

COUNTY OF DICKENSON, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

COUNTY OF DICKENSON, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

COUNTY OF DICKENSON, VIRGINIA

BOARD OF SUPERVISORS

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

Susan Mullins, Vice-chair Rick Mullins	Rocky Barton, Chair	Dr. L.B. Lyle Shanghai Nickles
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SOCIAL SERVICES BOARD

Ginger Senter, Vice-chair Donald Rife	Charles Hay, Chair	Dean Rasnick Scott Stanley
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PUBLIC SERVICE AUTHORITY BOARD

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

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dickenson, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Emphasis of Matter

As reported in Note 18 to the financial statements, the County has historically relied on coal and methane related taxes to support operations. These taxes have decreased significantly in recent periods as the demand for and selling prices of these products has decreased significantly.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dickenson, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 19 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement No. 82 Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 72-73, 74-78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

Other Information (continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2017, on our consideration of the County of Dickenson, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Dickenson, Virginia's internal control over financial reporting and compliance.

Robinson, Faimer, Co. Associates
Blacksburg, Virginia
January 24, 2017

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, 2016. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,089,261 (net position). Of this amount, \$(486,228) was considered unrestricted.
- The liabilities and deferred inflows of resources of the School Board component unit exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$8,820,127 (net position). Of this amount \$(25,540,766) was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$11,250,897. Of that amount, \$1,996,321 was considered unassigned, \$9,105,459 was considered restricted and \$149,117 was considered non-spendable.
- During the year, the County had governmental fund expenditures that were \$19,054,504 more than revenue. The County received \$9,598,557 in debt proceeds to cover the additional expenditures.

Overview of the Financial Statements:

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

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

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

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

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

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

The Statement of Activities distinguishes functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Our governmental activities include general government, courts, public safety, sanitation, social services, education, cultural events, and recreation.

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

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

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

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

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

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

Fiduciary funds – The County is the trustee, or fiduciary, for the County’s agency funds and expendable trust funds. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County’s fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County’s Government-wide Financial Statements because the County cannot use these assets to finance its operations. Fiduciary funds include the Special Welfare, Town of Clinchco, Town of Clintwood, Town of Haysi, Fringe Benefits, Dickenson County Behavioral Health Services, and EQT funds.

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

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison and schedules related to pension and OPEB funding.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County’s financial position. In the case of the County’s Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$21,089,261 at the close of the most recent fiscal year.

A significant portion of the County’s net position, \$12,470,030 reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County’s net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County’s net position, \$9,105,459, is subject to restrictions on how it may be used. The remaining balance of net position was \$(486,228).

The following tables summarize the County's Statement of Net Position and Statement of Activities for 2016 and 2015.

Statement of Net Position

	Governmental Activities 2016	Governmental Activities 2015*
Current and other assets	\$ 44,103,267	\$ 33,813,052
Capital and other assets	39,118,560	64,266,214
Total assets	<u>\$ 83,221,827</u>	<u>\$ 98,079,266</u>
Deferred outflows of resources	<u>\$ 753,508</u>	<u>\$ 533,217</u>
Current and other liabilities	\$ 1,581,079	\$ 2,405,345
Long-term liabilities	52,603,416	58,714,780
Total Liabilities	<u>\$ 54,184,495</u>	<u>\$ 61,120,125</u>
Deferred inflows of resources	<u>\$ 8,701,579</u>	<u>\$ 10,299,236</u>
Net position:		
Net investment in capital assets	\$ 12,470,030	\$ 7,954,283
Restricted	9,105,459	8,083,495
Unrestricted	(486,228)	11,155,344
Total net position	<u>\$ 21,089,261</u>	<u>\$ 27,193,122</u>

* Represents balances after restatement (See Note 21 of Notes to Financial Statements).

Statement of Activities

	Governmental Activities 2016	Governmental Activities* 2015
Program revenues		
Charges for services	\$ 519,966	\$ 2,083,873
Operating grants and contributions	6,872,593	8,915,317
Capital grants and contributions	18,455,204	607,116
General revenues		
Property taxes	11,937,747	12,667,960
Other taxes	6,274,918	7,875,794
Revenue from use of money and property	4,218	4,241
Miscellaneous	270,439	880,143
Intergovernmental revenues		
Grants and contributions not restricted to specific programs	1,562,224	1,521,625
Total revenues	45,597,309	34,556,069
Expenses		
General government	1,447,189	1,598,909
Judicial administration	994,021	492,729
Public Safety	3,855,643	3,819,908
Public works	2,211,993	1,603,292
Health and welfare	6,481,617	10,473,388
Education	26,120,875	28,868,548
Parks, recreation and cultural	211,823	84,497
Community development	8,974,110	5,420,583
Interest on debt	1,703,899	1,829,169
Total expenses	52,001,170	54,191,023
Change in net position	\$ (6,103,861)	\$ (19,634,954)

* Represents amounts after restatement (See Note 21 of Notes to Financial Statements).

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 \$11,250,897; 81% or \$9,105,459 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation; 1% or \$149,117 constitutes non-spendable funds or prepaid items. The remaining balance, \$1,996,321 or 18% is unassigned, meaning there are no restrictions placed on the funds. The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$2,145,438, of this amount \$149,117 was considered non-spendable and \$1,996,321 was considered unassigned. The Coal Road Tax fund had restricted fund balances of \$6,463,034 and the School Construction fund had restricted fund balance of \$2,642,425.

Total governmental fund revenues increased \$8,982,559 and expenses increased \$6,643,595 over prior year amounts. For fiscal year ended June 30, 2016, expenses exceeded revenue by \$19,054,504, as compared to the fiscal year ended June 30, 2015, expenses exceeded revenues by \$22,163,187, excluding other financing sources to help cover the extra expenditures.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds activities as of June 30, 2016 amounts to \$59,118,560 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress.

Additional information on the County of Dickenson’s capital assets can be found in Note 10 of this report.

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

Primary Government:	
Accrued leave	\$ 409,911
Lease purchase agreement	2,331,200
General obligation bonds	607,361
Notes payable	45,793,877
Net Pension liability	3,452,312
Landfill post-closure costs	8,755
Total	<u>\$ 52,603,416</u>

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

Economic Factors

The June 2016 unemployment rate for the County of Dickenson, Virginia was 9.1%, which is a decrease from a rate of 10.1% in June 2015. This is above the state's average unemployment rate of 4.0% and also above the national average rate of 5.1%.

Request for Information

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

Basic Financial Statements

County of Dickenson, Virginia
Statement of Net Position
June 30, 2016

	Primary Government Governmental Activities	Component Units		
		School Board	Public Service Authority	Industrial Development Authority
ASSETS				
Cash and investments	\$ 11,280,052	\$ 1,632,180	\$ 2,947,854	\$ 330,675
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,095,202	-	-	-
Other local taxes receivable	557,050	-	-	-
Accounts receivable	8,271	-	271,328	1,747
Notes receivable	-	-	-	36,418,129
Other receivables	-	-	83,855	631,417
Due from primary government	-	-	31,258	-
Due from other governmental units	1,013,575	543,115	-	-
Prepaid items	149,117	-	40,406	-
Restricted assets:				
Cash and cash equivalents	-	-	404,593	326,996
Capital assets (net of accumulated depreciation):				
Land	3,473,716	2,644,378	34,592	14,250
Buildings and system	6,484,229	694,889	125,243	11,879,362
Machinery and equipment	1,495,181	1,225,045	234,025	-
Infrastructure	-	-	31,748,217	-
Construction in progress	47,665,434	29,796,581	339,941	-
Total assets	<u>\$ 83,221,827</u>	<u>\$ 36,536,188</u>	<u>\$ 36,261,312</u>	<u>\$ 49,602,576</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 524,813	\$ 1,915,161	\$ 61,715	\$ -
Items related to measurement of net pension liability	228,695	113,089	26,058	-
Total deferred outflows of resources	<u>\$ 753,508</u>	<u>\$ 2,028,250</u>	<u>\$ 87,773</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 1,327,701	\$ 770,656	\$ 71,923	\$ 605,566
Accrued liabilities	65,364	1,321,280	-	-
Customers' deposits	-	-	248,815	-
Accrued interest payable	188,014	-	11,326	-
Long-term liabilities:				
Due within one year	1,534,324	273,591	401,345	1,046,310
Due in more than one year	51,069,092	25,673,859	8,313,223	39,240,519
Total liabilities	<u>\$ 54,184,495</u>	<u>\$ 28,039,386</u>	<u>\$ 9,046,632</u>	<u>\$ 40,892,395</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 8,230,170	\$ -	\$ -	\$ -
Items related to measurement of net pension liability	471,409	1,704,925	53,713	-
Total deferred inflows of resources	<u>\$ 8,701,579</u>	<u>\$ 1,704,925</u>	<u>\$ 53,713</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 12,470,030	\$ 34,360,893	\$ 24,276,332	\$ 8,241,709
Restricted				
Coal Road	6,463,034	-	-	-
School Construction	2,642,425	-	-	34,120
Agricultural Center	-	-	-	33,897
Judicial Center	-	-	-	233,914
Debt service and bond covenants	-	-	155,778	138,863
Unrestricted	(486,228)	(25,540,766)	2,816,630	27,678
Total net position	<u>\$ 21,089,261</u>	<u>\$ 8,820,127</u>	<u>\$ 27,248,740</u>	<u>\$ 8,710,181</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, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenues			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,447,189	\$ 175,766	\$ 294,760	\$ -	\$ (976,663)	\$ -	\$ -	\$ -
Judicial administration	994,021	133,489	455,785	-	(404,747)	-	-	-
Public safety	3,855,643	31,619	1,163,928	-	(2,660,096)	-	-	-
Public works	2,211,993	154,288	8,676	-	(2,049,029)	-	-	-
Health and welfare	6,481,617	-	4,944,444	-	(1,537,173)	-	-	-
Education	26,120,875	-	-	16,728,625	(9,392,250)	-	-	-
Parks, recreation, and cultural	211,823	24,804	5,000	-	(182,019)	-	-	-
Community development	8,974,110	-	-	1,726,579	(7,247,531)	-	-	-
Interest on long-term debt	1,703,899	-	-	-	(1,703,899)	-	-	-
Total governmental activities	\$ 52,001,170	\$ 519,966	\$ 6,872,593	\$ 18,455,204	\$ (26,153,407)	\$ -	\$ -	\$ -
Total primary government	\$ 52,001,170	\$ 519,966	\$ 6,872,593	\$ 18,455,204	\$ (26,153,407)	\$ -	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 24,631,105	\$ 309,933	\$ 17,219,913	\$ -	\$ -	\$ (7,101,259)	\$ -	\$ -
Public Service Authority	3,266,307	2,917,122	-	223,739	-	-	(125,446)	-
Industrial Development Authority	1,858,887	-	-	-	-	-	-	(1,858,887)
Total component units	\$ 29,756,299	\$ 3,227,055	\$ 17,219,913	\$ 223,739	\$ -	\$ (7,101,259)	\$ (125,446)	\$ (1,858,887)
General revenues:								
General property taxes					\$ 11,937,747	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					714,236	-	-	-
Consumers' utility taxes					321,038	-	-	-
Consumption taxes					56,900	-	-	-
Vehicle registration withholding stops					16,620	-	-	-
Bank stock taxes					124,082	-	-	-
Hotel and motel room taxes					29,778	-	-	-
Coal severance taxes					3,743,454	-	-	-
Gas severance taxes					1,268,810	-	-	-
Unrestricted revenues from use of money and property					4,218	-	-	1,595,478
Miscellaneous					270,439	461,844	96,520	358,913
Payments from County of Dickenson					-	22,384,862	574,883	-
Grants and contributions not restricted to specific programs					1,562,224	-	-	14,450
Total general revenues					\$ 20,049,546	\$ 22,846,706	\$ 671,403	\$ 1,968,841
Change in net position					\$ (6,103,861)	\$ 15,745,447	\$ 545,957	\$ 109,954
Net position - beginning, as restated					\$ 27,193,122	\$ (6,925,320)	\$ 26,702,783	\$ 8,600,227
Net position - ending					\$ 21,089,261	\$ 8,820,127	\$ 27,248,740	\$ 8,710,181

