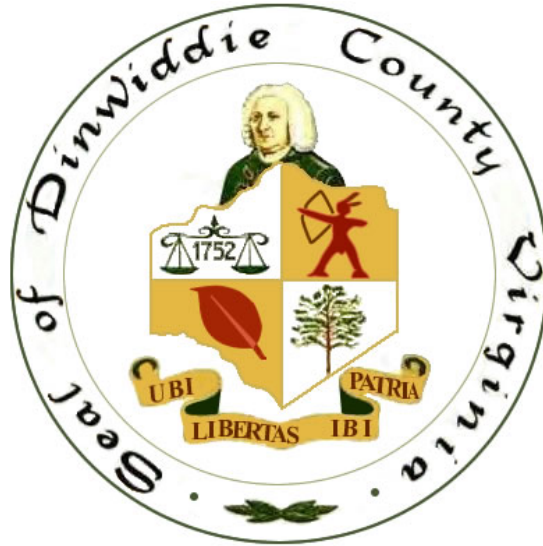




County of Dinwiddie, Virginia

Prepared by:

Accounting Department
County of Dinwiddie, Virginia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

County of Dinwiddie, Virginia

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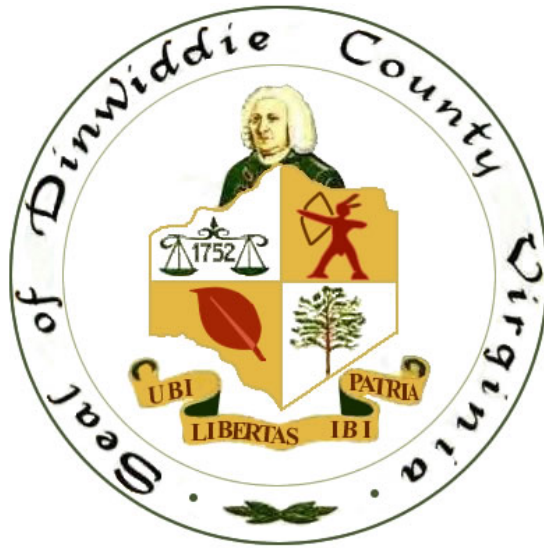
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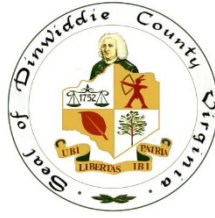
County of Dinwiddie, Virginia
Introductory Section (Unaudited)
Year Ended June 30, 2016



County of Dinwiddie

BOARD OF SUPERVISORS

WILLIAM D. CHAVIS
BRENDA K. EBRON-BONNER
DANIEL D. LEE
HARRISON A. MOODY
DR. MARK E. MOORE



COUNTY ADMINISTRATOR

W. KEVIN MASSENGILL

FOUNDED 1752

November 28, 2016

To the Honorable Members of the Board of Supervisors and the citizens of Dinwiddie County, Virginia:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for Dinwiddie County (the County) for the fiscal year ended June 30, 2016. The Code of Virginia (Section 15.2-2511) requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed Certified Public Accountants. This report has been prepared by the County's Accounting Department in accordance with standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the Auditor of Public Accounts (APA).

County management assumes full responsibility for the completeness and reliability of the information presented in this report. To this end, the County has established a comprehensive framework of internal controls to ensure compliance with applicable laws, regulations, and County policies; to safeguard the County's assets; and to compile sufficient reliable information for the preparation of GAAP financial statements. Because the cost of internal controls should not outweigh their benefits, this internal control framework has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free of material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of the various funds and component units of the County.

To provide the required, independent review and confirmation of management's representations, the County's financial statements have been audited by Dixon Hughes Goodman LLP, licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. Therefore, the independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2016 are fairly presented in all material respects and in conformity with GAAP. The auditors' report is presented as the first component of the financial section of the CAFR.

Immediately following the independent auditors' report in the CAFR is Management's Discussion and Analysis (MD&A). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and be read in conjunction with the MD&A.

The audited basic financial statements and notes to those financial statements then follow the MD&A in the CAFR. The supplementary information, supporting schedules, and statistical tables provided after the basic financial statements and notes contain more detailed information in support of the basic financial statements and are unaudited.

Dinwiddie County, as a recipient of federal funds, is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act as amended; Title 2 US Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles and Audit, Requirements for Federal Awards* (“Uniform Guidance”); and the specifications of *Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts. The standards governing Single Audit engagements require the independent auditor to report on the fair presentation of the financial statements as well as on the County’s internal controls and compliance with legal requirements, especially those involving the administration of federal awards. Reports on the Single Audit are located in the Compliance Section at the end of the CAFR.

Profile of the Government

Dinwiddie County was established May 1, 1752, from Prince George County and was named after Robert Dinwiddie, Lieutenant Governor of Virginia from 1751 to 1758. Its first inhabitants can be traced back to the Paleolithic period, with early stone tools from this period having been discovered in various fields within the County. During the Civil War, Dinwiddie County had more battles fought within its boundaries than in any other location in the United States, and is home to Pamplin Historical Park and the National Museum of the Civil War Soldier. This heritage was highlighted in FY 2015 through the establishment of a driving tour and a number of events held as part of the sesquicentennial anniversary of the County’s involvement in the Civil War.

Part of Virginia’s Appomattox Basin, Dinwiddie County occupies 504 square miles in the southeastern section of Virginia, located within several hours of Washington, D.C., the Atlantic Ocean beaches, or the Blue Ridge mountains. It is bordered by the Nottoway and Appomattox Rivers and the counties of Chesterfield, Amelia, Nottoway, Brunswick, Greensville, Sussex, and Prince George. Interstates 85 and 95 provide north-south access, and U.S. Route 460 provides an east-west transportation route. The East Coast’s main switching station for two major railroad lines, the Dinwiddie County Airport, and the Dinwiddie County Commerce Park help to promote economic opportunity for the County. Sports tourism and agri-tourism have also become important aspects of the County’s economy in recent years.

Dinwiddie County offers a blend of suburban and rural living, with agriculture contributing significantly to the economy and the quality of life that its approximately 28,753 residents enjoy. Lake Chesdin, located along the northern rim of Dinwiddie County, provides numerous recreational opportunities. The Town of McKenney, with a population of approximately 475, is the only incorporated town located within the County.

Dinwiddie County has a traditional form of county government, guided by an elected five member Board of Supervisors and five elected Constitutional Officers – Commonwealth’s Attorney, Commissioner of the Revenue, Treasurer, Sheriff, and Clerk of the Circuit Court. The County Administrator and his staff are responsible for carrying out the policies of the Board of Supervisors while providing a full range of services including general government administration; judicial administration; public safety; public works; health and welfare; and community development. Fire protection services are provided by volunteers who receive financial and administrative support from the County, and emergency medical services are provided through a combination of paid staff and volunteers.

Public education in the County is administered by the Dinwiddie County School Board. The School Board is a separate legal entity with five elected board members. However, since the School Board has no independent revenue-raising authority and is fiscally dependent on the local government, the County is financially accountable for the school system in its CAFR. In order to provide a comprehensive view of the County’s financial status, school financial activities are reported separately within the financial statements as a component unit.

The Industrial Development Authority of Dinwiddie County, the Dinwiddie County Water Authority, and the Dinwiddie Airport and Industrial Authority are also legally separate entities, but financially dependent upon the County, and are therefore discretely presented as component units in the CAFR. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government (the County). More information on component units may be found in the Notes to the Financial Statements.

The Code of Virginia requires the County to maintain a balanced budget in each fiscal year, and Dinwiddie County’s annual budget serves as the foundation for financial planning and control. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. The budget process begins each fall with

County departments, Constitutional Offices, and outside agencies submitting requests to County Administration by the date established in the budget calendar. After a series of work sessions with the Board of Supervisors, County Administration and staff, the County Administrator then submits to the Board of Supervisors a budget which includes proposed operating, capital, and debt service expenditures and the means of financing such expenditures. Public hearings are held to obtain citizen comments on the proposed tax rates and budget. After consideration of public comment, the Board of Supervisors sets the tax rates and approves the annual budget. The budget is implemented through annual appropriation, with supplemental appropriations approved by the Board of Supervisors as necessary during the fiscal year in accordance with the Code of Virginia (Section 15.2-2507). Budgetary compliance is monitored through real-time, on-line and monthly financial reports provided to County departments and the Board of Supervisors by County Administration.

Factors Affecting the Government's Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the environment within which Dinwiddie County operates.

Local Economy

Despite challenging national economic conditions, Dinwiddie has maintained population growth, business investment and positive economic activity. When considering the population change from 2000 to 2010 within the overall Tri-Cities/Tri-County Region (Cities of Petersburg, Hopewell, Colonial Heights and Counties of Chesterfield, Dinwiddie, and Prince George), Dinwiddie County was the second fastest growing community with a 14.1% increase. Since 2010 the population has only increased 2.6% (from 28,001 in 2010 to 28,753 in 2016), with the growth rate slowing with the national recession.

Based on available economic data at June 30, 2016, the local unemployment rate was 4.8%, lower than the prior June's unemployment rate of 5.3%, and in between Virginia's rate of 3.7% and the national rate of 4.9%. This decline can be attributed in part to the expansion of several existing businesses and the location of several new businesses in the County during FY 2016. Predominant industries/employers in the County are distribution, government, advanced manufacturing, forestry, mining, and agriculture. With the County located between two military installations, national defense spending in the region has somewhat insulated the County from the sharp downturns in the economy over the past several years, but that could change with future Sequestration orders.

Local sales tax revenue, which can also be an indication of the overall condition of the County's economy, shows steady growth in FY 2016 with receipts 4.7% higher than FY 2015. New home construction in FY 2016 yielded 59 homes being added to the County's real estate tax book. That was an increase from last fiscal year which yielded an additional 41 homes. FY 2016 experienced a very stable real estate market with the sales ratio finishing at approximately 91% overall. This is an indication that sales to assessments are holding very steady -- the County's last general tax reassessment was effective January 1, 2013. Additionally, 278 new business licenses were issued in FY 2016, which reflects an increase of 21 licenses from the year before. Overall, Dinwiddie County has demonstrated an even real estate market and an increase in the business base over the course of the last fiscal year.

Long-term Financial Planning

Both County staff and external financial advisors, as needed, provide guidance in addressing the long term capital and operating needs of the County. One result of this guidance is the preparation of a five year Capital Improvements Plan (CIP). The CIP reflects the County's strategic initiatives and is adopted annually by the Board of Supervisors, with the first year funding appropriated and the remaining four years provided for planning purposes. The FY 2016-2020 CIP projects represent the Board of Supervisors' commitment to education, infrastructure maintenance, and improving the quality of life in the County through recreational opportunities. The County utilizes a balanced approach to capital project funding, using a combination of debt financing, draws on unassigned fund balance, and pay-as-you-go current year appropriation.

Financial Policies

The larger the unassigned general fund balance, the greater the County's ability to cope with financial emergencies, fluctuations in revenues, and to maintain bond rating agencies' expectations. With the debt financing of a new high school and a new elementary school, the County received its first public credit rating of A+ from Standard & Poors in 2004, an upgraded rating to AA- in 2008, and most recently an upgraded rating to AA in 2014.

The County has established and maintained an unassigned general fund balance target rate of at least 15% of total budgeted expenditures less annual debt service payments and bonds proceeds expenditures. Funds in excess of the targeted 15% fund balance may be considered to supplement pay-as-you-go capital outlay expenditures, other non-recurring expenditures or as additions to fund balance.

In addition, the County strives to maintain a diversified and stable revenue system to shelter the government from fluctuations in any one revenue source and ensure its ability to provide ongoing services. The County intends for ongoing expenditures to be funded through ongoing revenues, not one-time revenue sources. One-time or other special revenues will not be used to finance continuing County operations, but instead will be used for special projects such as CIP projects.

Major Initiatives in FY 2016

Designed to enhance levels of service provided to County residents while maintaining an effective and efficient government, the following projects were initiated and/or completed during FY 2016 without a tax rate increase:

- ❖ Property purchased in the Ford area of the County for the eighth manned convenience waste center (as a part of the County's waste management plan to eliminate unmanned dumpster sites) was developed during FY 2016, with an opening date of September 2016.
- ❖ Provided funding for VDOT to improve Airport Drive leading to the Rohoic manned convenience waste center in the Dinwiddie Airport and Industrial Park.
- ❖ Replaced four defibrillators and purchased thermal imaging cameras as a part of the County's Fire and EMS equipment program and awarded a contract to replace a pumper engine that was destroyed in an interstate accident in November, 2015.
- ❖ Replaced three vehicles in Animal Control, Public Works and Building Inspections.
- ❖ Replaced nine vehicles and purchased tactical team equipment for the Sheriff's Office.
- ❖ The Sheriff's Office also initiated an officer safety program with grant funding for body cameras. In addition, an ordinance was passed by the Board of Supervisors to collect \$5 from each traffic and criminal case conviction to be used for implementing an electronic summons program for the Sheriff's deputies.
- ❖ Provided funding to the School system for school buses and for a school facilities study.
- ❖ In response to today's citizens, students, and businesses ever increasing dependence on internet service, a broadband assessment was conducted; and in response to the consultant's report, a Request for Proposals for Broadband/Internet Service Providers was issued in late FY 2016.
- ❖ Completed the parking lot lights and paving project at Eastside Community Enhancement Center.
- ❖ Opened the newly renovated McKenney gymnasium and began renovation of a donated building to create the Ragsdale Community Center to address the recreational needs of residents in the southern part of the County.
- ❖ Received an American Battlefield Preservation Plan grant and engaged a consultant to help develop the plan and marketing materials in an effort to preserve the County's Civil War heritage and promote tourism in the County.
- ❖ Continued to expand the Economic Development Department's Youth Workforce Development Initiatives, which received grant funding and recognition through a Virginia Association of Counties Achievement Award and a National Association of Counties Achievement Award in 2015.
- ❖ Prepared to move forward with the previously approved County Government Complex project, which will consist of a new administrative building to include health and human services and a new public safety building, by demolishing two existing buildings, completing a fiber optics project, and issuing a Request for Proposal for this design-build project. Proposals were reviewed and negotiation of a comprehensive agreement with the successful architect and contractor team began in late FY 2016.
- ❖ Renovated and leased temporary space in the Historic Southside School Education Center to the local Health Department for their use until the new administration building is completed in FY 2019.
- ❖ Engaged a financial advisor and passed a resolution for a plan of lease financing through the Virginia Resources Authority's summer bond pool to finance the County Government Complex project.
- ❖ Provided a 3% COLA for County employees and conducted an employee compensation study to be implemented in the FY 2017 budget.
- ❖ The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dinwiddie County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the first year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily

readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the accounting staffs of the County, Schools, and Department of Social Services; the Treasurer's Office; and the Commissioner of the Revenue. Additionally, this report reflects the results of the Board of Supervisors' commitment to financial excellence, and we appreciate their continued support of the financial management of Dinwiddie County.

Respectfully submitted,



W. Kevin Massengill
County Administrator



Anne R. Howerton, CPA
Deputy County Administrator, Finance and General Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Dinwiddie
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

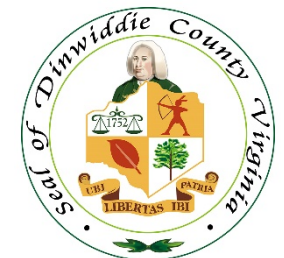
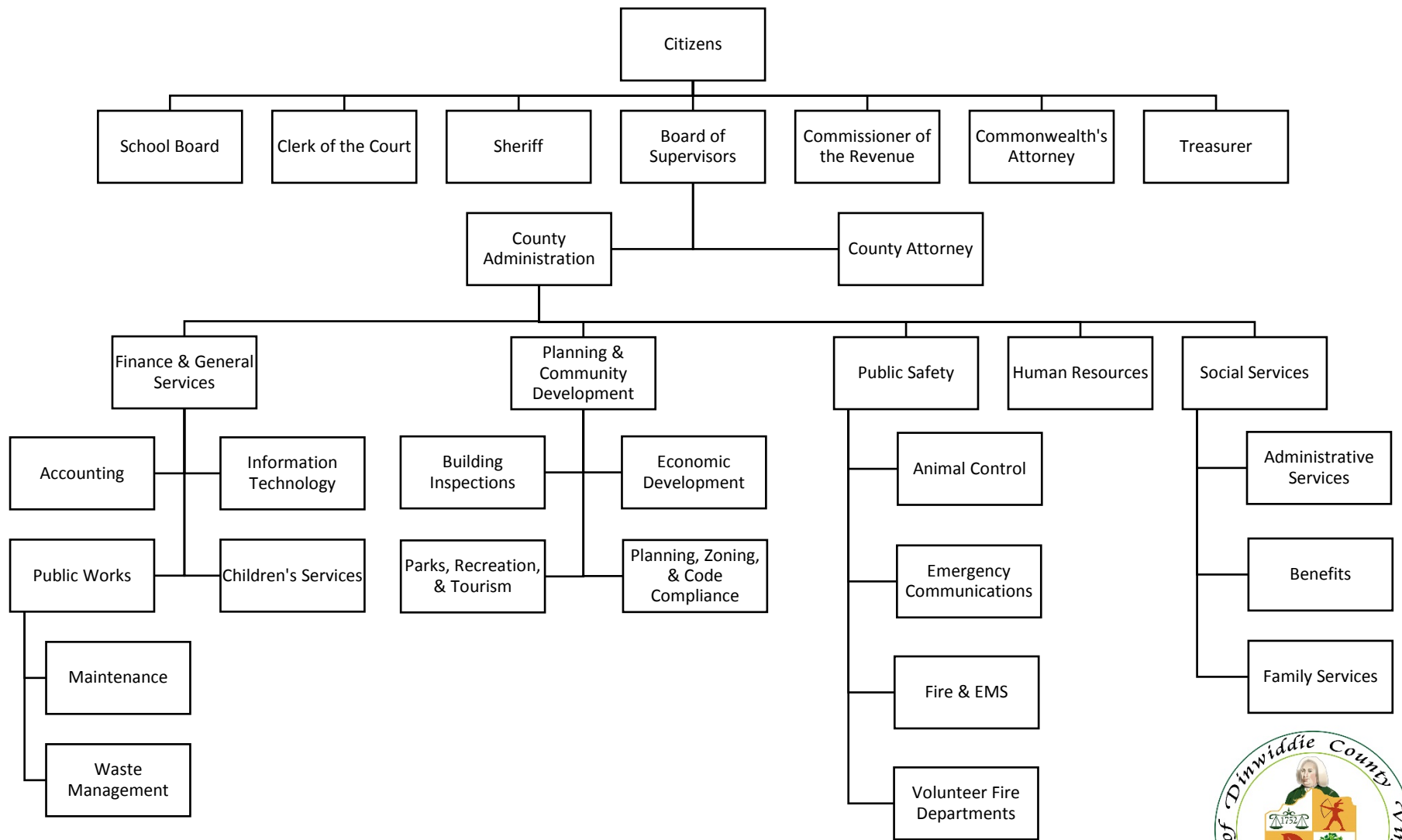
June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is fluid and cursive.

Executive Director/CEO

**County of Dinwiddie
Organizational Chart**

**County of Dinwiddie
Organizational Chart**



**Official Directory
June 30, 2016**

Board of Supervisors

Brenda K. Ebron-Bonner, Chairperson
Harrison A. Moody, Vice-Chairperson

William D. Chavis
Dr. Mark E. Moore

Daniel D. Lee

School Board

Barbara T. Pittman, Chairperson
Sherilyn H. Merritt, Vice-Chairperson

Mary M. Benjamin
William R. Haney

Teresa Stump

Industrial Development Authority

Victoria Heller, Chairperson
Thomas Hooker, Vice-Chairperson
W. Alan Kissner, Secretary - Treasurer

David Lyle
James Van Landingham

George M. Rapp
Maxwell Watkins

Other Officials

Courts

Chief Judge of the Circuit Court
Chief Judge of the General District Court
Chief Judge of the Juvenile and Domestic Relations Court

Paul W. Cella
Mayo K. Gravatt
Valentine Southall, Jr.

Constitutional Officers

Commonwealth's Attorney
Treasurer
Sheriff
Clerk of the Circuit Court
Commissioner of the Revenue

Ann Cabell Baskervill
Jennifer C. Perkins
D. T. "Duck" Adams
J. Barrett Chappell, Jr.
Lori K. Stevens

School Board

Superintendent of Schools

W. David Clark

County

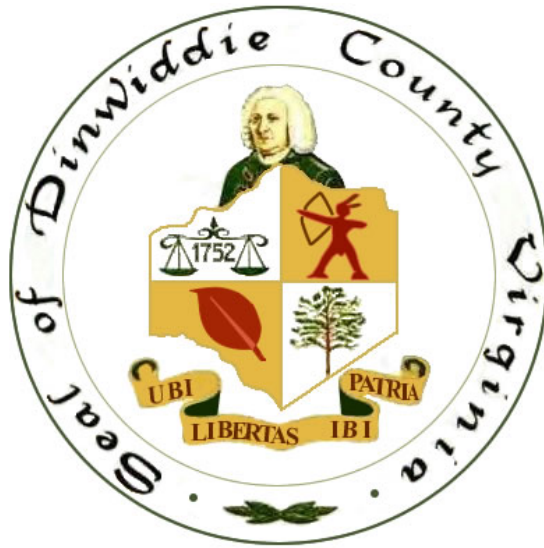
County Administrator
County Attorney
Deputy County Administrator – Finance and General Services
Deputy County Administrator – Planning and Community Development
Chief – Fire and EMS Services
Director of Social Services

W. Kevin Massengill
Tyler Southall
Anne Howerton
Tammie Collins
Dennis Hale
Rose Mastracco

County of Dinwiddie, Virginia

Financial Section

Year Ended June 30, 2016



Independent Auditors' Report

Honorable Members of the Board of Supervisors
County of Dinwiddie, Virginia
Dinwiddie, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dinwiddie, Virginia, 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 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 standards applicable to audits contained in *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 auditors consider 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.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of other post-employment benefit (OPEB) funding progress, and net pension liability information and related ratios, including contributions and related notes, and on pages 13 through 20 and 71 through 77 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.

Accompanying Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Dinwiddie, Virginia's basic financial statements. The introductory section, other supplementary information, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by the Uniform Guidance is also presented for purposes of additional analysis and is also not a required part of the basic financial statements of the County of Dinwiddie, Virginia.

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. In our opinion, 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 statistical section 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.

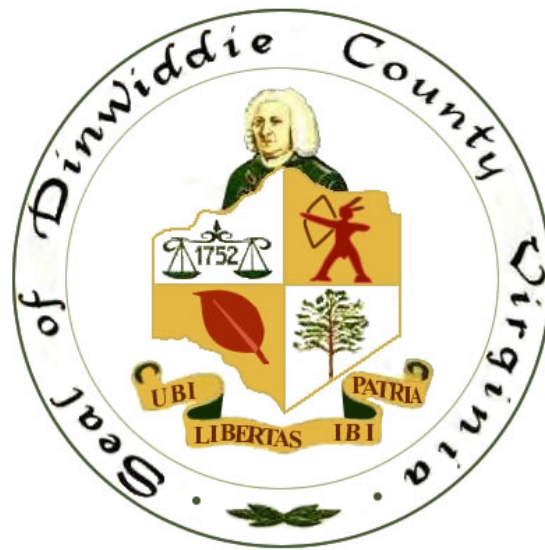


Other Reporting Required by Government Auditing Standards

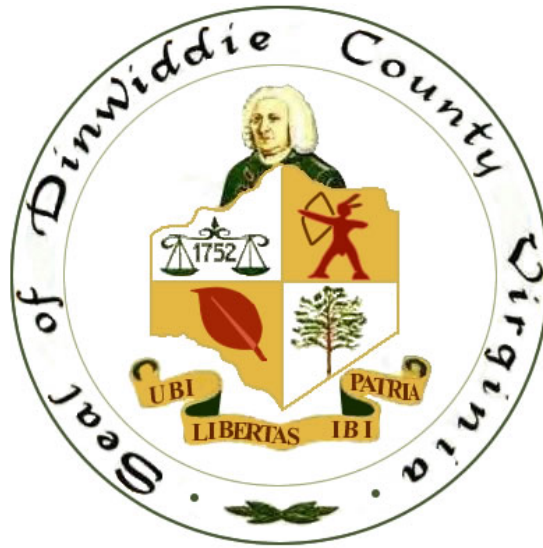
In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of County of Dinwiddie, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 County of Dinwiddie, Virginia's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Chester, Virginia
November 28, 2016**



County of Dinwiddie, Virginia
Management's Discussion and Analysis
Year Ended June 30, 2016



Management's Discussion and Analysis

As management of County of Dinwiddie, Virginia, we offer readers of the County's FY 2016 financial statements this narrative overview and analysis for the purpose of assisting them with understanding significant financial issues, providing an overview of the County's financial activity, and identifying changes in the County's financial position. Readers are also encouraged to read the transmittal letter at the front of this report and the County's financial statements which follow this analysis.

