

County of Tazewell, Virginia



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF TAZEWELL, VIRGINIA

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INTRODUCTORY SECTION

COUNTY OF TAZEWELL, VIRGINIA

BOARD OF SUPERVISORS

Maggie Asbury	Travis Hackworth, Chairman	John Absher
Mike Hymes		Charles Stacy

COUNTY SCHOOL BOARD

James Jones	Donna Whittington, Chairman	Irene Mullins
David Woodard		Chris Moir
	George Brown, Superintendent of Schools	

SOCIAL SERVICES BOARD

Karen Rich	Christine R. Thompson, Chairman	Tony Cordle
Amanda E. Buskill		Rene Steele

EX-OFFICIO MEMBERS

C. Eric Young, County Administrator
Rex Tester, Director of Social Services

OTHER OFFICIALS

Commonwealth's Attorney	Michael Dennis
Clerk of the Circuit Court.....	Tammy Allison
Commissioner of the Revenue.....	David R. Anderson
Treasurer	David T. Larimer
Sheriff	Brian L. Hieatt
School Board Clerk	Vicki Bailey

FINANCIAL SECTION



Independent Auditors' Report

**To the Board of Supervisors
County of Tazewell, Virginia
Tazewell, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit School Board, the aggregate remaining discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise County of Tazewell, Virginia'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 *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit School Board, the aggregate remaining discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 21 to the financial statements, in 2019, County of Tazewell, Virginia adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2019, the County of Tazewell, Virginia restated beginning balances to reflect the E-911 fund merging with the General Fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 90, and 91-107, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019 on our consideration of County of Tazewell, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Tazewell, Virginia's 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 Tazewell, Virginia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, Fauser, Cox Associates".

Blacksburg, Virginia
November 19, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Tazewell, Virginia ("the County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the audited basic financial statements.

Financial Highlights:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,632,103 (net position). Of this amount, \$612,888 was considered unrestricted.
- The liabilities and deferred inflows of resources of the County's business-type activities exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$641,498 (net position).
- The liabilities and deferred inflows of resources of the School Board component unit exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$42,713,701 (net position).
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$12,393,571. Of this amount \$9,550,411 was considered unassigned, \$2,021,883 was considered committed, \$704,720 was considered restricted, and \$116,557 was considered nonspendable.
- During the year, the County had governmental revenues that were \$3,646,006 more than expenses.

Overview of the Financial Statements:

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

- Government-Wide Financial Statements,
- Fund Financial Statements, and
- Notes to Financial Statements.

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

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

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

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

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

The Government-wide Financial Statements include not only the County itself (known as the primary government), but also a Landfill Fund (known as business-type activities) and a legally separate School Board for which the County is financially accountable. The financial statements also include three discretely presented component units that we do not control, but do exercise a significant financial relationship with. These include the Public Service Authority, the Industrial Development Authority, and the Airport Authority.

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

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

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the County’s near-term financing decisions. Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven individual governmental funds. Information is presented in the governmental funds Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, County CIP Fund, Coal Road Improvement Fund, Coal Road Economic Development Fund, Damage Stamp Fund and Law Library Fund, of which the General and County CIP Funds are considered to be major funds. Data from the four other nonmajor governmental funds are combined into a single presentation. Individual fund data for each of these funds are shown elsewhere in this report.

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

Proprietary Funds – The County maintains one proprietary fund: Landfill Fund. This fund accounts for activities similar to those found in the private sector.

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$7,990,605 at the close of the most recent fiscal year.

The largest portion of the County's net position \$13,928,821 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of net position (\$5,938,216) may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Position and Statement of Activities for 2019 and 2018.

Statement of Net Position

	Governmental and Business-type Activities 2019	Governmental and Business-type Activities 2018
Current and other assets	\$ 42,223,177	\$ 38,900,890
Capital assets	28,957,195	30,826,545
Total assets	<u>\$ 71,180,372</u>	<u>\$ 69,727,435</u>
Deferred outflows	<u>\$ 1,672,799</u>	<u>\$ 1,926,689</u>
Current and other liabilities	\$ 1,211,130	\$ 722,768
Long-term liabilities	36,030,985	37,923,628
Total liabilities	<u>\$ 37,242,115</u>	<u>\$ 38,646,396</u>
Deferred inflows	<u>\$ 27,620,451</u>	<u>\$ 26,029,935</u>
Net position:		
Net investment in capital assets	\$ 13,928,821	\$ 14,121,168
Unrestricted	(5,938,216)	(7,143,375)
Total net position	<u>\$ 7,990,605</u>	<u>\$ 6,977,793</u>

Statement of Activities

	Governmental and Business-type Activities 2019	Governmental and Business-type Activities 2018
Program revenues		
Charges for services	\$ 1,760,458	\$ 1,416,491
Operating grants and contributions	13,526,882	12,506,228
General revenues		
Property taxes	24,922,845	23,661,693
Other taxes	7,754,175	7,701,876
Revenue from use of money and property	341,361	337,777
Miscellaneous	97,593	98,340
Grants and contributions not restricted to specific programs	3,514,228	3,498,665
Gain on Disposal of Capital Assets	-	-
Total revenues	<u>\$ 51,917,542</u>	<u>\$ 49,221,070</u>
Expenses		
General government	\$ 3,205,172	\$ 3,796,817
Judicial administration	2,907,411	2,874,446
Public safety	15,812,040	15,144,377
Public works	3,044,245	2,963,089
Health and welfare	9,367,370	8,731,480
Education	10,620,057	12,056,621
Parks, recreation and cultural	1,852,831	2,145,145
Community development	1,007,607	1,322,293
Interest on debt	565,080	627,138
Landfill	2,522,917	2,315,958
Total expenses	<u>\$ 51,977,364</u>	<u>\$ 51,977,364</u>
Change in net position	<u>\$ 1,012,812</u>	<u>\$ (2,756,294)</u>

Financial Analysis of the County's Funds

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

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,393,571. Approximately 1% or \$116,557 is considered nonspendable, as it is for prepaid expenses, approximately 6% or \$704,720 is considered restricted as it can only be spent according to grant requirement, and approximately 16% or \$2,021,883 has been committed by action of the Board of Supervisors. The remaining balance, \$9,550,411 or 77% is unassigned, meaning there are no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$10,460,245, of this amount \$9,550,411 was considered unassigned, \$88,557 was considered committed, \$704,720 was considered restricted and \$116,557 was considered nonspendable. The special revenue funds, at the end of the fiscal year, had a fund balance of \$1,186,892 of which was considered committed. The County CIP Fund, had a fund balance of \$746,434 was considered committed.

Total governmental fund revenues increased \$2,161,064 and expenditures decreased \$1,183,281 over prior year amounts. For fiscal year ended June 30, 2019, revenues exceeded expenditures by \$3,646,006, as compared to the fiscal year ended June 30, 2018, revenues exceeded expenditures by \$301,661.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental activities and business-type activities as of June 30, 2019, amounts to \$28,957,195 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment, tenancy in common, improvements other than buildings, and construction in progress.

Additional information on the County’s capital assets can be found in Note 5 of this report.