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

County of Dickenson, Virginia
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General</u>	<u>Coal Road Tax</u>	<u>School Construction Projects</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 1,309,981	\$ 6,913,665	3,056,406	\$ 11,280,052
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,095,202	-	-	11,095,202
Other local taxes receivable	213,278	343,772	-	557,050
Accounts receivable	8,271	-	-	8,271
Due from other governmental units	1,013,575	-	-	1,013,575
Prepaid items	149,117	-	-	149,117
Total assets	<u>\$ 13,789,424</u>	<u>\$ 7,257,437</u>	<u>\$ 3,056,406</u>	<u>\$ 24,103,267</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 119,317	\$ 794,403	413,981	\$ 1,327,701
Accrued liabilities	65,364	-	-	65,364
Total liabilities	<u>\$ 184,681</u>	<u>\$ 794,403</u>	<u>\$ 413,981</u>	<u>\$ 1,393,065</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 11,459,305	\$ -	\$ -	\$ 11,459,305
FUND BALANCES				
Nonspendable				
Prepaid items	\$ 149,117	\$ -	\$ -	\$ 149,117
Restricted				
Coal Road	-	6,463,034	-	6,463,034
School Construction	-	-	2,642,425	2,642,425
Unassigned	1,996,321	-	-	1,996,321
Total fund balances	<u>\$ 2,145,438</u>	<u>\$ 6,463,034</u>	<u>\$ 2,642,425</u>	<u>\$ 11,250,897</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,789,424</u>	<u>\$ 7,257,437</u>	<u>\$ 3,056,406</u>	<u>\$ 24,103,267</u>

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

County of Dickenson, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 11,250,897
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 3,473,716	
Buildings and system	6,484,229	
Machinery and equipment	1,495,181	
Construction in progress	<u>47,665,434</u>	59,118,560

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

Unavailable revenue - property taxes	\$ 3,229,135	
Items related to measurement of net pension liability	<u>(471,409)</u>	2,757,726

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		524,813
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and note payable	\$ (46,388,877)	
Bond premium	(12,361)	
Capital lease	(2,331,200)	
Landfill postclosure liability	(8,755)	
Net pension liability	(3,452,312)	
Deferred outflows related to measurement of net pension liability	228,695	
Compensated absences	(409,911)	
Accrued interest payable	<u>(188,014)</u>	(52,562,735)

Net position of governmental activities		<u><u>\$ 21,089,261</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Dickenson, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>	<u>Coal Road Tax</u>	<u>School Construction Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 10,394,299	\$ -	\$ -	\$ 10,394,299
Other local taxes	3,768,786	2,506,132	-	6,274,918
Permits, privilege fees, and regulatory licenses	10,893	-	-	10,893
Fines and forfeitures	43,014	-	-	43,014
Revenue from the use of money and property	3,545	12	661	4,218
Charges for services	466,059	-	-	466,059
Miscellaneous	108,887	161,552	-	270,439
Recovered costs	498,429	-	-	498,429
Intergovernmental	9,039,316	1,122,080	16,728,625	26,890,021
Total revenues	<u>\$ 24,333,228</u>	<u>\$ 3,789,776</u>	<u>\$ 16,729,286</u>	<u>\$ 44,852,290</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,465,556	\$ -	\$ -	\$ 1,465,556
Judicial administration	1,015,153	-	-	1,015,153
Public safety	4,228,678	-	-	4,228,678
Public works	2,050,066	99,631	-	2,149,697
Health and welfare	6,689,813	-	-	6,689,813
Education	6,651,426	-	-	6,651,426
Parks, recreation, and cultural	185,091	-	-	185,091
Community development	3,717,981	5,310,606	-	9,028,587
Capital projects	7,605,021	-	6,854,744	14,459,765
Debt service:				
Principal retirement	721,762	-	15,590,941	16,312,703
Interest and other fiscal charges	164,523	-	1,555,802	1,720,325
Total expenditures	<u>\$ 34,495,070</u>	<u>\$ 5,410,237</u>	<u>\$ 24,001,487</u>	<u>\$ 63,906,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,161,842)</u>	<u>\$ (1,620,461)</u>	<u>\$ (7,272,201)</u>	<u>\$ (19,054,504)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	\$ 280,294	\$ -	\$ -	\$ 280,294
Issuance of bond and note payable	7,605,021	-	1,713,242	9,318,263
Total other financing sources (uses)	<u>\$ 7,885,315</u>	<u>\$ -</u>	<u>\$ 1,713,242</u>	<u>\$ 9,598,557</u>
Net change in fund balances	\$ (2,276,527)	\$ (1,620,461)	\$ (5,558,959)	\$ (9,455,947)
Fund balances - beginning, as restated	4,421,965	8,083,495	8,201,384	20,706,844
Fund balances - ending	<u>\$ 2,145,438</u>	<u>\$ 6,463,034</u>	<u>\$ 2,642,425</u>	<u>\$ 11,250,897</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, 2016

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

Net change in fund balances - total governmental funds	\$	(9,455,947)
<p>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.</p>		
Capital outlays	\$	12,230,019
Depreciation expense		<u>(730,945)</u>
		11,499,074
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(16,646,728)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	\$	1,543,448
Changes in deferred inflows of resources related to the measurement of the net pension liability		<u>608,211</u>
		2,151,659
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
<p>Debt issued or incurred:</p>		
Rural development bonds	\$	(8,722,347)
Capital leases		(280,294)
VSB note payable		(595,916)
Increase in landfill postclosure care liability		(206)
<p>Principal payments:</p>		
General obligation and rural development bonds		15,491,013
VSB note payable		234,831
QSCB		200,000
Capital leases		<u>383,767</u>
		6,710,848
<p>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.</p>		
Changes in compensated absences	\$	42,753
Changes in accrued interest payable		16,426
Change in net pension liability		(645,329)
Change in deferred outflows related to pension payments subsequent to the measurement date		(8,404)
Change in deferred outflows related to measurement of net pension liability		228,695
Amortization of bond premium		<u>3,092</u>
		(362,767)
Change in net position of governmental activities	<u>\$</u>	<u>(6,103,861)</u>

County of Dickenson, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 755,307
Total assets	<u>\$ 755,307</u>
 LIABILITIES	
Amounts held for social services clients	\$ 58,116
Amounts held for Town of Clinchco	1,760
Amounts held for Town of Clintwood	20,193
Amounts held for Town of Haysi	6,677
Amounts held for County employees' fringe benefits	78,484
Amounts held for Dickenson County Behavioral Health Services	589,067
Amounts held for EQT	1,010
Total liabilities	<u>\$ 755,307</u>

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

COUNTY OF DICKENSON, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies:

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

A. Financial reporting entity

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

Blended component units - None

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

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

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

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

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

Jointly Governed Organizations - The County of Dickenson and the Counties of Wise, Lee, Scott, the City of Norton, and the Towns of Wise, Big Stone Gap, Coeburn, and St. Paul participate in supporting the Lonesome Pine Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2016, the County did not make a contribution to the Library.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Prepaid Items

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

4. Receivables and Payables

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

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

5. Property Taxes

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

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

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

6. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$372,355 at June 30, 2016 and is comprised of property taxes.

7. Use of Estimates

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

8. Capital Assets

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

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

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

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

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

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

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

9. Pensions

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

10. Deferred Outflows/Inflows of Resources

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

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

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

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

11. Compensated Absences

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

12. Long-term Obligations

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

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

13. Fund Equity

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

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

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

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

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

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

13. Fund Equity (continued)

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

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

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

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

14. Net Position

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

15. Net Position Flow Assumption

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Coal Road Tax Fund, and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the School Construction Projects Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget.
9. For fiscal year ended June 30, 2016, the Coal Road Tax Fund had expenditures in excess of appropriations.

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Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). At June 30, 2016 the County did not have any investments.

Note 4-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<u>Other Local Government Entities:</u>		
Regional Jail	\$ 15,024	\$ -
<u>Commonwealth of Virginia:</u>		
State sales tax	133,809	422,324
Categorical aid-shared expenses	146,158	-
Categorical aid-Comprehensive Services Act	142,032	-
Categorical aid-Virginia Public Assistance	156,419	-
Categorical aid-other	18,116	-
Noncategorical aid	192,858	-
<u>Federal Government:</u>		
Categorical aid-other	-	120,791
Categorical aid-Virginia Public Assistance	209,159	-
	<u>209,159</u>	<u>-</u>
Totals	\$ <u>1,013,575</u>	\$ <u>543,115</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5-Long-term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>
General obligation bond	\$ 695,000	\$ -	\$ (100,000)	\$ 595,000
Bond premium	15,453	-	(3,092)	12,361
QSCB	9,400,000	-	(200,000)	9,200,000
Rural development bonds	41,187,301	8,722,347	(15,391,013)	34,518,635
VSB note payable	1,714,157	595,916	(234,831)	2,075,242
Capital leases	2,434,673	280,294	(383,767)	2,331,200
Net pension liability	2,806,983	2,231,860	(1,586,531)	3,452,312
Landfill post closure liability	8,549	206	-	8,755
Compensated absences	452,664	70,413	(113,166)	409,911
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 58,714,780	\$ 11,901,036	\$ (18,012,400)	\$ 52,603,416

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5-Long-term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

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

Year Ending June 30,	General Obligation Bond		Rural Development Bonds		QSCB	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 110,000	\$ 24,046	\$ 432,858	\$ 1,016,626	\$ 200,000	\$ 425,000
2018	115,000	18,677	582,326	1,184,038	800,000	425,000
2019	120,000	13,135	603,047	1,163,317	800,000	425,000
2020	120,000	7,790	622,998	1,143,366	800,000	425,000
2021	130,000	2,665	646,673	1,119,691	800,000	425,000
2022-2026	-	-	3,593,890	5,237,930	3,025,000	2,125,000
2027-2031	-	-	4,280,590	4,551,230	2,775,000	1,912,500
2032-2036	-	-	5,097,750	3,734,080	-	-
2037-2041	-	-	5,324,882	2,782,460	-	-
2042-2046	-	-	5,016,656	1,914,964	-	-
2047-2051	-	-	5,974,713	956,907	-	-
2052-2055	-	-	2,342,252	85,453	-	-
Totals	\$ 595,000	\$ 66,313	\$ 34,518,635	\$ 24,890,062	\$ 9,200,000	\$ 6,162,500