Financial highlights

- Dinwiddie County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2016 by \$37,856,320 (net position).
- On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$38,156,850. This amount is \$2,284,243 less than the general revenues of \$40,441,093 (change in net position).
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$22,369,583, a decrease of \$1,394,643 in comparison with the prior year.
- Of the governmental funds' ending balances, unassigned fund balance for the general fund was \$17,615,683 or 35% of total general fund expenditures and other financing uses. This represents a 13% decrease in unassigned fund balance from FY15.

Using this comprehensive annual financial report

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance. This management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements which are comprised of three components: government-wide financial statements; fund financial statements; and notes to the financial statements. Required supplementary information follows the basic financial statements. Other supplementary information and supporting schedules are also presented in the financial section. The unaudited statistical section shows financial data and trends over time, and the compliance section reports on the County's compliance with internal controls and various federal and state requirements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances as a whole and include all assets and liabilities using accrual basis of accounting in a manner similar to a private-sector business. The government-wide financial statements provide both long-term and short-term information about the County's overall financial status.

The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two 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 of the current year's revenues and expenses are reported in the Statement of Activities, regardless of when cash was received or paid.

The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, education, parks and recreation, and community development. The government-wide financial statements can be found in Exhibits A and B.

County of Dinwiddie, Virginia Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the primary government), but also the legally separate School Board, Industrial Development Authority, Airport and Industrial Authority, and Water Authority, all of which Dinwiddie County is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government. Neither the School Board nor the IDA issue separate financial statements, whereas the Airport and Industrial Authority and the Water Authority both issue separate financial statements. (See Exhibits I-J and Z-CC).

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. Dinwiddie County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided after the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds - the General Fund and the Debt Service Fund. The non-major governmental funds include the Capital Projects Fund and the Special Revenue Fund. (See Exhibits C-F).

Fiduciary Funds

The County is the trustee, or fiduciary, for the County's private purpose trust and agency funds. It is 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. The private purpose trust funds are used for scholarships and for disadvantaged citizens in the County. The agency fund consists of County custodial funds used to provide accountability of client monies for which the County is custodian. (See Exhibits G-H).

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. The notes to the financial statements can be found on pages 31-70 of this report.

Other Information

Presented as required supplementary information are budgetary comparison schedules for the General Fund and the County and School Board's progress in funding its obligation to provide pension and other post-employment benefits to its employees (See Exhibits K-Q).

Presented as other supplementary information are combining fund statements and schedules for funds other than the General Fund and for the School Board as a discretely presented component unit. Additionally, supporting schedules detail budgetary comparison schedules for all governmental funds (See Exhibits R-Y and Schedules 1-2).

County of Dinwiddie, Virginia
Management's Discussion and Analysis

Government-Wide Financial Statement Analysis

County of Dinwiddie, Virginia's Condensed Statement of Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 41,310,712	\$ 41,590,255
Capital assets	66,635,420	68,830,816
	<u>107,946,132</u>	<u>110,421,071</u>
Deferred pension amounts	1,048,694	986,872
Deferred amount on bond refunding	<u>1,925,542</u>	<u>2,142,659</u>
	<u>2,974,236</u>	<u>3,129,531</u>
Current liabilities	2,108,567	1,793,873
Long-term liabilities outstanding	<u>54,897,383</u>	<u>59,924,915</u>
	<u>57,005,950</u>	<u>61,718,788</u>
Deferred pension investment experience	1,194,455	1,767,038
Deferred revenues	<u>14,863,643</u>	<u>14,492,699</u>
	<u>16,058,098</u>	<u>16,259,737</u>
Net position:		
Net investment in capital assets	19,903,572	17,554,195
Unrestricted	<u>17,952,748</u>	<u>18,017,882</u>
	<u>37,856,320</u>	<u>35,572,077</u>

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. As shown in the table above, the County's net position increased by 6.4% from FY 2015 to FY 2016. This was primarily accomplished through a decrease in long-term liabilities through required debt service payments.

Approximately 53% of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens, including education. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

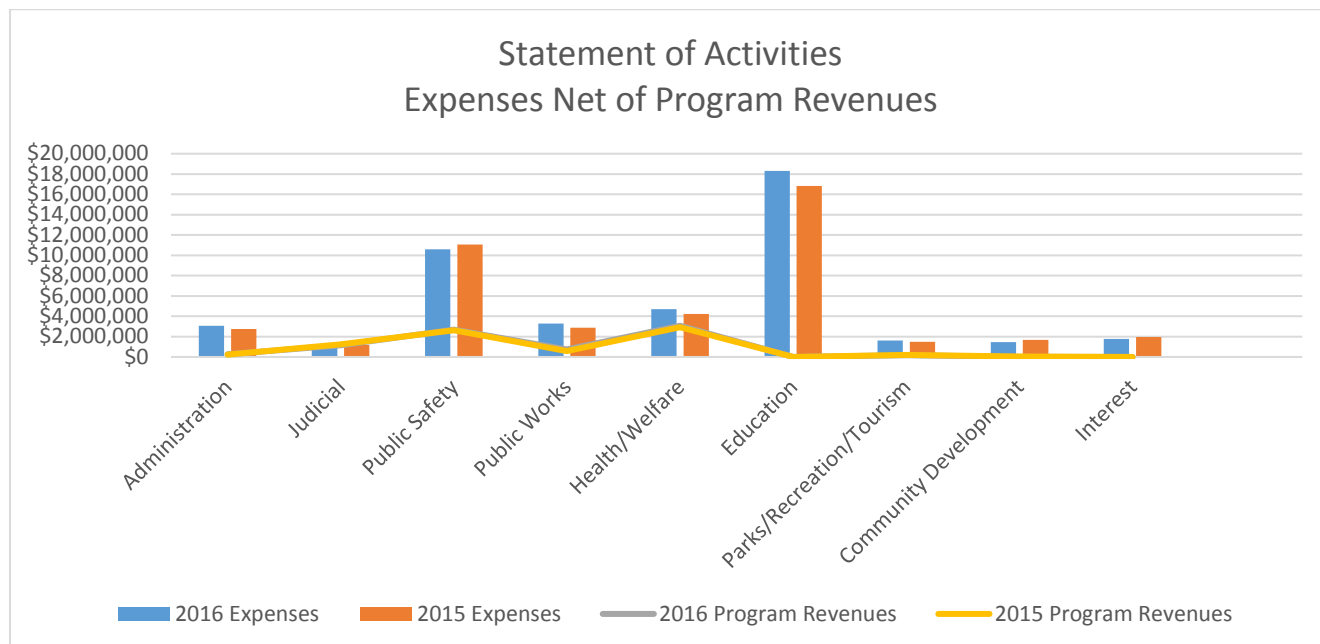
The remaining net position balance of \$17,952,748 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. This represents a decrease of \$65,134 from the unrestricted net position at the end of FY 2015, which resulted from an increase in accounts payable and accrued payroll liabilities in FY 2016.

County of Dinwiddie, Virginia's Condensed Statement of Activities

	Governmental Activities	
	2016	2015
Program revenues:		
Charges for services	\$ 2,248,628	\$ 2,359,295
Operating grants and contributions	5,777,784	5,480,256
General revenues:		
General property taxes	30,541,846	28,569,530
Other local taxes	4,784,012	4,715,539
Grants and other contributions not restricted	4,767,428	4,805,481
Other general revenues	<u>347,807</u>	<u>323,493</u>
Total revenues	<u>48,467,505</u>	<u>46,253,594</u>
General government administration	3,069,950	2,761,437
Judicial administration	1,155,707	1,182,308
Public safety	10,725,317	11,055,175
Public works	3,291,703	2,861,601
Health and welfare	4,769,268	4,243,201
Education	18,313,557	16,826,706
Parks, recreation and cultural	1,612,546	1,486,972
Community development	1,461,725	1,681,973
Interest and other fiscal charges	<u>1,783,489</u>	<u>1,958,572</u>
Total expenses	<u>46,183,262</u>	<u>44,057,945</u>
Change in net position	2,284,243	2,195,649
Net position, beginning of year	<u>35,572,077</u>	<u>33,376,428</u>
Net position, end of year	<u>\$ 37,856,320</u>	<u>\$ 35,572,077</u>

Total governmental activities revenues show an increase of \$2,213,911 (4.79%) in FY 2016 from FY 2015. The expiration of a fifteen-year economic development inducement agreement between the County and a local business increased machinery and tools tax revenue and the continued collection efforts of the Treasurer's Office resulted in an increase in both real estate and personal property tax collections in FY 2016.

Total governmental activities expenses show an increase of \$2,125,317 (4.82%) in FY 2016 from FY 2015. Most of which can be attributed to the \$1,321,881 increase in the County's contribution to the School System to help provide a 3% COLA to existing employees and to fund eight new positions. County employees also received a 3% COLA in FY 2016.



From the government-wide Statement of Activities, the County had total expenses net of program revenue of \$38,156,850, which were \$2,284,243 less than the general revenues of \$40,441,093 (change in net position). As shown in the chart above, each category of expenditure far exceeds the program revenue received for each governmental activity. This is a good indicator of the County's reliance on tax revenues.

Financial Analysis of Governmental Funds

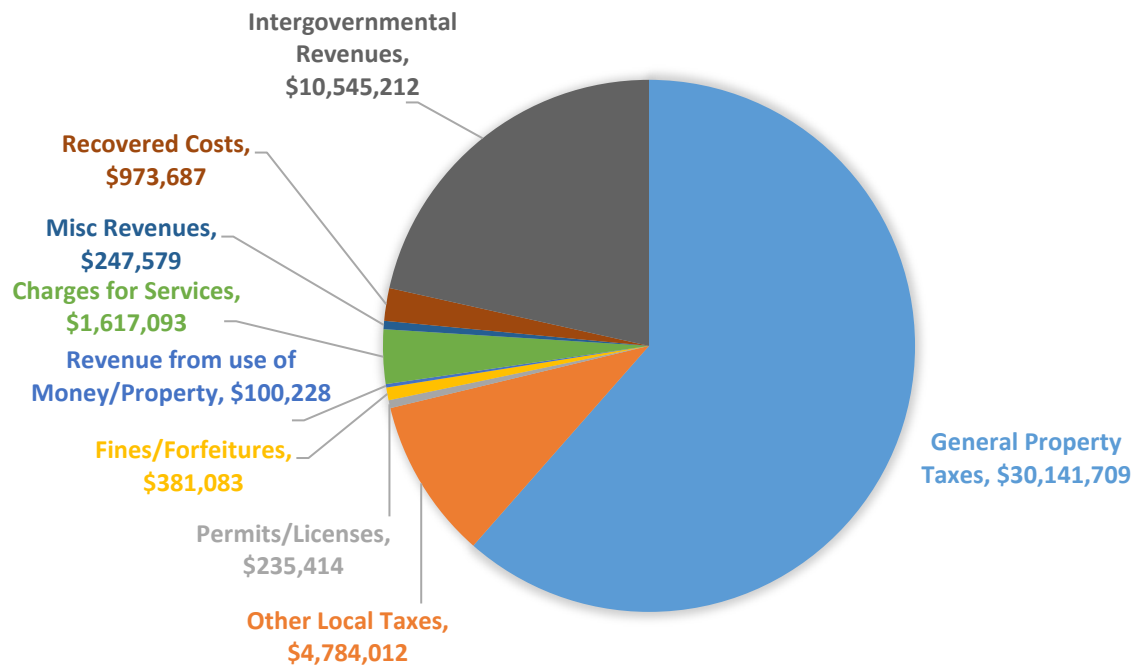
The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

As shown on the Balance Sheet, the combined fund balances equal \$22,369,583, which can be further divided into the following components based on liquidity: \$338,823 restricted by various contributors and grantors and enabling federal or state legislation; \$4,415,077 committed by the Board of Supervisors for economic development; capital purchases and projects and Children's Services Act expenditures; and \$17,615,683 unassigned fund balance.

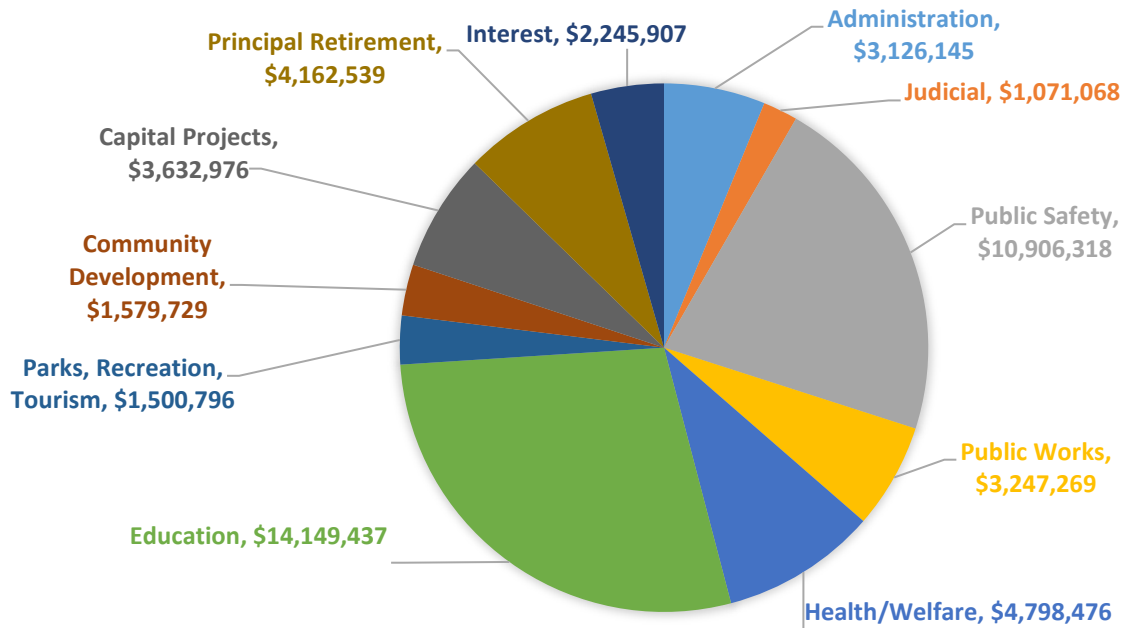
As shown on the Statement of Revenues, Expenditures and Changes in Fund Balances, the General Fund decreased by \$2,551,382, which was primarily due to increased education funding and transfers to Capital Projects. The Debt Service Fund increased by \$56,326, which was the result of a decrease in County funding required by the Water Authority for their Church Road facility. The Non-Major Funds increased by \$1,100,413. This was primarily due to several capital projects receiving funding in FY 2016 that were not completed during the fiscal year. Additionally, not all of the public safety grant funds and Children's Services Act funds were spent in FY 2016.

The following graphs illustrate the various revenue streams and expenditure categories in the governmental funds. Education and public safety are the largest expenditure categories, which aligns with the Board of Supervisors' funding priorities.

GOVERNMENTAL FUNDS REVENUES



GOVERNMENTAL FUNDS EXPENDITURES



County of Dinwiddie, Virginia
Management's Discussion and Analysis

General Fund Budgetary Highlights

The general fund is the chief operating fund for the County – the County's basic services are reported in the general fund. The difference between the original expenditure budget and the final amended expenditure budget was a decrease of \$127,436 and was due primarily to new voting machines being purchased at the end of FY 2015 by state mandate instead of in FY 2016 as originally budgeted.

During the year, revenues and other sources exceeded the budgetary estimates by \$250,434. This was primarily due to the net effect of greater than expected public service and heavy equipment taxes and delinquent personal property collections and less than expected court fines and state revenues for welfare expenditures. Expenditures were less than budgetary estimates by \$2,016,088 as follows: \$1,137,424 from unexpended community development funds from an anticipated economic development project that was not finalized in FY 2016; \$470,274 from savings related to health and welfare expenditures that were less than expected; and \$408,390 from vacancy savings, fuel, utilities, and other purchased services expenditures that were less than expected.

The final budget included an anticipated draw on beginning fund balance of \$4,817,554 for capital projects. However, the actual change in the general fund balance for FY 2016 was only a decrease of \$2,551,382 due revenues being greater than expected and expenditures being less than expected as explained above.

See Exhibit K for more details.

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2016 amounted to \$66,635,420 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The FY 2016 capital budget appropriated an additional \$6,424,615 primarily for school buses, infrastructure improvements, and recreation/tourism facilities and improvements but not all of those projects were completed in FY 2016. The net decrease in the buildings value shown below is a result of the demolition of several county buildings in anticipation of the Government Complex project scheduled to begin construction in FY 2017.

Governmental Activities
Change in Capital Assets

	June 30, 2015	Net Increase (Decrease)	June 30, 2016
Land	\$ 2,798,606	\$ -	\$ 2,798,606
Construction in progress	696,710	1,474,618	2,171,328
Buildings	23,397,438	(201,065)	23,196,373
Machinery and equipment	18,111,247	218,387	18,329,634
Jointly owned assets	57,105,855	(2,509,771)	54,596,084
Total accumulated depreciation	<u>(33,279,040)</u>	<u>(1,177,565)</u>	<u>(34,456,605)</u>
Total Primary Government capital assets, net	<u>\$ 68,830,816</u>	<u>\$ (2,195,396)</u>	<u>\$ 66,635,420</u>

Additional information on the County's capital assets can be found in Note 6 of this report.

Long Term Obligations

The County's combined total long-term obligations decreased \$5,027,532 during the current fiscal year, \$4,162,538 of which was due to scheduled principal payments being made. At the end of the current fiscal year, the County had total bonded debt outstanding of \$43,735,135, which has required debt service payments through 2034. Of this amount, \$9,565,135 comprises debt backed by the full faith and credit of the County. The remainder of the County's bonded debt represents bonds secured solely by specified revenue sources - lease/revenue bonds. The County's credit rating from Standard & Poors was upgraded to AA in FY 2014, however no additional new debt was issued in FY 2016.

County of Dinwiddie, Virginia
Management's Discussion and Analysis

	<u>County Obligations</u>		<u>School Board Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General obligation bonds	\$ -	\$ -	\$ 9,565,135	\$ 2,602,257
Lease revenue bonds	<u>2,655,952</u>	<u>421,644</u>	<u>31,514,048</u>	<u>15,045,335</u>
Total primary government bonded debt	<u>\$ 2,655,952</u>	<u>\$ 421,644</u>	<u>\$ 41,079,183</u>	<u>\$ 17,647,592</u>

Additional information on the County's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

On June 30, 2016, the local unemployment rate was 4.8%, lower than the prior June's unemployment rate of 5.3%, and in between Virginia's rate of 3.7% and the national rate of 4.9%. Inflationary trends in the region compared favorably to national indices. These and other national and state economic factors were considered in preparing the County's budget for FY 2017. The County's population has increased 14.1% from 2000 to 2010, with another 2.6% increase from 2010 to 2016.

County Administration typically takes a very conservative approach to revenue and expenditures projections, and the FY 2017 consolidated budget reflects that approach, showing an overall increase of only 2% from the FY 2016 budget. General Fund revenues are budgeted for a 2.5% increase over FY 2016, based on tax base growth rather than tax rate increases. General Fund expenditures are budgeted for a 6.1% increase over FY 2016, primarily due to implementation of a compensation study for all County employees and the addition of paid firefighters in January 2017. The General Fund operating capital budget provides \$667,400 to primarily replace vehicles and upgrade technology and equipment.

Per County financial policy, the unassigned general fund balance is not used to balance the FY 2017 operational budget. The Board of Supervisors has adopted a financial policy that requires maintenance of a 15% general fund balance based on the total expenditure budget, less debt service. The minimum amount is calculated for FY 2017 at \$12,335,932, and the general fund balance at June 30, 2017, is budgeted to be \$14,949,495.

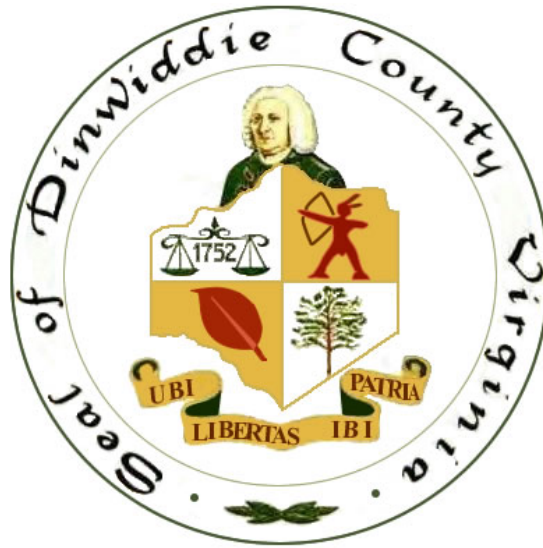
Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Dinwiddie County's finances and to show the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, Post Office Drawer 70, 14016 Boydton Plank Road, Dinwiddie, Virginia 23841.

County of Dinwiddie, Virginia

Basic Financial Statements

Year Ended June 30, 2016



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

Exhibit A

	Primary Government Governmental Activities	Component Units	Total Reporting Entity
ASSETS			
Current assets:			
Cash, cash equivalents, and investments	\$ 1,035,673	\$ 6,302,896	\$ 7,338,569
Receivables, net of allowances for uncollectibles:			
Taxes receivable, including penalties	17,102,894	-	17,102,894
Accounts receivable	479,467	428,784	908,251
Due from other governmental units	3,098,746	1,736,433	4,835,179
Due from component units	180,203	-	180,203
Due from primary government	-	168,965	168,965
Other current assets	-	66,261	66,261
Investments	19,413,729	-	19,413,729
Temporarily restricted assets - cash and cash equivalents	-	414,936	414,936
Total current assets	<u>41,310,712</u>	<u>9,118,275</u>	<u>50,428,987</u>
Noncurrent assets:			
Other noncurrent assets	-	6,985,003	6,985,003
Capital assets, net of accumulated depreciation:			
Land and improvements	2,798,606	5,058,705	7,857,311
Buildings	56,335,424	44,531,687	100,867,111
Machinery and equipment	5,330,062	3,602,501	8,932,563
Infrastructure	-	15,365,926	15,365,926
Construction in progress	2,171,328	130,655	2,301,983
Total capital assets, net of accumulated depreciation	<u>66,635,420</u>	<u>68,689,474</u>	<u>135,324,894</u>
Total assets	<u>\$ 107,946,132</u>	<u>\$ 84,792,752</u>	<u>\$ 192,738,884</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension deferrals	\$ 1,048,694	\$ 3,688,654	\$ 4,737,348
Deferred amount on bond refunding	1,925,542	40,044	1,965,586
Total deferred outflow of resources	<u>\$ 2,974,236</u>	<u>\$ 3,728,698</u>	<u>\$ 6,702,934</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,298,926	\$ 4,846,367	\$ 6,145,293
Due to component units	168,965	-	168,965
Due to primary government	-	180,203	180,203
Accrued interest payable	623,416	17,480	640,896
Other current liabilities	17,260	148,592	165,852
Total current liabilities	<u>2,108,567</u>	<u>5,192,642</u>	<u>7,301,209</u>
Noncurrent liabilities:			
Due within one year	5,209,557	894,706	6,104,263
Due in more than one year	49,687,826	48,049,585	97,737,411
Total liabilities	<u>\$ 57,005,950</u>	<u>\$ 54,136,933</u>	<u>\$ 111,142,883</u>
DEFERRED INFLOW OF RESOURCES			
Pension investment experience	\$ 1,194,455	\$ 2,987,145	\$ 4,181,600
Deferred revenue	14,863,643	-	14,863,643
Total deferred inflow of resources	<u>\$ 16,058,098</u>	<u>\$ 2,987,145</u>	<u>\$ 19,045,243</u>
NET POSITION			
Net investment in capital assets	\$ 19,903,572	\$ 61,650,225	\$ 81,553,797
Restricted for bond covenants	-	414,936	414,936
Unrestricted	17,952,748	(30,667,789)	(12,715,041)
Total net position	<u>\$ 37,856,320</u>	<u>\$ 31,397,372</u>	<u>\$ 69,253,692</u>

See accompanying notes.

County of Dinwiddie, Virginia
Statement of Activities
Year Ended June 30, 2016

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units	Total Reporting Entity
Primary government:							
Governmental activities:							
General government administration	\$ 3,069,950	\$ -	\$ 249,941	\$ -	\$ (2,820,009)	\$ -	\$ (2,820,009)
Judicial administration	1,155,707	490,026	642,650	-	(23,031)	-	(23,031)
Public safety	10,725,317	883,388	1,790,791	-	(8,051,138)	-	(8,051,138)
Public works	3,291,703	698,944	23,821	-	(2,568,938)	-	(2,568,938)
Health and welfare	4,769,268	-	3,070,581	-	(1,698,687)	-	(1,698,687)
Education	18,313,557	-	-	-	(18,313,557)	-	(18,313,557)
Parks, recreation and cultural	1,612,546	175,546	-	-	(1,437,000)	-	(1,437,000)
Community development	1,461,725	724	-	-	(1,461,001)	-	(1,461,001)
Interest on long-term debt	1,783,489	-	-	-	(1,783,489)	-	(1,783,489)
Total primary government	<u>\$ 46,183,262</u>	<u>\$ 2,248,628</u>	<u>\$ 5,777,784</u>	<u>\$ -</u>	<u>(38,156,850)</u>	<u>-</u>	<u>(38,156,850)</u>
Component units	<u>\$ 49,670,717</u>	<u>\$ 4,492,838</u>	<u>\$ 30,260,813</u>	<u>\$ 38,683</u>	<u>-</u>	<u>(14,878,383)</u>	<u>(14,878,383)</u>
General revenues:							
General property taxes					30,541,846	-	30,541,846
Local sales and use tax					1,646,878	-	1,646,878
Consumer utility tax					597,275	-	597,275
Other local taxes					2,539,859	-	2,539,859
Revenues from use of money and property					100,228	169,744	269,972
Miscellaneous					247,579	91,594	339,173
Grants and contributions not restricted to specific programs					4,767,428	-	4,767,428
Payments from Dinwiddie County					-	16,609,335	16,609,335
Total general revenues					<u>40,441,093</u>	<u>16,870,673</u>	<u>57,311,766</u>
Change in net position					<u>2,284,243</u>	<u>1,992,290</u>	<u>4,276,533</u>
Net position, beginning of year					<u>35,572,077</u>	<u>29,405,082</u>	<u>64,977,159</u>
Net position, end of year					<u>\$ 37,856,320</u>	<u>\$ 31,397,372</u>	<u>\$ 69,253,692</u>

See accompanying notes.