Long-term obligations – At the end of the current fiscal year, the County had total long-term obligations outstanding as follows:

Governmental Activities:	
Accrued leave	\$ 630,982
Net OPEB liabilities	6,299,810
Net pension liability	6,424,610
General obligation bonds	4,970,650
Revenue bonds	9,691,408
Literary loan	150,000
Total	<u>\$ 28,167,460</u>
Business-type Activities:	
Estimated landfill liability	\$ 7,647,209
Bonds payable	216,316
Total	<u>\$ 7,863,525</u>

Additional information on the County’s long-term obligations can be found in Note 6 of this report.

Economic Factors

The June 2019 unemployment rate for the County was 4.3%, which is a decrease from a rate of 5.0% in June 2018. This is above the state's average unemployment rate of 2.9% and also above the national average rate of 3.7%.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 106 East Main Street, Tazewell, Virginia 24651.

Basic Financial Statements

County of Tazewell, Virginia
Statement of Net Position
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other Component Units
ASSETS					
Cash and Cash Equivalents	\$ 6,488,625	\$ 399,751	\$ 6,888,376	\$ 10,146,379	\$ 1,188,216
Investments	-	-	-	-	1,778,838
Receivables (Net of Allowance for Uncollectibles):					
Taxes	27,401,884	-	27,401,884	-	-
Accounts Receivable	460,287	107,875	568,162	18,625	752,561
Note Receivable	-	-	-	-	77,054
Due from Component Units	3,806,982	-	3,806,982	-	-
Due from Other Governmental Units	3,441,216	-	3,441,216	1,821,676	472,793
Internal Balances	(32,831)	32,831	-	-	-
Inventory	-	-	-	-	151,134
Prepaid Items	116,557	-	116,557	152,156	76,794
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	-	194,545
Capital Assets:					
Land	2,765,287	287,598	3,052,885	1,908,716	4,565,169
Buildings and Improvements	11,840,138	14,323	11,854,461	8,695,556	668,641
Tenancy in Common	3,140,606	-	3,140,606	10,272,065	-
Machinery and Equipment	4,380,522	-	4,380,522	3,705,215	919,252
Improvements Other Than Buildings	-	6,528,721	6,528,721	-	10,128,560
Infrastructure	-	-	-	-	71,402,011
Construction in Progress	-	-	-	-	18,940,325
Total Assets	\$ 63,809,273	\$ 7,371,099	\$ 71,180,372	\$ 36,720,388	\$ 111,315,893
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,259,468	\$ 37,757	\$ 1,297,225	\$ 4,723,950	\$ 214,182
OPEB related items	375,574	-	375,574	1,220,769	48,596
Total Deferred Outflows of Resources	\$ 1,635,042	\$ 37,757	\$ 1,672,799	\$ 5,944,719	\$ 262,778
LIABILITIES					
Accounts Payable	\$ 1,069,817	\$ 34,513	\$ 1,104,330	\$ 3,543,412	\$ 576,397
Accrued Liabilities	-	-	-	823,724	-
Accrued Wages	-	-	-	-	95,793
Customer Deposits	-	-	-	-	194,545
Accrued Interest Payable	106,800	-	106,800	54,163	32,147
Due to Primary Government	-	-	-	3,684,385	-
Unearned Revenue	-	-	-	-	3,000
Long-term Liabilities:					
Due Within One Year	1,870,421	216,316	2,086,737	1,235,055	2,890,640
Due in More Than One Year	26,297,039	7,647,209	33,944,248	64,549,393	37,409,933
Total Liabilities	\$ 29,344,077	\$ 7,898,038	\$ 37,242,115	\$ 73,890,132	\$ 41,202,455
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	\$ 25,516,734	-	\$ 25,516,734	\$ -	\$ -
Pension related items	659,924	152,316	812,240	8,009,999	104,419
OPEB related items	1,291,477	-	1,291,477	3,478,677	158,847
Total Deferred Inflows of Resources	\$ 27,468,135	\$ 152,316	\$ 27,620,451	\$ 11,488,676	\$ 263,266
NET POSITION					
Net Investment in Capital Assets	\$ 7,314,495	\$ 6,614,326	\$ 13,928,821	\$ 21,675,556	\$ 67,951,208
Restricted	704,720	-	704,720	2,949,738	-
Unrestricted	612,888	(7,255,824)	(6,642,936)	(67,338,995)	2,161,742
Total Net Position	\$ 8,632,103	\$ (641,498)	\$ 7,990,605	\$ (42,713,701)	\$ 70,112,950

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

County of Tazewell, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	School Board	Other Component Units
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government Administration	\$ 3,205,172	\$ 25,368	\$ 374,959	\$ -	\$ (2,804,845)	\$ -	\$ -	\$ -
Judicial Administration	2,907,411	839,811	1,467,531	-	(600,069)	-	-	-
Public Safety	15,812,040	189,701	2,912,066	-	(12,710,273)	-	-	-
Public Works	3,044,245	193,367	10,628	-	(2,840,250)	-	-	-
Health and Welfare	9,367,370	-	8,339,516	-	(1,027,854)	-	-	-
Education	10,620,057	-	-	-	(10,620,057)	-	-	-
Parks, Recreation and Cultural	1,852,831	47,956	169,198	-	(1,635,677)	-	-	-
Community Development	1,007,607	236	252,984	-	(754,387)	-	-	-
Interest	565,080	-	-	-	(565,080)	-	-	-
Total Governmental Activities	\$ 48,381,813	\$ 1,296,439	\$ 13,526,882	\$ -	\$ (33,558,492)	\$ -	\$ -	\$ -
Business-type Activities								
Landfill	2,522,917	464,019	-	-	-	(2,058,898)	-	-
Total Primary Government	\$ 50,904,730	\$ 1,760,458	\$ 13,526,882	\$ -	\$ (33,558,492)	\$ (2,058,898)	\$ -	\$ -
Component Units:								
School Board	\$ 52,481,081	\$ 1,104,905	\$ 45,436,620	\$ -	\$ -	\$ -	\$ (5,939,556)	\$ -
Other component units	9,841,832	7,451,078	257,429	2,536,905	-	-	-	403,580
Total Component Units	\$ 62,322,913	\$ 8,555,983	\$ 45,694,049	\$ 2,536,905	\$ -	\$ -	\$ (5,939,556)	\$ 403,580
General Revenues:								
General Property Taxes					\$ 24,922,845	\$ -	\$ -	\$ -
Other Local Taxes								
Local Sales and Use Taxes					4,713,962	-	-	-
Consumers Utility Taxes					845,507	-	-	-
MOPED and ATV sales tax					6,993	-	-	-
Utility License Taxes					22,061	-	-	-
Motor Vehicle Licenses					3,160	-	-	-
Bank Franchise Taxes					61,364	-	-	-
Taxes on Recordation and Wills					261,269	-	-	-
Coal Severance Taxes					1,156,742	-	-	-
Hotel and Motel Taxes					180,730	-	-	-
Gas Severance Tax					502,387	-	-	-
Unrestricted Revenues from Use of Money and Property					341,361	-	4,706	70,565
Miscellaneous					72,196	25,397	36,214	62,715
Payments from Primary Government/Component Units					-	-	10,560,057	1,465,388
Grants and Contributions not Restricted to Specific Programs					3,514,228	-	-	35,808
Transfers					(1,650,210)	1,650,210	-	-
Total General Revenues and transfers					\$ 34,954,595	\$ 1,675,607	\$ 10,600,977	\$ 1,634,476
Change in Net Position					\$ 1,396,103	\$ (383,291)	\$ 4,661,421	\$ 2,038,056
Net Position - Beginning					\$ 7,236,000	\$ (258,207)	\$ (47,375,122)	\$ 68,074,894
Net Position - Ending					\$ 8,632,103	\$ (641,498)	\$ (42,713,701)	\$ 70,112,950