	VSB Note Payable	
	Principal	Interest
2017	\$ 233,964	\$ 48,036
2018	239,737	42,263
2019	245,652	36,348
2020	251,633	30,367
2021	257,922	24,078
2022-2025	846,334	33,492
Totals	\$ 2,075,242	\$ 214,584

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5-Long-term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bond:</u>		
\$1,475,000 bond issued June 8, 2005. Interest payments commenced on October 1, 2005 and continue through October 1, 2020. Interest rates vary from 3.1% to 4.9295%. Principal amounts varying from \$100,000 to \$130,000 are due each October 1st starting in 2006 and continuing until 2021.	\$ 595,000	\$ 110,000
Premium on bond	<u>12,361</u>	<u>3,092</u>
Total General Obligation Bond	\$ <u>607,361</u>	\$ <u>113,092</u>
<u>Other Obligations:</u>		
<u>QSCB:</u>		
\$10,000,000 QSCB issued on December 1, 2011. Payments beginning December 1, 2012. Fixed annual interest payments of \$425,000 with a 6.238% interest rate and varying annual principal payments.	\$ <u>9,200,000</u>	\$ <u>200,000</u>
<u>Rural Development Bonds:</u>		
\$9,000,000 available from USDA - Rural Development at a rate of 3.5% with interest only payments for the first two years during the construction phase. Principal and interest payments of \$35,730 will continue thereafter until 2053.	8,875,113	120,045
\$9,100,000 available from USDA - Rural Development at a rate of 3.5% with interest only payments for the first two years during the construction phase. Principal and interest payments of \$36,127 will continue thereafter until 2053.	8,973,726	121,379
\$9,000,000 available from USDA - Rural Development at a rate of 3.5% with interest only payments for the first two years during the construction phase. Principal and interest payments of \$35,730 will continue thereafter until 2041.	8,773,518	123,646

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5-Long-term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

Details of long-term indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount due Within One Year</u>
<u>Other Obligations (continued)</u>		
<u>Rural Development Bonds (continued)</u>		
\$2,000,000 available from USDA - Rural Development at a rate of 3.5% with interest only payments for the first two years during the construction phase. Principal and interest payments will start in fiscal year 2018 and continue until 2055.	\$ 2,000,000	\$ 8,787
\$5,896,277 available from USDA - Rural Development at a rate of 3.5% with interest only payments for the first two years during the construction phase. Principal and interest payments will start in fiscal year 2018 and continue until 2055.	<u>5,896,278</u>	<u>59,001</u>
Total Rural Development Bonds	\$ <u>34,518,635</u>	\$ <u>432,858</u>
 <u>VSB Note Payable:</u>		
\$2,075,242 available from Virginia Small Business Financing Authority at a rate of 2.44% with principal and interest payments of \$23,500 to continue until 2022.	\$ <u>2,075,242</u>	\$ <u>233,964</u>
Capital leases (Note 6)	\$ 2,331,200	\$ 451,932
Net pension liability	3,452,312	-
Landfill post closure liability	8,755	-
Compensated absences	<u>409,911</u>	<u>102,478</u>
Total Other Obligations	\$ <u>51,996,055</u>	\$ <u>1,421,232</u>
Total Long-term Obligations	\$ <u><u>52,603,416</u></u>	\$ <u><u>1,534,324</u></u>

Note 6-Capital Leases:

Primary Government:

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

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

Asset:	<u>Fire Trucks</u>	<u>School Buses</u>
Equipment	\$ 711,278	\$ 611,356
Less: Accumulated Depreciation	(175,521)	(110,212)
Net	<u>\$ 535,757</u>	<u>\$ 501,144</u>

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

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2017	\$ 537,420
2018	506,533
2019	378,496
2020	378,497
2021	324,987
2022-2023	<u>525,850</u>
Sub-total	\$ 2,651,783
Less, amount representing interest	<u>(320,583)</u>
Present Value of Lease Agreements	<u>\$ 2,331,200</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7-Long-term Obligations-Component Unit School Board:

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2016:

	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016
Net pension liability	\$ 22,720,716	\$ 5,044,337	\$ (4,075,998)	\$ 23,689,055
Net OPEB obligation	960,532	1,012,601	(809,100)	1,164,033
Compensated absences	1,082,442	282,531	(270,611)	1,094,362
Total	\$ 24,763,690	\$ 6,339,469	\$ (5,155,709)	\$ 25,947,450

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Net pension liability	\$ 23,689,055	\$ -
Net OPEB obligation	1,164,033	-
Compensated absences	1,094,362	273,591
Total Long-term Obligations	\$ 25,947,450	\$ 273,591

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Note 8-Pension Plans:

Plan Description

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

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

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

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

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

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

Note 8-Pension Plans: (Continued)

Plan Description (Continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2016 was 10.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$524,813 and \$532,132 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit Public Service Authority contractually required contribution rate for the year ended June 30, 2016 was 10.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit Public Service Authority were \$61,715 and \$60,755 for the years ended June 30, 2016 and June 30, 2015, respectively.

Note 8-Pension Plans: (Continued)

Contributions (Continued)

Net Pension Liability

At June 30, 2016, the County and Component Unit Public Service Authority reported a liability of \$3,452,312 and \$393,355, respectively, for its proportionate share of the net pension liability. The County's and Component Unit Public Service Authority's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. In order to allocate the net pension liability to all employers included in the plan, the County and Component Unit Public Service Authority is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2015 and 2014 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2015 and 2014, the County's proportion was 73.08%. At June 30, 2015 and 2014, the Component Unit Public Service Authority's proportion was 8.33%.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Dickenson County's Retirement Plan and the Dickenson County Public Schools Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Note 8-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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

Note 8-Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Dickenson County's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 8-Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

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Note 8-Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 8-Pension Plans: (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County’s proportionate share of the County Retirement Plan Net Pension Liability	\$ 6,372,814	\$ 3,452,312	\$ 1,036,245
Component Unit Public Service Authority’s proportionate share of the County Retirement Plan Net Pension Liability	726,116	393,355	118,069

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 8-Pension Plans: (Continued)

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

For the year ended June 30, 2016, the County and Component Unit Public Service Authority recognized pension expense of \$340,556 and \$38,927, respectively. At June 30, 2016, the County and Component Unit Public Service Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,695	\$ -	\$ 26,058	\$ -
Net difference between projected and actual earnings on pension plan investments	-	471,409	-	53,713
Employer contributions subsequent to the measurement date	524,813	-	61,715	-
Total	\$ 753,508	\$ 471,409	\$ 87,773	\$ 53,713

\$524,813 and \$61,715 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit Public Service Authority's contributions, respectively, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit Public Service Authority
2017	\$ (118,847)	\$ (13,541)
2018	(118,847)	(13,541)
2019	(118,849)	(13,542)
2020	113,829	12,969
Thereafter	-	-

Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional)

Plan Description

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

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	124
Inactive members:	
Vested inactive members	3
Non-vested inactive members	19
Inactive members active elsewhere in VRS	<u>14</u>
Total inactive members	36
Active members	<u>77</u>
Total covered employees	<u><u>237</u></u>

Contributions

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 30.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$424,937 and \$449,539 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Changes in Net Pension Liability

	<u>Component Unit School Board (nonprofessional)</u>		
	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 11,759,846	\$ 5,815,130	\$ 5,944,716
Changes for the year:			
Service cost	\$ 155,770	\$ -	\$ 155,770
Interest	792,187	-	792,187
Differences between expected and actual experience	186,523	-	186,523
Contributions - employer	-	449,539	(449,539)
Contributions - employee	-	74,927	(74,927)
Net investment income	-	255,532	(255,532)
Benefit payments, including refunds of employee contributions	(885,765)	(885,765)	-
Administrative expenses	-	(3,803)	3,803
Other changes	-	(54)	54
Net changes	<u>\$ 248,715</u>	<u>\$ (109,624)</u>	<u>\$ 358,339</u>
Balances at June 30, 2015	<u>\$ 12,008,561</u>	<u>\$ 5,705,506</u>	<u>\$ 6,303,055</u>

Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Component Unit School Board (nonprofessional) Net Pension Liability	\$ 7,559,596	\$ 6,303,055	\$ 5,236,354

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

For the year ended June 30, 2016, the Component Unit School Board (nonprofessional) recognized pension expense of \$493,483. At June 30, 2016, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113,089	\$ -
Net difference between projected and actual earnings on pension plan investments	-	159,925
Employer contributions subsequent to the measurement date	424,937	-
Total	\$ 538,026	\$ 159,925

Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$424,937 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board’s (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2017	\$ 10,875
2018	(22,904)
2019	(62,558)
2020	27,751
Thereafter	-

Component Unit School Board (professional)

Plan Description

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

Contributions

Each School Division’s contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$1,490,224 and \$1,485,000 for the years ended June 30, 2016 and June 30, 2015, respectively.

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the school division reported a liability of \$17,386,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.13813% as compared to 0.13882% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$1,207,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 239,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	241,000
Net difference between projected and actual earnings on pension plan investments	-	1,065,000
Employer contributions subsequent to the measurement date	1,490,224	-
Total	\$ 1,490,224	\$ 1,545,000

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$1,490,224 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2017	\$ (538,000)
2018	(538,000)
2019	(538,000)
2020	103,000
Thereafter	(34,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Dickenson County School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 25,442,000	\$ 17,386,000	\$ 10,753,000

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9-Other Postemployment Benefits - Health Insurance:

A. Plan Description

The School Board’s Retiree Medical Program (the “Program”) is a single-employer defined benefit healthcare plan administered by the 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 2016, the School Board continued to follow the pay-as-you-go basis with no pre-funding.

Retirees are responsible for a portion of the monthly premiums for the benefits elected as shown in the tables below (premium amounts shown are for the year beginning 9/1/15):

<u>Monthly Premiums:</u>	<u>Retiree Only</u>	<u>Retiree and One Child</u>	<u>Retiree and Spouse/Family</u>
Anthem (PPO)	\$ 548.00	\$ 877.00	\$ 1,478.00
Anthem Dental	25.00	33.00	52.00
<u>Retiree Contributions:</u>			
Anthem (PPO)	\$ 25.00	\$ 30.00	\$ 50.00
Anthem Dental	-	8.00	27.00

Note 9-Other Postemployment Benefits - Health Insurance: (continued)

B. Funding Policy (continued)

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

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

C. Annual OPEB Cost and Net OPEB Obligation

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

	School Board
Annual required contribution	\$ 1,014,500
Interest on net OPEB obligation	33,619
Adjustment to annual required contribution	(35,518)
Annual OPEB cost (expense)	<u>1,012,601</u>
Contributions made	(809,100)
Increase in net OPEB obligation	<u>203,501</u>
Net OPEB obligation - beginning of year	960,532
Net OPEB obligation - end of year	<u><u>\$ 1,164,033</u></u>

Note 9-Other Postemployment Benefits - Health Insurance: (continued)

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

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 936,515	101%	\$ 746,307
6/30/2015	984,525	78%	960,532
6/30/2016	1,012,601	80%	1,164,033

D. Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$10,985,400, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$11,470,900, and ratio of the UAAL to the covered payroll was 95.77%.