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

Exhibit C

	Major Funds		Non-Major	
	General	Debt Service	Funds	Total
ASSETS				
Cash, cash equivalents, and investments	\$ 16,751,648	\$ 70,562	\$ 3,627,192	\$ 20,449,402
Receivables, net of allowances for uncollectibles:				
Taxes receivable, including penalties	17,102,894	-	-	17,102,894
Accounts receivable	397,430	-	2,470	399,900
Due from other governmental units	2,867,711	-	231,035	3,098,746
Due from component units	180,203	-	-	180,203
Total assets	<u>\$ 37,299,886</u>	<u>\$ 70,562</u>	<u>\$ 3,860,697</u>	<u>\$ 41,231,145</u>
LIABILITIES				
Accounts payable	\$ 761,974	\$ -	\$ 342,817	\$ 1,104,791
Accrued liabilities	128,240	-	-	128,240
Other current liabilities	17,260	-	-	17,260
Due to component unit	30,334	13,515	125,116	168,965
Unearned revenue	887,615	-	-	887,615
	<u>1,825,423</u>	<u>13,515</u>	<u>467,933</u>	<u>2,306,871</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>16,554,691</u>	<u>-</u>	<u>-</u>	<u>16,554,691</u>
FUND BALANCES				
Restricted	16,716	-	322,107	338,823
Committed	1,287,373	57,047	3,070,657	4,415,077
Unassigned	17,615,683	-	-	17,615,683
	<u>18,919,772</u>	<u>57,047</u>	<u>3,392,764</u>	<u>22,369,583</u>
Total liabilities and fund balance	<u>\$ 37,299,886</u>	<u>\$ 70,562</u>	<u>\$ 3,860,697</u>	<u>\$ 41,231,145</u>

See accompanying notes.

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

Exhibit D

Total fund balances per Exhibit C - Balance Sheet - Governmental Funds	\$ 22,369,583
Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, cost	101,092,025
Accumulated depreciation	<u>(34,456,605)</u>
	66,635,420
Deferred outflows of resources are not outflows of resources in the current period and, therefore, are not reported in the funds:	
Deferred pension contributions	1,048,694
Deferred amounts on bond refunding	<u>1,925,542</u>
	2,974,236
Other long-term assets (i.e. taxes levied) are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Deferred revenue	2,578,663
Accounts receivable	<u>79,567</u>
	2,658,230
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Retainage due on constructed assets	(65,895)
Lease revenue bonds	(34,170,000)
General obligation bonds	(9,565,135)
Net pension liability	(3,299,321)
Bond issuance premium	(4,922,253)
Landfill postclosure care	(841,230)
Interest payable	(623,416)
Other post-employment benefits (OPEB) liability	(118,479)
Nonexchange financial guarantees	(1,498,102)
Compensated absences	<u>(482,863)</u>
	(55,586,694)
Deferred inflows of resources are not inflows of resources for the current period and, therefore, are not reported in the funds:	
Deferred pension investment experience	<u>(1,194,455)</u>
Net position of governmental activities	<u>\$ 37,856,320</u>

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

Exhibit E

	Major Funds		Non-Major Funds	
	General	Debt Service		Total
Revenues:				
General property taxes	\$ 30,141,709	\$ -	\$ -	\$ 30,141,709
Other local taxes	4,784,012	-	-	4,784,012
Permits, privilege fees, and regulatory licenses	235,414	-	-	235,414
Fines and forfeitures	381,083	-	-	381,083
Revenue from use of money and property	99,233	-	995	100,228
Charges for services	1,614,216	-	2,877	1,617,093
Miscellaneous	173,502	-	74,077	247,579
Recovered costs	239,293	-	734,394	973,687
Intergovernmental revenues:				
Commonwealth	8,014,088	-	1,058,321	9,072,409
Federal	1,464,101	-	8,702	1,472,803
Total revenues	47,146,651	-	1,879,366	49,026,017
Expenditures:				
Current:				
General government administration	3,126,145	-	-	3,126,145
Judicial administration	1,069,286	-	1,782	1,071,068
Public safety	10,742,567	-	163,751	10,906,318
Public works	3,145,643	-	101,626	3,247,269
Health and welfare	2,957,728	-	1,840,748	4,798,476
Education	14,149,437	-	-	14,149,437
Parks, recreation, and cultural	1,500,796	-	-	1,500,796
Community development	1,070,021	509,694	14	1,579,729
Capital outlays and projects	-	-	3,632,976	3,632,976
Debt service:				
Principal retirement	-	4,162,538	-	4,162,538
Interest and other fiscal charges	-	2,245,908	-	2,245,908
Total expenditures	37,761,623	6,918,140	5,740,897	50,420,660
Excess (deficiency) of revenues over (under) expenditures	9,385,028	(6,918,140)	(3,861,531)	(1,394,643)
Other financing sources (uses)				
Transfers in	-	6,974,466	4,961,944	11,936,410
Transfers out	(11,936,410)	-	-	(11,936,410)
Total other financing sources (uses)	(11,936,410)	6,974,466	4,961,944	-
Net change in fund balances	(2,551,382)	56,326	1,100,413	(1,394,643)
Fund balances, beginning of year	21,471,154	721	2,292,351	23,764,226
Fund balances, end of year	\$ 18,919,772	\$ 57,047	\$ 3,392,764	\$ 22,369,583

See accompanying notes.

County of Dinwiddie, Virginia
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2016

Exhibit F

Net change in fund balances - total governmental funds	\$ (1,394,643)
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Amounts reported for governmental activities in the statement of activities are different because:

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 the cost of depreciation expense. This is the amount by which the capital outlays exceeded depreciation the current period. Details supporting this adjustment are as follows:

Capital asset additions	2,939,405
Net book value of disposed assets	(194,136)
Depreciation expense	(3,052,263)
	<u>(306,994)</u>

Transfer of joint tenancy assets from Primary Government to the Component Unit - School Board	<u>(1,888,402)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details supporting this adjustment are as follows:

Amortization on bond premium and deferred amount on bond refunding	382,237
Revenues not received within sixty days of year end	415,175
	<u>797,412</u>

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items support this adjustment is as follows:

Unpaid retainage incurred on long-term construction contracts	(65,895)
Principal retired on revenue bonds	2,770,000
Principal retired on general obligation bonds	1,392,538
Payments made on nonexchange financial guarantees	186,945
Decrease in landfill postclosure liability	56,629
	<u>4,340,217</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Change in accrued leave	(24,702)
Change in other post employment benefits	(43,646)
Change in net pension liability and related deferred amounts	724,819
Change in interest payable	80,182
	<u>736,653</u>

Change in net position of governmental activities	<u>\$ 2,284,243</u>
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County of Dinwiddie, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

Exhibit G

	Private-Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 1,220,084	\$ 55,368
Investments	5,150,479	-
Other receivables	-	2,232
	<u>\$ 6,370,563</u>	<u>\$ 57,600</u>
LIABILITIES		
Amounts held for social services clients	<u>\$ -</u>	<u>\$ 57,600</u>
NET POSITION		
Amounts held in trust for scholarships and the disadvantaged	<u>\$ 6,370,563</u>	<u>\$ -</u>

County of Dinwiddie, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

Exhibit H

	<u>Private-Purpose Trust Funds</u>
Additions:	
Investment earnings	\$ 149,032
Private donations	2,600
Net unrealized gain	<u>101,413</u>
Total additions	<u>253,045</u>
Deductions:	
Net unrealized loss	29,450
Scholarships	<u>313,865</u>
Total deductions	<u>343,315</u>
Change in net position	(90,270)
Net position, beginning of year	<u>6,460,833</u>
Net position, end of year	<u><u>\$ 6,370,563</u></u>

County of Dinwiddie, Virginia
Statement of Net Position
Component Units
June 30, 2016

Exhibit I

	School Board	Industrial Development Authority	Water Authority	Airport and Industrial Authority	Total Component Units
ASSETS					
Current assets:					
Cash, cash equivalents, and investments	\$ 4,358,286	\$ 338,820	\$ 1,149,043	\$ 456,747	\$ 6,302,896
Accounts receivables, net allowances for uncollectibles	15,674	-	400,569	12,541	428,784
Due from other governmental units	1,730,495	-	-	5,938	1,736,433
Due from primary government	-	-	168,965	-	168,965
Other current assets	-	-	22,656	43,605	66,261
Temporarily restricted assets:					
Cash and cash equivalents	-	-	414,936	-	414,936
Total current assets	<u>6,104,455</u>	<u>338,820</u>	<u>2,156,169</u>	<u>518,831</u>	<u>9,118,275</u>
Noncurrent assets:					
Other noncurrent assets	-	-	6,985,003	-	6,985,003
Capital assets, net of accumulated depreciation:					
Land and improvements	1,349,053	721,349	321,244	2,667,059	5,058,705
Buildings	40,153,341	-	1,820,839	2,557,507	44,531,687
Machinery and equipment	2,455,909	-	1,103,861	42,731	3,602,501
Infrastructure	-	-	14,899,415	466,511	15,365,926
Construction in progress	13,961	-	-	116,694	130,655
Total capital assets, net of accumulated depreciation	<u>43,972,264</u>	<u>721,349</u>	<u>18,145,359</u>	<u>5,850,502</u>	<u>68,689,474</u>
Total assets	<u>\$ 50,076,719</u>	<u>\$ 1,060,169</u>	<u>\$ 27,286,531</u>	<u>\$ 6,369,333</u>	<u>\$ 84,792,752</u>
DEFERRED OUTFLOW OF RESOURCES					
Pension deferrals	\$ 3,640,647	\$ -	\$ 48,007	\$ -	\$ 3,688,654
Deferred amount on bond refunding	-	-	40,044	-	40,044
Total deferred outflow of resources	<u>\$ 3,640,647</u>	<u>\$ -</u>	<u>\$ 88,051</u>	<u>\$ -</u>	<u>\$ 3,728,698</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 4,733,053	\$ 35,000	\$ 50,836	\$ 27,478	\$ 4,846,367
Accrued interest payable	-	-	17,480	-	17,480
Due to primary government	-	-	180,203	-	180,203
Other current liabilities	-	-	145,887	2,705	148,592
Total current liabilities	<u>4,733,053</u>	<u>35,000</u>	<u>394,406</u>	<u>30,183</u>	<u>5,192,642</u>
Noncurrent liabilities:					
Due within one year	342,051	-	490,815	61,840	894,706
Due in more than one year	41,415,872	-	6,146,967	486,746	48,049,585
Total liabilities	<u>\$ 46,490,976</u>	<u>\$ 35,000</u>	<u>\$ 7,032,188</u>	<u>\$ 578,769</u>	<u>\$ 54,136,933</u>
DEFERRED INFLOW OF RESOURCES					
Pension investment experience	<u>\$ 2,941,160</u>	<u>\$ -</u>	<u>\$ 45,985</u>	<u>\$ -</u>	<u>\$ 2,987,145</u>
NET POSITION					
Net investment in capital assets	\$ 40,366,949	\$ 721,349	\$ 15,260,011	\$ 5,301,916	\$ 61,650,225
Restricted for bond covenants	-	-	414,936	-	414,936
Unrestricted	(36,081,719)	303,820	4,621,462	488,648	(30,667,789)
Total net position	<u>\$ 4,285,230</u>	<u>\$ 1,025,169</u>	<u>\$ 20,296,409</u>	<u>\$ 5,790,564</u>	<u>\$ 31,397,372</u>

See accompanying notes.

County of Dinwiddie, Virginia
Statement of Activities
Component Units
Year Ended June 30, 2016

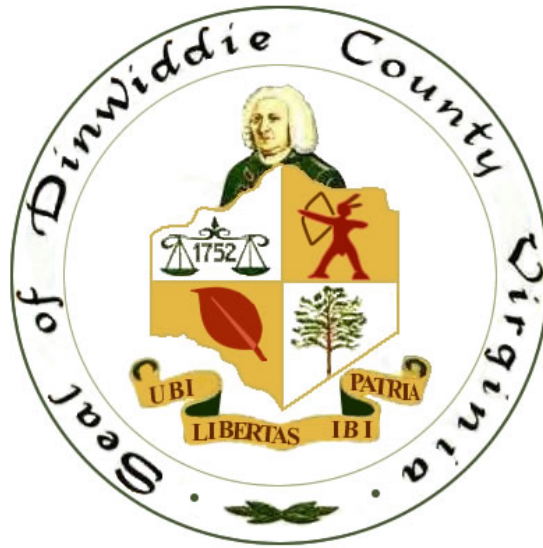
Exhibit J

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position				
		Charges for	Operating	Capital Grants	School	Industrial	Water	Airport and	Total
		Services	Grants and	and	Board	Development	Authority	Industrial	Component
			Contributions	Contributions		Authority		Authority	Units
School Board	\$ 44,746,344	\$ 491,403	\$ 30,236,897	\$ -	\$ (14,018,044)	\$ -	\$ -	\$ -	\$ (14,018,044)
Industrial Development Authority	36,816	4,227	-	35,000	-	2,411	-	-	2,411
Water Authority	3,872,658	3,333,673	-	-	-	-	(538,985)	-	(538,985)
Airport and Industrial Authority	1,014,899	663,535	23,916	3,683	-	-	-	(323,765)	(323,765)
	<u>\$ 49,670,717</u>	<u>\$ 4,492,838</u>	<u>\$ 30,260,813</u>	<u>\$ 38,683</u>	<u>(14,018,044)</u>	<u>2,411</u>	<u>(538,985)</u>	<u>(323,765)</u>	<u>(14,878,383)</u>
General revenues:									
Revenues from use of money and property					159,320	418	10,006	-	169,744
Miscellaneous					43,431	-	48,163	-	91,594
Payments from Dinwiddie County					16,027,076	25,000	454,554	102,705	16,609,335
Total general revenues					<u>16,229,827</u>	<u>25,418</u>	<u>512,723</u>	<u>102,705</u>	<u>16,870,673</u>
Change in net position					2,211,783	27,829	(26,262)	(221,060)	1,992,290
Net position, beginning of year					<u>2,073,447</u>	<u>997,340</u>	<u>20,322,671</u>	<u>6,011,624</u>	<u>29,405,082</u>
Net position, end of year					<u>\$ 4,285,230</u>	<u>\$ 1,025,169</u>	<u>\$ 20,296,409</u>	<u>\$ 5,790,564</u>	<u>\$ 31,397,372</u>

See accompanying notes.

County of Dinwiddie, Virginia

Notes to Financial Statements



Notes to Financial Statements

1. Summary of Significant Accounting Policies

The County of Dinwiddie, Virginia (County) is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Dinwiddie, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial statement presentation

Management's Discussion and Analysis

GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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.

Statement of Net Position

The Statement of Net Position is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net 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.

Statement of Activities

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules

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 the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the government's original budget with a comparison of final budget and actual results.

A. Financial reporting entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the Organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Dinwiddie, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual component unit disclosures

Blended component unit

The County has no blended component units to be included for the fiscal year ended June 30, 2016.

Discretely presented component units

The School Board members are elected by the citizens of Dinwiddie County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2016. Fund financial statements of the School Board are included in the supplementary information section.

The Industrial Development Authority (IDA) of Dinwiddie County is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County and the County has the ability to impose its will on the IDA by significantly influencing its programs and activities; therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2016. The Authority does not issue a separate financial report. Fund financial statements are not included in the supplementary information section since there is limited activity for the IDA which is all reflected as part of the basic financial statements.

Dinwiddie County Water Authority (Water Authority) was created by the Board of Supervisors of Dinwiddie County under the provisions of the Virginia Water and Sewer Authorities Act. The Water Authority was established for the purpose of providing and maintaining water and sewer facilities to residential and commercial customers within Dinwiddie County and is constantly improving and expanding its facilities to serve a greater number of residents and businesses. The Authority's Board of Directors is appointed by the Board of Supervisors of Dinwiddie County. The Water Authority and Dinwiddie County have Support Agreements, whereby the County will, subject to appropriation, pay the Authority budgeted amounts for debt service of the Series 2005 and Series 2006 Water and Sewer Revenue Bonds and Series 1999 Water System Revenue Bonds, for operation and maintenance of the Courthouse System and Church Road System, and for deficiencies in the operating revenues of the Authority's main water and sewer system. The Support Agreements also require the Director of the Water Authority to notify the County Administrator if in any month the Authority is unable to make its required debt service payment, and to request an appropriation from the Board of Directors to make up any deficiency. The existence of these Support Agreements makes the Water Authority financially dependent on the County, and therefore, it is discretely presented in the County's financial statements for the year ended June 30, 2016. The Water Authority issues a separate audited financial report which may be obtained at 23008 Airport Drive, North Dinwiddie, VA 23803.

The Dinwiddie Airport and Industrial Authority (Airport Authority) is a public body organized by the General Assembly of Virginia to construct, operate, and maintain a regional airport and to promote industry in Dinwiddie, Virginia. The Airport Authority is governed by seven directors. The Board of Supervisors of Dinwiddie County appoints all seven of the Airport Authority's Board members. The Airport Authority and Dinwiddie County have a Support Agreement, whereby the County will, subject to appropriation, pay the Authority budgeted amounts for debt service of the Refunding Series 2011A and 2011B Airports Revolving Fund Revenue Bonds, for operation and maintenance expenses, and for deficiencies in the Authority's operating revenues. The Support Agreement also requires the Airport Authority to notify the County Administrator if in any month the Authority is unable to make its required debt service payment, and to request an appropriation from the Board of Directors to make up any deficiency. The existence of this Support Agreement makes the Authority financially dependent on the County, and therefore, it is discretely presented in the County's financial statements for the year ended June 30, 2016. The Airport Authority also issues a separate audited financial report which may be obtained at 6775 Beck-Chappell Drive, North Dinwiddie, VA 23803.

C. Other related organizations excluded from the county's financial report

Related organizations that are excluded from the County's Comprehensive Annual Financial Report are as follows:

Appomattox Regional Library

The Appomattox Regional Library is a regional free library system that serves the localities of the City of Hopewell, Prince George County, Dinwiddie County, and Town of McKenney. The regional library system is jointly governed by a regional library Board of Trustees, which consists of nine members appointed by the Board of Supervisors of each County and the City Council of Hopewell. Annual appropriations are made in proportion to the service needs of each jurisdiction. The County's contribution for fiscal year 2016 was \$262,972.

Crater Youth Care Commission

The Crater Youth Care Commission was created in 1972 by resolutions of the governing bodies of the Member Jurisdictions for the purpose of owning, maintaining, and operating a regional facility for the secure detention of juvenile offenders. The Commission has also operated a non-secure juvenile shelter care facility and certain other alternative juvenile justice programs. Member jurisdictions are the Cities of Emporia, Hopewell, and Petersburg, and the Counties of Dinwiddie, Prince George, Sussex, and Surry. Annual contributions made by the Member Jurisdictions are based on the Member Jurisdictions' populations and average annual usage of secure detention by each of the Member Jurisdictions. Contributions help to fund operating expenses, capital expenditures, and debt obligations. The County's contribution for fiscal year 2016 was \$219,246.

Dinwiddie Health Department

The Dinwiddie Health Department (Department) serves the citizens of Dinwiddie County. The County, along with the Virginia Department of Health, makes an annual contribution for operating support, which is based on the needs of the Department. The County's contribution for fiscal year 2016 was \$236,030.

District 19 Community Services Board

The District 19 Community Services Board is a multi-jurisdictional, community-based organization whose mission is to improve the quality and productivity of the lives of individuals who experience or are at risk of experiencing mental disabilities and or substance abuse. The mission is accomplished through a fully integrated continuum of services in collaboration with the localities of Colonial Heights, Dinwiddie, Emporia, Greenville, Hopewell, Petersburg, Prince George, Surry, and Sussex. Annual appropriations are made in proportion to the service needs of each locality. The County's contribution for fiscal year 2016 was \$72,369.

Meherrin River Regional Jail Authority

The Meherrin River Regional Jail Authority is a regional jail system that, beginning July 1, 2012, serves the localities of Brunswick County, Dinwiddie County, and Mecklenburg County. The Authority is jointly governed by a Board consisting of three representatives from each of the member jurisdictions. Annually, the Jail Authority establishes a per diem charge (including the operating and debt service components) for the care, maintenance, and subsistence of prisoners from member jurisdictions during the next fiscal year. Based on proportionate prisoner populations, Dinwiddie County's per diem percentage for fiscal year 2016 is 28%. The County's charges for fiscal year 2016 were \$1,541,714.

Rowanty Technical Center

Rowanty Technical Center (Center) prepares high school students for employment and higher education in many fields. A jointly operated facility serving Dinwiddie, Prince George and Sussex County Public Schools, Rowanty Technical Center is located in Carson, Virginia, equidistant from each of the county high schools. The Center is governed by a Board made up of two representatives from each of the participating localities. The School Boards of the participating localities provide each year such funds as are necessary to establish, operate, and maintain the Center on a pro rata basis. The pro rata share of each member for operation is based upon average daily membership and the pro rata share for capital outlay projects is determined annually by unanimous consent of the members. The School Board's contribution for FY 2016 was \$585,013.

Appomattox Regional Governor's School

The Appomattox Regional Governor's School for the Arts and Technology provides gifted and talented students a differentiated and rigorous education, cultivates a supportive environment that inspires unique artistic and technological visions, promotes cultural tolerance, nurtures community partnerships, and produces active, engaged citizens. This school board is jointly governed by a representative from each of the following localities: the counties of Amelia, Charles City, Chesterfield, Dinwiddie, Powhatan, Prince George, Southampton, Surry and Sussex and the cities of Colonial Heights, Franklin, Hopewell, Petersburg, and Richmond. The County of Dinwiddie pays the school a set rate for each student that attends. The School Board's contribution for FY 2016 was \$118,692.

D. 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. 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 most revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. 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 statements.

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

Business 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 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 cash is received by the government.

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.

1. Governmental funds - major

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General and Debt Service Funds as major governmental funds.

a. General fund

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

b. Debt service fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The Debt Service Fund accounts for debt service expenditures for the county and school system. Payment of principal and interest on the school system's general long-term debt financing is provided by appropriations from the General Fund.

2. Governmental funds – non-major

a. Capital projects fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

b. Special revenue fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administration action.

3. Fiduciary funds

The Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposits and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are valued using fair value measurements in accordance with GASB Statement No. 72, *Fair Value Measurements and Application* (GASB 72) which provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB 72 was effective and implemented during fiscal year 2016. See Note 4 for additional information on the County's investments measured at fair value.

G. 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."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$407,302 at June 30, 2016 and is comprised of personal property taxes in the amount of \$370,213 and real estate taxes in the amount of \$37,089.

Real and personal property tax data

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due date	June 5 / December 5	June 5 / December 5
Lien date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Land improvements	20 years
Buildings	5 - 40 years
Machinery and equipment	5 - 20 years

I. Compensated absences

Vested or accumulated vacation and sick 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. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

J. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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, as well as bond issuance costs, during the current period. The face amounts of debt issued are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Uses 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.

L. 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 Political Subdivisions' Retirement Plan and the Teacher Retirement Plan and the additions to/deductions from the Political Subdivisions' Retirement Plan's and Teacher 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.

M. Net position

Net position is the difference between assets / deferred outflows of resources and liabilities / 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.

N. Fund equity

The County has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which provides defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances transparent. The following classifications describe the relative strength of the spending constraints:

Restricted fund balance

Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance

Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint:

Assigned fund balance

Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance

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.

County of Dinwiddie, Virginia
Notes to Financial Statements

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through the 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 purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis expenditures and other financing sources and uses, less debt service.