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

County of Tazewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>County CIP Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 4,799,567	\$ 499,156	\$ 1,189,902	\$ 6,488,625
Receivables (Net of Allowance for Uncollectibles):				
Property Taxes	27,401,884	-	-	27,401,884
Other Receivables	317,077	-	143,210	460,287
Prepaid Items	116,557	-	-	116,557
Due from Other Funds	-	125,000	-	125,000
Due from Other Governmental Units	3,441,216	-	-	3,441,216
Due from Component Units	3,684,385	122,597	-	3,806,982
Total Assets	<u>\$ 39,760,686</u>	<u>\$ 746,753</u>	<u>\$ 1,333,112</u>	<u>\$ 41,840,551</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 923,278	\$ 319	\$ 146,220	\$ 1,069,817
Due to Other Funds	157,831	-	-	157,831
Total Liabilities	<u>\$ 1,081,109</u>	<u>\$ 319</u>	<u>\$ 146,220</u>	<u>\$ 1,227,648</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 28,219,332	\$ -	\$ -	\$ 28,219,332
FUND BALANCES				
Nonspendable	\$ 116,557	\$ -	\$ -	\$ 116,557
Restricted	704,720	-	-	704,720
Committed	88,557	746,434	1,186,892	2,021,883
Unassigned	9,550,411	-	-	9,550,411
Total Fund Balances	<u>\$ 10,460,245</u>	<u>\$ 746,434</u>	<u>\$ 1,186,892</u>	<u>\$ 12,393,571</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 39,760,686</u>	<u>\$ 746,753</u>	<u>\$ 1,333,112</u>	<u>\$ 41,840,551</u>

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

County of Tazewell, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	12,393,571
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	\$	2,765,287	
Buildings and improvements		11,840,138	
Tenancy in common		3,140,606	
Machinery and equipment		4,380,522	22,126,553

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

Unavailable revenue		2,702,598
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Deferred outflow of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	1,259,468	
OPEB related items		375,574	1,635,042

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

Accrued interest payable	\$	(106,800)	
Compensated absences		(630,982)	
Net OPEB liabilities		(6,299,810)	
Net pension liability		(6,424,610)	
General obligation bonds		(4,970,650)	
Revenue bonds		(9,691,408)	
Literary loan		(150,000)	(28,274,260)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$	(659,924)	
OPEB related items		(1,291,477)	(1,951,401)

Net Position of Governmental Activities	\$	8,632,103
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The notes to the financial statements are an integral part of this statement.

County of Tazewell, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	<u>General</u> <u>Fund</u>	<u>County</u> <u>CIP Fund</u>	<u>Other Govern-</u> <u>mental Funds</u>	<u>Total</u>
REVENUES				
General Property Taxes	\$ 24,666,410	\$ -	\$ -	\$ 24,666,410
Other Local Taxes	6,925,812	-	828,363	7,754,175
Permits, Privilege Fees and Regulatory Licenses	168,725	-	-	168,725
Fines and Forfeitures	45,217	-	-	45,217
Revenue from Use of Money and Property	341,361	-	-	341,361
Charges for Services	1,071,424	-	11,073	1,082,497
Miscellaneous	72,196	-	-	72,196
Recovered Costs	2,035,327	-	-	2,035,327
Intergovernmental	16,919,695	-	121,415	17,041,110
Total Revenues	\$ 52,246,167	\$ -	\$ 960,851	\$ 53,207,018
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,361,534	\$ 219,917	\$ -	\$ 3,581,451
Judicial Administration	2,313,031	-	11,808	2,324,839
Public Safety	16,016,826	-	-	16,016,826
Public Works	1,309,671	1,106,392	856,877	3,272,940
Health and Welfare	9,300,544	-	-	9,300,544
Education	10,620,057	-	-	10,620,057
Parks, Recreation and Cultural	1,326,288	-	-	1,326,288
Community Development	887,968	87,500	-	975,468
Nondepartmental	96,178	-	-	96,178
Debt Service:				
Principal Retirement	1,312,257	-	-	1,312,257
Interest and Other Fiscal Charges	734,164	-	-	734,164
Total Expenditures	\$ 47,278,518	\$ 1,413,809	\$ 868,685	\$ 49,561,012
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 4,967,649	\$ (1,413,809)	\$ 92,166	\$ 3,646,006
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ 1,885,202	\$ -	\$ 1,885,202
Transfers Out	(3,249,910)	-	(285,502)	(3,535,412)
Total Other Financing Sources (Uses)	\$ (3,249,910)	\$ 1,885,202	\$ (285,502)	\$ (1,650,210)
Net Change in Fund Balance	\$ 1,717,739	\$ 471,393	\$ (193,336)	\$ 1,995,796
Fund Balance - Beginning, as restated	8,742,506	275,041	1,380,228	10,397,775
Fund Balance - Ending	\$ 10,460,245	\$ 746,434	\$ 1,186,892	\$ 12,393,571

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

County of Tazewell, Virginia
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

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

Net changes in fund balance - total governmental funds	\$	1,995,796
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$	653,491	
Tenancy in common transfer		(512,257)	
Depreciation expense		(1,577,805)	(1,436,571)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		(246,070)
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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.

Change in unavailable revenue-property taxes		256,435
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long-term debt and related items.

Principal repayments:

General obligation bonds	\$	512,257	
Lease revenue bond		800,000	1,312,257

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

Change in compensated absences	\$	25,051	
Change in accrued interest payable		10,082	
Change in bond premium amortization		159,002	
Change in pension related items		286,401	
Change in OPEB related items		(966,280)	(485,744)

Change in net position of governmental activities	\$	<u>1,396,103</u>
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The notes to the financial statements are an integral part of this statement.

County of Tazewell, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2019

	Tazewell County Landfill Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 399,751
Receivables (Net of Allowance for Uncollectibles)	107,875
Due from Other Funds	32,831
Total Current Assets	<u>\$ 540,457</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 287,598
Buildings and Improvements	14,323
Land Improvements	6,528,721
Total Capital Assets	<u>\$ 6,830,642</u>
Total Assets	<u>\$ 7,371,099</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	<u>\$ 37,757</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 34,513
Bonds Payable-Current Portion	216,316
Total Current Liabilities	<u>\$ 250,829</u>
Noncurrent Liabilities	
Estimated Landfill Closure Liability	<u>\$ 7,647,209</u>
Total Liabilities	<u>\$ 7,898,038</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	<u>\$ 152,316</u>
NET POSITION	
Net Investment in Capital Assets	\$ 6,614,326
Unrestricted	(7,255,824)
Total Net Position	<u><u>\$ (641,498)</u></u>

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

County of Tazewell, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Tazewell County Landfill Fund
OPERATING REVENUES	
Charges for Services	\$ 464,019
OPERATING EXPENSES	
Contractual Services	\$ 1,815,996
Repairs and Maintenance	4,010
Closure Reserve Expense	477,125
Other Charges	26,078
Depreciation	186,709
Total Operating Expenses	\$ 2,509,918
Operating Income (Loss)	\$ (2,045,899)
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous Income	\$ 25,397
Interest Expense	(12,999)
Total Nonoperating Revenues (Expenses)	\$ 12,398
Income (loss) before transfers	\$ (2,033,501)
TRANSFERS	
Transfers In	\$ 1,650,210
Change in Net Position	\$ (383,291)
Net Position - Beginning	(258,207)
Net Position - Ending	\$ (641,498)