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

E. Actuarial Methods and Assumptions

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

As of June 30, 2015, the most recent actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return and a 3.00% payroll growth rate per annum. An annual healthcare cost trend rate of 6.6 percent initially, graded to 4.5% over 75 years. Dental trend rates were held constant at 4.5 percent for all years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2015, was 30 years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 10-Capital Assets:

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government:

	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,815,520	\$ 658,196	\$ -	\$ 3,473,716
Construction in progress	54,620,429	9,318,266	(16,273,261)	47,665,434
Total capital assets not being depreciated	\$ 57,435,949	\$ 9,976,462	\$ (16,273,261)	\$ 51,139,150
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,480,909	\$ 1,384,495	\$ -	\$ 13,865,404
Machinery and equipment	4,526,602	495,595	(18,469)	5,003,728
Total capital assets being depreciated	\$ 17,007,511	\$ 1,880,090	\$ (18,469)	\$ 18,869,132
Accumulated depreciation:				
Buildings and improvements	\$ (7,076,896)	\$ (304,279)	\$ -	\$ (7,381,175)
Machinery and equipment	(3,100,350)	(426,666)	18,469	(3,508,547)
Total accumulated depreciation	\$ (10,177,246)	\$ (730,945)	\$ 18,469	\$ (10,889,722)
Total capital assets being depreciated, net	\$ 6,830,265	\$ 1,149,145	\$ -	\$ 7,979,410
Governmental activities capital assets, net	\$ 64,266,214	\$ 11,125,607	\$ (16,273,261)	\$ 59,118,560

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 10-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2016 was as follows:

Discretely Presented Component Unit School Board:

	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,187,378	\$ -	\$ (543,000)	\$ 2,644,378
Construction in progress	13,149,853	16,646,728	-	29,796,581
Total capital assets not being depreciated	<u>\$ 16,337,231</u>	<u>\$ 16,646,728</u>	<u>\$ (543,000)</u>	<u>\$ 32,440,959</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,158,417	\$ -	\$ (1,174,583)	\$ 4,983,834
Machinery and equipment	6,607,058	169,664	(305,115)	6,471,607
Total capital assets being depreciated	<u>\$ 12,765,475</u>	<u>\$ 169,664</u>	<u>\$ (1,479,698)</u>	<u>\$ 11,455,441</u>
Accumulated depreciation:				
Buildings and improvements	\$ (5,183,485)	\$ (97,011)	\$ 991,551	\$ (4,288,945)
Machinery and equipment	(5,083,450)	(350,318)	187,206	(5,246,562)
Total accumulated depreciation	<u>\$ (10,266,935)</u>	<u>\$ (447,329)</u>	<u>\$ 1,178,757</u>	<u>\$ (9,535,507)</u>
Total capital assets being depreciated, net	<u>\$ 2,498,540</u>	<u>\$ (277,665)</u>	<u>\$ (300,941)</u>	<u>\$ 1,919,934</u>
Governmental activities capital assets, net	<u>\$ 18,835,771</u>	<u>\$ 16,369,063</u>	<u>\$ (843,941)</u>	<u>\$ 34,360,893</u>

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

Governmental activities:	
General government administration	\$ 114,715
Public safety	371,353
Public works	98,151
Health and welfare	9,769
Education	121,888
Parks, recreation, and cultural	5,777
Community development	<u>9,292</u>
Total depreciation expense-governmental activities	<u>\$ 730,945</u>

Note 11-Risk Management:

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

Note 12-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 13-Surety Bonds:

Primary Government:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 13-Surety Bonds: (continued)

Component Unit - School Board:

<u>Nationwide Insurance-Surety</u>	
Haydee Robinson, Superintendent	\$ 10,000
Reba McCowen, Clerk of the School Board	10,000
Monica Wright, Deputy Clerk of the School Board	10,000
All School Board employees: blanket bond	10,000

Note 14-Landfill Post Closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The landfill has stopped accepting waste and \$8,755 is the total estimated post closure care liability at June 30, 2016. The liability represents what it cost to perform all post closure care in 2016. Actual costs post closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia’s financial assurance mechanism to meet the Department of Environmental Quality’s assurance requirements for landfill post closure costs.

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

Note 15-Deferred/Unavailable Revenue:

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

	<u>Government-wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 3,229,135
2nd half assessments due in December 2016	7,655,390	7,655,390
Prepaid property taxes due in December 2016 but paid in advance by taxpayers	<u>574,780</u>	<u>574,780</u>
	<u>\$ 8,230,170</u>	<u>\$ 11,459,305</u>

Note 16-Commitments and Contingencies:

The Dickenson County IDA has entered into construction contracts for assets to be held by the County. The County has committed to pay for construction of these assets and has issued debt and reported construction in progress related to each. The following contracts are outstanding at year end:

<u>Project</u>	<u>Original Contract</u>	<u>Remaining Contract</u>
Ridgeview High School	\$ 58,963,325	\$ 229,561
Judicial Center	7,176,656	50,078

Note 17-Litigation:

At June 30, 2016, there were no matters of litigation involving the County or which would materially affect the County’s financial position should any court decisions on pending matters not be favorable to the County.

Note 18 - Concentration Risk:

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

Note 19-Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

Note 20-Upcoming Pronouncements:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 21-Restatement of Beginning Fund Balance/Net Position:

Beginning net position has been restated for the current fiscal year as detailed below:

	General Fund	School Operating Fund	DCBHS Fund
Fund Balance, July 1, 2015, as previously stated	\$ 4,792,857	\$ 844,829	\$ -
Transfer Dickenson County Behavioral Health Services (DCBHS) to a fiduciary fund	(769,720)	-	769,720
Remove overstated accounts payable	398,828	-	-
Add unrecorded health claims liability	-	(641,441)	-
Fund Balance, July 1, 2015, as restated	<u>\$ 4,421,965</u>	<u>\$ 203,388</u>	<u>\$ 769,720</u>
	Primary Government	Component Unit School Board	
Net Position, July 1, 2015, as previously stated	\$ 48,473,649	\$ (20,569,210)	
Fund balance restatement from above	(370,892)	(641,441)	
Transfer of non-debt related assets to School Board	(20,909,635)	20,909,635	
Write-off of CIP not meeting capitalization criteria	-	(6,624,304)	
Net Position, July 1, 2015, as restated	<u>\$ 27,193,122</u>	<u>\$ (6,925,320)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
General property taxes	\$ 12,031,223	\$ 12,031,223	\$ 10,394,299	\$ (1,636,924)
Other local taxes	4,157,500	4,157,500	3,768,786	(388,714)
Permits, privilege fees, and regulatory licenses	16,500	16,500	10,893	(5,607)
Fines and forfeitures	40,000	40,000	43,014	3,014
Revenue from the use of money and property	3,000	3,000	3,545	545
Charges for services	588,432	588,432	466,059	(122,373)
Miscellaneous	110,342	110,342	108,887	(1,455)
Recovered costs	480,509	480,509	498,429	17,920
Intergovernmental:				
Commonwealth	9,058,885	6,679,006	6,003,896	(675,110)
Federal	65,500	2,445,379	3,035,420	590,041
Total revenues	<u>\$ 26,551,891</u>	<u>\$ 26,551,891</u>	<u>\$ 24,333,228</u>	<u>\$ (2,218,663)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,297,852	\$ 1,422,189	\$ 1,465,556	\$ (43,367)
Judicial administration	984,411	984,411	1,015,153	(30,742)
Public safety	3,996,022	3,713,633	4,228,678	(515,045)
Public works	1,915,481	2,115,481	2,050,066	65,415
Health and welfare	7,730,748	7,730,748	6,689,813	1,040,935
Education	6,970,351	6,725,463	6,651,426	74,037
Parks, recreation, and cultural	163,006	163,006	185,091	(22,085)
Community development	3,250,949	2,883,313	3,717,981	(834,668)
Capital projects	-	-	7,605,021	(7,605,021)
Debt service:				
Principal retirement	484,145	659,856	721,762	(61,906)
Interest and other fiscal charges	-	153,791	164,523	(10,732)
Total expenditures	<u>\$ 26,792,965</u>	<u>\$ 26,551,891</u>	<u>\$ 34,495,070</u>	<u>\$ (7,943,179)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (241,074)</u>	<u>\$ -</u>	<u>\$ (10,161,842)</u>	<u>\$ (10,161,842)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 241,074	\$ -	\$ -	\$ -
Issuance of capital leases	-	-	280,294	280,294
Issuance of bond and note payable	-	-	7,605,021	7,605,021
Total other financing sources (uses)	<u>\$ 241,074</u>	<u>\$ -</u>	<u>\$ 7,885,315</u>	<u>\$ 7,885,315</u>
Net change in fund balances	\$ -	\$ -	\$ (2,276,527)	\$ (2,276,527)
Fund balances - beginning, as restated	-	-	4,421,965	4,421,965
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,145,438</u>	<u>\$ 2,145,438</u>

County of Dickenson, Virginia
 Special Revenue Fund-Coal Road Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2016

	<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	\$ 2,900,000	\$ 2,900,000	\$ 2,506,132	\$ (393,868)
Revenue from the use of money and property	-	-	12	12
Miscellaneous	-	-	161,552	161,552
Intergovernmental:				
Commonwealth	-	-	1,122,080	1,122,080
Total revenues	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 3,789,776</u>	<u>\$ 889,776</u>
EXPENDITURES				
Current:				
Public works	\$ 126,100	\$ 126,100	\$ 99,631	\$ 26,469
Community development	2,773,900	2,773,900	5,310,606	(2,536,706)
Total expenditures	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 5,410,237</u>	<u>\$ (2,510,237)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,620,461)</u>	<u>\$ (1,620,461)</u>
Net change in fund balances	\$ -	\$ -	\$ (1,620,461)	\$ (1,620,461)
Fund balances - beginning	-	-	8,083,495	8,083,495
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,463,034</u>	<u>\$ 6,463,034</u>

County of Dickenson, Virginia
 Schedule of OPEB Funding
 For the Year Ended June 30, 2016

Other Postemployment Benefits (OPEB):

Discretely Presented Component Unit:

Post-Retirement Medical Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio % (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2015	\$ -	\$ 10,985,400	\$ 10,985,400	0.00%	\$ 11,470,900	95.77%
June 30, 2013	-	10,895,100	10,895,100	0.00%	11,428,900	95.33%
June 30, 2011	-	9,185,100	9,185,100	0.00%	13,464,900	68.22%

County of Dickenson, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability
 June 30, 2016

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - Dickenson County Retirement Plan					
2015	73.0764%	\$ 3,452,312	\$ 4,900,886	70.44%	84.15%
2014	73.0764%	2,806,983	4,836,327	58.04%	86.32%
Component Unit Public Service Authority					
2015	8.3263%	\$ 393,355	\$ 558,405	70.44%	84.15%
2014	8.3263%	319,828	551,049	58.04%	86.32%
Component Unit School Board (professional)					
2015	0.1381%	\$ 17,386,000	\$ 10,002,824	173.81%	70.68%
2014	0.1388%	16,776,000	10,115,743	165.84%	70.88%