	<u>General</u>	<u>Debt Service</u>	<u>Non-Major</u>	<u>Total</u>
Fund balances:				
Restricted for:				
Jail phone commission	\$ 1,209	\$ -	\$ -	\$ 1,209
Grant purposes	15,507	-	-	15,507
Forfeited assets	-	-	98,740	98,740
Fire programs	-	-	162,302	162,302
Community service	-	-	7,545	7,545
Community development block grant	-	-	47,163	47,163
Law library	-	-	6,357	6,357
Total restricted fund balance	<u>16,716</u>	<u>-</u>	<u>322,107</u>	<u>338,823</u>
Committed to:				
Annual debt service	102,933	55,445	-	158,378
Community development	1,184,440	-	-	1,184,440
Comprehensive services	-	-	128,818	128,818
Litter grant	-	-	130,544	130,544
School debt service	-	1,602	-	1,602
School capital projects	-	-	127,740	127,740
County capital projects	-	-	2,683,555	2,683,555
Total committed fund balance	<u>1,287,373</u>	<u>57,047</u>	<u>3,070,657</u>	<u>4,415,077</u>
Unassigned fund balance	<u>17,615,683</u>	<u>-</u>	<u>-</u>	<u>17,615,683</u>
Total fund balances	<u>\$ 18,919,772</u>	<u>\$ 57,047</u>	<u>\$ 3,392,764</u>	<u>\$ 22,369,583</u>

O. Subsequent events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 28, 2016, the date the financial statements were available to be issued. Subsequent to year end but before the issuance of the financial statements, the County was approved to issue \$26,000,000 in bonds through the Virginia Pooled Financing Program and subsequently issued \$21,615,000 of such bonds with a premium of \$3,780,639 related to the demolition and construction of various government buildings.

2. Stewardship, Compliance and Accounting

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

- a. On or before March 30th, 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.
- b. Public hearings are conducted to obtain citizen comments.
- c. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- d. The Appropriations Resolution places legal restrictions on expenditures at the fund or category level. The appropriation for each fund or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments.
- e. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- f. Appropriations lapse on June 30, for all County units.

Expenditures and appropriations

Expenditures did not exceed appropriations during the fiscal year ending June 30, 2016.

3. New GASB Standard

The County and School Board implemented GASB Statement No. 72, Fair Value Measurement and Application during fiscal year 2016. GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques, (see Note 4). It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The accounting change required by GASB No. 72 is applied prospectively.

4. Deposits and Investments

Deposits

All deposits of the primary government and its discretely presented component unit School Board 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 the County 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 Bank (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).

County of Dinwiddie, Virginia
Notes to Financial Statements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2016:

- Corporate equity stocks and mutual funds of \$3,644,895 are valued using quoted market prices (Level 1 inputs)
- Corporate and government agency bonds of \$6,160,819 are valued using a matrix pricing model (Level 2 inputs)

Credit risk of debt securities

The County's rated debt investments as of June 30, 2016 were rated by *Standard & Poor's* and the ratings are presented below using *Standard & Poor's* rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are required to be rated no lower than at least two of the following: *Standards and Poor's* A-1, *Moody's* Investor Service P-1, *Fitch Investor's Services, Inc.* F-1, or *Duff and Phelps, Inc.* D-1.

	AAAm	AA	AA+	AA-	A	BBB	Unrated	Totals
Local Government Investment Pool	\$14,758,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	14,758,494
Corporate Debt	-	65,539	2,250,741	60,469	335,663	6,405	1,000,049	3,718,866
Municipal/Public Bonds	-	-	2,441,953	-	-	-	-	2,441,953
Total	\$14,758,494	\$ 65,539	\$ 4,692,694	\$ 60,469	\$ 335,663	\$ 6,405	\$ 1,000,049	\$ 20,919,313

Interest rate risk

The County's investment policy states that the County's investment maturities are to precede or coincide with the expected need of funds. The County does not have a formal policy regarding interest rate risk.

Investment Type	Investment Maturities (in years)				Greater Than 10 years
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	
Corporate Debt	\$ 3,718,866	\$ 1,376,001	\$ 2,007,202	\$ -	\$ 335,663
Municipal/Public Bonds	2,441,953	431,057	1,731,736	279,161	-
Total	\$ 6,160,819	\$ 1,807,057	\$ 3,738,938	\$ 279,161	\$ 335,663

External investment pools

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Total cash, cash equivalents and investments

Following is a summary, as of June 30, 2016, of the Primary Government and Fiduciary Funds' cash, cash equivalents, and investments by asset type:

	Balance
Government-wide accounts	
Cash and cash equivalents:	
Governmental activities	\$ 1,035,673
Fiduciary funds:	
Private-purpose trust funds	1,220,084
Agency funds	55,368

County of Dinwiddie, Virginia
Notes to Financial Statements

Investments:	
Governmental activities	19,413,729
Fiduciary funds:	
Private-purpose trust funds	<u>5,150,479</u>
Total cash, cash equivalents and investments	<u>\$ 26,875,333</u>

Asset Type

Petty cash	\$ 1,650
Deposit accounts	2,309,475
Investments:	
Local Government Investment Pool	14,758,494
Corporate debt	3,718,866
Municipal / public bonds	2,441,953
Corporate equity stocks and mutual funds	<u>3,644,895</u>
Total cash, cash equivalents and investments	<u>\$ 26,875,333</u>

5. Due from Other Governmental Units

At June 30, 2016, the County has amounts due from other governments as follows:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 294,600	\$ -
Public assistance and welfare administration	159,646	-
Mobile home titling tax	10,114	-
Rolling stock tax	117,082	-
State sales tax	-	808,763
School fund grants	-	354,320
Constitutional officer reimbursements	181,745	-
Recordation tax	12,901	-
Personal property tax relief act	1,875,641	-
Communications tax	145,722	-
Wireless grant	11,405	-
Children's services	231,035	-
Other state funds	18,472	-
Federal Government:		
School fund grants	-	567,412
Victim witness assistance	15,299	-
Criminal justice services grant	8,897	-
Other federal funds	<u>16,187</u>	<u>-</u>
Total due from other governmental units	<u>\$ 3,098,746</u>	<u>\$ 1,730,495</u>

6. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance at June 30, 2016</u>
Primary Government				
Capital assets not subject to depreciation:				
Land	\$ 2,798,606	\$ -	\$ -	\$ 2,798,606
Construction in process	<u>696,710</u>	<u>2,206,403</u>	<u>(731,785)</u>	<u>2,171,328</u>
Total capital assets not subject to depreciation	<u>3,495,316</u>	<u>2,206,403</u>	<u>(731,785)</u>	<u>4,969,934</u>
Capital assets subject to depreciation:				
Buildings	23,397,438	520,806	(721,871)	23,196,373
Machinery and equipment	18,111,247	943,981	(725,594)	18,329,634
Jointly owned assets	<u>57,105,855</u>	<u>-</u>	<u>(2,509,771)</u>	<u>54,596,084</u>
Total capital assets subject to depreciation	<u>98,614,540</u>	<u>1,464,787</u>	<u>(3,957,236)</u>	<u>96,122,091</u>
Accumulated depreciation:				
Buildings	(7,990,023)	(614,818)	664,706	(7,940,135)
Machinery and equipment	(12,586,059)	(1,002,136)	588,623	(12,999,572)
Jointly owned assets	<u>(12,702,958)</u>	<u>(1,435,309)</u>	<u>621,369</u>	<u>(13,516,898)</u>
Total accumulated depreciation	<u>33,279,040</u>	<u>(3,052,263)</u>	<u>1,874,698</u>	<u>(34,456,605)</u>
Total capital assets subject to depreciation, net	<u>65,335,500</u>	<u>(1,587,476)</u>	<u>(2,082,538)</u>	<u>61,665,486</u>
Primary government capital assets, net	<u>\$ 68,830,816</u>	<u>\$ 618,927</u>	<u>\$ (2,814,323)</u>	<u>\$ 66,635,420</u>
Component Unit – School Board				
Capital assets not subject to depreciation:				
Land	\$ 1,349,053	\$ -	\$ -	\$ 1,349,053
Construction in process	<u>-</u>	<u>662,559</u>	<u>(648,598)</u>	<u>13,961</u>
Total capital assets not subject to depreciation	<u>1,349,053</u>	<u>662,559</u>	<u>(648,598)</u>	<u>1,363,014</u>
Capital assets subject to depreciation:				
Buildings	6,292,249	357,665	-	6,649,914
Machinery and equipment	7,851,346	898,965	(589,604)	8,160,707
Jointly owned assets	<u>43,600,421</u>	<u>2,509,771</u>	<u>-</u>	<u>46,110,192</u>
Total capital assets subject to depreciation	<u>57,744,016</u>	<u>3,766,401</u>	<u>(589,604)</u>	<u>60,920,813</u>
Accumulated depreciation:				
Buildings	(802,186)	(388,614)	-	(1,190,800)
Machinery and equipment	(5,643,332)	(651,070)	589,604	(5,704,798)
Jointly owned assets	<u>(9,698,735)</u>	<u>(1,717,230)</u>	<u>-</u>	<u>(11,415,965)</u>
Total accumulated depreciation	<u>(16,144,253)</u>	<u>(2,756,914)</u>	<u>589,604</u>	<u>(18,311,563)</u>
Total capital assets subject to depreciation, net	<u>41,599,763</u>	<u>1,009,487</u>	<u>-</u>	<u>42,609,250</u>
Component unit – School Board capital assets, net	<u>\$ 42,948,816</u>	<u>\$ 1,672,046</u>	<u>\$ (648,598)</u>	<u>\$ 43,972,264</u>

County of Dinwiddie, Virginia
Notes to Financial Statements

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

Government activities:	
General government administration	\$ 167,306
Judicial administration	132,035
Public safety	999,106
Public works	84,452
Health and welfare	6,742
Education	1,435,309
Parks, recreation and cultural	135,288
Community development	<u>92,025</u>
Total governmental activities	<u>\$ 3,052,263</u>
Component Unit School Board:	
Education	\$ 2,135,545
Accumulated depreciation on jointly owned assets transferred to School Board during the year	<u>621,369</u>
Total Component Unit School Board	<u>\$ 2,756,914</u>

Expended to <u>June 30, 2016</u>	Committed at <u>June 30, 2016</u>
-------------------------------------	--------------------------------------

Construction in process is composed of the following:

Primary Government:		
Government Facilities	\$ 222,951	\$ -
Ford Manned Site	151,934	-
McKenney Community Center	1,601,066	1,513,228
Records Management System / Computer Aided Dispatch System Upgrades	<u>195,378</u>	<u>279,252</u>
Total primary government	<u>\$ 2,171,328</u>	<u>\$ 1,513,228</u>
Component unit - School Board:		
Lagoon Closure - Southside	<u>\$ 13,961</u>	<u>\$ -</u>

Capital asset information for the Water Authority and the Airport and Industrial Authority are not disclosed here. That information can be found in their separately issued audited financial statements.

7. Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General fund	\$ -	\$ 11,936,410
Debt service fund	6,974,466	-
Non-major funds	<u>4,961,944</u>	<u>-</u>
Total Primary Government	<u>\$ 11,936,410</u>	<u>\$ 11,936,410</u>
Component Unit – School Board:		
Operating fund	\$ -	\$ 122,292
Special revenue fund	<u>122,292</u>	<u>-</u>
Total Component Unit – School Board	<u>\$ 122,292</u>	<u>\$ 122,292</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

8. Long-Term Obligations

Primary government

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2016:

	<u>Amount Payable July 1, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Amount Payable June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 458,161	\$ 523,124	\$ (498,422)	\$ 482,863	\$ 48,286
Lease revenue bond	3,494,779	-	(838,827)	2,655,952	876,071
OPEB liability	74,833	70,612	(26,966)	118,479	-
Net pension liability	3,389,735	3,225,090	(3,315,504)	3,299,321	-
Nonexchange financial guarantees	1,685,047	-	(186,945)	1,498,102	229,328
Landfill post-closure care	897,859	-	(56,629)	841,230	57,721
Add deferred amounts:					
Issuance premium	<u>386,178</u>	<u>-</u>	<u>(98,629)</u>	<u>287,549</u>	<u>71,333</u>
Total incurred by County	<u>10,386,592</u>	<u>3,818,826</u>	<u>(5,021,922)</u>	<u>9,183,496</u>	<u>1,282,739</u>
Incurred by School Board:					
General obligation bonds	10,957,673	-	(1,392,538)	9,565,135	1,431,847
Lease revenue bond	33,445,221	-	(1,931,173)	31,514,048	2,023,929
Add deferred amounts:					
Issuance premium	<u>5,135,429</u>	<u>-</u>	<u>(500,725)</u>	<u>4,634,704</u>	<u>471,042</u>
Total incurred by School Board	<u>49,538,323</u>	<u>-</u>	<u>(3,824,436)</u>	<u>45,713,887</u>	<u>3,926,818</u>
Total government obligations	<u>\$ 59,924,915</u>	<u>\$ 3,818,826</u>	<u>\$ (8,846,358)</u>	<u>\$ 54,897,383</u>	<u>\$ 5,209,557</u>

County of Dinwiddie, Virginia
Notes to Financial Statements

The County General Fund where the employees' salaries are charged is generally used to liquidate compensated absences and other postemployment benefit obligations.

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

Year Ending June 30,	County Obligations		School Board Obligations			
	Lease Revenue Bond		General Obligation Bonds		Lease Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 876,071	\$ 104,598	\$ 1,431,847	\$ 434,045	\$ 2,023,929	\$ 1,487,876
2018	224,881	80,306	812,478	389,273	2,030,119	1,393,047
2019	230,000	69,625	833,962	347,288	1,200,000	1,312,050
2020	240,000	58,556	856,571	304,180	1,265,000	1,250,659
2021	255,000	45,872	880,361	259,888	1,280,000	1,189,044
2022 – 2026	830,000	62,687	3,294,696	792,803	7,405,000	4,957,159
2027 – 2031	-	-	1,455,220	74,780	9,420,000	2,932,300
2032 – 2034	-	-	-	-	6,890,000	523,200
Total	\$ 2,655,952	\$ 421,644	\$ 9,565,135	\$ 2,602,257	\$ 31,514,048	\$ 15,045,335

Incurred by County

Lease revenue bond:

\$5,832,266 VRA Series 2012A bonds, dated June 13, 2012, maturing annually in installments of varying amounts and at various interest rates through October 1, 2023; interest payable semi-annually. \$ 2,655,952

Incurred by School Board

General obligation bonds:

\$3,789,949 School Bonds, dated November 14, 1996, maturing annually in installments of varying amounts and at various interest rates through July 15, 2016; interest payable semi-annually at an average rate of 5.32%. \$ 246,071

\$2,273,960 School Bonds, dated November 14, 1996, maturing annually in installments of varying amounts and at various interest rates through July 15, 2016; interest payable semi-annually at an average rate of 5.32%. 147,643

\$3,789,949 School Bonds, dated November 14, 1996, maturing annually in installments of varying amounts and at various interest rates through July 15, 2016; interest payable semi-annually at an average rate of 5.32%. 246,071

\$5,810,323 2007A Series School Bonds, maturing annually in installments of varying amounts through July 15, 2027; interest at 5.10%. 3,824,132

\$5,810,323 2007B Series School Bonds, maturing annually in installments of varying amounts through July 15, 2027; interest at 5.10%. 3,824,132

\$4,209,598 School VPSA Loan payable, maturing on July 15, 2021, interest payable at various rates semi-annually. 1,277,086

Total general obligation bonds \$ 9,565,135

Lease revenue bond:

\$38,657,734 VRA Series 2012A Bonds, dated June 13, 2012, maturing annually in installments of varying amounts and at various interest rates through October 1, 2033; interest payable semi-annually. \$ 31,514,048

Component Unit – School Board

The following is a summary of long-term obligations of the component unit – School Board for the year ended June 30, 2016:

	<u>Amount Payable July 1, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Amount Payable June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Component Unit-School Board:					
Compensated absences	\$ 849,911	\$ 603,898	\$ (528,850)	\$ 924,959	\$ 92,496
Capital lease	3,832,645	-	(227,330)	3,605,315	249,555
OPEB liability	528,631	216,325	(108,643)	636,313	-
Net pension liability	35,102,311	2,184,457	(695,432)	36,591,336	-
Total incurred by School Board	<u>\$ 40,313,498</u>	<u>\$ 3,004,680</u>	<u>\$ (1,560,255)</u>	<u>\$ 41,757,923</u>	<u>\$ 342,051</u>

The School Board Operating Fund where the employees' salaries are charged is generally used to liquidate compensated absences and other postemployment benefit obligations.

Long-term obligation information for the Water Authority and the Airport and Industrial Authority are not disclosed here. That information can be found in their separately issued audited financial statements.

9. Guarantee of Component Unit Debt

The County has guaranteed certain debt of the Water Authority and the Airport Authority, legally separate entities that are presented as component units of the County. These are the only nonexchange financial guarantees extended by the County.

In 2005, the County guaranteed the Water Authority's \$1,750,000, 3.82% interest, 15-year water and sewer system revenue bonds. The bonds mature annually through 2020 with semiannual interest payments. At June 30, 2016, the outstanding principal amount of the guaranteed debt is \$695,392. In the event the Water Authority's Courthouse Road System revenues are insufficient to make a required payment on the bonds, the County would be required to make that payment. The Water Authority is not required to repay the County for any payments the County makes pursuant to the support agreement.

In 2006, the County guaranteed the Water Authority's \$550,000, 4.65% interest 15-year water and sewer system revenue bonds. The bonds mature annually through 2021 with annual interest payments. At June 30, 2016, the outstanding principal amount of the guaranteed debt is \$225,000. In the event the Water Authority's Courthouse Road System revenues are insufficient to make a required payment on the bonds, the County would be required to make that payment. The Water Authority is not required to repay the County for any payments the County makes pursuant to the support agreement.

In 2012, the County guaranteed the Water Authority's \$2,640,000, variable interest, 12-year water and sewer system revenue bonds. The bonds mature annually through 2025 with semiannual interest payments. At June 30, 2016, the outstanding principal amount of the guaranteed debt is \$2,005,000. In the event the Water Authority's Church Road System revenues are insufficient to make a required payment on the bonds, the County would be required to make that payment. The Water Authority is not required to repay the County for any payments the County makes pursuant to the support agreement.

In 2011, the County guaranteed the Airport Authority's \$504,400, 3.18%, 11-year airport revolving fund revenue bonds. Payments are due in monthly installments of \$4,595 through 2022. At June 30, 2016, the outstanding principal amount of the guaranteed debt is \$293,247. In the event the Airport Authority is unable to make a required payment on the bonds, the County would be required to make that payment. The Airport Authority is not required to repay the county for any payments the County makes pursuant to the support agreement.

County of Dinwiddie, Virginia
Notes to Financial Statements

The County makes monthly payments to the Water Authority to supplement the Courthouse Road System fund and Church Road System fund revenues. The County makes quarterly payments to the Airport Authority to supplement revenues. The total of these payments are presented as expenditures in the debt service fund.

A liability and expense have been recognized for an amount that is the County's best estimate of the discounted present value of the future outflows the County expects to incur as a result of the support agreements noted above. In determining its liability for such guarantees, the County considered its historic experience and various other qualitative factors. The liability recognized for nonexchange financial guarantees at June 30, 2016, is as follows:

	<u>July 1, 2015</u>	<u>Increase</u>	<u>Decreases</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
Airport Authority	\$ 38,835	\$ -	\$ (885)	\$ 37,950	\$ 6,676
Water Authority:					
Courthouse - 2005	430,685	-	(74,776)	355,909	73,946
Courthouse - 2006	153,801	-	(34,140)	119,661	24,346
Church Road	1,061,726	-	(77,144)	984,582	119,917
Total Water Authority	1,646,212	-	(186,060)	1,460,152	218,209
Total	<u>\$ 1,685,047</u>	<u>\$ -</u>	<u>\$ (186,945)</u>	<u>\$ 1,498,102</u>	<u>\$ 224,885</u>

10. Conduit Debt Obligations

To provide for the construction and equipping of student housing facilities and related parking facilities at Richard Bland College, the Industrial Development Authority of Dinwiddie County, VA, issued \$3,000,000 in Series 2006 Revenue Bonds on December 1, 2006. These bonds are special limited obligations of the Industrial Development Authority, payable solely from and secured by a Promissory Note between the Richard Bland College Foundation, Inc. and a Support and Operating Agreement between the Richard Bland College Foundation, Inc. and Richard Bland College. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, or the State, and accordingly have not been reported in the accompanying financial statements. At June 30, 2016, Revenue Bonds outstanding totaled \$2,548,176.

To provide for the refinancing of debt at the Faison School for Autism, the Industrial Development authority of Dinwiddie County, VA, issued \$6,170,000 in Series 2015 Revenue Bonds on December 18, 2015. These bonds are special limited obligations of the Industrial Development Authority, payable solely from and secured by a Promissory Note with the Faison School for Autism, Inc. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, or the State, and accordingly have not been reported in the accompanying financial statements. At June 30, 2016, Revenue Bonds outstanding totaled \$6,030,243.

11. Closure and Postclosure Costs

The County closed its landfill and is liable for postclosure monitoring for a period of thirty years. The amount reported as landfill postclosure liability at June 30, 2016, represents the estimated liability for postclosure monitoring, of \$841,230 over a period of thirteen years. These amounts are based on what it would cost to perform all postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9va c20-70 of the Virginia Administrative Code.

12. Deferred Revenue

Deferred 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. Deferred revenue totaling \$17,442,306 is comprised of the following:

Deferred property tax revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$16,554,691 at June 30, 2016.

Prepaid property taxes

Property taxes due subsequent to June 30, 2016 but paid in advance by the taxpayers totaled \$887,615 at June 30, 2016.

13. Commitments and Contingent Liabilities

Federal programs

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this guidance 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 disallowance of current grant program expenditures, if any, would be immaterial.

Economic development incentives

Periodically, the County and the Industrial Development Authority (IDA) will enter into agreements with various granting agencies and businesses that wish to locate or expand business within the County. As part of these agreements, the County or the IDA may be subject to certain 'clawback' provisions in which the County or the IDA will be required to refund grant monies back to the granting agency if the businesses do not meet certain requirements under the grant agreements. The County and the IDA have a policy to require businesses to place funds in escrow that would be adequate to cover any amounts subject to such provisions. As such, neither the County nor the IDA consider there to be a liability related to such agreements.

Operating leases

The County has an operating lease for a security system. Total future minimum lease commitments are considered insignificant.

14. Litigation

The County is subject to certain claims that arise in the ordinary course of operations. Many of these claims are in the early stages of the evaluation process. Accordingly, it is not possible at the present time to estimate the ultimate legal and financial liability, if any, with respect to certain lawsuits or other proceedings. In the opinion of management, after consultation with counsel, the eventual outcome of such claims has not yet been determined probable to have a material adverse effect on the County's operations or financial position.

15. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Association of Counties Group Self Insurance Risk Pool for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each member jointly and severally agrees to assume, pay, and discharge any liability. The County pays the Association contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

16. Defined Benefit Pension Plan

Plan description

All full-time, salaried permanent employees of the County and all salaried permanent non-professional employees of the School Board are automatically covered by the VRS Retirement Plan upon employment. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The VRS Political Subdivision Retirement Plan is an agent, multiple-employer plan. Members earn one month of service credit for each month they are employed and for which they and their employer are paying contributions to VRS. Members are eligible to purchase prior public 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 a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out below:

VRS PLAN 1

About VRS Plan 1

VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Eligible members

Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

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. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. 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 VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

Retirement contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; 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.

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.

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.

Members are always 100% vested in the contributions that they make.

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. 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.

Average final compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service retirement multiplier

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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

Normal retirement age

Age 65. Political subdivisions hazardous duty employees: Age 60.

Earliest unreduced retirement eligibility

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest reduced retirement eligibility

Members who are not in hazardous duty positions may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Hazardous duty members are eligible for a reduced retirement benefit at age 50 with at least five years of creditable service.

Cost-of-living adjustment (COLA) in retirement

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%.

Eligibility

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.

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.

Exceptions to COLA effective dates

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- 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.

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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Professional employees of public school divisions: not applicable.

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.

VRS PLAN 2

About VRS Plan 2

VRS 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 VRS 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.

Eligible members

Employees are in VRS 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.

Hybrid opt-in election

VRS 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. The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014. 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 have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

Retirement contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.

Creditable service

Same as VRS Plan 1.

Vesting

Same as VRS Plan 1.

Calculating the benefit

See definition under VRS Plan 1.

Average final compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service retirement multiplier

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. The retirement multiplier for sheriffs and regional jail superintendents and for hazardous duty employees is the same as Plan 1.

Normal retirement age

Normal Social Security retirement age. Political subdivisions hazardous duty employees: same as Plan 1.

Earliest unreduced retirement eligibility

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty employees: same as Plan 1.

Earliest reduced retirement eligibility

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Hazardous duty employees: same as Plan 1.

Cost-of-living adjustment (COLA) in retirement

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%.

Eligibility

Same as VRS Plan 1

Exceptions to COLA effective dates

Same as VRS Plan 1

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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Professional employees of public school divisions: not applicable.

Purchase of prior service

Same as VRS Plan 1.

HYBRID RETIREMENT PLAN

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 VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")

- The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
- 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.

Eligible members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- School division employees
- Members in VRS Plan 1 or VRS 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

*Non-Eligible Members: Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

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.

Creditable service

Defined benefit component

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.

Defined contributions component

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Vesting

Defined benefit component

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. VRS Plan 1 or VRS 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.

Defined contributions component

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. Members are always 100% vested in the contributions that they make. 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.

- 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.

Distribution is not required by law until age 70½.

Calculating the benefit

Defined benefit component

See definition under VRS Plan 1

Defined contribution component

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.