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

County of Tazewell, Virginia
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Tazewell County Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 401,312
Payments to Employees for Services	(83,567)
Payments for Operating Expenses	(1,811,571)
Total Cash Provided by (Used for) Operating Activities	\$ (1,493,826)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 1,654,342
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Payments on Debt	\$ (205,000)
Interest Payments on Debt	(13,743)
Total Cash Provided by (Used for) Capital and Related Financing Activities	\$ (218,743)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (58,227)
Cash and Cash Equivalents - Beginning	457,978
Cash and Cash Equivalents - Ending	\$ 399,751
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (2,045,899)
Depreciation	186,709
Miscellaneous Income	25,397
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
(Increase) Decrease in Accounts Receivable	(88,104)
(Increase) Decrease in Deferred Outflows of Resources	7,823
Increase (Decrease) in Accounts Payable	34,513
Increase (Decrease) in Estimated Landfill Closure Liability	477,125
Increase (Decrease) in Deferred Inflows of Resources	(91,390)
Total Adjustments	\$ 339,967
Net Cash Provided By (Used For) Operating Activities	\$ (1,493,826)

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

County of Tazewell, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 60,757
Due from Other Governmental Units	198,420
Total Assets	\$ <u>259,177</u>
 LIABILITIES	
Current Liabilities:	
Due to Other Governmental Units	\$ 198,420
Amounts Held for Others	60,757
Total Liabilities	\$ <u>259,177</u>

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1 - Summary of Significant Accounting Policies:

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

The financial statements of County of Tazewell, Virginia conform to generally accepted accounting principles (GAAP) applicable to governmental entities promulgated by the Governmental Accounting Standards Board (GASB) and have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The significant accounting policies are described below.

Financial Statement Presentation

Management's Discussion and Analysis - The financial statements are 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 and Fund Financial Statements

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

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).

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise 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 government over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedule presents the original budget, the final budget, and the actual activity of the major governmental funds.

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 Tazewell, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Therefore data from these units is 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 that it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units: None

Discretely Presented Component Units:

Tazewell County School Board members are elected by the voters and are responsible for the operations of the County's School System. 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 Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2019.

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

B. Individual Component Unit Disclosures (Continued)

Tazewell County Industrial Development Authority is authorized to acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Tazewell County. Tazewell County Board of Supervisors appoints all Board members of the Authority. There exists a financial benefit/burden relationship between the Industrial Development Authority and the County.

Tazewell County Airport Authority was created by County of Tazewell and Towns of Bluefield, Cedar Bluff, Pocahontas, Richlands and Tazewell to operate a regional airport. Tazewell County Board of Supervisors appoints a voting majority of the Airport Authority's Board of Directors. The County contributes a significant amount to the Authority's operation and there exists a financial benefit/burden relationship.

Tazewell County Public Service Authority was created by the Board of Supervisors of Tazewell County to acquire, finance, construct and operate water and sewer systems throughout the County. The Board of Directors of the Public Service Authority are appointed by the Tazewell County Board of Supervisors and there exists a financial benefit/burden relationship between the Public Service Authority and the County. In addition, a majority of the Directors of the Authority are also on the Board of Supervisors.

Complete financial statements of the Tazewell County Public Service Authority, Tazewell County Industrial Development Authority and the Tazewell County Airport Authority can be obtained from the business office of each component unit.

Other Related Organizations Included in the County's Annual Financial Report

None

Jointly Governed Organizations

County of Tazewell and Counties of Buchanan and Russell participate in supporting the Cumberland Mountain Community Services Board. For the year ended June 30, 2019, the County contributed \$60,000.

County of Tazewell and Counties of Russell, Buchanan, Wise, Scott, Lee, Washington, Smyth and Dickenson and the Cities of Norton and Bristol participate in supporting the Appalachian Juvenile Commission. For the year ended June 30, 2019, the County contributed \$306,868.

County of Tazewell and Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan and Dickenson along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2019, the County contributed \$4,693,492.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the 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 proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities, whether current or noncurrent, associated with their activities are reported. Proprietary fund equity is classified as net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

The government reports the following major governmental funds.

General Fund:

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported 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.

Capital Projects Fund:

The County CIP Fund accounts for and reports all financial resources used for the acquisition or construction of major capital facilities and is reported as a major fund.

The government reports the following nonmajor governmental funds.

Special Revenue Funds:

Special Revenue Funds account for and report the proceeds of specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Coal Road Improvement Fund, Coal Road Economic Development Fund, Damage Stamp Fund, and Law Library Fund are reported as nonmajor special revenue funds.

Additionally, Tazewell County reports the following fund types:

Proprietary Funds:

The Proprietary Funds are accounted and financed in a manner similar to private business. The funds utilize accrual basis of accounting, in which revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fiduciary Funds (Trust and Agency Funds):

Fiduciary, 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 they utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The Special Welfare and Local Sales Tax Funds are reported as Agency Funds.

D. Budget and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the departmental level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments. However, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Operating Fund, and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

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

F. Investments

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

G. Receivable and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$682,400 at June 30, 2019 and is comprised solely of property taxes.

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

H. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an estimated useful life in excess of one year and a cost of over \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2019.

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

<u>Assets</u>	<u>Years</u>
Buildings	40-60
Building, land, and other improvements	40-60
Vehicles	5
Office and computer equipment	7
Machinery and other equipment	7

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

I. Deferred Outflows/Inflows of Resources

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

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

J. Compensated Absences

Amounts of vested or accumulated vacation 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. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plans and the additions to/deductions from the County's and School Board's Retirement Plans' 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.

L. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-term Obligations

In the government-wide financial statements, 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 during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

N. Fund Equity

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

Committed - amounts that have been committed by formal action by the entity's highest level of decision-making authority; which the County of Tazewell, Virginia considers to be the Board of Directors. Amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

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

Unassigned - this category is for any balances that have no restrictions placed upon them. Positive amounts are only reported in the general fund.

The County's highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

O. Use of Estimates

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

P. Net Position

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

Q. Net Position Flow Assumption

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

Note 2 - Deposits and Investments:

Deposits

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

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

Investments

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

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component units have an investment policy for custodial credit risk.

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 2 - Deposits and Investments:

Custodial Credit Risk (Investments) (continued)

The County's rated debt investments as of June 30, 2019 were rated by Standard and Poor's and/or an equivalent national rating organization and the rating are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
VACO/VML	\$ 1,058,432

Interest Rate Risk

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>
VACO/VML	<u>\$ 1,058,432</u>	<u>\$ 1,058,432</u>

Redemption Restrictions

The County has the option to have access to withdrawal funds twice a month, with a five day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV).

Note 3 - Due To/From Primary Government/Component Units:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 157,831
County CIP Fund	125,000	-
Landfill	32,831	-
Totals	<u>\$ 157,831</u>	<u>\$ 157,831</u>

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 3 - Due To/From Primary Government/Component Units: (Continued)

<u>Entity</u>	<u>Due From</u>	<u>Due to</u>
Primary Government	\$ 3,806,982	\$ -
Component Unit School	-	3,684,385
Component Unit PSA	-	122,597
Totals	<u>\$ 3,806,982</u>	<u>\$ 3,806,982</u>

Note: On the government-wide statement of net position, the amount due to the Primary Government from the Component Unit PSA is included in "Due from Component Units" for the Primary Government and "Due Within One Year" for the Component Unit PSA.