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

County of Dickenson, Virginia
 Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 155,770	\$ 158,898
Interest	792,187	787,715
Changes of benefit terms	-	-
Differences between expected and actual experience	186,523	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(885,765)	(879,670)
Net change in total pension liability	\$ 248,715	\$ 66,943
Total pension liability - beginning	11,759,846	11,692,903
Total pension liability - ending (a)	<u>\$ 12,008,561</u>	<u>\$ 11,759,846</u>
 Plan fiduciary net position		
Contributions - employer	\$ 449,539	\$ 351,545
Contributions - employee	74,927	70,449
Net investment income	255,532	817,553
Benefit payments, including refunds of employee contributions	(885,765)	(879,670)
Administrative expense	(3,803)	(4,764)
Other	(54)	43
Net change in plan fiduciary net position	\$ (109,624)	\$ 355,156
Plan fiduciary net position - beginning	5,815,130	5,459,974
Plan fiduciary net position - ending (b)	<u>\$ 5,705,506</u>	<u>\$ 5,815,130</u>
 School Division's net pension liability - ending (a) - (b)	\$ 6,303,055	\$ 5,944,716
 Plan fiduciary net position as a percentage of the total pension liability	47.51%	49.45%
 Covered payroll	\$ 1,436,362	\$ 1,445,420
 School Division's net pension liability as a percentage of covered payroll	438.82%	411.28%

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

County of Dickenson, Virginia
 Schedule of Employer Contributions
 For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2016	\$ 524,813	\$ 524,813	-	4,961,118	10.58%
2015	593,971	593,971	-	4,900,886	12.12%
Component Unit Public Service Authority					
2016	\$ 61,715	\$ 61,715	-	565,268	10.92%
2015	60,755	60,755	-	558,405	10.88%
Component Unit School Board (nonprofessional)					
2016	\$ 424,937	\$ 424,937	-	1,381,996	30.75%
2015	449,539	449,539	-	1,436,362	31.30%
2014	351,545	351,545	-	1,445,420	24.32%
2013	364,800	364,800	-	1,463,297	24.93%
2012	418,554	418,554	-	1,659,613	25.22%
2011	441,182	441,182	-	1,749,334	25.22%
2010	401,380	401,380	-	1,723,399	23.29%
2009	409,402	409,402	-	1,757,843	23.29%
2008	402,545	402,545	-	1,721,750	23.38%
2007	397,567	397,567	-	1,700,458	23.38%
Component Unit School Board (professional)					
2016	\$ 1,490,224	\$ 1,490,224	-	10,630,160	14.02%
2015	1,485,000	1,485,000	-	10,002,824	14.85%
2014	1,179,496	1,179,496	-	10,115,746	11.66%
2013	1,019,141	1,019,141	-	8,740,489	11.66%
2012	720,333	720,333	-	11,379,668	6.33%
2011	1,120,781	1,120,781	-	12,550,739	8.93%
2010	832,179	832,179	-	9,445,846	8.81%
2009	1,006,620	1,006,620	-	9,773,010	10.30%
2008	1,157,296	1,157,296	-	11,235,883	10.30%
2007	987,522	987,522	-	10,733,935	9.20%

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

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

County of Dickenson, Virginia
Notes to Required Supplementary Information
June 30, 2016

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

Other Supplementary Information

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.

Dickenson County Behavioral Health Services- The Dickenson County Behavioral Health Services (DCBHS) fund accounts for the funds that are maintained on behalf of DCBHS.

EQT Funds- The EQT Fund accounts for disputed income tax amounts held at the County.

County of Dickenson, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2016

	Agency Funds						EOT Funds	Total
	Town of Clinchco	Town of Clintwood	Town of Haysi	Fringe Benefits	Dickenson County Behavioral Health Services	Funds		
ASSETS								
Cash and cash equivalents	\$ 58,116	\$ 1,760	\$ 20,193	\$ 6,677	\$ 78,484	\$ 589,067	\$ 1,010	
Total assets	<u>\$ 58,116</u>	<u>\$ 1,760</u>	<u>\$ 20,193</u>	<u>\$ 6,677</u>	<u>\$ 78,484</u>	<u>\$ 589,067</u>	<u>\$ 1,010</u>	
LIABILITIES								
Amounts held for social services clients	\$ 58,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,116	
Amounts held for Town of Clinchco	-	1,760	-	-	-	-	1,760	
Amounts held for Town of Clintwood	-	-	20,193	-	-	-	20,193	
Amounts held for Town of Haysi	-	-	-	6,677	-	-	6,677	
Amounts held for County employees' fringe benefits	-	-	-	-	78,484	-	78,484	
Amounts held for Dickenson County Behavioral Health Services	-	-	-	-	-	589,067	589,067	
Amounts held for EQT	-	-	-	-	-	1,010	1,010	
Total liabilities	<u>\$ 58,116</u>	<u>\$ 1,760</u>	<u>\$ 20,193</u>	<u>\$ 6,677</u>	<u>\$ 78,484</u>	<u>\$ 589,067</u>	<u>\$ 1,010</u>	

County of Dickenson, Virginia
 Combining Statement of Changes in Assets and Liabilities - Agency Funds
 June 30, 2016

	Agency Funds					Total
	Town of Clinchco	Town of Clintwood	Town of Haysi	Fringe Benefits	Dickenson County Behavioral Health Services	
ASSETS						
Cash and Cash Equivalents:						
Beginning Balance	\$ 46,481	\$ 26,507	\$ 9,487	\$ 88,942	\$ 769,720	\$ 1,010
Additions	183,475	136,603	38,963	1,068,946	3,226,931	-
Deductions	(171,840)	(142,917)	(41,773)	(1,079,404)	(3,407,584)	-
Ending Balance	\$ 58,116	\$ 20,193	\$ 6,677	\$ 78,484	\$ 589,067	\$ 1,010
						\$ 755,307
LIABILITIES						
Amounts Held for Others:						
Beginning Balance	\$ 46,481	\$ 26,507	\$ 9,487	\$ 88,942	\$ 769,720	\$ 1,010
Additions	183,475	136,603	38,963	1,068,946	3,226,931	-
Deductions	(171,840)	(142,917)	(41,773)	(1,079,404)	(3,407,584)	-
Ending Balance	\$ 58,116	\$ 20,193	\$ 6,677	\$ 78,484	\$ 589,067	\$ 1,010
						\$ 755,307

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

County of Dickenson, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2016

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,632,180
Due from other governmental units	543,115
Total assets	<u>\$ 2,175,295</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 770,656
Accrued liabilities	1,321,280
Total liabilities	<u>\$ 2,091,936</u>
Fund balances:	
Unassigned	\$ 83,359
Total fund balances	<u>\$ 83,359</u>
Total liabilities and fund balances	<u>\$ 2,175,295</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 83,359
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 2,644,378
Buildings and improvements	694,889
Machinery and equipment	1,225,045
Construction in progress	29,796,581
	<u>34,360,893</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Items related to measurement of net pension liability	(1,704,925)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	
	1,915,161
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	\$ (23,689,055)
Items related to measurement of net pension liability	113,089
Compensated absences	(1,094,362)
Net OPEB obligation	<u>(1,164,033)</u>
	(25,834,361)
Net position of governmental activities	<u>\$ 8,820,127</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, 2016

		School Operating Fund
REVENUES		
Charges for services	\$	309,933
Miscellaneous		461,844
Recovered costs		99,595
Intergovernmental:		
Local government		6,582,075
Commonwealth		14,497,086
Federal		2,456,827
Total revenues	<u>\$</u>	<u>24,407,360</u>
EXPENDITURES		
Current:		
Education	<u>\$</u>	<u>24,527,389</u>
Excess (deficiency) of revenues over (under) expenditures	\$	(120,029)
Fund balances - beginning, as restated		203,388
Fund balances - ending	<u>\$</u>	<u>83,359</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	\$	(120,029)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays	\$	169,664
Depreciation expense		<u>731,428</u>
		901,092
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		14,624,030
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,355,306
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Change in net pension liability	\$	(968,339)
Change in deferred outflows of resources related to pension payments subsequent to the measurement date		55,719
Change in deferred outflows related to measurement of net pension liability		113,089
Change in compensated absences		(11,920)
Change in net OPEB obligation		<u>(203,501)</u>
		(1,014,952)
Change in net position of governmental activities	<u>\$</u>	<u>15,745,447</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, 2016

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 364,425	\$ 364,425	\$ 309,933	\$ (54,492)
Miscellaneous	1,014,190	829,484	461,844	(367,640)
Recovered costs	-	-	99,595	99,595
Intergovernmental:				
Local government	6,900,000	6,900,000	6,582,075	(317,925)
Commonwealth	14,565,746	14,565,746	14,497,086	(68,660)
Federal	2,909,272	2,909,272	2,456,827	(452,445)
Total revenues	<u>\$ 25,753,633</u>	<u>\$ 25,568,927</u>	<u>\$ 24,407,360</u>	<u>\$ (1,161,567)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 25,753,633</u>	<u>\$ 25,568,927</u>	<u>\$ 24,527,389</u>	<u>\$ 1,041,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,029)</u>	<u>\$ (120,029)</u>
Net change in fund balances	\$ -	\$ -	\$ (120,029)	\$ (120,029)
Fund balances - beginning, as restated	-	-	203,388	203,388
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,359</u>	<u>\$ 83,359</u>

Supporting Schedules

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

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	\$ 8,120,000	\$ 8,120,000	\$ 7,606,897	\$ (513,103)
Real and personal public service corporation taxes	365,000	365,000	659,979	294,979
Personal property taxes	1,280,383	1,280,383	1,083,629	(196,754)
Mobile home taxes	65,000	65,000	57,668	(7,332)
Machinery and tools taxes	1,850,000	1,850,000	550,089	(1,299,911)
Merchant's capital taxes	75,840	75,840	73,379	(2,461)
Penalties	55,000	55,000	82,875	27,875
Interest	220,000	220,000	279,783	59,783
Total general property taxes	<u>\$ 12,031,223</u>	<u>\$ 12,031,223</u>	<u>\$ 10,394,299</u>	<u>\$ (1,636,924)</u>
Other local taxes:				
Local sales and use taxes	\$ 800,000	\$ 800,000	\$ 714,236	\$ (85,764)
Consumers' utility taxes	325,000	325,000	321,038	(3,962)
Consumption taxes	55,000	55,000	56,900	1,900
Vehicle registration withholding stops	17,500	17,500	16,620	(880)
Tax on deeds	30,000	30,000	124,082	94,082
Hotel and motel room taxes	30,000	30,000	29,778	(222)
Gas severance taxes	900,000	900,000	634,405	(265,595)
Coal severance taxes	2,000,000	2,000,000	1,871,727	(128,273)
Total other local taxes	<u>\$ 4,157,500</u>	<u>\$ 4,157,500</u>	<u>\$ 3,768,786</u>	<u>\$ (388,714)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,500	\$ 1,500	\$ 810	\$ (690)
Building permits	15,000	15,000	10,083	(4,917)
Total permits, privilege fees, and regulatory licenses	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 10,893</u>	<u>\$ (5,607)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 40,000	\$ 40,000	\$ 43,014	\$ 3,014
Revenue from use of money and property:				
Revenue from use of money	\$ 1,500	\$ 1,500	\$ 1,400	\$ (100)
Revenue from use of property	1,500	1,500	2,145	645
Total revenue from use of money and property	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,545</u>	<u>\$ 545</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,732	\$ 5,732	\$ 20,726	\$ 14,994
Document production costs	4,000	4,000	4,280	280
Charges for Commonwealth's Attorney	1,200	1,200	1,555	355
Solid waste tipping fees	325,500	325,500	154,288	(171,212)
DCWIN user fees	180,000	180,000	171,486	(8,514)
Charges for law library	-	-	1,161	1,161
Charges for parks and recreation	12,000	12,000	23,643	11,643
Charges for office on youth	60,000	60,000	88,920	28,920
Total charges for services	<u>\$ 588,432</u>	<u>\$ 588,432</u>	<u>\$ 466,059</u>	<u>\$ (122,373)</u>
Miscellaneous:				
Miscellaneous	\$ 110,342	\$ 110,342	\$ 108,887	\$ (1,455)