Average final compensation

Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service retirement multiplier

Defined benefit component

The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: not applicable. Political subdivision hazardous duty employees: not applicable.

Defined contribution component

Not applicable.

Normal retirement age

Defined benefit component

Same as VRS Plan 2. Not applicable for political subdivision hazardous duty employees.

Defined contribution component

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest unreduced retirement eligibility

Defined benefit component

Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivision hazardous duty employees: not applicable.

Defined contribution component

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest reduced retirement eligibility

Defined benefit component

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Political subdivision hazardous duty employees: not applicable.

Defined contribution component

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-living adjustment (COLA) in retirement

Defined benefit component

Same as VRS Plan 2.

Defined contribution component

Not applicable.

Eligibility

Same as VRS Plan 1 and VRS Plan 2.

Exceptions to COLA effective dates

Same as VRS Plan 1 and VRS Plan 2.

Disability coverage

Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of prior service

Defined benefit component

Same as VRS Plan 1, with the following exceptions:

- 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 than one-year period, the rate for most categories of service will change to actuarial cost.

Defined contribution component

Not applicable.

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>County</u>	<u>School Board Non- Professional</u>
Inactive members or their beneficiaries currently receiving benefits	<u>113</u>	<u>72</u>
Inactive members:		
Vested	20	4
Non-vested	46	31
Active elsewhere in VRS	89	19
Total inactive members	<u>155</u>	<u>54</u>
Active members	<u>182</u>	<u>96</u>
Total	<u>450</u>	<u>222</u>

Contributions

The contributions 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 5.00% 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.

Political Subdivision Plan – County and School Board Non-Professional

The County and School Board's non-professional contractually required contribution rates for the year ended June 30, 2016, were 12.01% and 8.41%, respectively, of covered employee compensation. These rates were based on actuarially determined rates from actuarial valuations 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 and School Board were \$1,048,694 and \$183,609, respectively, for the year ended June 30, 2016.

Teacher Plan – School Board Professional

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 \$3,125,037 for the year ended June 30, 2016.

Net pension liability

Political subdivision plan

The County and School Board's non-professional 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.

Actuarial assumptions – County and School Board general employees

The total pension liability for General Employees in the Political Subdivision'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% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, 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 were 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 forward 4 years and females were 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, 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 – 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

Actuarial assumptions – County public safety employees

The total pension liability for public safety employees in the Political Subdivision'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 expenses, 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 – 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) – LEOS:

Pre-Retirement:

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

Actuarial assumptions – School Board professional employees

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 expenses, 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

Pre-Retirement:

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

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 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%.

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 Political Subdivision 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.

Changes in net pension liability – County

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)-	Net Pension Liability (a) - (b)
Balances at June 30, 2014	<u>\$ 32,363,983</u>	<u>\$ 28,974,248</u>	<u>\$ 3,389,735</u>
Changes for the year:			
Service cost	997,720	-	997,720
Interest	2,209,011	-	2,209,011
Difference between expected and actual experience	(587,348)	-	(587,348)
Contributions – employer	-	983,274	(983,274)
Contributions – employee	-	419,596	(419,596)
Net investment income	-	1,325,286	(1,325,286)
Benefit payments, including refunds of employee contributions	(1,613,371)	(1,613,371)	-
Administrative expense	-	(18,079)	18,079
Other changes	<u>-</u>	<u>(208)</u>	<u>280</u>
Net changes	<u>1,006,012</u>	<u>1,096,426</u>	<u>(90,414)</u>
Balances at June 30, 2015	<u>\$ 33,369,995</u>	<u>\$ 30,070,674</u>	<u>\$ 3,299,321</u>

Changes in net pension liability – School Board Non-Professional

	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	<u>\$ 7,652,634</u>	<u>\$ 7,008,323</u>	<u>\$ 644,311</u>
Changes for the year:			
Service cost	212,912	-	212,912
Interest	520,030	-	520,030
Difference between expected and actual experience	(97,869)	-	(97,869)
Contributions – employer	-	182,256	(182,256)
Contributions – employee	-	97,964	(97,964)
Net investment income	-	317,343	(317,343)
Benefit payments, including refunds of employee contributions	(447,258)	(447,258)	-
Administrative expense	-	(4,448)	4,448
Other changes	-	(67)	67
Net changes	<u>187,815</u>	<u>145,790</u>	<u>42,025</u>
Balances at June 30, 2015	<u>\$ 7,840,449</u>	<u>\$ 7,154,113</u>	<u>\$ 686,336</u>

Changes in net pension liability – School Board Professional

At June 30, 2016, the School Board reported a liability of \$35,905,000 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 Board's proportion of the Net Pension Liability was based on the School Board'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 Board's proportion was 0.28527% as compared to 0.28514% at June 30, 2014.

Sensitivity of the net pension liability to changes in the discount rate

The following represents the net pension liability using the discount rate of 7.00%, as well as what the net position liability would be if it were calculated using a stated discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
County Plan's Net Pension Liability	<u>\$ 7,613,036</u>	<u>\$ 3,299,321</u>	<u>\$ \$(283,242)</u>
School Board Non-Professional Plan's Net Pension Liability	<u>\$ 1,500,514</u>	<u>\$ \$686,336</u>	<u>\$ \$(7,386)</u>
School Board Professional Plan's Proportionate Share of the Net Pension Liability	<u>\$ 52,544,000</u>	<u>\$ 35,905,000</u>	<u>\$ 22,208,000</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ending June 30, 2016, the County and School Board recognized pension expense of \$320,277 and \$2,760,610, respectively. Since there was a change in proportionate share of the School Board's Professional Plan net pension liability between measurement dates, a portion of the School Board 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 County and School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
County		
Employer contributions made subsequent to measurement date	\$ 1,048,694	\$ -
Differences between expected and actual experience	-	425,097
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>769,358</u>
	<u><u>\$ 1,048,694</u></u>	<u><u>\$ 1,194,455</u></u>
School Board		
Employer contributions made subsequent to measurement date	\$ 3,308,647	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	332,000	-
Differences between expected and actual experience	-	555,076
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>2,386,084</u>
	<u><u>\$ 3,640,647</u></u>	<u><u>\$ 2,941,160</u></u>

Amounts reported and deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2016, will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>County</u>	<u>School Board</u>
2017	\$ (465,030)	\$ (997,304)
2018	(465,030)	(984,794)
2019	(403,376)	(960,510)
2020	138,981	382,448
2021	<u>-</u>	<u>(49,000)</u>
Total	<u><u>\$ (1,194,455)</u></u>	<u><u>\$ (2,609,160)</u></u>

School Board professional 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.

Pension information for the Water Authority and the Airport and Industrial Authority are not disclosed here. That information can be found in their separately issued audited financial statements.

17. Surety bonds

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds:	
J. Barrett Chappell, Jr., Clerk of the Circuit Court	\$ 103,000
Jennifer C. Perkins, Treasurer	\$ 400,000
Lori K. Stevens, Commissioner of the Revenue	\$ 3,000
D T "Duck" Adams, Sheriff	\$ 30,000
United States Fidelity and Guaranty-Surety:	
All Social Services employees - blanket bond	\$ 100,000
School Board Clerk and Deputy Clerk	\$ 10,000

18. Postemployment Benefits Other Than Pensions

Plan description

The County and School Board allow retirees to remain on their health insurance plan. A Dinwiddie County or Dinwiddie County School Board retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the County, and is eligible to receive an early or regular retirement (pension) benefit from the County (see Note 16). In addition, retirees must meet the minimum VRS requirements:

- Member before July 1, 2010: Employees with membership prior to July 1, 2010 in the VRS must attain at least the age of 50 with 30 years of service, or attain age 65 with 5 years of service. For reduced pension benefits, members must have attained age 50 with at least 10 years of service or age 55 with 5 years of service.
- Member after July 1, 2010: Employees with membership after to July 1, 2010 must have age plus service equal to 90 points, or attain Social Security Normal Retirement age with at least 5 years of service. For reduced pension benefits, members must have attained age 60 with at least 5 years of service.
- LEOS Public Safety: Employees must attain at least the age of 50 with 25 years of service, or attain age 60 with 5 years of service.

County health plan benefits include medical and dental. For pre-Medicare coverage, retirees pay the full active premium rates. Currently the plans offered to retirees through the High Deductible Health plan and the Key Advantage 1000 plan. Retirees and spouses that become Medicare Eligible are no longer eligible for the retiree medical plan. The plan does not include a death benefit for spouses of employees.

School Board health plan benefits include medical and dental. For pre-Medicare coverage, retirees pay the full active premium rates. Currently the plans offered to retirees through Anthem are the Healthkeepers High Deductible Health Plan HMO, KeyKeepers HDHP PPO, and a traditional HMO 25. Retirees and spouses that become Medicare eligible are able to pay for the Medicare Supplement Plan for which there is no implicit subsidy. If an employee dies while employed and was eligible for retirement, the surviving spouse (or eligible family member) will be eligible to continue medical coverage, if they were covered before the employee's death.

Dinwiddie County School Board offered employees who are full-time employees of Dinwiddie Schools, members of the VRS who are eligible for full, unreduced retirement on July 1, 2012, and employed by the School for the last 5 years, a retirement incentive. Dinwiddie Schools will pay the approved employer's portion of the health insurance premium, excluding family coverage, for a period of three years from retirement. The incentive ended June 20, 2015.

Funding policy

The County and School Board's retirees pay 100% of the premiums directly to the insurance company and School Board. As of July 1, 2015, the most recent actuarial valuation date, the Schools currently have 27 retirees and 5 spouses on their plan and the County has 9 retirees and 3 spouses.

Annual OPEB cost and net OPEB obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 71,862	\$ 225,157
Interest on net OPEB obligation	2,993	21,145
Adjustment to annual required contribution	<u>(4,243)</u>	<u>(29,977)</u>
Annual OPEB cost (expense)	70,612	216,325
Estimated contributions made	<u>(26,966)</u>	<u>(108,643)</u>
Increase in net OPEB obligation	43,646	107,682
Net OPEB obligation, beginning of year	<u>74,833</u>	<u>528,631</u>
Net OPEB obligation, end of year	<u>\$ 118,479</u>	<u>\$ 636,313</u>

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the preceding two years were as follows:

<u>Fiscal Year Ended June 30, 2016</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2016	\$ 70,612	38.19%	\$ 118,479
6/30/2015	\$ 68,396	43.04%	\$ 74,833
6/30/2014	\$ 49,251	96.22%	\$ 35,875
Schools:			
6/30/2016	\$ 216,325	50.22%	\$ 636,313
6/30/2015	\$ 209,226	48.25%	\$ 528,631
6/30/2014	\$ 299,145	71.84%	\$ 420,355

Funded status and funding progress

As of July 1, 2015, the County's actuarial accrued liability for benefits was \$664,801, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,409,343, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.91 percent.

As of July 1, 2016 the School Board's actuarial accrued liability for benefits was \$1,954,353, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$23,437,252, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.34 percent.

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 included assumptions about future employment, mortality, and 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

The projected unit credit actuarial cost method was used to calculate all of the expense amounts and the funded status of the plan. The calculations were performed in accordance with the methodologies set forth in GASB Statement No. 45. Under this method, projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) 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.

The following simplifying assumptions were made:

Retirement age for active employees - Retirement age for County participants was estimated based on tables used for the VRS State employee retirement plan pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits. Retirement age for School Board participants was estimated based on tables used for the VRS Teacher retirement plan pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality - Life expectancies for the County and School Board were based on tables used for the VRS State employee retirement plan and the VRS Teacher retirement plan pension valuations, respectively.

Coverage elections – The actuarial assumed that 30% of County and School Board retirees and 30% of that will also cover their spouses in retirement.

Healthcare cost trend rate – The trend rates for medical benefits and prescription drugs are as follows:

<u>Plan Year</u>	<u>Current Year Trend</u>	<u>Prior Year Trend</u>
2016	7.00%	5.00%
2017	6.50%	5.00%
2018	6.00%	5.00%
2019	5.50%	5.00%
2020+	5.00%	5.00%

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was thirty years.

19. Other Post-Employment Benefits - Health Insurance Credit Program - Schools

Plan description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

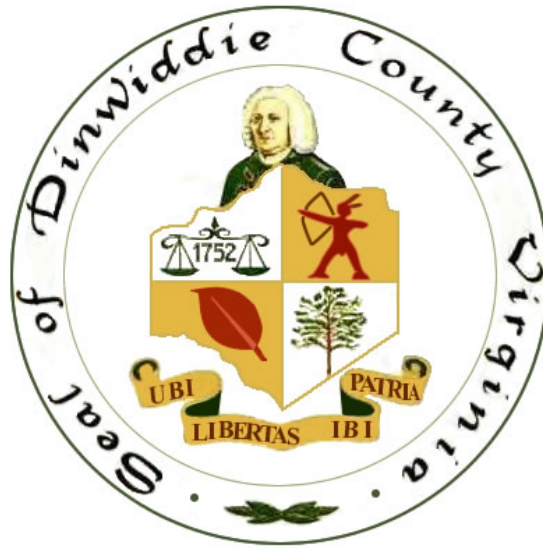
A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to 951.1 -145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 16.

Funding policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended Year Ended June 30, 2016, 2015, and 2014 were \$235,257, \$232,339, and \$231,336, respectively, which equaled the required contributions for the year.

County of Dinwiddie, Virginia
Required Supplementary Information
Year Ended June 30, 2016



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended June 30, 2016

	General Fund			Variance From
	Budgeted Amounts			Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
General property taxes	\$29,705,433	\$29,705,433	\$30,141,709	\$ 436,276
Other local taxes	4,555,300	4,555,300	4,784,012	228,712
Permits, privilege fees and regulatory licenses	188,200	188,200	235,414	47,214
Fines and forfeitures	542,750	542,750	381,083	(161,667)
Revenue from use of money and property	52,700	52,700	99,233	46,533
Charges for services	1,654,106	1,654,106	1,614,216	(39,890)
Miscellaneous	111,000	141,000	173,502	32,502
Recovered costs	189,975	189,975	239,293	49,318
Intergovernmental revenues:				
Commonwealth	8,354,906	8,436,576	8,014,088	(422,488)
Federal	1,313,091	1,430,177	1,464,101	33,924
Total revenues	46,667,461	46,896,217	47,146,651	250,434
Expenditures:				
General government administration	3,281,798	3,134,761	3,126,145	8,616
Judicial administration	1,088,290	1,080,078	1,069,286	10,792
Public safety	10,843,734	10,865,385	10,742,567	122,818
Public works	3,320,552	3,237,599	3,145,643	91,956
Health and welfare	3,411,002	3,428,002	2,957,728	470,274
Education	14,149,437	14,149,437	14,149,437	-
Parks, recreation, and cultural	1,516,912	1,675,004	1,500,796	174,208
Community development	2,293,072	2,207,445	1,070,021	1,137,424
Total expenditures	39,904,797	39,777,711	37,761,623	2,016,088
Excess of revenues over expenditures	6,762,664	7,118,506	9,385,028	2,266,522
Other financing uses:				
Transfers out	(11,119,041)	(11,936,410)	(11,936,410)	-
Net change in fund balances	(4,356,377)	(4,817,904)	(2,551,382)	2,266,522
Fund balance, beginning of year	21,471,154	21,471,154	21,471,154	-
Fund balance, end of year	\$17,114,777	\$16,653,250	\$18,919,772	\$ 2,266,522

Notes to required supplementary information:

Presented budgets above were prepared in accordance with accounting principles generally accepted in the United States of America.

County of Dinwiddie, Virginia
Schedule of OPEB Funding Progress

Exhibit L

Retiree Healthcare Plan						
Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Unfunded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Payroll ((b-a)/c)
County:						
7/1/2015	\$ -	\$ 664,801	\$ 664,801	0.00%	\$ 8,409,343	7.91%
7/1/2012	-	601,884	601,884	0.00%	7,460,861	8.07%
1/1/2011	-	436,900	436,900	0.00%	7,803,100	5.60%
1/1/2009	-	317,700	317,700	0.00%	6,586,100	4.82%
School Board:						
7/1/2015	\$ -	\$ 1,954,353	\$ 1,954,353	0.00%	\$ 23,437,252	8.34%
7/1/2012	-	2,394,042	2,394,042	0.00%	22,650,701	10.57%
1/1/2011	-	1,750,300	1,750,300	0.00%	19,901,700	8.79%
1/1/2009	-	1,675,500	1,675,500	0.00%	21,492,200	7.80%

County of Dinwiddie, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios -
Primary Government

Exhibit M

	2015	2014
Total pension liability:		
Service cost	\$ 997,720	\$ 967,375
Interest	2,209,011	2,104,161
Difference between expected and actual experience	(587,348)	-
Benefit payments, including refunds of employee contributions	<u>(1,613,371)</u>	<u>(1,533,995)</u>
Net change in total pension liability	1,006,012	1,537,541
Total pension liability, beginning	<u>32,363,983</u>	<u>30,826,442</u>
Total pension liability, ending (a)	<u><u>\$ 33,369,995</u></u>	<u><u>\$ 32,363,983</u></u>
Plan fiduciary net position:		
Contributions - employer	\$ 983,274	\$ 1,094,374
Contributions - employee	419,596	396,746
Net investment income	1,325,286	3,961,896
Benefit payments, including refunds of employee contributions	(1,613,371)	(1,533,995)
Administrative expenses	(18,079)	(21,172)
Other changes	<u>(280)</u>	<u>209</u>
Net change in plan fiduciary net position	1,096,426	3,898,058
Plan fiduciary net position, beginning	<u>28,974,248</u>	<u>25,076,190</u>
Plan fiduciary net position, ending (b)	<u><u>\$ 30,070,674</u></u>	<u><u>\$ 28,974,248</u></u>
Net pension liability, ending (a) - (b)	<u><u>\$ 3,299,321</u></u>	<u><u>\$ 3,389,735</u></u>
Plan fiduciary net position as a percentage of the total penalty liability	90.1%	89.5%
Employer's covered payroll*	\$ 8,731,839	\$ 8,217,087
Net pension liability as a percentage of covered payroll	37.8%	41.3%

*Covered payroll represents the total pensionable payroll for employees covered under the pension plan, in accordance with GASB Statement No. 82.

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

County of Dinwiddie, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit - School Board - Non-Professional Plan

Exhibit N

	2015	2014
Total pension liability:		
Service cost	\$ 212,912	\$ 220,298
Interest	520,030	500,348
Difference between expected and actual experience	(97,869)	-
Benefit payments, including refunds of employee contributions	<u>(447,258)</u>	<u>(431,694)</u>
Net change in total pension liability	187,815	288,952
Total pension liability, beginning	<u>7,652,634</u>	<u>7,363,682</u>
Total pension liability, ending (a)	<u><u>\$ 7,840,449</u></u>	<u><u>\$ 7,652,634</u></u>
Plan fiduciary net position:		
Contributions - employer	\$ 182,256	\$ 227,601
Contributions - employee	97,964	104,640
Net investment income	317,343	961,713
Benefit payments, including refunds of employee contributions	(447,258)	(431,694)
Administrative expenses	(4,448)	(5,223)
Other changes	<u>(67)</u>	<u>51</u>
Net change in plan fiduciary net position	145,790	857,088
Plan fiduciary net position, beginning	<u>7,008,323</u>	<u>6,151,235</u>
Plan fiduciary net position, ending (b)	<u><u>\$ 7,154,113</u></u>	<u><u>\$ 7,008,323</u></u>
Net pension liability, ending (a) - (b)	<u><u>\$ 686,336</u></u>	<u><u>\$ 644,311</u></u>
Plan fiduciary net position as a percentage of the total pension liability	91.2%	91.6%
Employer's covered payroll*	\$ 2,183,222	\$ 1,863,958
Net pension liability as a percentage of covered payroll	31.4%	34.6%

*Covered payroll represents the total pensionable payroll for employees covered under the pension plan, in accordance with GASB Statement No. 82.

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

County of Dinwiddie, Virginia
Schedule of Employer's Share of Net Pension Liability
Component Unit - School Board - Professional Plan

Exhibit O

For the years ended June 30,*	2016	2015	2014
Employer's proportion of the net pension liability	0.28527%	0.28514%	0.28153%
Employer's proportionate share of the net pension liability	\$ 35,905,000	\$ 34,458,000	\$ 38,783,000
Employer's covered payroll**	\$ 21,551,979	\$ 21,673,789	\$ 20,836,105
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	166.60%	158.98%	186.13%
Plan fiduciary net position as a percentage of the total pension liability	98.08%	70.88%	unknown

*The amounts presented have a measurement date as of the previous fiscal year end.

**Covered payroll represents the total pensionable payroll for employees covered under the pension plan, in accordance with GASB Statement No. 82.

Note: Information in this schedule is presented for the years in which information is available. Information will be added each year until a full 10-year trend is presented.

County of Dinwiddie, Virginia
Schedule of Employer Contributions

Exhibit P

For the years ended June 30,*	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
PRIMARY GOVERNMENT					
2016	\$ 1,048,694	\$ 1,048,694	\$ -	\$ 8,731,839	12.01%
2015	986,872	986,872	-	8,217,087	12.01%
2014	1,094,374	1,094,374	-	7,925,648	13.81%
COMPONENT UNIT - SCHOOL BOARD					
Non-Professional Plan					
2016	\$ 183,609	\$ 183,609	\$ -	\$ 2,183,222	8.41%
2015	175,398	175,398	-	1,863,958	9.41%
2014	227,601	227,601	-	1,988,146	11.45%
Professional Plan					
2016	\$ 3,125,037	\$ 3,125,037	\$ -	\$ 21,551,979	14.50%
2015	3,047,335	3,047,335	-	21,673,789	14.06%
2014	2,431,355	2,431,355	-	20,836,105	11.67%

*Note: Information in this schedule is presented for the years in which information is available. Information will be added each year until a full 10-year trend is presented.