Note 4 - Due From Other Governmental Units:

At June 30, 2019, the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Local Government:		
Southwest Virginia Regional Jail	\$ 1,291,646	\$ -
Russell County	-	80,955
Commonwealth of Virginia:		
State sales taxes	823,574	-
Local sales taxes	-	789,083
VPA	226,190	-
CSA	305,918	-
Shared expenses	330,055	-
Categorical aid	52,304	14,495
Noncategorical aid	110,862	-
Federal Government:		
VPA	300,667	-
Categorical aid	-	937,143
Total	<u>\$ 3,441,216</u>	<u>\$ 1,821,676</u>

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 5 - Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

Primary Government:

	Beginning Balance		Increases		Decreases		Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 2,765,287	\$	-	\$	-	\$	2,765,287
Construction in progress	1,147,939		90,013		(1,237,952)		-
Tenancy in Common	3,652,863		-		(512,257)		3,140,606
Total capital assets not being depreciated	<u>\$ 7,566,089</u>	<u>\$</u>	<u>90,013</u>	<u>\$</u>	<u>(1,750,209)</u>	<u>\$</u>	<u>5,905,893</u>
Capital assets, being depreciated:							
Buildings	\$ 23,245,331	\$	25,000	\$	-	\$	23,270,331
Machinery and equipment	15,610,725		1,530,360		(166,660)		16,974,425
Total capital assets being depreciated	<u>\$ 38,856,056</u>	<u>\$</u>	<u>1,555,360</u>	<u>\$</u>	<u>(166,660)</u>	<u>\$</u>	<u>40,244,756</u>
Accumulated depreciation:							
Buildings	\$ (10,839,211)	\$	(590,982)	\$	-	\$	(11,430,193)
Machinery and equipment	(11,773,740)		(986,823)		166,660		(12,593,903)
Total accumulated depreciation	<u>\$ (22,612,951)</u>	<u>\$</u>	<u>(1,577,805)</u>	<u>\$</u>	<u>166,660</u>	<u>\$</u>	<u>(24,024,096)</u>
Total capital assets being depreciated, net	<u>\$ 16,243,105</u>	<u>\$</u>	<u>(22,445)</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>16,220,660</u>
Governmental activities capital assets, net	<u>\$ 23,809,194</u>	<u>\$</u>	<u>67,568</u>	<u>\$</u>	<u>(1,750,209)</u>	<u>\$</u>	<u>22,126,553</u>

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 5 - Capital Assets: (Continued)

Primary Government: (Continued)

Tazewell County Landfill Fund:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 287,598	\$ -	\$ -	\$ 287,598
Capital assets, being depreciated:				
Buildings and improvements	\$ 185,603	\$ -	\$ -	\$ 185,603
Land improvements	9,585,580	-	-	9,585,580
Total capital assets being depreciated	\$ 9,771,183	\$ -	\$ -	\$ 9,771,183
Accumulated depreciation:				
Buildings and improvements	\$ (165,093)	\$ (6,187)	\$ -	\$ (171,280)
Land Improvements	(2,876,337)	(180,522)	-	(3,056,859)
Total accumulated depreciation	\$ (3,041,430)	\$ (186,709)	\$ -	\$ (3,228,139)
Total capital assets being depreciated, net	\$ 6,729,753	\$ (186,709)	\$ -	\$ 6,543,044
Business-type activities capital assets, net	\$ 7,017,351	\$ (186,709)	\$ -	\$ 6,830,642

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 5 - Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 347,689
Judicial administration	510,306
Public safety	548,471
Public works	129,877
Health and welfare	18,296
Parks, recreation, and culture	20,928
Community development	<u>2,238</u>
Total depreciation expense-governmental activities	<u>\$ 1,577,805</u>
Business-type activities:	
Landfill fund	<u>\$ 186,709</u>

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 5 - Capital Assets: (Continued)

Component Unit School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,908,716	\$ -	\$ -	\$ 1,908,716
Tenancy in common (1)	9,759,808	512,257	-	10,272,065
Total capital assets not being depreciated	\$ 11,668,524	\$ 512,257	\$ -	\$ 12,180,781
Capital assets, being depreciated:				
Buildings and improvements	\$ 36,648,414	\$ -	\$ (183,600)	\$ 36,464,814
Machinery and equipment	18,688,678	1,201,266	(473,214)	19,416,730
Total capital assets being depreciated	\$ 55,337,092	\$ 1,201,266	\$ (656,814)	\$ 55,881,544
Accumulated depreciation:				
Buildings and improvements	\$ (26,873,449)	\$ (895,809)	\$ -	\$ (27,769,258)
Machinery and equipment	(15,531,255)	(653,474)	473,214	(15,711,515)
Total accumulated depreciation	\$ (42,404,704)	\$ (1,549,283)	\$ 473,214	\$ (43,480,773)
Total capital assets being depreciated, net	\$ 12,932,388	\$ (348,017)	\$ (183,600)	\$ 12,400,771
Governmental activities capital assets, net	\$ 24,600,912	\$ 164,240	\$ (183,600)	\$ 24,581,552

(1) Legislation enacted during the year ended June 30, 2003, Section 15.2-1800.1 of the Code of Virginia, (1950), as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Tazewell, Virginia for the year ended June 30, 2019, is that assets and debt in the amount of \$3,140,606 have been transferred to the Primary Government from the Component Unit School Board for financial reporting purposes.

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 6 - Long-term Obligations:

Primary Government:

The following is a summary of long-term obligations of the County for the year ended June 30, 2019:

Governmental Activities:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General obligation bonds	\$ 5,387,635	\$ -	\$ (512,257)	\$ 4,875,378
Premium on GO bond	103,934	-	(8,662)	95,272
Lease revenue bond	9,695,000	-	(800,000)	8,895,000
Premium on lease revenue bond	946,748	-	(150,340)	796,408
Literary loan	150,000	-	-	150,000
Net OPEB liabilities	6,439,781	725,311	(865,282)	6,299,810
Compensated absences	656,033	466,974	(492,025)	630,982
Net pension liability	6,952,353	4,355,790	(4,883,533)	6,424,610
Total	\$ 30,331,484	\$ 5,548,075	\$ (7,712,099)	\$ 28,167,460

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

Year Ending June 30	Direct Borrowings and Placements					
	General Obligation Bonds		Lease Revenue Bonds		Literary Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 336,342	\$ 207,012	\$ 840,000	\$ 412,793	\$ 75,000	\$ 3,000
2021	535,927	220,308	890,000	371,587	75,000	1,500
2022	551,039	191,693	925,000	328,203	-	-
2023	571,707	162,417	975,000	279,515	-	-
2024	587,959	85,390	1,025,000	228,265	-	-
2025-2029	2,292,404	254,330	2,595,000	622,743	-	-
2030-2033	-	-	1,645,000	141,551	-	-
	\$ 4,875,378	\$ 1,121,150	\$ 8,895,000	\$ 2,384,657	\$ 150,000	\$ 4,500