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 1
 Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Regional jails	\$ 50,000	\$ 50,000	\$ 91,670	\$ 41,670
Engineering reimbursement	10,000	10,000	-	(10,000)
E-911 SWVA regional project	-	-	167,408	167,408
DUI Restitution payments	2,000	2,000	130	(1,870)
VPA refunds/recoveries	75,000	75,000	105,754	30,754
Health insurance reimbursement	65,000	65,000	80,844	15,844
Expenditure refunds	-	-	13,860	13,860
Health department rental	7,150	7,150	7,150	-
Other recovered costs	271,359	271,359	31,613	(239,746)
Total recovered costs	<u>\$ 480,509</u>	<u>\$ 480,509</u>	<u>\$ 498,429</u>	<u>\$ 17,920</u>
Total revenue from local sources	<u>\$ 17,427,506</u>	<u>\$ 17,427,506</u>	<u>\$ 15,293,912</u>	<u>\$ (2,133,594)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 110,000	\$ 110,000	\$ 104,343	\$ (5,657)
Mobile home titling tax	70,000	70,000	67,213	(2,787)
State recordation tax	8,000	8,000	47,600	39,600
Grantor's tax	5,000	5,000	16,521	11,521
Personal property tax relief funds	819,617	819,617	817,952	(1,665)
Communications tax	240,000	240,000	475,438	235,438
Total noncategorical aid	<u>\$ 1,252,617</u>	<u>\$ 1,252,617</u>	<u>\$ 1,529,067</u>	<u>\$ 276,450</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 246,396	\$ 246,396	\$ 247,527	\$ 1,131
Sheriff	998,292	998,292	996,602	(1,690)
Commissioner of revenue	110,811	110,811	108,092	(2,719)
Treasurer	94,173	94,173	93,963	(210)
Registrar/electoral board	-	-	48,971	48,971
Clerk of the Circuit Court	195,508	195,508	208,258	12,750
Total shared expenses	<u>\$ 1,645,180</u>	<u>\$ 1,645,180</u>	<u>\$ 1,703,413</u>	<u>\$ 58,233</u>
Other categorical aid:				
Comprehensive services act	\$ 1,053,700	\$ 1,053,700	\$ 759,639	\$ (294,061)
Public assistance and welfare administration	4,874,388	2,494,509	1,658,833	(835,676)
Department of environmental quality	20,000	20,000	43,287	23,287
Litter control grant	8,000	8,000	8,676	676
Fire program	36,000	36,000	43,274	7,274
Commission for the arts	5,000	5,000	5,000	-
Virginia housing authority	65,000	65,000	74,464	9,464
State health department	-	-	60,945	60,945
State health department - four for life	15,000	15,000	14,387	(613)
Criminal justice grant	24,000	24,000	30,388	6,388
Special welfare - foster care	-	-	10,561	10,561
State and local foster care	-	-	123	123
Reduction in state aid	-	-	447	447
Wireless E-911 services	60,000	60,000	61,392	1,392
Total other categorical aid	<u>\$ 6,161,088</u>	<u>\$ 3,781,209</u>	<u>\$ 2,771,416</u>	<u>\$ (1,009,793)</u>
Total categorical aid	<u>\$ 7,806,268</u>	<u>\$ 5,426,389</u>	<u>\$ 4,474,829</u>	<u>\$ (951,560)</u>
Total revenue from the Commonwealth	<u>\$ 9,058,885</u>	<u>\$ 6,679,006</u>	<u>\$ 6,003,896</u>	<u>\$ (675,110)</u>

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

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)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 20,000	\$ 20,000	\$ 33,157	\$ 13,157
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ 2,379,879	\$ 2,379,879	\$ -
CDBG	-	-	508,521	508,521
Corps of engineers	28,000	28,000	29,616	1,616
DMV grants	10,000	10,000	10,385	385
Emergency management	7,500	7,500	7,500	-
Department of mines, minerals and energy	-	-	66,362	66,362
Total categorical aid	<u>\$ 45,500</u>	<u>\$ 2,425,379</u>	<u>\$ 3,002,263</u>	<u>\$ 576,884</u>
Total revenue from the federal government	<u>\$ 65,500</u>	<u>\$ 2,445,379</u>	<u>\$ 3,035,420</u>	<u>\$ 590,041</u>
Total General Fund	<u>\$ 26,551,891</u>	<u>\$ 26,551,891</u>	<u>\$ 24,333,228</u>	<u>\$ (2,218,663)</u>
Special Revenue Fund:				
Coal Road Tax Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road improvement taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,871,727	\$ (128,273)
Gas severance taxes	900,000	900,000	634,405	(265,595)
Total other local taxes	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 2,506,132</u>	<u>\$ (393,868)</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 12	\$ 12
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 161,552	\$ 161,552
Total revenue from local sources	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 2,667,696</u>	<u>\$ (232,304)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT revenue sharing reimbursement	\$ -	\$ -	\$ 1,122,080	\$ 1,122,080
Total Coal Road Tax Fund	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 3,789,776</u>	<u>\$ 889,776</u>
Capital Projects Fund:				
School Construction Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 661	\$ 661
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
QSCB interest subsidy	\$ -	\$ -	\$ 396,100	\$ 396,100
USACE	-	-	16,332,525	16,332,525
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,728,625</u>	<u>\$ 16,728,625</u>
Total School Construction Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,729,286</u>	<u>\$ 16,729,286</u>
Total Primary Government	<u>\$ 29,451,891</u>	<u>\$ 29,451,891</u>	<u>\$ 44,852,290</u>	<u>\$ 15,400,399</u>

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Revenue from local sources:				
Charges for services:				
Cafeteria charges	\$ 364,425	\$ 364,425	\$ 309,933	\$ (54,492)
Miscellaneous:				
Other miscellaneous	\$ 1,014,190	\$ 829,484	\$ 461,844	\$ (367,640)
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 99,595	\$ 99,595
Total revenue from local sources	\$ 1,378,615	\$ 1,193,909	\$ 871,372	\$ (322,537)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Dickenson, Virginia	\$ 6,900,000	\$ 6,900,000	\$ 6,582,075	\$ (317,925)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,355,144	\$ 2,355,144	\$ 2,367,044	\$ 11,900
Basic school aid	7,622,247	7,622,247	7,404,178	(218,069)
Remedial summer education	13,026	13,026	6,689	(6,337)
Regular foster care	-	-	1,040	1,040
ISAEF	7,859	7,859	7,859	-
Expanded GED payments	-	-	658	658
Gifted and talented	76,615	76,615	74,769	(1,846)
Remedial education	308,091	308,091	300,666	(7,425)
Special education	800,385	800,385	781,095	(19,290)
Textbook payment	156,850	156,850	153,069	(3,781)
Vocational standards of quality payments	404,268	404,268	394,524	(9,744)
CTE adult education	38,863	38,863	5,742	(33,121)
Social security fringe benefits	469,472	469,472	458,157	(11,315)
Retirement fringe benefits	929,164	929,164	906,770	(22,394)
Early reading intervention	50,845	50,845	48,534	(2,311)
Homebound education	11,633	11,633	18,936	7,303
Group life insurance instructional	29,342	29,342	28,635	(707)
Vocational education - occup/tech	-	-	27,334	27,334
Vocational education - equipment	-	-	5,139	5,139
School breakfast incentive	8,341	8,341	4,341	(4,000)
School food	15,149	15,149	13,643	(1,506)
Industry certification	-	-	5,069	5,069
Compensation supplement	131,039	131,039	127,899	(3,140)
Special education - foster children	-	-	14,916	14,916
At risk payments	319,173	319,173	311,626	(7,547)
Project graduation	-	-	18,983	18,983
Primary class size	357,412	357,412	333,335	(24,077)
Technology	206,000	206,000	338,430	132,430
Standards of Learning algebra readiness	35,480	35,480	33,169	(2,311)
STEM recruitment and retention	-	-	1,000	1,000
Mentor teacher program	678	678	1,471	793
School security grant	-	-	82,338	82,338
VA preschool initiative	218,670	218,670	218,670	-
English as a second language	-	-	1,358	1,358
Total categorical aid	\$ 14,565,746	\$ 14,565,746	\$ 14,497,086	\$ (68,660)
Total revenue from the Commonwealth	\$ 14,565,746	\$ 14,565,746	\$ 14,497,086	\$ (68,660)

County of Dickenson, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 932,481	\$ 932,481	\$ 732,299	\$ (200,182)
Title VI-B, special education flow-through	657,968	657,968	516,719	(141,249)
Vocational education	61,794	61,794	48,528	(13,266)
Title VI-B, special education pre-school	44,087	44,087	34,623	(9,464)
Title II, part A	230,193	230,193	180,777	(49,416)
School breakfast program	196,127	196,127	195,179	(948)
School lunch program	732,448	732,448	690,743	(41,705)
Federal reserve	-	-	15,414	15,414
Advanced placement	104	104	82	(22)
Rural and low income schools	54,070	54,070	42,463	(11,607)
Total categorical aid	<u>\$ 2,909,272</u>	<u>\$ 2,909,272</u>	<u>\$ 2,456,827</u>	<u>\$ (452,445)</u>
Total revenue from the federal government	<u>\$ 2,909,272</u>	<u>\$ 2,909,272</u>	<u>\$ 2,456,827</u>	<u>\$ (452,445)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,753,633</u>	<u>\$ 25,568,927</u>	<u>\$ 24,407,360</u>	<u>\$ (1,161,567)</u>