Changes of benefit terms - Primary Government and School Board:

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 - Primary Government and School Board Non-Professional:

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:

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) - 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

Changes of assumptions - School Board Professional

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:

- 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



County of Dinwiddie, Virginia
Other Supplementary Information
Year Ended June 30, 2016



County of Dinwiddie, Virginia
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

Exhibit R

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents, and investments	\$ 3,066,720	\$ 560,472	\$ 3,627,192
Accounts receivable	-	2,470	2,470
Due from other governmental units	-	231,035	231,035
	<u>\$ 3,066,720</u>	<u>\$ 793,977</u>	<u>\$ 3,860,697</u>
LIABILITIES			
Accounts payable	\$ 130,309	\$ 212,508	\$ 342,817
Due to component unit	125,116	-	125,116
	<u>255,425</u>	<u>212,508</u>	<u>467,933</u>
FUND BALANCES			
Restricted	-	322,107	322,107
Committed	2,811,295	259,362	3,070,657
	<u>2,811,295</u>	<u>581,469</u>	<u>3,392,764</u>
	<u>\$ 3,066,720</u>	<u>\$ 793,977</u>	<u>\$ 3,860,697</u>

County of Dinwiddie, Virginia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2016

Exhibit S

	Capital Projects	Special Revenue	Total
Revenues:			
Revenue from use of money and property	\$ -	\$ 995	\$ 995
Charges for services	-	2,877	2,877
Miscellaneous	19,656	54,421	74,077
Recovered costs	734,394	-	734,394
Intergovernmental revenues:			
Commonwealth	-	1,058,321	1,058,321
Federal	-	8,702	8,702
Total revenues	<u>754,050</u>	<u>1,125,316</u>	<u>1,879,366</u>
Expenditures:			
Current:			
Judicial administration	-	1,782	1,782
Public safety	-	163,751	163,751
Public works	-	101,626	101,626
Health and welfare	-	1,840,748	1,840,748
Community development	-	14	14
Capital outlays and projects	<u>3,632,976</u>	<u>-</u>	<u>3,632,976</u>
Total expenditures	<u>3,632,976</u>	<u>2,107,921</u>	<u>5,740,897</u>
Deficiency of revenues under expenditures	<u>(2,878,926)</u>	<u>(982,605)</u>	<u>(3,861,531)</u>
Other financing sources:			
Transfers in	<u>4,108,610</u>	<u>853,334</u>	<u>4,961,944</u>
Net change in fund balances	1,229,684	(129,271)	1,100,413
Fund balances, beginning of year	<u>1,581,611</u>	<u>710,740</u>	<u>2,292,351</u>
Fund balances, end of year	<u>\$ 2,811,295</u>	<u>\$ 581,469</u>	<u>\$ 3,392,764</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -

Debt Service Fund

Year Ended June 30, 2016

	Debt Service Fund			Variance From Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Expenditures:				
Community development	\$ 565,140	\$ 565,140	\$ 509,694	\$ 55,446
Debt service:				
Principal retirement	4,164,138	4,164,138	4,162,538	1,600
Interest and other fiscal charges	2,242,908	2,245,908	2,245,908	-
Total expenditures	6,972,186	6,975,186	6,918,140	57,046
Deficiency of revenues under expenditures	(6,972,186)	(6,975,186)	(6,918,140)	57,046
Other financing sources:				
Transfers in	6,972,186	6,974,466	6,974,466	-
Total other financing sources	6,972,186	6,974,466	6,974,466	-
Net change in fund balances	-	(720)	56,326	57,046
Fund balance, beginning of year	721	721	721	-
Fund balance, end of year	\$ 721	\$ 1	\$ 57,047	\$ 57,046

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -

Capital Projects Fund

Year Ended June 30, 2016

	Capital Projects Fund			Variance From Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Miscellaneous revenues	\$ -	\$ -	\$ 19,656	\$ 19,656
Recovered costs	310,000	734,394	734,394	-
Total revenues	310,000	734,394	754,050	19,656
Expenditures:				
Capital outlays and projects	4,935,752	6,424,615	3,632,976	2,791,639
Deficiency of revenues under expenditures	(4,625,752)	(5,690,221)	(2,878,926)	2,811,295
Other financing sources:				
Transfers	3,348,521	4,108,610	4,108,610	-
Net change in fund balances	(1,277,231)	(1,581,611)	1,229,684	2,811,295
Fund balance, beginning of year	1,581,611	1,581,611	1,581,611	-
Fund balance, end of year	\$ 304,380	\$ -	\$ 2,811,295	\$ 2,811,295

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Special Revenue Fund
Year Ended June 30, 2016**

	Special Revenue Fund			Variance From Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Revenues from use of money and property	\$ -	\$ -	\$ 995	\$ 995
Charges for services	-	-	2,877	2,877
Miscellaneous	60,000	60,000	54,421	(5,579)
Intergovernmental revenues:				
Commonwealth	911,878	912,674	1,058,321	145,647
Federal	7,500	7,500	8,702	1,202
Total revenues	979,378	980,174	1,125,316	145,142
Expenditures:				
Judicial administration	9,949	14,505	1,782	12,723
Public safety	297,437	400,913	163,751	237,162
Public works	183,768	242,021	101,626	140,395
Health and welfare	1,590,551	1,842,747	1,840,748	1,999
Community development	46,441	46,408	14	46,394
Total expenditures	2,128,146	2,546,594	2,107,921	438,673
Deficiency of revenues under expenditures	(1,148,768)	(1,566,420)	(982,605)	583,815
Other financing sources:				
Transfers in	798,334	853,334	853,334	-
Net change in fund balances	(350,434)	(713,086)	(129,271)	583,815
Fund balance, beginning of year	710,740	710,740	710,740	-
Fund balance, end of year	\$ 360,306	\$ (2,346)	\$ 581,469	\$ 583,815

County of Dinwiddie, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2016

Exhibit W

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
SPECIAL WELFARE FUND				
ASSETS				
Cash and cash equivalents	\$ 54,566	\$ 30,528	\$ (29,726)	\$ 55,368
Other receivables	<u>-</u>	<u>2,232</u>	<u>-</u>	<u>2,232</u>
	<u>\$ 54,566</u>	<u>\$ 32,760</u>	<u>\$ (29,726)</u>	<u>\$ 57,600</u>
LIABILITIES				
Amounts held for social services clients	<u>\$ 54,566</u>	<u>\$ 32,760</u>	<u>\$ (29,726)</u>	<u>\$ 57,600</u>

County of Dinwiddie, Virginia
Combining Statement of Private Purpose Trust Funds
Fiduciary Funds
June 30, 2016

Exhibit X

	<u>Butterworth Scholarship</u>	<u>Retired Teachers Scholarships</u>	<u>Williamson Scholarship</u>	<u>Doyle Scholarship</u>	<u>Pamplin Endowment</u>	<u>Abrahams Scholarship</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 12,135	\$ 34,678	\$ 854	\$ 410,913	\$ 290,323	\$ 471,181	\$ 1,220,084
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,958,443</u>	<u>3,192,036</u>	<u>5,150,479</u>
	<u>\$ 12,135</u>	<u>\$ 34,678</u>	<u>\$ 854</u>	<u>\$ 410,913</u>	<u>\$ 2,248,766</u>	<u>\$ 3,663,217</u>	<u>\$ 6,370,563</u>
NET POSITION							
Amounts held in trust for scholarships and the disadvantaged	<u>\$ 12,135</u>	<u>\$ 34,678</u>	<u>\$ 854</u>	<u>\$ 410,913</u>	<u>\$ 2,248,766</u>	<u>\$ 3,663,217</u>	<u>\$ 6,370,563</u>

County of Dinwiddie, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

Exhibit Y

	Private Purpose Trust Funds						
	Butterworth Scholarship	Retired Teachers Scholarships	Williamson Scholarship	Doyle Scholarship	Pamplin Endowment	Abrahams Scholarship	Total
Additions:							
Investment earnings	\$ 90	\$ 181	\$ 3	\$ 1,098	\$ 50,511	\$ 97,149	\$ 149,032
Private donations	-	2,600	-	-	-	-	2,600
Net unrealized gain	-	-	-	-	-	101,413	101,413
	<u>90</u>	<u>2,781</u>	<u>3</u>	<u>1,098</u>	<u>50,511</u>	<u>198,562</u>	<u>253,045</u>
Deductions:							
Net unrealized loss	-	-	-	-	29,450	-	29,450
Scholarships	200	3,166	-	12,775	122,550	175,174	313,865
	<u>200</u>	<u>3,166</u>	<u>-</u>	<u>12,775</u>	<u>152,000</u>	<u>175,174</u>	<u>343,315</u>
Change in net position	(110)	(385)	3	(11,677)	(101,489)	23,388	(90,270)
Net position, beginning of year	<u>12,245</u>	<u>35,063</u>	<u>851</u>	<u>422,590</u>	<u>2,350,255</u>	<u>3,639,829</u>	<u>6,460,833</u>
Net position, end of year	<u>\$ 12,135</u>	<u>\$ 34,678</u>	<u>\$ 854</u>	<u>\$ 410,913</u>	<u>\$ 2,248,766</u>	<u>\$ 3,663,217</u>	<u>\$ 6,370,563</u>

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

Exhibit Z

	Operating Fund	Special Revenue Fund	Total Component Unit School Board
ASSETS			
Cash and cash equivalents	\$ 3,144,637	\$ 1,213,649	\$ 4,358,286
Accounts receivable	14,214	1,460	15,674
Due from other governmental units	1,653,157	77,338	1,730,495
Total assets	<u>\$ 4,812,008</u>	<u>\$ 1,292,447</u>	<u>\$ 6,104,455</u>
LIABILITIES			
Accounts payable	\$ 448,379	\$ 30,323	\$ 478,702
Accrued liabilities	4,123,569	130,782	4,254,351
Total liabilities	<u>4,571,948</u>	<u>161,105</u>	<u>4,733,053</u>
FUND BALANCES			
Committed to:			
School capital projects	212,423	-	212,423
Textbook purchases	-	992,663	992,663
School food	-	138,679	138,679
School grants	27,637	-	27,637
Total committed fund balances	<u>240,060</u>	<u>1,131,342</u>	<u>1,371,402</u>
	<u>\$ 4,812,008</u>	<u>\$ 1,292,447</u>	<u>\$ 6,104,455</u>

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because:

Total fund balances per above	\$ 1,371,402
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds	43,972,264
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds	(41,757,923)
Deferred outflows of resources are not outflows of resources in the current period and, therefore, are not reported in the funds:	
Deferred pension contributions	\$ 3,308,647
Change in proportion	<u>332,000</u>
	3,640,647
Deferred inflows of resources are not inflows of resources for the current period and, therefore, are not reported in the funds:	
Deferred pension investment experience	<u>(2,941,160)</u>
Net position of governmental activities	<u>\$ 4,285,230</u>

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Discretely Presented Component Unit - School Board

Year Ended June 30, 2016

	Operating Fund	Special Revenue Fund	Total Component Unit School Board
Revenues:			
Revenue from use of money and property	\$ 159,250	\$ 70	\$ 159,320
Charges for services	18,400	473,003	491,403
Miscellaneous	4,065	19	4,084
Recovered costs	39,347	-	39,347
Intergovernmental revenues:			
Local government	14,138,674	-	14,138,674
Commonwealth	26,605,059	330,745	26,935,804
Federal	2,045,245	1,255,848	3,301,093
Total revenues	43,010,040	2,059,685	45,069,725
Expenditures:			
Education	42,666,509	2,047,397	44,713,906
Capital projects	334,644	-	334,644
Total expenditures	43,001,153	2,047,397	45,048,550
Excess of revenues over expenditures	8,887	12,288	21,175
Other financing sources (uses):			
Transfers in (out)	(122,292)	122,292	-
Changes in fund balances	(113,405)	134,580	21,175
Fund balances, beginning of year	353,465	996,762	1,350,227
Fund balances, end of year	\$ 240,060	\$ 1,131,342	\$ 1,371,402

Amounts reported for governmental activities in the statement of net position (Exhibit B) are different because:

Net change in fund balances - total governmental funds - per above \$ 21,175

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:

Capital outlay	\$ 1,270,591	
Depreciation expense	(2,135,545)	
Allocation of jointly owned assets - original cost depreciation	1,888,402	1,023,448

The repayment of capital leases consumes the current financial resources of governmental funds; however, they do not have an affect on net position.

227,330

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.

Increase in compensated absences	\$ (75,048)	
Pension expense	1,122,560	
Increase in OPEB liability	(107,682)	939,830
Change in net position of governmental activities		\$ 2,211,783

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Operating Fund

Discretely Presented Component Unit - School Board

Year Ended June 30, 2016

	Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 158,000	\$ 158,000	\$ 159,250	\$ 1,250
Charges for services	25,000	25,000	18,400	(6,600)
Miscellaneous	8,336	500	4,065	3,565
Recovered costs	70,000	70,000	39,347	(30,653)
Intergovernmental revenues:				
Local government	14,138,674	14,138,674	14,138,674	-
Commonwealth	26,741,154	26,741,154	26,605,059	(136,095)
Federal	2,250,161	2,250,161	2,045,245	(204,916)
Total revenues	43,391,325	43,383,489	43,010,040	(373,449)
Expenditures:				
Education	43,269,277	43,280,018	42,666,509	613,509
Capital outlays and projects	310,000	334,644	334,644	-
Total expenditures	43,579,277	43,614,662	43,001,153	613,509
Excess (deficiency) of revenues over (under) expenditures	(187,952)	(231,173)	8,887	240,060
Other financing uses:				
Transfers out	(122,292)	(122,292)	(122,292)	-
Changes in fund balances	(310,244)	(353,465)	(113,405)	240,060
Fund balances, beginning of year	353,465	353,465	353,465	-
Fund balances, end of year	\$ 43,221	\$ -	\$ 240,060	\$ 240,060

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -

Special Revenue Fund

Discretely Presented Component Unit - School Board

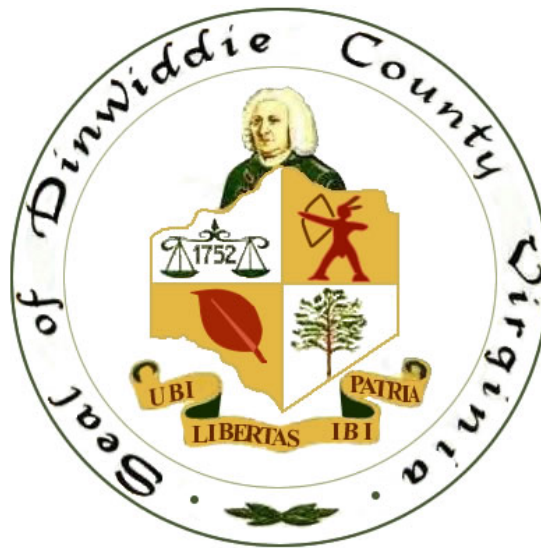
Year Ended June 30, 2016

	Special Revenue Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ 150	\$ 150	\$ 70	\$ (80)
Charges for services	558,000	558,000	473,003	(84,997)
Miscellaneous	5,000	5,000	19	(4,981)
Intergovernmental revenues:				
Commonwealth	333,560	333,560	330,745	(2,815)
Federal	1,128,689	1,128,689	1,255,848	127,159
Total revenues	2,025,399	2,025,399	2,059,685	34,286
Expenditures:				
Education	2,355,678	2,519,000	2,047,397	471,603
Excess (deficiency) of revenues over (under) expenditures	(330,279)	(493,601)	12,288	505,889
Other financing sources:				
Transfers in (out)	122,292	122,292	122,292	-
Changes in fund balances	(207,987)	(371,309)	134,580	505,889
Fund balances, beginning of year	996,762	996,762	996,762	-
Fund balances, end of year	\$ 788,775	\$ 625,453	\$ 1,131,342	\$ 505,889

County of Dinwiddie, Virginia

Supporting Schedules

Year Ended June 30, 2016



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

Schedule 1

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
GENERAL FUND				
Revenue from local sources:				
General property taxes:				
Real property tax	\$ 17,070,940	\$ 17,070,940	\$ 16,879,601	\$ (191,339)
Real and personal PSC tax	1,294,002	1,294,002	1,546,166	252,164
Personal property tax	7,891,117	7,891,117	8,344,008	452,891
Mobile home tax	59,604	59,604	62,864	3,260
Machinery and tools tax	683,188	683,188	642,741	(40,447)
Pollution and recycling control	2,169,582	2,169,582	2,157,726	(11,856)
Penalties	287,000	287,000	290,486	3,486
Interest	250,000	250,000	218,117	(31,883)
Total general property taxes	29,705,433	29,705,433	30,141,709	436,276
Other local taxes:				
Local sales and use tax	1,580,000	1,580,000	1,646,878	66,878
Bank stock tax	196,000	196,000	172,899	(23,101)
Consumption tax	155,200	155,200	148,307	(6,893)
Consumer utility tax	536,100	536,100	597,275	61,175
Business license tax	662,000	662,000	692,586	30,586
Admission tax	18,000	18,000	21,008	3,008
Motor vehicle licenses	545,000	545,000	537,038	(7,962)
Taxes on recordation and wills	125,000	125,000	144,479	19,479
Meals tax	675,000	675,000	735,007	60,007
Transient occupancy tax	63,000	63,000	88,535	25,535
Total other local taxes	4,555,300	4,555,300	4,784,012	228,712
Permits, privilege fees and regulatory licenses:				
Animal licenses	20,000	20,000	17,103	(2,897)
Transfer fees	750	750	878	128
Other permits and licenses	167,450	167,450	217,433	49,983
Total permits, privilege fees and regulatory licenses	188,200	188,200	235,414	47,214
Fines and forfeitures:				
Court fines and forfeitures	542,750	542,750	381,083	(161,667)
Revenue from use of money and property:				
Revenue from use of money	21,000	21,000	65,271	44,271
Revenue from use of property	31,700	31,700	33,962	2,262
Total revenue from use of money and property	52,700	52,700	99,233	46,533

See independent auditors' report.

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

Schedule 1

(Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
GENERAL FUND (Continued)				
Charges for services:				
Ambulance and EMS services	\$ 633,000	\$ 633,000	\$ 581,267	\$ (51,733)
Law enforcement and traffic control	1,386	1,386	32,210	30,824
Courthouse security	98,000	98,000	84,185	(13,815)
Other court services	22,225	22,225	19,132	(3,093)
Commonwealth's Attorney	3,650	3,650	2,749	(901)
Correction and detention	3,600	3,600	2,826	(774)
Other protection	16,620	16,620	16,633	13
Community development	225	225	724	499
Sanitation and waste removal	56,000	56,000	90,097	34,097
Water and sewer services	653,900	653,900	608,847	(45,053)
Parks and recreation	165,500	165,500	175,546	10,046
Total charges for services	1,654,106	1,654,106	1,614,216	(39,890)
Miscellaneous:				
Miscellaneous revenues	111,000	141,000	173,502	32,502
Recovered costs:				
Security deputies	65,000	65,000	119,538	54,538
Other recovered costs	115,675	115,675	111,441	(4,234)
Prisoner extradition reimbursement	1,000	1,000	153	(847)
Social services insurance	8,300	8,300	8,161	(139)
Total recovered costs	189,975	189,975	239,293	49,318
Total revenue from local sources	36,999,464	37,029,464	37,668,462	638,998
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	133,000	133,000	117,082	(15,918)
Mobile home titling tax	30,000	30,000	27,931	(2,069)
Taxes on deeds	30,000	30,000	36,847	6,847
Motor vehicle rental tax	420	420	825	405
Communications tax	925,000	925,000	892,136	(32,864)
State recordation tax	45,000	45,000	49,915	4,915
Personal property tax relief funds	3,642,692	3,642,692	3,642,692	-
Total noncategorical aid	4,806,112	4,806,112	4,767,428	(38,684)

See independent auditors' report.

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

Schedule 1

(Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
GENERAL FUND (Continued)				
Revenue from the Commonwealth (Continued):				
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 356,038	\$ 356,038	\$ 350,428	\$ (5,610)
Sheriff	1,380,628	1,380,628	1,372,029	(8,599)
Commissioner of revenue	123,240	123,240	122,917	(323)
Treasurer	86,618	86,618	86,332	(286)
Registrar/electoral board	40,630	40,630	40,692	62
Clerk of the Circuit Court	259,650	268,232	266,135	(2,097)
Total shared expenses	2,246,804	2,255,386	2,238,533	(16,853)
Other categorical aid:				
Public assistance and welfare administration	1,145,616	1,145,616	784,764	(360,852)
E-911 wireless grants	69,575	69,575	68,722	(853)
VJCCCA grant	19,549	19,549	19,549	-
Pesticide recycling	1,500	1,500	1,800	300
Department of forestry grant	-	-	41	41
Other state funds	65,750	138,838	133,251	(5,587)
Total other categorical aid	1,301,990	1,375,078	1,008,127	(366,951)
Total categorical aid	3,548,794	3,630,464	3,246,660	(383,804)
Total revenue from the Commonwealth	8,354,906	8,436,576	8,014,088	(422,488)
Revenue from the federal government:				
Payments in lieu of taxes	880	880	953	73
Categorical aid:				
Public assistance and welfare administration	1,242,072	1,242,072	1,366,782	124,710
American battlefield protection grant	-	55,800	10,529	(45,271)
Bulletproof vest grant	1,000	40,383	10,277	(30,106)
Highway safety grant	11,000	14,791	2,609	(12,182)
Victim witness assistance grant	55,739	64,100	59,687	(4,413)
Other federal funds	2,400	12,151	13,264	1,113
Total categorical aid	1,312,211	1,429,297	1,463,148	33,851
Total revenue from the federal government	1,313,091	1,430,177	1,464,101	33,924
TOTAL GENERAL FUND	46,667,461	46,896,217	47,146,651	250,434

See independent auditors' report.

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

Schedule 1

(Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
CAPITAL PROJECT FUND				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous revenues	\$ -	\$ -	\$ 19,656	\$ (19,656)
Recovered costs:				
Other recovered costs	310,000	334,644	334,644	-
Insurance proceeds	-	399,750	399,750	-
Total recovered costs	310,000	734,394	734,394	-
TOTAL CAPITAL PROJECT FUND	310,000	734,394	754,050	(19,656)
SPECIAL REVENUE FUND				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	995	995
Charges for services:				
Law library fees	-	-	2,877	2,877
Miscellaneous:				
Miscellaneous revenues	60,000	60,000	54,421	(5,579)
Total revenue from local sources	60,000	60,000	58,293	(1,707)
Revenue from the Commonwealth:				
Categorical aid:				
Fire programs	83,000	83,000	87,216	4,216
Sheriff	-	700	-	(700)
Children's services act	792,217	792,217	919,035	126,818
Four for life	28,000	28,000	28,836	836
Asset forfeitures	-	-	14,477	14,477
Litter control grant	8,661	8,757	8,757	-
Total revenue from the Commonwealth	911,878	912,674	1,058,321	145,647

See independent auditors' report.

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

Schedule 1

(Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
SPECIAL REVENUE FUND (Continued)				
Revenue from the federal government:				
Categorical aid:				
Emergency management performance grant	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Asset forfeitures	-	-	1,202	1,202
Total revenue from the federal government	7,500	7,500	8,702	1,202
TOTAL SPECIAL REVENUE FUND	979,378	980,174	1,125,316	145,142
TOTAL PRIMARY GOVERNMENT	\$ 47,956,839	\$ 48,610,785	\$ 49,026,017	\$ 375,920
DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD				
OPERATING FUND				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 158,000	\$ 158,000	\$ 159,250	\$ 1,250
Charges for services:				
Charges for education	25,000	25,000	18,400	(6,600)
Miscellaneous:				
Miscellaneous revenues	8,336	500	4,065	3,565
Recovered costs:				
Medicare admin services	70,000	70,000	39,347	(30,653)
Total revenue from local sources	261,336	253,500	221,062	(32,438)
Revenue from local governments:				
Contributions from County of Dinwiddie, VA	14,138,674	14,138,674	14,138,674	-
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	4,545,947	4,545,947	4,599,484	53,537
Basic school aid	14,276,888	14,276,888	14,066,588	(210,300)
Remedial summer education	-	-	53,289	53,289
Regular foster care	4,661	4,661	17,702	13,041
Gifted and talented	147,535	147,535	145,919	(1,616)
Remedial education	590,139	590,139	583,677	(6,462)
English as a second language	45,989	45,989	45,074	(915)

See independent auditors' report.

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

Schedule 1

(Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD (Continued)				
OPERATING FUND (Continued)				
Revenue from the Commonwealth (Continued):				
Categorical aid (Continued):				
Special education	\$ 1,691,941	\$ 1,691,941	\$ 1,684,351	\$ (7,590)
Vocational education	214,641	214,641	212,598	(2,043)
School fringes	2,577,150	2,577,150	2,539,616	(37,534)
Technology	392,400	392,400	419,776	27,376
Early reading intervention	103,818	103,818	101,561	(2,257)
Homebound education	87,637	87,637	70,522	(17,115)
Other state funds	471,303	471,303	433,817	(37,486)
GED funding	7,859	7,859	7,859	-
Mentor teacher program	3,162	3,162	2,101	(1,061)
Hospitals, clinics, etc.	109,533	109,533	153,080	43,547
At risk four year olds	136,666	136,666	145,207	8,541
At risk payments	517,528	517,528	511,963	(5,565)
Algebra readiness	67,038	67,038	67,151	113
Primary class size	749,319	749,319	743,724	(5,595)
Total categorical aid	26,741,154	26,741,154	26,605,059	(136,095)
Revenue from the federal government:				
Categorical aid:				
Title I	622,863	622,863	802,421	179,558
Title VI-B, special education flow-through	959,734	959,734	908,421	(51,313)
Vocational education	59,917	59,917	72,204	12,287
Title VI-B, special education preschool	26,983	26,983	26,925	(58)
Title II, Part A	243,664	243,664	121,045	(122,619)
Title III	-	-	5,341	5,341
Title IV-B - 21st century	250,000	250,000	-	(250,000)
Jr ROTC	55,000	55,000	64,572	9,572
Other federal funds	32,000	32,000	44,316	12,316
Total categorical aid	2,250,161	2,250,161	2,045,245	(204,916)
TOTAL OPERATING FUND	43,391,325	43,383,489	43,010,040	(373,449)
SPECIAL REVENUE FUND				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	150	150	70	(80)
Charges for services:				
Cafeteria sales	558,000	558,000	473,003	(84,997)

See independent auditors' report.

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

Schedule 1

(Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD (Continued)				
SPECIAL REVENUE FUND (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous revenues	\$ 5,000	\$ 5,000	\$ 19	\$ (4,981)
Total revenue from local sources	563,150	563,150	473,092	(90,058)
Revenue from the Commonwealth:				
Categorical aid				
Textbook payment	302,038	302,038	298,731	(3,307)
School food program grant	31,522	31,522	32,014	492
Total categorical aid	333,560	333,560	330,745	(2,815)
Revenue from the federal government:				
Categorical aid:				
School food program grant	1,128,689	1,128,689	1,149,647	20,958
Commodities	-	-	106,201	106,201
Total categorical aid	1,128,689	1,128,689	1,255,848	127,159
TOTAL SPECIAL REVENUE FUND	2,025,399	2,025,399	2,059,685	34,286
TOTAL DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD	\$ 45,416,724	\$ 45,408,888	\$ 45,069,725	\$ (339,163)

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

Schedule 2

Entity, Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT				
GENERAL FUND				
General government administration:				
Legislative:				
Board of supervisors	\$ 110,296	\$ 122,104	\$ 121,936	\$ 168
General and financial administration:				
County administrator	348,391	352,998	351,973	1,025
Legal services	238,006	247,756	247,739	17
Human resources	376,404	435,112	429,038	6,074
Independent auditor	66,000	69,605	69,605	-
Commissioner of revenue	467,497	449,987	449,134	853
Treasurer	467,789	447,110	446,462	648
Accounting	310,907	263,093	262,158	935
Information systems	586,971	585,511	586,705	(1,194)
Total general and financial administration	2,861,965	2,851,172	2,842,814	8,358
Board of elections:				
Electoral board and officials	309,537	161,485	161,395	90
Total general governmental administration	3,281,798	3,134,761	3,126,145	8,616
Judicial administration:				
Courts:				
Circuit court	17,880	17,880	17,544	336
General district court	26,690	17,990	17,928	62
Special magistrates	800	1,225	1,218	7
Clerk of the circuit court	461,425	450,731	445,891	4,840
Victim and witness assistance	61,012	69,373	64,095	5,278
Total courts	567,807	557,199	546,676	10,523
Commonwealth's attorney:				
Commonwealth's attorney	520,483	522,879	522,610	269
Total judicial administration	1,088,290	1,080,078	1,069,286	10,792

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

Schedule 2

(Continued)

Entity, Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
GENERAL FUND (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,623,553	\$ 4,613,005	\$ 4,535,756	\$ 77,249
Fire and rescue services:				
Volunteer fire department	547,233	532,380	524,072	8,308
Fire and rescue services	314,897	314,897	311,117	3,780
Emergency medical services	1,615,453	1,678,541	1,677,576	965
Total fire and rescue services	2,477,583	2,525,818	2,512,765	13,053
Correction and detention:				
Confinement and care of adult and juvenile prisoners	1,545,892	1,545,841	1,542,838	3,003
Juvenile probation and detention	234,318	237,318	237,522	(204)
VJCCCA	179,836	171,681	164,593	7,088
Total correction and detention	1,960,046	1,954,840	1,944,953	9,887
Inspections:				
Building inspections	265,213	286,363	281,778	4,585
Other protection:				
Animal control	310,619	295,319	278,039	17,280
Communications	1,205,720	1,188,320	1,187,556	764
Medical examiner	1,000	1,720	1,720	-
Total other protection	1,517,339	1,485,359	1,467,315	18,044
Total public safety	10,843,734	10,865,385	10,742,567	122,818
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Streetlights	43,000	44,300	44,412	(112)
Sanitation and waste removal:				
Refuse disposal	1,349,510	1,272,840	1,246,574	26,266
Maintenance of general buildings and grounds:				
General properties	1,928,042	1,920,459	1,854,657	65,802
Total public works	3,320,552	3,237,599	3,145,643	91,956

See independent auditors' report.