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

	Interest Rates	Issue Dates	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation Bonds:						
GO Bond	3.10-5.10%	5/15/2002	7/15/2023	\$ 1,900,000	\$ 380,000	\$ -
GO Bond	4.10-5.10%	5/15/2008	7/15/2028	1,880,000	1,080,000	-
GO Bond	3.60-5.35%	12/11/2008	1/15/2029	6,698,941	3,415,378	336,342
Subtotal GO Bond					\$ 4,875,378	\$ 336,342
Add:						
Premium on Bond	n/a	n/a	n/a	n/a	95,272	8,662
Total General Obligation Bonds					\$ 4,970,650	\$ 345,004
Lease Revenue Bonds:						
2014C	3.025-5.125%	11/18/2014	4/1/2033	\$ 11,885,000	\$ 8,895,000	\$ 840,000
Add:						
Premium on Bond	n/a	n/a	n/a	n/a	796,408	137,180
Total Lease Revenue Bonds					\$ 9,691,408	\$ 977,180
Literary Loan:						
State Literary Loan	2.00%	8/1/2000	8/1/2020	\$ 1,500,000	\$ 150,000	\$ 75,000
Other Obligations:						
Net OPEB Liabilities	n/a	n/a	n/a	n/a	\$ 6,299,810	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	630,982	473,237
Net Pension Liability	n/a	n/a	n/a	n/a	6,424,610	-
Total Other Obligations					\$ 13,355,402	\$ 473,237
Total Long-term Obligations					\$ 28,167,460	\$ 1,870,421

The lease revenue bond was issued by the Tazewell County IDA for renovations to the Courthouse building which is utilized by the County. Payments on the debt issuance are made by the County directly to the issuer. As a result, the debt and the asset are shown in the County's financial statements.

In the event of a default, the lender of the lease revenue bond above may declare the entire unpaid principal and interest on the issuance as due and payable.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

Landfill Fund

	Beginning Balance		Increases/ Issuances		Decreases/ Retirements		Ending Balance
Direct Borrowings and Placements:							
Revenue bonds	\$ 420,000	\$	-	\$	(205,000)	\$	215,000
Bond premiums	2,060		-		(744)		1,316
Landfill closure/postclosure liability	7,170,084		477,125		-		7,647,209
Total	\$ 7,592,144	\$	477,125	\$	(205,744)	\$	7,863,525

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

	Direct Borrowings and Placements	
	Revenue Bonds	
Year Ending June 30,	Principal	Interest
2020	\$ 215,000	\$ 4,408
Totals	\$ 215,000	\$ 4,408

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of Long-Term Obligations:

	Interest Rates	Issue Dates	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Revenue Bonds*	3.4-4.81%	11/27/2007	10/1/2019	\$2,675,000	\$ 215,000	\$ 215,000
Other Obligations:						
Bond Premiums	n/a	n/a	n/a	n/a	1,316	1,316
Landfill Closure/ Postclosure Liability	n/a	n/a	n/a	n/a	7,647,209	-
Total Other Obligations					\$ 7,648,525	\$ 1,316
Total Long-term Obligations					\$ 7,863,525	\$ 216,316

*As of June 30, 2019, the Landfill fund did not meet compliance requirements related to this loan.

In the event of a default, the lender of the revenue bond above may declare the entire unpaid principal and interest on the issuance as due and payable.

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, 2019:

	Beginning Balance	Issuances/ Increases	Retirements/ Decreases	Ending Balance
Capital leases	\$ 4,391,601	\$ -	\$ (1,485,605)	\$ 2,905,996
Net pension liability	47,147,312	10,541,782	(14,556,047)	43,133,047
Net OPEB liabilities	22,964,000	2,064,000	(5,906,000)	19,122,000
Compensated absences	663,123	457,624	(497,342)	623,405
Total	\$ 75,166,036	\$ 13,063,406	\$ (22,444,994)	\$ 65,784,448

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Details of Long-Term Obligations:

	Interest Rates	Issue Dates	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Capital Leases:						
Capital Lease	4.195%	10/5/2007	10/5/2022	\$ 4,792,700	\$ 1,542,964	\$ 371,347
Capital Lease	2.550%	3/10/2015	10/10/2022	3,118,167	1,363,032	396,154
Total Capital Leases					\$ 2,905,996	\$ 767,501
Other Obligations:						
Net Pension Liability	n/a	n/a	n/a	n/a	\$ 43,133,047	\$ -
Net OPEB Liabilities	n/a	n/a	n/a	n/a	19,122,000	-
Compensated Absences	n/a	n/a	n/a	n/a	623,405	467,554
Total Other Obligations					\$ 62,878,452	\$ 467,554
Total Long-term Obligations					\$ 65,784,448	\$ 1,235,055

The School Board has entered into capital leases for school buses and energy renovations on the elementary schools. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date. They have also entered into a capital lease for energy improvements which will not be capitalized and depreciated.

Total assets acquired through capital leases are as follows:

ilding Renovations	\$ 3,118,167
cumulated Depreciation	(311,817)
st Book Value of Assets	<u>\$ 2,806,350</u>

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Present value of future minimum lease payments:

Year Ending June 30,	Capital Leases
2020	\$ 841,609
2021	841,608
2022	841,607
2023	558,165
Less: amount representing interest	<u>(176,993)</u>
Present value of future minimum lease payments	<u><u>\$ 2,905,996</u></u>

Note 7 - Compensated Absences:

Compensated Absences:

The County has accrued liabilities arising from outstanding compensated absences. Each county employee earns annual leave at various rates. Vested or accumulated leave is reported as an expenditure and a liability of the fund that will pay it. The County has outstanding accrued vacation and sick pay totaling \$630,982 in the general fund.

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County, Tazewell County PSA and Tazewell County Airport Authority ("Component Units"), and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	250	237
Inactive members:		
Vested inactive members	39	11
Non-vested inactive members	53	56
Inactive members active elsewhere in VRS	125	22
Total inactive members	217	89
Active members	293	200
Total covered employees	760	526

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's and Component Units contractually required employer contribution rate for the year ended June 30, 2019 was 10.76% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,015,039 and \$1,024,401 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the pension plan from the Component Units were \$165,570 and \$159,510 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 13.13% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$450,673 and \$496,256 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net pension. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

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**COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)**

Note 8 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.50%
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:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue 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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 48,673,985	\$ 41,721,632	\$ 6,952,353
Changes for the year:			
Service cost	\$ 1,015,173	\$ -	\$ 1,015,173
Interest	3,310,997	-	3,310,997
Differences between expected and actual experience	(305,314)	-	(305,314)
Impact in change in proportion	(40,854)	(35,018)	(5,836)
Contributions - employer	-	1,010,986	(1,010,986)
Contributions - employee	-	497,210	(497,210)
Net investment income	-	3,064,187	(3,064,187)
Benefit payments, including refunds of employee contributions	(2,666,301)	(2,666,301)	-
Administrative expenses	-	(26,916)	26,916
Other changes	-	(2,704)	2,704
Net changes	\$ 1,313,701	\$ 1,841,444	\$ (527,743)
Balances at June 30, 2018	\$ 49,987,686	\$ 43,563,076	\$ 6,424,610