County of Dickenson, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 59,733	\$ 63,733	\$ 58,980	\$ 4,753
General and financial administration:				
County administrator	\$ 239,129	\$ 334,803	\$ 429,110	\$ (94,307)
Audit services	71,686	71,686	67,731	3,955
Legal services	35,500	35,500	23,829	11,671
Commissioner of revenue	267,966	267,966	249,788	18,178
Treasurer	253,405	278,068	284,994	(6,926)
IT/Mapping/Data processing	198,497	198,497	192,717	5,780
Total general and financial administration	<u>\$ 1,066,183</u>	<u>\$ 1,186,520</u>	<u>\$ 1,248,169</u>	<u>\$ (61,649)</u>
Board of elections:				
Registrar	\$ 95,752	\$ 95,752	\$ 100,888	\$ (5,136)
Electoral board and officials	76,184	76,184	57,519	18,665
Total board of elections	<u>\$ 171,936</u>	<u>\$ 171,936</u>	<u>\$ 158,407</u>	<u>\$ 13,529</u>
Total general government administration	<u>\$ 1,297,852</u>	<u>\$ 1,422,189</u>	<u>\$ 1,465,556</u>	<u>\$ (43,367)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 134,475	\$ 134,475	\$ 125,997	\$ 8,478
General district court	13,156	13,156	10,738	2,418
Special magistrates	1,500	1,500	1,024	476
Juvenile court services	81,450	81,450	83,236	(1,786)
Office on youth	108,738	108,738	106,385	2,353
Law library	5,000	5,000	14,554	(9,554)
Clerk of the circuit court	286,463	286,463	300,943	(14,480)
Total courts	<u>\$ 630,782</u>	<u>\$ 630,782</u>	<u>\$ 642,877</u>	<u>\$ (12,095)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 353,629	\$ 353,629	\$ 372,276	\$ (18,647)
Total judicial administration	<u>\$ 984,411</u>	<u>\$ 984,411</u>	<u>\$ 1,015,153</u>	<u>\$ (30,742)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,313,959	\$ 1,354,959	\$ 1,410,903	\$ (55,944)
Fire and rescue services:				
Volunteer fire and rescue	\$ 390,881	\$ 308,566	\$ 488,912	\$ (180,346)
E-911 Fund	807,148	566,074	732,606	(166,532)
DCWIN	105,940	105,940	102,623	3,317
Total fire and rescue services	<u>\$ 1,303,969</u>	<u>\$ 980,580</u>	<u>\$ 1,324,141</u>	<u>\$ (343,561)</u>
Correction and detention:				
SWVa Regional Jail Authority	\$ 1,182,249	\$ 1,182,249	\$ 1,274,448	\$ (92,199)
Inspections:				
Building	\$ 94,682	\$ 94,682	\$ 85,618	\$ 9,064
Other protection:				
Animal warden	\$ 87,240	\$ 87,240	\$ 86,421	\$ 819
Emergency management	13,923	13,923	47,147	(33,224)
Total other protection	<u>\$ 101,163</u>	<u>\$ 101,163</u>	<u>\$ 133,568</u>	<u>\$ (32,405)</u>
Total public safety	<u>\$ 3,996,022</u>	<u>\$ 3,713,633</u>	<u>\$ 4,228,678</u>	<u>\$ (515,045)</u>

County of Dickenson, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

<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 works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,333,555	\$ 1,333,555	\$ 1,300,816	\$ 32,739
Litter control	116,790	116,790	117,765	(975)
Total sanitation and waste removal	<u>\$ 1,450,345</u>	<u>\$ 1,450,345</u>	<u>\$ 1,418,581</u>	<u>\$ 31,764</u>
Maintenance of general buildings and grounds:				
General properties	\$ 313,434	\$ 513,434	\$ 497,394	\$ 16,040
Engineering	151,702	151,702	134,091	17,611
Total maintenance of general buildings and grounds	<u>\$ 465,136</u>	<u>\$ 665,136</u>	<u>\$ 631,485</u>	<u>\$ 33,651</u>
Total public works	<u>\$ 1,915,481</u>	<u>\$ 2,115,481</u>	<u>\$ 2,050,066</u>	<u>\$ 65,415</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 246,843	\$ 246,843	\$ 261,659	\$ (14,816)
Mental health and mental retardation:				
Community services board	\$ 154,140	\$ 154,140	\$ 157,139	\$ (2,999)
Welfare:				
Public assistance and welfare administration	\$ 5,684,950	\$ 5,684,950	\$ 4,850,423	\$ 834,527
Comprehensive services board	1,493,436	1,493,436	1,274,206	219,230
Senior citizens	68,339	68,339	67,500	839
Rental assistance	83,040	83,040	78,886	4,154
Total welfare	<u>\$ 7,329,765</u>	<u>\$ 7,329,765</u>	<u>\$ 6,271,015</u>	<u>\$ 1,058,750</u>
Total health and welfare	<u>\$ 7,730,748</u>	<u>\$ 7,730,748</u>	<u>\$ 6,689,813</u>	<u>\$ 1,040,935</u>
Education:				
Other instructional costs:				
Community colleges	\$ 70,351	\$ 70,351	\$ 69,351	\$ 1,000
Contribution to County School Board	6,900,000	6,655,112	6,582,075	73,037
Total education	<u>\$ 6,970,351</u>	<u>\$ 6,725,463</u>	<u>\$ 6,651,426</u>	<u>\$ 74,037</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 64,500	\$ 64,500	\$ 62,180	\$ 2,320
Swimming pool	48,836	48,836	75,872	(27,036)
Tourism	49,670	49,670	47,039	2,631
Total parks and recreation	<u>\$ 163,006</u>	<u>\$ 163,006</u>	<u>\$ 185,091</u>	<u>\$ (22,085)</u>
Total parks, recreation, and cultural	<u>\$ 163,006</u>	<u>\$ 163,006</u>	<u>\$ 185,091</u>	<u>\$ (22,085)</u>
Community development:				
Planning and community development:				
Community development				
Planning and community development	\$ 175,000	\$ 175,000	\$ 175,076	\$ (76)
Non-Departmental	2,240,993	1,803,357	1,892,044	(88,687)
Regional Planning	344,360	344,360	344,360	-
Education and Research Center	50,000	50,000	45,897	4,103
Industrial Development Authority/Economic Development Corp.	365,380	435,380	615,494	(180,114)
Dickenson County Public Service Authority	-	-	574,883	(574,883)
Total planning and community development	<u>\$ 3,175,733</u>	<u>\$ 2,808,097</u>	<u>\$ 3,647,754</u>	<u>\$ (839,657)</u>
Cooperative extension program:				
Extension office	\$ 75,216	\$ 75,216	\$ 70,227	\$ 4,989
Total community development	<u>\$ 3,250,949</u>	<u>\$ 2,883,313</u>	<u>\$ 3,717,981</u>	<u>\$ (834,668)</u>
Capital projects:				
Judicial Center Project	\$ -	\$ -	\$ 7,605,021	\$ (7,605,021)

County of Dickenson, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

<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)				
Debt service:				
Principal retirement	\$ 484,145	\$ 659,856	\$ 721,762	\$ (61,906)
Interest and other fiscal charges	-	153,791	164,523	(10,732)
Total debt service	<u>\$ 484,145</u>	<u>\$ 813,647</u>	<u>\$ 886,285</u>	<u>\$ (72,638)</u>
Total General Fund	<u>\$ 26,792,965</u>	<u>\$ 26,551,891</u>	<u>\$ 34,495,070</u>	<u>\$ (7,943,179)</u>
Special Revenue Fund:				
Coal Road Tax Fund:				
Public Works:				
Maintenance of Highways, Streets and Bridges:				
Road improvements	\$ 126,100	\$ 126,100	\$ 99,631	\$ 26,469
Community Development:				
Planning and Community Development:				
Coalfield Economic Development	\$ 730,150	\$ 730,150	\$ 850,696	\$ (120,546)
Revenue sharing matching	1,500,000	1,500,000	3,968,489	(2,468,489)
Contribution to Public Service Authority	543,750	543,750	491,421	52,329
Total planning and community development	<u>\$ 2,773,900</u>	<u>\$ 2,773,900</u>	<u>\$ 5,310,606</u>	<u>\$ (2,536,706)</u>
Total community development	<u>\$ 2,773,900</u>	<u>\$ 2,773,900</u>	<u>\$ 5,310,606</u>	<u>\$ (2,536,706)</u>
Total Coal Road Tax Fund	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 5,410,237</u>	<u>\$ (2,510,237)</u>
Capital Projects Fund:				
School Construction Projects Fund:				
Capital Projects:				
Capital projects expenditures:				
School Construction	\$ -	\$ -	\$ 6,854,744	\$ (6,854,744)
Debt service:				
Principal retirement	\$ -	\$ -	\$ 15,590,941	\$ (15,590,941)
Interest and other fiscal charges	-	-	1,555,802	(1,555,802)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,146,743</u>	<u>\$ (17,146,743)</u>
Total School Construction Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,001,487</u>	<u>\$ (24,001,487)</u>
Total Primary Government	<u>\$ 29,692,965</u>	<u>\$ 29,451,891</u>	<u>\$ 63,906,794</u>	<u>\$ (34,454,903)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health	\$ 1,994,939	\$ 2,019,389	\$ 1,987,148	\$ 32,241
Instruction costs:				
Instruction	\$ 16,902,279	\$ 16,831,111	\$ 16,189,640	\$ 641,471
Operating costs:				
Pupil transportation	\$ 1,961,346	\$ 1,879,675	\$ 1,801,287	\$ 78,388
Operation and maintenance of school plant	2,741,419	2,875,652	2,558,067	317,585
School food and other non-instructional costs	1,605,600	1,499,050	1,561,600	(62,550)
Technology	548,050	464,050	429,647	34,403
Total operating costs	<u>\$ 6,856,415</u>	<u>\$ 6,718,427</u>	<u>\$ 6,350,601</u>	<u>\$ 367,826</u>
Total education	<u>\$ 25,753,633</u>	<u>\$ 25,568,927</u>	<u>\$ 24,527,389</u>	<u>\$ 1,041,538</u>
Total School Operating Fund	<u>\$ 25,753,633</u>	<u>\$ 25,568,927</u>	<u>\$ 24,527,389</u>	<u>\$ 1,041,538</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,753,633</u>	<u>\$ 25,568,927</u>	<u>\$ 24,527,389</u>	<u>\$ 1,041,538</u>

Other Statistical Information

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (1)	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2015-16	\$ 1,447,189	\$ 994,021	\$ 3,855,643	\$ 2,211,993	\$ 6,481,617	\$ 26,120,875	\$ 211,823	\$ 8,974,110	\$ 1,703,899	\$ 52,001,170
2014-15	1,598,909	492,729	3,819,908	1,603,292	7,263,106	28,868,548	84,497	5,420,583	1,829,169	50,980,741
2013-14	1,144,784	1,110,535	4,976,702	2,835,218	6,547,181	9,635,086	170,643	4,284,122	1,156,525	31,860,796
2012-13	2,050,009	1,138,929	4,885,973	3,022,683	6,385,324	6,766,973	185,519	6,453,207	888,962	31,777,579
2011-12	2,008,466	1,025,378	5,115,076	2,720,172	6,059,904	7,425,648	107,046	6,201,727	163,515	30,826,932
2010-11	1,763,110	1,074,443	3,686,694	3,372,252	5,750,370	6,197,020	571,735	5,607,673	190,910	28,214,207
2009-10	1,787,393	1,109,611	3,505,608	2,563,389	5,824,142	6,335,489	513,311	7,059,122	118,545	28,816,610
2008-09	1,799,477	957,871	3,910,141	2,804,944	5,174,372	7,058,251	501,388	6,139,085	240,406	28,585,935
2007-08	1,703,149	912,606	3,995,130	4,441,749	5,444,737	8,735,154	463,367	5,307,833	128,391	31,132,116
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

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

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2015-16	\$ 519,966	\$ 6,872,593	\$ 18,455,204	\$	\$ 11,937,747	\$ 6,274,918	\$ 4,218	\$ 270,439	\$ 1,562,224	\$ 45,897,309	
2014-15	622,693	7,450,931	607,116		12,667,960	7,875,794	4,241	880,143	1,521,625	31,630,503	
2013-14	886,995	7,655,082	25,519,376		11,786,105	8,606,472	15,262	59,715	1,545,215	56,074,222	
2012-13	925,629	7,304,984	6,159,720		11,906,790	9,509,539	32,329	-	2,747,311	38,586,302	
2011-12	708,119	6,876,198	27,629		14,237,747	10,898,718	15,874	159,191	1,493,178	34,416,654	
2010-11	680,640	6,105,193	167,311		8,849,635	10,745,737	33,382	225,498	1,586,883	28,394,279	
2009-10	592,840	6,169,602	2,222,045		9,495,473	8,804,909	30,472	261,355	1,198,714	28,775,410	
2008-09	283,173	5,814,889	200,367		8,384,400	13,453,817	47,889	404,828	1,094,113	29,683,476	
2007-08	238,467	5,967,611	268,364		8,204,925	12,994,102	77,032	418,645	1,097,572	29,266,718	
2006-07	141,089	5,378,433	-		6,965,778	11,208,523	171,437	260,260	1,724,980	25,850,500	

