Total federal expenditures per the Schedule of Expenditures of Federal Award:

\$ 7,042,386

County of Dickenson, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2011

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
84.010/84.389	Title I - Part A Cluster
10.561	SNAP Cluster
93.658	Foster Care - Title IV-E/ARRA - Foster Care
93.659	Adoption Assistance/ ARRA - Adoption Assistance
84.027/84.391/84.173	Special Education Cluster
84.410	ARRA - Education Jobs Fund
84.394	ARRA - State Fiscal Stabilization Funds - Education State Grants

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, 2011

Section II - Financial Statement Findings

2011-1

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 2011 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.