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Other Component Units		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 7,520,740	\$ 6,446,511	\$ 1,074,229
Changes for the year:			
Service cost	\$ 157,842	\$ -	\$ 157,842
Interest	514,803	-	514,803
Differences between expected and actual experience	(47,471)	-	(47,471)
Impact in change in proportion	40,855	35,018	5,837
Contributions - employer	-	157,191	(157,191)
Contributions - employee	-	77,308	(77,308)
Net investment income	-	476,429	(476,429)
Benefit payments, including refunds of employee contributions	(414,564)	(414,564)	-
Administrative expenses	-	(4,185)	4,185
Other changes	-	(420)	420
Net changes	\$ 251,465	\$ 326,777	\$ (75,312)
Balances at June 30, 2018	\$ 7,772,205	\$ 6,773,288	\$ 998,917

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit School Board - Nonprofessional		
	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 26,341,342	\$ 20,605,030	\$ 5,736,312
Changes for the year:			
Service cost	\$ 325,917	\$ -	\$ 325,917
Interest	1,784,614	-	1,784,614
Differences between expected and actual experience	(208,796)	-	(208,796)
Contributions - employer	-	496,279	(496,279)
Contributions - employee	-	179,643	(179,643)
Net investment income	-	1,494,878	(1,494,878)
Benefit payments, including refunds of employee contributions	(1,693,716)	(1,693,716)	-
Administrative expenses	-	(13,492)	13,492
Other changes	-	(1,308)	1,308
Net changes	\$ 208,019	\$ 462,284	\$ (254,265)
Balances at June 30, 2018	\$ 26,549,361	\$ 21,067,314	\$ 5,482,047

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County - Primary Government Net Pension Liability	\$ 12,712,509	\$ 6,424,610	\$ 1,193,347
Other Component Units Net Pension Liability	\$ 1,976,578	\$ 998,917	\$ 185,545
Component Unit School Board (nonprofessional) Net Pension Liability	\$ 8,294,704	\$ 5,482,047	\$ 3,092,260

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

For the year ended June 30, 2019, the County, Other Component Units, and Component Unit School Board (nonprofessional) recognized pension expense of \$635,240, \$116,419, and \$71,058, respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Units Tazewell County		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,588	\$ 211,834	\$ 18,611	\$ 32,934	\$ -	\$ 173,718
Change in assumptions	-	61,802	-	9,549	-	17,988
Net difference between projected and actual earnings on pension plan investments	33,510	386,288	-	60,163	-	153,293
Impact of change in proportion	124,088	152,316	30,001	1,773	-	-
Employer contributions subsequent to the measurement date	1,015,039	-	165,570	-	450,673	-
Total	\$ 1,297,225	\$ 812,240	\$ 214,182	\$ 104,419	\$ 450,673	\$ 344,999

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

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

\$1,015,039, \$165,570 and \$450,673 reported as deferred outflows of resources related to pensions resulting from the County's, Other Component Units', and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Other Component Units	Component Unit School Board (nonprofessional)
2020	\$ 109,204	\$ 30,402	\$ (60,421)
2021	(153,874)	(12,805)	(53,805)
2022	(447,843)	(67,567)	(213,038)
2023	(37,541)	(5,837)	(17,735)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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. Contributions to the pension plan from the school division were \$3,824,277 and \$4,140,042 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2019, the school division reported a liability of \$37,651,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.32016% as compared to 0.33673% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$1,056,000. Since there was a change in proportionate share between the measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the school division 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>
Differences between expected and actual experience	\$ -	\$ 3,219,000
Net difference between projected and actual earnings on pension plan investments	-	798,000
Change in assumptions	449,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,648,000
Employer contributions subsequent to the measurement date	<u>3,824,277</u>	<u>-</u>
Total	<u>\$ 4,273,277</u>	<u>\$ 7,665,000</u>

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

\$3,824,277 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	
2020	\$ (1,611,000)
2021	(1,807,000)
2022	(2,423,000)
2023	(1,022,000)
Thereafter	(353,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increase, 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-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates: (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	\$	<u>11,759,992</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 8 - Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

The long term expected rate of return and discount rate information previously described also apply to this plan.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 57,513,000	\$ 37,651,000	\$ 21,211,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government, Other Component Units, and Component Unit School Board

Aggregate Pension Information

	Primary Government				Other Component Units				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:												
Primary Government	\$ 1,297,225	\$ 812,240	\$ 6,424,610	\$ 635,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Component Units	-	-	-	-	214,182	104,419	998,917	116,419	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	450,673	344,999	5,482,047	71,058
School Board Professional	-	-	-	-	-	-	-	-	4,273,277	7,665,000	37,651,000	1,056,000
Totals	\$ 1,297,225	\$ 812,240	\$ 6,424,610	\$ 635,240	\$ 214,182	\$ 104,419	\$ 998,917	\$ 116,419	\$ 4,723,950	\$ 8,009,999	\$ 43,133,047	\$ 1,127,058

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

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

Plan Description

In addition to the pension benefits described in Note 8, the County administers a single-employer defined benefit healthcare plan for County employees as well as employees of the Other Component Units and the Component Unit School Board. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plan. The plan does not issue a publicly available financial report.

Benefits Provided

The plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee be (1) age 50 with 10 years of service; (2) age 55 with 5 years of service; or (3) age 65 with 5 years of service. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement. Coverage continues for the earlier of a period of fifteen years or reaching Medicare eligibility at age 65.

Health benefits include medical and dental. Participating retirees pay 100% of monthly premiums to continue with the County's insurance plans.

Plan Membership

At July 1, 2018 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Units Tazewell County	Component Unit School Board
Total active employees with coverage	242	37	715
Total retirees with coverage	18	-	71
Total	260	37	786

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amounts paid by the County, Other Component Units, and Component Unit School Board, for OPEB as the benefits came due during the year ended June 30, 2019 were \$285,894, \$34,303, and \$659,803, respectively.

Total OPEB Liability

The County's total OPEB liability was measured as of July 1, 2018. The total OPEB liability was determined by an actuarial valuation as July 1, 2018.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 9 - Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare Cost Trend Rates	6.00% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increases	Service-graded
Discount Rate	3.62%

The mortality rates were calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2018.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is from a 20-Year tax exempt general obligation municipal bond with an average rating of AA/Aa or higher. Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date. The final equivalent single discount rate used for this year's valuation is 3.62% as of the end of the fiscal year.

Changes in Total OPEB Liability

	Primary Government	Other Component Units	Component Unit School Board
Balances at June 30, 2018	\$ 5,635,000	\$ 1,119,000	\$ 16,237,000
Changes for the year:			
Service cost	299,000	35,000	573,000
Interest	207,000	41,000	585,000
Difference between expected and actual experience	(430,000)	(496,000)	(3,120,000)
Changes in assumptions	66,000	(9,000)	(878,000)
Contributions - employer	(268,000)	(29,000)	(683,000)
Net changes	(126,000)	(458,000)	(3,523,000)
Balances at June 30, 2019	\$ 5,509,000	\$ 661,000	\$ 12,714,000

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 9 - Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County, Other Component Units, and Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	Rate		
	1% Decrease 2.62%	Current Discount 3.62%	1% Increase 4.62%
Proportionate share of the healthcare net OPEB liability:			
County	\$ 5,976,641	\$ 5,509,000	\$ 5,079,576
Other Component Units	\$ 717,110	\$ 661,000	\$ 609,475
Component Unit School Board	\$ 13,793,249	\$ 12,714,000	\$ 11,722,949

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, Other Component Units, and Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rate		
	1% Decrease	Healthcare Cost Trend	1% Increase
Proportionate share of the healthcare net OPEB liability:			
County	\$ 4,964,051	\$ 5,509,000	\$ 6,144,968
Other Component Units	\$ 595,614	\$ 661,000	\$ 737,307
Component Unit School Board	\$ 11,456,335	\$ 12,714,000	\$ 14,181,725

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 9 - Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the County, Other Component Units, and Component Unit School Board recognized OPEB expense in the amounts of \$447,000, \$(9,000), and \$488,000, respectively. At June 30, 2019, the County, Other Component Units, and Component Unit School Board, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Other Component Units		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 979,916	\$ -	\$ 117,576	\$ -	\$ 2,261,508
Changes in assumptions	-	198,959	-	23,872	-	459,169
Employer contributions subsequent to the measurement date	285,894	-	34,303	-	659,803	-
Total	\$ 285,894	\$ 1,178,875	\$ 34,303	\$ 141,448	\$ 659,803	\$ 2,720,677

\$285,894, \$34,303, and \$659,803 was reported as deferred outflows of resources related to OPEB resulting from the County, Other Component Units, and Component Unit School Board, respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the fiscal year ending June 30, 2020.