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

Schedule 2

(Continued)

Entity, Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
GENERAL FUND (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 281,030	\$ 298,030	\$ 297,128	\$ 902
Mental health and mental retardation:				
District 19 - Community services board	72,369	72,369	72,369	-
Welfare:				
Public assistance and welfare administration	3,015,623	3,015,623	2,543,756	471,867
Area agency on aging	10,767	10,767	10,767	-
Other social services	31,213	31,213	33,708	(2,495)
Total welfare	3,057,603	3,057,603	2,588,231	469,372
Total health and welfare	3,411,002	3,428,002	2,957,728	470,274
Education:				
Other instructional costs:				
Contributions to community colleges	10,763	10,763	10,763	-
Contribution to Dinwiddie County School Board	14,138,674	14,138,674	14,138,674	-
Total education	14,149,437	14,149,437	14,149,437	-
Parks, recreation and cultural:				
Parks, recreation, and tourism:				
Parks, recreation, and tourism	1,253,941	1,412,033	1,237,824	174,209
Library:				
Contribution to regional library	262,971	262,971	262,972	(1)
Total parks, recreation and cultural	1,516,912	1,675,004	1,500,796	174,208
Community development:				
Planning and community development:				
Planning and zoning	612,578	592,613	592,575	38
Economic development	1,375,883	1,260,825	158,147	1,102,678
Contribution to Industrial Development Authority	25,000	25,000	25,000	-
Other community development	145,405	194,801	166,229	28,572
Total planning and community development	2,158,866	2,073,239	941,951	1,131,288

See independent auditors' report.

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

Schedule 2

(Continued)

Entity, Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
GENERAL FUND (Continued)				
Community development (Continued):				
Environmental management:				
Contribution to soil and water conservation district	\$ 15,500	\$ 15,500	\$ 15,500	\$ -
Cooperative extension program:				
Extension office	118,706	118,706	112,570	6,136
Total community development	2,293,072	2,207,445	1,070,021	1,137,424
TOTAL GENERAL FUND	39,904,797	39,777,711	37,761,623	2,016,088
SPECIAL REVENUE FUND				
Judicial administrative:				
Courts:				
Law library	7,723	7,609	1,782	5,827
Commonwealth's attorney:				
Forfeited assets	2,226	6,896	-	6,896
Total judicial administration	9,949	14,505	1,782	12,723
Public safety:				
Law enforcement and traffic control:				
Sheriff	9,993	10,376	3,031	7,345
Forfeited assets	6,174	75,086	-	75,086
Total law enforcement and traffic control	16,167	85,462	3,031	82,431
Fire and rescue services:				
Volunteer fire department	249,670	214,375	109,087	105,288
Fire/rescue grant	7,500	7,793	7,532	261
Emergency medical services	24,100	93,283	44,101	49,182
Total fire and rescue services	281,270	315,451	160,720	154,731
Total public safety	297,437	400,913	163,751	237,162

See independent auditors' report.

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

Schedule 2

(Continued)

Entity, Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
SPECIAL REVENUE FUND (Continued)				
Public works:				
Maintenance of general buildings and grounds:				
Litter control grant and recycling	\$ 183,768	\$ 242,021	\$ 101,626	\$ 140,395
Health and welfare:				
Welfare:				
Children's services act	1,590,551	1,842,747	1,840,748	1,999
Community development:				
Planning and community development:				
Other community development	46,441	46,408	14	46,394
TOTAL SPECIAL REVENUE FUND	2,128,146	2,546,594	2,107,921	438,673
DEBT SERVICE FUND				
Community development:				
Planning and community development:				
Dinwiddie County Airport and Industrial Authority	55,140	55,140	55,140	-
Dinwiddie County Water Authority	510,000	510,000	454,554	55,446
Total community development	565,140	565,140	509,694	55,446
Debt service:				
Principal retirement	4,164,138	4,164,138	4,162,538	1,600
Interest and other fiscal charges	2,242,908	2,245,908	2,245,908	-
Total debt service	6,407,046	6,410,046	6,408,446	1,600
TOTAL DEBT SERVICE FUND	6,972,186	6,975,186	6,918,140	57,046

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

Schedule 2

(Continued)

Entity, Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
PRIMARY GOVERNMENT (Continued)				
CAPITAL PROJECTS FUND				
Capital outlays and projects:				
County building improvements	\$ 3,775,752	\$ 4,405,305	\$ 2,311,752	\$ 2,093,553
County schools	1,160,000	1,283,138	1,175,053	108,085
Equipment purchases	-	736,172	146,171	590,001
TOTAL CAPITAL PROJECTS FUND	<u>4,935,752</u>	<u>6,424,615</u>	<u>3,632,976</u>	<u>2,791,639</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 53,940,881</u>	<u>\$ 55,724,106</u>	<u>\$ 50,420,660</u>	<u>\$ 5,303,446</u>
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD				
OPERATING FUND				
Education:				
Administration, health, and attendance	\$ 2,134,333	\$ 2,134,333	\$ 2,117,428	\$ 16,905
Instruction costs	31,627,884	31,638,625	30,701,705	936,920
Technology	1,181,044	1,181,044	1,791,978	(610,934)
Pupil transportation	2,882,732	2,882,732	2,666,863	215,869
Operation and maintenance of school plant	5,443,284	5,443,284	5,388,535	54,749
Total education	<u>43,269,277</u>	<u>43,280,018</u>	<u>42,666,509</u>	<u>613,509</u>
Capital outlays and projects				
County schools	<u>310,000</u>	<u>334,644</u>	<u>334,644</u>	<u>-</u>
TOTAL OPERATING FUND	<u>43,579,277</u>	<u>43,614,662</u>	<u>43,001,153</u>	<u>613,509</u>
SPECIAL REVENUE FUND				
Education:				
Instruction costs	600,000	600,000	229,501	370,499
School food services	1,755,678	1,919,000	1,711,695	207,305
Commodities	-	-	106,201	(106,201)
TOTAL SPECIAL REVENUE FUND	<u>2,355,678</u>	<u>2,519,000</u>	<u>2,047,397</u>	<u>471,603</u>
TOTAL DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD	<u>\$ 45,934,955</u>	<u>\$ 46,133,662</u>	<u>\$ 45,048,550</u>	<u>\$ 1,085,112</u>

See independent auditors' report.



County of Dinwiddie, Virginia

Statistical Section (unaudited)

Year Ended June 30, 2016



County of Dinwiddie, Virginia
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 15,863,467	\$ 6,573,010	\$ 6,484,665	\$ 12,183,433	\$ 15,144,598	\$ 12,357,012	\$ 13,780,816	\$ 16,780,320	\$ 17,554,195	\$ 19,903,572
Restricted	281,512	281,512	300,303	-	-	7,411	-	-	-	-
Unrestricted	28,095,354	28,124,095	28,949,723	26,967,288	24,062,305	26,432,185	24,996,338	16,596,108	18,017,882	17,952,748
Total governmental activities net position	<u>\$ 44,240,333</u>	<u>\$ 34,978,617</u>	<u>\$ 35,734,691</u>	<u>\$ 39,150,721</u>	<u>\$ 39,206,903</u>	<u>\$ 38,796,608</u>	<u>\$ 38,777,154</u>	<u>\$ 33,376,428</u>	<u>\$ 35,572,077</u>	<u>\$ 37,856,320</u>
Primary government:										
Net investment in capital assets	\$ 15,863,467	\$ 6,573,010	\$ 6,484,665	\$ 12,183,433	\$ 15,144,598	\$ 12,357,012	\$ 13,780,816	\$ 16,780,320	\$ 17,554,195	\$ 19,903,572
Restricted	281,512	281,512	300,303	-	-	7,411	-	-	-	-
Unrestricted	28,095,354	28,124,095	28,949,723	26,967,288	24,062,305	26,432,185	24,996,338	16,596,108	18,017,882	17,952,748
Total primary government net position	<u>\$ 44,240,333</u>	<u>\$ 34,978,617</u>	<u>\$ 35,734,691</u>	<u>\$ 39,150,721</u>	<u>\$ 39,206,903</u>	<u>\$ 38,796,608</u>	<u>\$ 38,777,154</u>	<u>\$ 33,376,428</u>	<u>\$ 35,572,077</u>	<u>\$ 37,856,320</u>

County of Dinwiddie, Virginia
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government administration	\$ 2,160,836	\$ 2,228,249	\$ 2,911,274	\$ 2,412,955	\$ 2,491,383	\$ 2,647,617	\$ 2,737,123	\$ 2,503,060	\$ 2,761,437	\$ 3,069,950
Judicial administration	828,790	1,000,621	1,094,384	1,233,507	1,101,074	1,121,095	1,204,496	1,163,642	1,182,308	1,155,707
Public safety	9,224,156	10,113,253	10,933,257	10,424,635	10,538,356	10,702,298	10,830,573	10,765,393	11,055,175	10,725,317
Public works	3,151,835	3,113,226	3,045,668	3,217,083	2,954,657	3,134,643	4,152,120	3,003,165	2,861,601	3,291,703
Health and welfare	3,188,957	3,410,351	3,383,742	3,514,474	3,615,528	3,804,266	3,910,976	4,235,239	4,243,201	4,769,268
Education	9,977,936	20,187,331	13,084,765	13,602,573	18,555,995	18,782,146	16,511,110	15,943,324	16,826,706	18,313,557
Parks, recreation, and cultural	552,282	911,484	933,556	890,544	450,650	1,296,375	1,378,098	1,463,533	1,486,972	1,612,546
Community development	1,521,653	1,987,130	1,870,325	2,020,023	1,714,759	2,046,538	1,898,953	2,090,549	1,681,973	1,461,725
Interest and other fiscal charges	3,960,721	3,934,723	3,722,439	3,510,601	3,267,513	2,379,842	2,473,351	2,105,020	1,958,572	1,783,489
Total governmental activities expense	<u>34,567,166</u>	<u>46,886,368</u>	<u>40,979,410</u>	<u>40,826,395</u>	<u>44,689,915</u>	<u>45,914,820</u>	<u>45,096,800</u>	<u>43,272,925</u>	<u>44,057,945</u>	<u>46,183,262</u>
Total primary government expenses	<u>\$ 34,567,166</u>	<u>\$ 46,886,368</u>	<u>\$ 40,979,410</u>	<u>\$ 40,826,395</u>	<u>\$ 44,689,915</u>	<u>\$ 45,914,820</u>	<u>\$ 45,096,800</u>	<u>\$ 43,272,925</u>	<u>\$ 44,057,945</u>	<u>\$ 46,183,262</u>
Program revenues:										
Governmental activities:										
Charges for services:										
Judicial administration	523,019	830,912	1,305,499	1,384,720	1,339,915	1,138,112	764,553	757,859	660,545	490,026
Public safety	1,203,542	898,793	856,280	1,031,217	1,018,918	1,015,426	1,137,315	487,342	952,948	883,388
Public works	739,398	751,894	653,109	637,392	627,203	644,216	698,753	616,209	558,306	698,944
Parks, recreation, and cultural	79,875	66,293	92,409	110,846	145,027	165,857	182,042	189,355	185,346	175,546
Community development	10,698	1,416	1,390	681	712	376	1,287	449	2,150	724
Operating grants and contributions	6,296,842	6,124,116	6,003,643	6,175,872	5,697,075	7,235,060	6,620,851	6,586,412	5,480,256	5,777,784
Capital grants and contributions	-	2,757,972	616,088	929,973	699,323	748,964	295,603	-	-	-
Total governmental activities program revenues	<u>8,853,374</u>	<u>11,431,396</u>	<u>9,528,418</u>	<u>10,270,701</u>	<u>9,528,173</u>	<u>10,948,011</u>	<u>9,700,404</u>	<u>8,637,626</u>	<u>7,839,551</u>	<u>8,026,412</u>
Total primary government program revenues	<u>8,853,374</u>	<u>11,431,396</u>	<u>9,528,418</u>	<u>10,270,701</u>	<u>9,528,173</u>	<u>10,948,011</u>	<u>9,700,404</u>	<u>8,637,626</u>	<u>7,839,551</u>	<u>8,026,412</u>
Total governmental activities	<u>(25,713,792)</u>	<u>(35,454,972)</u>	<u>(31,450,992)</u>	<u>(30,555,694)</u>	<u>(35,161,742)</u>	<u>(34,966,809)</u>	<u>(35,396,396)</u>	<u>(34,635,299)</u>	<u>(36,218,394)</u>	<u>(38,156,850)</u>
Total primary government net expense	<u>\$ (25,713,792)</u>	<u>\$ (35,454,972)</u>	<u>\$ (31,450,992)</u>	<u>\$ (30,555,694)</u>	<u>\$ (35,161,742)</u>	<u>\$ (34,966,809)</u>	<u>\$ (35,396,396)</u>	<u>\$ (34,635,299)</u>	<u>\$ (36,218,394)</u>	<u>\$ (38,156,850)</u>

County of Dinwiddie, Virginia
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

(Continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 21,348,615	\$ 22,217,232	\$ 22,549,583	\$ 24,743,254	\$ 25,156,908	\$ 26,805,696	\$ 26,664,129	\$ 26,701,104	\$ 28,569,530	\$ 30,541,846
Local sales and use taxes	1,180,546	1,374,304	1,065,681	1,096,278	1,203,733	1,363,905	1,423,691	1,503,579	1,572,641	1,646,878
Taxes on recordation and wills	269,394	233,515	183,743	160,647	120,939	158,345	150,205	119,494	200,439	144,479
Motor vehicle licenses taxes	476,817	378,508	494,872	617,821	545,740	540,211	534,395	547,572	548,898	537,038
Consumer utility taxes	886,235	564,293	582,840	709,229	532,818	581,790	585,574	570,681	539,173	597,275
Communication taxes	-	1,058,009	961,296	965,609	-	-	-	-	-	-
Business licenses taxes	704,284	733,008	691,566	598,129	627,762	639,686	756,995	737,025	694,323	692,586
Other local taxes	1,613,971	1,027,137	939,573	771,758	950,403	1,001,612	1,051,407	1,066,955	1,160,065	1,165,756
Unrestricted grants and contributions	3,958,524	3,918,941	3,806,489	3,665,342	4,731,621	3,691,120	3,861,191	4,821,770	4,805,481	4,767,428
Unrestricted revenues from use of money and property	4,186,253	2,253,826	566,711	202,165	148,742	252,722	92,727	80,256	67,262	100,228
Miscellaneous	119,584	106,193	364,712	166,484	873,653	305,634	309,289	1,370,772	256,231	247,579
Gain (loss) on sale of capital assets	111,673	-	-	-	-	(941,808)	(52,661)	-	-	-
Payment from Dinwiddie County School Board	-	-	-	275,008	402,508	-	-	-	-	-
Refunds from mineral lands tax	(747,331)	-	-	-	-	-	-	-	-	-
Total governmental activities	34,108,565	33,864,966	32,207,066	33,971,724	35,294,827	34,398,913	35,376,942	37,519,208	38,414,043	40,441,093
Total primary government	\$ 34,108,565	\$ 33,864,966	\$ 32,207,066	\$ 33,971,724	\$ 35,294,827	\$ 34,398,913	\$ 35,376,942	\$ 37,519,208	\$ 38,414,043	\$ 40,441,093
Change in net position:										
Governmental activities	\$ 8,394,773	\$ (1,590,006)	\$ 756,074	\$ 3,416,030	\$ 133,085	\$ (567,896)	\$ (19,454)	\$ 2,883,909	\$ 2,195,649	\$ 2,284,243
Total primary government	\$ 8,394,773	\$ (1,590,006)	\$ 756,074	\$ 3,416,030	\$ 133,085	\$ (567,896)	\$ (19,454)	\$ 2,883,909	\$ 2,195,649	\$ 2,284,243

County of Dinwiddie, Virginia
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3

	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016
General fund:										
Reserved	\$ 281,512	\$ 281,512	\$ 192,984	\$ 192,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	18,307,012	20,566,462	19,216,083	20,349,735	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	199,877	22,053	3,182	17,260	-
Restricted	-	-	-	-	226,025	28,746	27,282	25,909	20,335	16,716
Committed	-	-	-	-	792,632	600,876	604,394	1,478,423	1,233,993	1,287,373
Unassigned	-	-	-	-	19,576,705	20,676,360	18,994,949	19,631,444	20,199,566	17,615,683
Total general fund	18,588,524	20,847,974	19,409,067	20,542,719	20,595,362	21,505,859	19,648,678	21,138,958	21,471,154	18,919,772
All other governmental funds:										
Unreserved, reported in:										
Special revenue funds	620,213	293,749	466,301	382,200	-	-	-	-	-	-
Capital projects funds	37,479,461	10,996,380	4,761,094	2,789,047	-	-	-	-	-	-
Debt service funds	8,926,402	7,137,604	5,315,444	3,543,049	-	-	-	-	-	-
Restricted, reported in:										
Special revenue funds	-	-	-	-	332,570	343,882	357,953	299,947	340,279	322,107
Capital projects funds	-	-	-	-	121,817	-	-	-	-	-
Debt service funds	-	-	-	-	299,364	7,411	-	-	-	-
Committed, reported in:										
Special revenue funds	-	-	-	-	159,814	170,619	85,823	225,323	370,461	259,362
Capital projects funds	-	-	-	-	1,070,766	2,016,237	2,481,998	1,141,763	1,581,611	2,811,295
Debt service funds	-	-	-	-	1,570,371	-	772,413	104,220	721	57,047
Unassigned, reported in:										
Debt service funds	-	-	-	-	-	(2,881)	-	-	-	-
Total all other governmental funds	47,026,076	18,427,733	10,542,839	6,714,296	3,554,702	2,535,268	3,698,187	1,771,253	2,293,072	3,449,811
Total fund balances	\$ 65,614,600	\$ 39,275,707	\$ 29,951,906	\$ 27,257,015	\$ 24,150,064	\$ 24,041,127	\$ 23,346,865	\$ 22,910,211	\$ 23,764,226	\$ 22,369,583

(1) The presentation of fund balance changed in 2011 as a result of the implementation of GASB 54. Prior to 2011, fund balances are reported only as 'Reserved' and 'Unreserved'. Effective 2011, fund balances are reported as described in Note 1 of the notes to the financial statements.

County of Dinwiddie, Virginia
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
General property taxes	21,238,498	21,877,562	22,387,028	24,350,213	25,198,581	25,844,662	27,337,402	27,377,476	28,778,834	30,141,709
Other local taxes	5,131,247	5,368,774	4,919,571	4,919,471	3,981,395	4,285,549	4,502,267	4,545,306	4,715,539	4,784,012
Permits, privilege fees and regulatory licenses	638,110	432,228	289,909	241,966	219,773	183,116	218,819	230,379	220,312	235,414
Fines and forfeitures	409,938	662,248	1,069,519	1,381,372	1,335,399	912,324	611,709	611,900	536,407	381,083
Revenue from use of money and property	4,159,294	2,226,867	566,711	202,165	148,742	126,044	92,727	80,256	67,262	100,228
Charges for services	1,508,484	1,454,832	1,549,259	1,541,518	1,576,603	1,691,435	1,717,724	1,580,187	1,579,605	1,617,093
Miscellaneous	119,584	106,193	364,712	166,484	873,653	305,634	309,289	1,370,772	256,231	247,579
Recovered costs	93,523	67,612	72,354	147,323	141,444	558,360	211,642	282,675	366,037	973,687
Intergovernmental:										
Local	-	-	-	275,008	402,508	-	-	-	-	-
Commonwealth	8,789,542	8,727,677	8,578,024	8,855,646	9,158,447	9,548,625	9,261,440	9,721,617	8,892,515	9,072,409
Federal	1,465,824	1,315,380	1,848,196	1,915,541	1,969,572	1,638,603	1,333,825	1,686,565	1,393,222	1,472,803
Total revenues	43,554,044	42,239,373	41,645,283	43,996,707	45,006,117	45,094,352	45,596,844	47,487,133	46,805,964	49,026,017
Expenditures:										
Current:										
General government administration	1,852,439	2,156,294	2,756,161	2,281,210	2,317,414	2,639,998	2,628,659	2,679,015	3,091,868	3,126,145
Judicial administration	743,995	918,387	1,003,583	1,035,794	932,176	949,880	1,026,855	1,092,076	1,052,989	1,071,068
Public safety	8,725,167	9,187,117	9,937,558	9,348,959	9,940,361	9,878,659	9,897,248	10,620,701	10,329,855	10,906,318
Public works	2,852,468	2,929,734	3,120,224	3,214,198	3,034,564	3,185,400	3,099,456	3,017,870	3,109,128	3,247,269
Health and welfare	3,209,807	3,368,580	3,338,376	3,489,223	3,619,191	3,774,424	3,975,895	4,395,503	4,320,877	4,798,476
Education	10,827,763	11,691,834	11,125,804	9,992,801	13,218,360	10,532,122	12,204,287	12,177,415	12,853,966	14,149,437
Parks, recreation and cultural	521,670	758,189	943,879	841,349	953,983	1,244,371	1,332,954	1,380,267	1,369,060	1,500,796
Community development	1,439,554	1,600,038	1,857,951	1,991,454	2,473,718	1,914,620	1,820,304	2,245,621	1,826,635	1,579,729
Capital projects	29,769,497	27,848,522	8,017,859	5,869,156	3,047,106	1,885,107	3,870,818	3,842,471	1,565,152	3,632,976
Debt service:										
Principal	2,268,817	4,310,711	4,908,688	4,996,992	5,163,875	5,367,282	3,911,457	3,854,758	3,985,209	4,162,538
Interest and other fiscal charges	3,991,636	3,815,360	3,959,001	3,630,462	3,412,320	3,181,280	2,523,173	2,618,090	2,447,210	2,245,908
Total expenditures	66,202,813	68,584,766	50,969,084	46,691,598	48,113,068	44,553,143	46,291,106	47,923,787	45,951,949	50,420,660
Excess (deficiency) of revenues over expenditures	(22,648,769)	(26,345,393)	(9,323,801)	(2,694,891)	(3,106,951)	541,209	(694,262)	(436,654)	854,015	(1,394,643)
Other financing sources (uses):										
Operating transfers in	8,289,953	8,461,868	10,489,849	10,370,440	8,785,037	19,321,137	13,250,134	10,057,949	9,651,526	11,936,410
Operating transfers out	(8,289,953)	(8,461,868)	(10,489,849)	(10,370,440)	(8,785,037)	(19,321,137)	(13,250,134)	(10,057,949)	(9,651,526)	(11,936,410)
Redemption of refunding bonds issued	-	(15,000,000)	-	-	-	(48,253,105)	-	-	-	-
Bonds issued	6,000,000	11,620,646	-	-	-	44,490,000	-	-	-	-
Premium on bonds issued	-	627,882	-	-	-	7,117,378	-	-	-	-
Bond issuance costs	-	-	-	-	-	(533,713)	-	-	-	-
Deferred amounts on refunding	-	-	-	-	-	(2,825,293)	-	-	-	-
Interest rate subsidy	-	2,757,972	-	-	-	-	-	-	-	-
Refund of mineral lands tax	(747,331)	-	-	-	-	-	-	-	-	-
Sale of capital assets	111,673	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	5,364,342	6,500	-	-	-	(4,733)	-	-	-	-
Net change in fund balances	\$ (17,284,427)	\$ (26,338,893)	\$ (9,323,801)	\$ (2,694,891)	\$ (3,106,951)	\$ 536,476	\$ (694,262)	\$ (436,654)	\$ 854,015	\$ (1,394,643)
Debt service as a percentage of noncapital expenditures	20.75%	24.92%	26.02%	26.80%	23.50%	19.75%	14.46%	14.77%	14.37%	13.50%

See independent auditors' report.