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

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

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

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

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
2015-16	\$ 10,394,299	\$ 6,274,918	\$ 10,893	\$ 43,014	\$ 4,218	\$ 775,992	\$ 1,330,307	\$ 43,843,934	\$ 62,677,575
2014-15	13,342,236	7,875,794	9,951	38,973	4,241	883,221	1,614,878	26,416,565	50,185,859
2013-14	11,852,575	8,606,472	16,001	64,460	15,262	1,161,450	997,986	51,726,260	74,440,466
2012-13	12,669,532	9,509,539	12,822	35,276	32,329	1,272,325	895,640	33,583,277	58,010,740
2011-12	13,263,990	10,898,718	21,775	34,191	17,635	1,117,253	1,721,130	27,721,137	54,795,829
2010-11	9,079,109	10,745,737	16,255	42,244	34,916	1,071,684	1,825,055	27,324,165	50,139,165
2009-10	9,128,477	8,804,909	18,382	41,078	36,789	960,384	990,554	28,852,251	48,832,824
2008-09	8,201,918	13,453,817	15,472	22,228	63,503	1,304,850	629,220	28,589,816	52,280,824
2007-08	8,109,308	12,994,102	17,547	49,511	113,744	1,023,583	691,465	26,695,030	49,694,290
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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)		
2015-16	\$ 12,567,077	\$ 7,559,599	60.15%	\$ 3,279,434	\$ 10,839,033	86.25%	\$ 3,812,167	30.33%	
2014-15	13,160,900	12,896,358	97.99%	827,972	13,724,330	104.28%	2,462,240	18.71%	
2013-14	12,867,584	12,599,469	97.92%	521,802	13,121,271	101.97%	3,184,962	24.75%	
2012-13	12,457,549	12,299,417	98.73%	916,967	13,216,384	106.09%	2,713,540	21.78%	
2011-12	10,894,220	9,135,852	83.86%	1,957,654	11,093,506	101.83%	5,146,710	47.24%	
2010-11	9,359,592	8,747,619	93.46%	194,387	8,942,006	95.54%	5,367,481	57.35%	
2009-10	9,050,359	8,631,704	95.37%	363,287	8,994,991	99.39%	2,069,958	22.87%	
2008-09	9,313,787	8,891,496	95.47%	128,374	9,019,870	96.84%	1,525,225	16.38%	
2007-08	8,815,450	8,517,421	96.62%	280,676	8,798,097	99.80%	2,121,451	24.07%	
2006-07	8,299,829	7,696,352	92.73%	449,969	8,146,321	98.15%	1,853,714	22.33%	

(1) Exclusive of penalties and interest.

Table 6

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

Fiscal Year	Real Estate (1)		Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
	Estate	Real Estate				Real Estate	Personal Property	
2015-16	\$ 1,377,223,700	\$ 134,806,776	\$ 96,449,867	\$ 807,876	\$ 116,712,808	\$ 238,089	\$ 1,726,239,116	
2014-15	1,390,386,000	138,302,847	122,746,615	745,341	113,807,768	264,543	1,766,253,114	
2013-14	1,471,653,492	140,183,821	137,652,367	936,673	111,285,447	284,982	1,861,996,782	
2012-13	1,467,556,192	150,444,999	100,668,822	728,086	105,721,465	249,781	1,825,369,345	
2011-12	1,427,628,192	120,235,607	82,207,942	792,469	61,196,373	169,334	1,692,229,917	
2010-11	1,093,381,069	128,742,527	65,275,601	822,585	61,015,901	181,474	1,349,419,157	
2009-10	1,069,562,685	113,496,700	65,964,070	671,287	65,016,120	144,107	1,314,854,969	
2008-09	970,579,579	125,410,393	59,682,284	883,644	64,133,685	141,025	1,220,830,610	
2007-08	911,733,593	123,235,367	52,816,288	906,980	66,060,474	142,983	1,154,895,685	
2006-07	882,861,410	119,050,605	40,309,232	868,957	63,627,112	171,367	1,106,888,683	

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property (2)	Machinery and Tools (2)	Merchant's Capital
2015-16	\$ 0.56	\$ 1.82	\$ 1.82	10.50
2014-15	0.56	1.82	1.82	10.50
2013-14	0.56	1.82	1.82	10.50
2012-13	0.60	1.69	1.69	10.50
2011-12	0.60	1.69	1.69	10.50
2010-11	0.60	1.69	1.69	10.50
2009-10	0.60	1.69	1.69	10.50
2008-09	0.60	1.69	1.69	10.50
2007-08	0.60	1.69	1.69	10.50
2006-07	0.60	1.69	1.69	10.50

(1) Per \$100 of assessed value.

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015-16	15,903	\$ 1,726,239	\$ 44,313,634	\$ 44,313,634	2.57%	\$ 2,786
2014-15	15,903	1,766,253	51,282,301	51,282,301	2.90%	3,225
2013-14	15,903	1,861,997	31,599,532	31,599,532	1.70%	1,987
2012-13	15,903	1,825,369	26,242,957	26,242,957	1.44%	1,650
2011-12	15,903	1,692,230	985,000	985,000	0.06%	62
2010-11	15,903	1,349,419	1,070,000	1,070,000	0.08%	67
2009-10	16,395	1,314,855	1,155,000	1,155,000	0.09%	70
2008-09	16,395	1,220,831	1,338,676	1,338,676	0.11%	82
2007-08	16,395	1,154,896	1,747,016	1,747,016	0.15%	107
2006-07	16,395	1,106,889	2,145,356	2,145,356	0.19%	131

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2015-16	\$ 16,312,703	\$ 1,720,325	\$ 18,033,028	\$ 81,852,108	22.03%
2014-15	952,545	1,837,030	2,789,575	70,955,457	3.93%
2013-14	12,949,183	1,171,872	14,121,055	101,298,531	13.94%
2012-13	849,331	901,841	1,751,172	51,277,568	3.42%
2011-12	644,902	175,943	820,845	52,026,199	1.58%
2010-11	621,900	198,493	820,393	50,276,140	1.63%
2009-10	684,273	188,496	872,769	50,885,408	1.72%
2008-09	408,340	75,936	484,276	50,030,662	0.97%
2007-08	398,340	88,241	486,581	52,568,020	0.93%
2006-07	470,051	76,498	546,549	44,584,077	1.23%

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dickenson, Virginia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Dickenson, Virginia's basic financial statements and have issued our report thereon dated January 24, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness. (2016-001)

Compliance and Other Matters

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

County of Dickenson, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Co. Associates
Blacksburg, Virginia
January 24, 2017

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Dickenson, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Dickenson, Virginia's major federal programs for the year ended June 30, 2016. The County of Dickenson, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Dickenson, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Dickenson, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Dickenson, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Fauser, Cox Associates
Blacksburg, Virginia
January 24, 2017

County of Dickenson, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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:				
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760115/760116	\$ 47,945	
Child Care and Development Block Grant	93.575	770116	<u>(60)</u>	47,885
Promoting Safe and Stable Families	93.556	950115		22,530
Temporary Assistance for Needy Families (TANF)	93.558	400116		298,076
Refugee and Entrant Assistance - State Administered Programs	93.566	500116		296
Low-Income Home Energy Assistance	93.568	600416		35,741
Chaffee Education and Training Vouchers Program (ETV)	93.599	9160114/9160115		5,032
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900116		1,981
Foster Care - Title IV-E	93.658	1100116		318,668
Adoption Assistance	93.659	1120116		520,124
Social Services Block Grant	93.667	1000116		279,972
Chafee Foster Care Independence Program	93.674	9150116		6,502
Children's Health Insurance Program	93.767	540116		14,766
Medical Assistance Program	93.778	1200116		<u>458,512</u>
Total Department of Health and Human Service:			\$	<u>2,010,085</u>
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Agriculture:				
Food Distribution (Note 3)	10.555	Not Applicable	\$ 96,196	
Department of Education:				
National School Lunch Program	10.555	40623	<u>594,547</u>	\$ 690,743
School Breakfast Program	10.553	40253/40591		<u>195,179</u>
School and Roads - Grants to States	10.665	43841		<u>15,414</u>
Total Department of Education				\$ 901,336
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10116/40116		<u>369,794</u>
Total Department of Agriculture				\$ 1,271,130
Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	Not Available		\$ 508,521
Department of the Interior:				
Abandoned Mine Land Reclamation				
	15.252	Not Available		\$ 66,362
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2015-55075-5814		\$ 10,385
Department of Defense:				
Pass Through Payments:				
Department of Environmental Quality:				
Payments to States in Lieu of Real Estate Taxes	12.112	42845		\$ 33,157
Direct payments:				
Flood Control Projects	12.106	Not Available		<u>29,616</u>
Total Department of Defense				\$ 62,773
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	42892/42901/42933 42935/42945/42955		\$ 732,299
<i>Special Education Cluster:</i>				
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	43071	\$ 516,719	
Special Education - Preschool Grants (IDEA Preschool)	84.173	62521	<u>34,623</u>	551,342
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	60525		48,528
Rural Education	84.358	43481		42,463
Supporting Effective Instruction State Grant	84.367	86730		180,777
Advanced Placement Program	84.330	86764		<u>82</u>
Total Department of Education				\$ 1,555,491
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not Available		\$ 7,500
Total Expenditures of Federal Awards				<u>\$ 5,492,247</u>

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

County of Dickenson, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of County of Dickenson, Virginia and its component units under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County of Dickenson, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Dickenson, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

Note 3 -- Food Donation

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

Note 4 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 3,035,420
School Construction Projects	16,728,625
Flood Control Projects Not Subject to Single Audit Requirements	(16,332,525)
QCSB Interest Subsidy	<u>(396,100)</u>
Total primary government	<u>\$ 3,035,420</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 2,456,827</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 5,492,247</u></u>

County of Dickenson, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
14.228	Community Development Block Grant
84.027/84.173	Special Education Cluster
10.553/10.555	Child Nutrition Cluster
93.667	Social Services Block Grant

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

Section II - Financial Statement Findings

2016-001

Criteria:	Per Statement on Auditing Standards 115, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to post such transactions is not a component of the auditee's internal controls.
Condition:	The County's 2016 adjusted trial balance required significant adjusting entries that were made by the auditors.
Cause:	The County failed to identify all year end accounting adjustments necessary for the financial statements to be prepared in accordance with current reporting standards. The County does not have proper controls in place to detect and correct adjustments in closing their year end financial information.
Effect:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal controls over financial reporting.
Recommendation:	Management should continue to implement and follow review procedures to make adjustments in a timely manner.
Management's Response:	Management is dedicated to complying with the concepts set forth in Statement on Auditing Standards 115 and will make efforts in the future to eliminate material misstatements from its adjusted trial balance.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior audit findings related to federal awards.