County of Dinwiddie, Virginia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2016	\$ 2,186,900,979	\$ 331,006,007	\$ 8,759,030	\$ 19,233,483	\$ 183,649,625	\$ 2,729,549,124	\$ 2,729,549,124	100.00%
2015	\$ 2,177,246,848	\$ 311,327,929	\$ 8,774,611	\$ 20,702,654	\$ 162,890,147	\$ 2,680,942,189	\$ 2,680,942,189	100.00%
2014	\$ 2,115,140,397	\$ 270,014,052	\$ 8,016,891	\$ 18,853,409	\$ 148,482,804	\$ 2,560,507,553	\$ 2,560,507,553	100.00%
2013	\$ 2,103,004,800	\$ 268,979,238	\$ 7,835,200	\$ 19,115,504	\$ 153,809,681	\$ 2,552,744,423	\$ 2,552,744,423	100.00%
2012	\$ 2,309,384,088	\$ 217,568,311	\$ 10,105,858	\$ 17,873,920	\$ 144,290,152	\$ 2,699,222,329	\$ 2,699,222,329	100.00%
2011	\$ 2,293,243,398	\$ 221,451,302	\$ 9,121,178	\$ 17,998,701	\$ 129,154,426	\$ 2,670,969,005	\$ 2,670,969,005	100.00%
2010	\$ 2,275,904,269	\$ 183,394,803	\$ 7,834,404	\$ 19,740,366	\$ 121,448,841	\$ 2,608,322,683	\$ 2,608,322,683	100.00%
2009	\$ 2,246,727,030	\$ 239,032,639	\$ 7,392,197	\$ 23,206,263	\$ 121,569,471	\$ 2,637,927,600	\$ 2,637,927,600	100.00%
2008	\$ 1,588,563,485	\$ 234,516,674	\$ 8,596,551	\$ 21,624,995	\$ 78,317,277	\$ 1,931,618,982	\$ 1,931,618,982	100.00%
2007	\$ 1,541,253,515	\$ 220,564,452	\$ 8,541,491	\$ 20,291,570	\$ 91,695,853	\$ 1,882,346,881	\$ 1,882,346,881	100.00%

Source: Commissioner of Revenue

County of Dinwiddie, Virginia
Direct Property Tax Rates
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2016	\$ 0.79	\$ 4.90	\$ 0.79	\$ 3.30
2015	\$ 0.79	\$ 4.90	\$ 0.79	\$ 3.30
2014	\$ 0.79	\$ 4.90	\$ 0.79	\$ 3.30
2013	\$ 0.72 / 0.79	\$ 4.90	\$ 0.72 / 0.79	\$ 3.30
2012	\$ 0.72	\$ 4.90	\$ 0.72	\$ 3.30
2011	\$ 0.72	\$ 4.90	\$ 0.72	\$ 3.30
2010	\$ 0.68 / 0.72	\$ 4.90	\$ 0.68 / 0.72	\$ 3.30
2009	\$ 0.87 / 0.68	\$ 4.90	\$ 0.87 / 0.68	\$ 3.30
2008	\$ 0.87	\$ 4.90	\$ 0.87	\$ 3.30
2007	\$ 0.87	\$ 4.90	\$ 0.87	\$ 3.30

Notes: Per \$100 assessed value. There are no overlapping property tax rates with other governments.

County of Dinwiddie, Virginia
Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Table 7

Taxpayer	Industry	Fiscal Year 2016		Fiscal Year 2007		Taxpayer	Industry
		Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation		
Gerdeau Ameristeel/Chaparral	Manufacturing	\$ 197,645,799	9.09%	\$ 168,109,898	10.91%	Gerdeau Ameristeel/Chaparral	Manufacturing
ARCIP ID Petersburg VA LLC	Lease Property	57,430,981	2.64%	52,003,342	3.37%	Walmart	Distribution
Walmart	Distribution	59,236,481	2.72%	13,247,400	0.86%	TIAA Timberlands 1 LLC	Timber
TIAA Timberlands 1 LLC	Timber	26,718,100	1.23%	10,140,900	0.66%	American Timberland LLC	Timber
American Timberland LLC	Timber	17,389,800	0.80%	8,153,100	0.53%	Rohoic Wood Apartments Inc	Rental Property
Rohoic Wood Apartments Inc	Rental Property	14,426,700	0.66%	7,050,800	0.46%	Bain Properties LLC	Agricultural
Bain Properties LLC	Agricultural	13,172,100	0.61%	6,605,640	0.43%	Philip Morris Products Inc	Manufacturing
Tindall Corp	Manufacturing	12,691,827	0.58%	6,401,600	0.42%	Eastern Timberlands LLC	Timber
Vulcan	Mining	10,305,920	0.47%	5,434,900	0.35%	Hollingsworth Capital Partners	Rental Property
Charles W & Shirley Harrison	Rental Property	10,290,100	0.47%	4,648,100	0.30%	Tindall Corp	Manufacturing
		<u>\$419,307,808</u>	<u>19.29%</u>	<u>\$281,795,680</u>	<u>18.28%</u>		

Source: Commissioner of Revenue

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

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Levy
2016	\$ 34,201,160	\$ 32,004,636	93.58%	\$ -	\$ 32,004,636	93.58%
2015	\$ 32,314,058	\$ 28,792,802	89.10%	\$ 2,911,344	\$ 31,704,146	98.11%
2014	\$ 30,934,367	\$ 28,912,246	93.46%	\$ 1,725,529	\$ 30,637,775	99.04%
2013	\$ 30,472,439	\$ 28,427,203	93.29%	\$ 1,874,798	\$ 30,302,001	99.44%
2012	\$ 30,350,785	\$ 28,047,282	92.41%	\$ 2,188,098	\$ 30,235,380	99.62%
2011	\$ 28,499,407	\$ 26,961,086	94.60%	\$ 1,441,385	\$ 28,402,471	99.66%
2010	\$ 28,520,569	\$ 26,370,246	92.46%	\$ 2,091,518	\$ 28,461,764	99.79%
2009	\$ 26,847,233	\$ 25,020,017	93.19%	\$ 1,814,611	\$ 26,834,628	99.95%
2008	\$ 25,826,910	\$ 23,993,360	92.90%	\$ 1,823,799	\$ 25,817,159	99.96%
2007	\$ 24,150,316	\$ 22,877,484	94.73%	\$ 1,269,593	\$ 24,147,077	99.99%

Source: Treasurer's Office and Commissioner of the Revenue

County of Dinwiddie, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Literary Fund Loans	Other Notes / Bonds	Capital Leases			
2016	\$ 9,801,457	\$ -	\$ 38,855,930	\$ -	\$ 48,657,387	1.64%	\$ 1,692
2015	\$ 11,232,771	\$ -	\$ 42,186,509	\$ -	\$ 53,419,280	1.83%	\$ 1,844
2014	\$ 12,629,393	\$ -	\$ 45,430,625	\$ -	\$ 58,060,018	2.02%	\$ 2,012
2013	\$ 13,993,145	\$ -	\$ 48,620,796	\$ -	\$ 62,613,941	1.97%	\$ 2,129
2012	\$ 15,159,097	\$ -	\$ 44,490,000	\$ -	\$ 59,649,097	1.91%	\$ 2,456
2011	\$ 16,643,284	\$ -	\$ 52,136,200	\$ -	\$ 68,779,484	2.30%	\$ 2,677
2010	\$ 18,081,059	\$ -	\$ 57,101,372	\$ -	\$ 75,182,431	2.67%	\$ 2,949
2009	\$ 19,475,316	\$ 8,835	\$ 60,753,625	\$ -	\$ 80,237,776	2.95%	\$ 3,150
2008	\$ 20,801,266	\$ 23,835	\$ 64,379,716	\$ -	\$ 85,204,817	3.22%	\$ 3,555
2007	\$ 10,039,201	\$ 42,965	\$ 81,456,938	\$ -	\$ 91,539,104	3.59%	\$ 3,417

Note:

⁽¹⁾ Details regarding the County's outstanding debt can be found in the notes to the financial statements.

⁽²⁾ See the Schedule of Demographic and Economic Statistics - Table 11

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

Table 10

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded per Capita (1) Capital (1)
2016	\$ 9,801,457	\$ 9,801,457	0.36%	\$ 341
2015	\$11,232,771	\$ 11,232,771	0.42%	\$ 388
2014	\$12,629,393	\$ 12,629,393	0.49%	\$ 438
2013	\$13,993,145	\$ 13,993,145	0.53%	\$ 494
2012	\$15,159,097	\$ 15,159,097	0.56%	\$ 541
2011	\$16,643,284	\$ 16,643,284	0.62%	\$ 594
2010	\$18,081,059	\$ 18,081,059	0.69%	\$ 644
2009	\$19,484,151	\$ 19,484,151	0.74%	\$ 716
2008	\$20,825,101	\$ 20,825,101	1.08%	\$ 770
2007	\$10,082,166	\$ 10,082,166	0.54%	\$ 392

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5
- (3) Includes all long-term general obligation bonded debt and Literary Fund Loans; excludes revenue bonds, capital leases, and compensated absences

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	School Enrollment	Unemployment Rate %
2016	28,753	\$ 2,967,105	\$ 37,899	4,362	4.80%
2015	28,971	\$ 2,923,256	\$ 37,339	4,380	5.30%
2014	28,864	\$ 2,880,056	\$ 36,787	4,389	6.40%
2013	28,314	\$ 3,172,112	\$ 40,629	4,439	7.30%
2012	28,018	\$ 3,120,171	\$ 40,155	4,435	7.60%
2011	28,001	\$ 2,986,610	\$ 38,487	4,545	7.90%
2010	28,087	\$ 2,818,489	\$ 36,153	4,679	8.80%
2009	27,209	\$ 2,716,697	\$ 35,018	4,675	8.00%
2008	27,047	\$ 2,646,330	\$ 34,189	4,687	4.50%
2007	25,747	\$ 2,552,633	\$ 33,212	4,623	3.40%

Source: Weldon Cooper Center, Annual School Report, Bureau of Economic Analysis

Note: (1) Includes Colonial Heights and Petersburg; estimates used for 2015 & 2016

County of Dinwiddie, Virginia
Principal Employers
Current Year and Nine Years Prior

Table 12

Employer	Fiscal Year 2016		Fiscal Year 2007		Employer
	Range of Employee	Rank	Range of Employee	Rank	
Amazon.com	1000+	1	1000+	1	Southside VA Training Center
Walmart	1000+	2	1000+	2	WalMart
Central State Hospital	500-999	3	500-999	3	Dinwiddie Co School Board
Dinwiddie County School Board	500-999	4	500-999	4	Central State Hospital
Integrity Staffing Solutions	250-499	5	250-499	5	Gerdeau Ameristeel/Chaparral
Gerdeau Ameristeel/Chaparral	250-499	6	250-499	6	Tindall Concrete Products
County of Dinwiddie	250-499	7	250-499	7	County of Dinwiddie
Hiram W Davis Medical Ctr	100-249	8	100-249	8	Hiram W. Davis Medical Ctr
Tindall Concrete Products	100-249	9	100-249	9	Iluka Resources
Richard Bland College	100-249	10	100-249	10	Phillip Morris Products

Source: Virginia Employment Commission

Full-Time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	24.0	24.2	26.1	24.8	24.5	25.4	25.7	27.0	28.3	28.0
Judicial administration	11.0	11.9	13.4	12.5	12.2	12.4	12.6	13.2	13.7	12.5
Public safety:										
Sheriff's Office/Jail	58.0	64.5	65.4	64.6	64.2	63.1	55.5	55.6	57.8	58.3
Communications	16.0	17.0	16.5	16.4	17.4	18.2	16.9	17.0	18.6	18.6
Fire / Rescue / EMS	20.5	22.5	22.4	22.8	23.3	22.9	23.1	23.4	25.7	27.0
Building inspections	5.0	6.0	5.5	4.0	4.0	3.8	3.0	3.0	3.0	3.4
Animal control	3.5	3.6	3.8	3.7	4.0	3.9	4.2	4.9	4.9	5.0
Department of Comprehensive Services	2.5	3.3	3.1	2.3	2.1	2.6	2.7	2.8	2.5	3.0
Public works:										
General maintenance	6.0	5.8	6.9	6.0	6.4	6.0	6.0	6.1	4.9	4.2
Waste management	10.0	10.3	13.3	15.2	15.3	15.5	15.1	15.6	16.9	17.2
Health and welfare:										
Department of Social Services	29.0	30.0	30.0	30.0	30.0	29.0	28.0	28.0	28.0	28.0
Culture and recreation:										
Parks and recreation	5.0	6.5	8.0	7.4	8.9	14.0	14.8	15.5	16.3	18.7
Community development:										
Economic development	1.0	0.8	1.2	0.7	1.0	1.0	1.6	1.9	2.0	1.9
Cooperative extension	-	-	0.7	1.0	1.0	0.6	0.6	0.7	0.9	0.7
Planning	6.0	5.5	6.3	5.9	6.0	5.9	5.1	5.7	5.6	6.1
Totals	<u>197.5</u>	<u>211.9</u>	<u>222.6</u>	<u>217.3</u>	<u>220.3</u>	<u>224.3</u>	<u>214.9</u>	<u>220.4</u>	<u>229.1</u>	<u>232.6</u>

Source: County Payroll

County of Dinwiddie, Virginia
Operating Indicators by Function
Last Ten Fiscal Years

Table 14

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety:										
Sheriff's department:										
Physical arrests	1,371	1,501	1,965	2,331	1,828	1,657	1,658	1,643	1,399	1,247
Traffic violations	1,513	6,833	15,125	14,211	16,974	11,478	8,368	7,633	5,741	5,225
Civil papers	11,071	11,627	11,654	12,225	10,456	11,471	11,020	10,881	8,837	7,745
Childrens' Services:										
Caseload	193	227	277	229	206	207	179	158	164	169
Fire and rescue:										
Number of EMS calls answered	3,244	3,186	3,337	3,039	2,982	3,226	3,184	3,028	3,442	3,557
Building inspections:										
Permits issued	1,776	1,610	1,151	994	1,004	939	873	877	816	922
Animal control:										
Number of calls answered	3,947	2,398	2,367	2,629	3,409	6,465	5,298	4,872	4,598	4,197
Public works:										
Landfill:										
Refuse collection (tons/day)	51	56	48	53	49	53	51	47	51	47
Health and welfare:										
Department of Social Services caseload	4,557	4,597	5,284	6,170	6,485	6,844	6,926	6,793	6,968	6,599
Culture and recreation:										
Parks and recreation:										
Program participants: avg/mo	1,874	3,784	3,996	3,712	3,958	7,585	7,005	7,612	6,891	6,092
Community development:										
Planning:										
Zoning permits issued	216	127	75	82	44	41	47	45	32	28
Component Unit - School Board:										
Education:										
School age population	4,925	4,925	4,925	5,629*	5,629*	5,629*	5,629*	5,491	5,364	5,274
Number of teachers	358	364	370	365	351	342	333	336	341	344
Local expenditures per pupil	2,708	2,669	2,457	2,487	2,775	2,840	2,947	3,074	3,144	3,401

Source: Individual county departments

*County population from age 5 - 19 years per 2010 census

County of Dinwiddie, Virginia
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 15

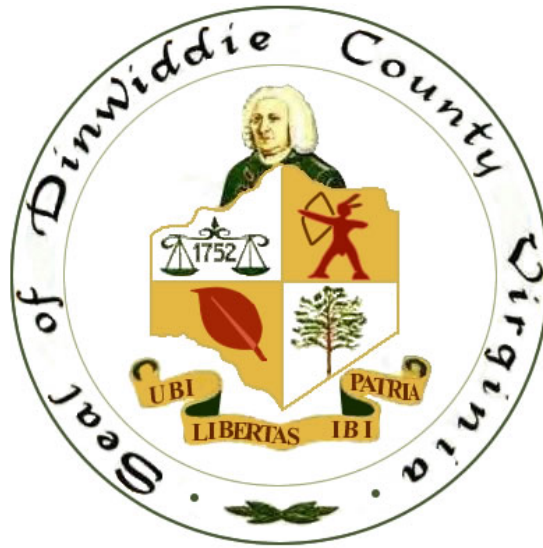
Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government:										
Buildings	15	15	16	16	16	16	16	16	16	15
Public safety:										
Sheriff's department:										
Patrol units	56	54	54	54	54	49	46	51	51	54
Building inspections:										
Vehicles	3	4	4	4	4	3	3	3	3	3
Animal control:										
Vehicles	3	3	3	3	3	3	3	4	4	4
Public works:										
General maintenance:										
Trucks / vehicles	3	3	3	3	6	6	7	7	7	5
Landfill:										
Vehicles	4	7	7	7	9	11	14	14	14	10
Health and welfare:										
Department of Social Services:										
Vehicles	7	7	7	7	7	7	7	7	7	7
Culture and recreation:										
Parks and recreation:										
Community centers	1	1	1	1	2	2	2	2	3	3
Vehicles	1	2	2	2	5	5	7	8	8	10
Community development:										
Planning:										
Vehicles	2	3	3	3	3	3	2	2	2	2
Component unit - School Board:										
Education:										
Schools	7	8	8	8	8	8	8	8	8	8
School buses	110	113	113	113	113	113	111	102	103	90

Source: Individual County departments

County of Dinwiddie, Virginia

Compliance Section

Year Ended June 30, 2016



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 Board of Supervisors
County of Dinwiddie, Virginia
Dinwiddie, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dinwiddie, 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 Dinwiddie, Virginia's basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Dinwiddie, 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 Dinwiddie, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Dinwiddie, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Dinwiddie, 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*.



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.

Dixon Hughes Goodman LLP

**Chester, Virginia
November 28, 2016**

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance

To The Honorable Members of Board of Supervisors
County of Dinwiddie, Virginia
Dinwiddie, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Dinwiddie, 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 Dinwiddie, Virginia's major federal programs for the year ended June 30, 2016. The County of Dinwiddie, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Dinwiddie, 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 County of Dinwiddie, 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 Dinwiddie, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Dinwiddie, 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 Dinwiddie, 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 Dinwiddie, 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 Dinwiddie, 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.

Dixon Hughes Goodman LLP

**Chester, Virginia
November 28, 2016**

Independent Auditors' Report on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants

To The Honorable Members of Board of Supervisors
County of Dinwiddie, Virginia
Dinwiddie, Virginia

We have audited the financial statements of the County of Dinwiddie, Virginia, as of and for the year ended June 30, 2016, and have issued our report thereon dated November 28, 2016.

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 Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia laws, regulations, contracts and grants applicable to the County of Dinwiddie, Virginia, is the responsibility of the County of Dinwiddie, Virginia's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Dinwiddie, Virginia's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Following is a summary of the Commonwealth of Virginia's laws, regulations, contracts and grants for which we performed tests of compliance:

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Debt Provisions
- Retirement Systems
- Procurement
- Unclaimed Property

State Agency Requirements

- Education
- Children's Services Act Funds
- Social Services



The results of our tests disclosed one instance of noncompliance with the provisions referred to in the preceding paragraph as noted in the Schedule of Findings and Responses, Finding 16-01. With respect to items not tested, nothing came to our attention that caused us to believe that the County of Dinwiddie, Virginia had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of the County of Dinwiddie, Virginia's Board of Supervisors, management, and the Auditor of Public Accounts and all applicable state agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

**Chester, Virginia
November 28, 2016**

County of Dinwiddie, Virginia
Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit - School Board
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Entity Identifying Pass-through Number	Expenditures
Primary Government:			
Department of Agriculture pass-through programs:			
Virginia Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	10111	\$ 242,167
Department of Health and Human Services pass-through programs:			
Virginia Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	15,506
Temporary Assistance for Needy Families	93.558	0400109/0400110	236,902
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	257
Low-income Home Energy Assistance	93.568	0600409/0600410	27,175
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	38,276
Chafee education and training vouchers program	93.599	0900109/090110	1,217
Foster Care - Title IV-E	93.658	1100109/1100110	180,702
Adoption assistance	93.659	1120109/1120110	113,357
Social services block grant	93.667	1000109/1000110	194,359
Chafee foster care independence program	93.674	9150109/9150110	3,430
Children's health insurance program	93.767	0540109/0540110	9,855
Medical assistance program	93.778	1200109/1200110	303,579
Total Department of Health and Human Services			<u>1,124,615</u>
Department of Transportation pass-through programs:			
Department of Motor Vehicles:			
State and community highway safety	20.600	60507-53150	<u>2,609</u>
Department of Justice:			
Direct programs:			
Bulletproof vest partnership program	16.607	n/a	10,277
Pass-through programs:			
Department of Criminal Justice Services:			
Crime victim assistance	16.575	undetermined	59,687
Edward Byrne memorial justice assistance grant program	16.738	39001-51100	<u>13,264</u>
Total Department of Justice			<u>83,228</u>
Department of Homeland Security pass-through programs:			
Department of Emergency Management:			
Emergency management performance grant	97.042	77501-52743	<u>7,500</u>
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
American Battlefield Protection	15.926	n/a	10,529
Payments in lieu of taxes	15.226	n/a	<u>953</u>
Total Department of the Interior			<u>11,482</u>
Total Primary Government			<u><u>\$ 1,471,601</u></u>

County of Dinwiddie, Virginia
Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit - School Board
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Entity Identifying Pass-through Number	Expenditures
Component Unit - School Board:			
Department of Agriculture pass-through programs:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Food distribution - noncash assistance	10.555	17901-45707	\$ 106,201
Virginia Department of Education:			
National school breakfast program	10.553	17901-40591	279,531
National school lunch program	10.555	17901-40623	793,026
Total Child Nutrition Cluster			<u>1,178,758</u>
The Improvement Association:			
Child and adult care food program	10.558	undetermined	<u>77,090</u>
Total Department of Agriculture			<u>1,255,848</u>
Department of Defense direct program:			
JROTC Instruction	12.000	16-1205-13	<u>64,572</u>
Department of Education pass-through programs:			
Virginia Department of Education:			
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	17901-43071	908,421
Special education - preschool grants	84.173	17901-62521	26,925
Total Special Education Cluster (IDEA)			<u>935,346</u>
Title I grants to local educational agencies	84.010	17901-42901	802,421
Title III grants to local educational agencies	84.031	S365A150046	5,341
Career and technical education - basic grants to states	84.048	17901-61095	72,204
Improving teacher quality state grants	84.367	17901-61480	121,045
			<u>1,001,011</u>
State Council for Higher Education for Virginia			
Gaining early awareness and readiness for undergraduate programs	84.334	P3345140027	<u>42,877</u>
Total Department of Education			<u>1,979,234</u>
Total Component Unit School Board			<u>\$ 3,299,654</u>
Total Reporting Entity			<u>\$ 4,771,255</u>

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on an accrual basis of accounting consistent with the basis of accounting used by County of Dinwiddie, Virginia. The schedule includes all known federal funds expended by the County 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

2. Summary of Significant Accounting Policies

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

3. Subrecipient Payments

None of the expenditures reported on the Schedule were passed through to subrecipients.

Schedule of Findings and Responses

1. Summary of Auditors' Results

- A. An unmodified opinion was issued on the financial statements.
- B. There were no material weaknesses or significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements.
- C. The audit did not disclose any instances of noncompliance material to the financial statements.
- D. There were no material weaknesses or significant deficiencies in internal control over major federal programs disclosed by the audit.
- E. An unmodified opinion was issued on compliance for the major programs.
- F. The audit disclosed no compliance findings required to be reported under Subpart F Section 200.516 of the Uniform Guidance.
- G. The major programs were:
 - Title I grants to local educational agencies – CFDA Number 84.010
 - Special Education Cluster – CFDA Numbers 84.027 and 84.173
- H. The dollar threshold used to distinguish between Type A and Type B programs is \$750,000.
- I. The auditee qualified as a low-risk auditee under Subpart F Section 200.520 of the Uniform Guidance.

2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

None noted

3. Findings and Questioned Costs for Federal Awards

None noted

4. Findings and Questioned Costs for Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Finding 16-01

Condition: A member of the Board of the Dinwiddie County Industrial Development Authority did not timely file a financial disclosure statement as required by Virginia Code Section 2.2-3115.

Criteria: The State and Local Government Conflict of Interests Act contained in Chapter 31 of Title 2.2 of the Code of Virginia requires local government entity board members to file a financial disclosure statement with the clerk of the governing body by December 15 of each year.

Effect: The member of the Industrial Development Authority did not file a disclosure form within the deadline as set forth by the State and Local Government Conflict of Interest Act.

Cause: Unknown

Recommendation: Members of governing bodies of Commissions, Boards, and Authorities should file required disclosure statements timely in accordance with the State and Local Government Conflict of Interests Act.

Management's Response: Management does an admirable job of attempting to obtain required forms from officials as demonstrated by the fact that only one official turned his form in late. Management will continue to take active steps to encourage officials to comply with the State and Local Government Conflict of Interests Act, including setting an internal deadline that is at least two weeks before the statutorily required deadline, and contacting officials who fail to submit required forms by the internal deadline.

5. Results of Prior Year Findings – Federal Awards

No findings or questioned costs related to federal awards were noted during current year audit.