Year Ended June 30	Primary Government	Other Component Units	Component Unit School Board
2020	\$ (240,968)	\$ (28,913)	\$ (556,120)
2021	(240,968)	(28,913)	(556,120)
2022	(240,968)	(28,913)	(556,120)
2023	(240,968)	(28,913)	(556,120)
2024	(215,003)	(25,796)	(496,197)

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Program from the Primary Government were \$50,703 and \$51,673 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Other Component Units were \$8,270 and \$7,984 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit School Board (nonprofessional) were \$18,395 and \$19,707 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit School Board (professional) were \$129,038 and \$134,238 for the years ended June 30, 2019 and June 30, 2018, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

Primary Government GLI Program

At June 30, 2019, the entity reported a liability of \$790,810 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.05207% as compared to 0.0535% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$(3,465). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Other Component Units Group Life Insurance Program

At June 30, 2019, the entity reported a liability of \$122,190 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.00805% as compared to 0.00799% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$(535). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (nonprofessional) GLI Program

At June 30, 2019, the entity reported a liability of \$303,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.01993% as compared to 0.02123% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$(3,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (professional) GLI Program

At June 30, 2019, the entity reported a liability of \$2,063,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.13578% as compared to 0.14346% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$(17,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Other Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,977	\$ 13,859	\$ 6,023	\$ 2,142
Net difference between projected and actual earnings on GLI OPEB program investments	-	25,985	-	4,015
Change in assumptions	-	32,914	-	5,086
Changes in proportion	-	39,844	-	6,156
Employer contributions subsequent to the measurement date	50,703	-	8,270	-
Total	<u>\$ 89,680</u>	<u>\$ 112,602</u>	<u>\$ 14,293</u>	<u>\$ 17,399</u>

	Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,000	\$ 5,000	\$ 101,000	\$ 37,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	10,000	-	67,000
Change in assumptions	-	13,000	-	86,000
Changes in proportion	-	29,000	-	158,000
Employer contributions subsequent to the measurement date	18,395	-	129,038	-
Total	<u>\$ 33,395</u>	<u>\$ 57,000</u>	<u>\$ 230,038</u>	<u>\$ 348,000</u>

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)

\$50,703, \$8,270, \$18,395, and \$129,038 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Other Component Units', Component Unit School Board (nonprofessional)'s and Component Unit School Board (professional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Other Component Units	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2020	\$ (19,922)	\$ (3,079)	\$ (9,000)	\$ (61,000)
2021	(19,922)	(3,079)	(9,000)	(61,000)
2022	(19,922)	(3,079)	(9,000)	(61,000)
2023	(12,992)	(2,007)	(7,000)	(42,000)
2024	(2,599)	(402)	(4,000)	(19,000)
Thereafter	1,732	270	(4,000)	(3,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

*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 OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$ <u>1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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 ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 10 - Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Proportional share of the Group Life Insurance Program Net OPEB Liability			
Primary Government	\$ 1,033,336	\$ 790,810	\$ 593,324
Other Component Units	\$ 159,664	\$ 122,190	\$ 91,676
Component Unit School Board (nonprofessional)	\$ 395,000	\$ 303,000	\$ 227,000
Component Unit School Board (professional)	\$ 2,695,000	\$ 2,063,000	\$ 1,549,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 11 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 11 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate 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 from the school division to the VRS Teacher Employee HIC Program were \$297,533 and \$316,611 for the years ended June 30, 2019 and June 30, 2018, respectively.

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB

At June 30, 2019, the school division reported a liability of \$4,042,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.31833% as compared to 0.33488% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$282,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 11 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB (Continued)

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 21,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,000
Change in assumptions	-	35,000
Change in proportion	-	294,000
Employer contributions subsequent to the measurement date	<u>297,533</u>	<u>-</u>
Total	\$ <u>297,533</u>	\$ <u>353,000</u>

\$297,533 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2020	\$ (59,000)
2021	(59,000)
2022	(59,000)
2023	(57,000)
2024	(57,000)
Thereafter	(62,000)

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 11 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	3.5%-5.95%
Investment rate of return	7.0%, net of 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 OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 11 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,381,313
Plan Fiduciary Net Position	111,639
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,269,674</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 11 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 11 - Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 4,515,000	\$ 4,042,000	\$ 3,640,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12 - Aggregate OPEB Information:

	Primary Government				Other Component Units				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:												
Group Life Insurance Program:												
County	\$ 89,680	\$ 112,602	\$ 790,810	\$ (3,465)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Component Units	-	-	-	-	14,293	17,399	122,190	(535)	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	33,395	57,000	303,000	(3,000)
School Board Professional	-	-	-	-	-	-	-	-	230,038	348,000	2,063,000	(17,000)
Teacher Health Insurance Credit Program	-	-	-	-	-	-	-	-	297,533	353,000	4,042,000	282,000
County Stand-Alone Plan	285,894	1,178,875	5,509,000	447,000	-	-	-	-	-	-	-	-
Component Units Stand-Alone Plan	-	-	-	-	34,303	141,448	661,000	(9,000)	-	-	-	-
School Stand-Alone Plan	-	-	-	-	-	-	-	-	659,803	2,720,677	12,714,000	488,000
Totals	\$ 375,574	\$ 1,291,477	\$ 6,299,810	\$ 443,535	\$ 48,596	\$ 158,847	\$ 783,190	\$ (9,535)	\$ 1,220,769	\$ 3,478,677	\$ 19,122,000	\$ 750,000

Note 13 - Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (the Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. Matters of noncompliance were disclosed by audit and the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 14 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Of the \$15,388,805 reported as landfill closure and post closure care liability at June 30, 2019, \$7,647,209 represents the cumulative amount reported to date based on use of 49.69 percent of the estimate capacity of the landfill.

The County will recognize the remaining estimated cost of closure and postclosure care of \$7,741,596 as the remaining capacity is filled. The County expects to close the landfill in 2055. Actual costs may be higher due to inflation, changes in technology or changes in regulations. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2019.

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

Note 15 - Risk Management:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 16 - Deferred/Unavailable Revenue:

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

	Government- wide	
	Statements	Balance Sheet
	Governmental	Governmental
	Activities	Funds
Primary Government		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures (amount due but not collected at 6/30)	\$ -	\$ 2,702,598
Property taxes due in December 2019	24,463,017	24,463,017
Prepaid property taxes due in December 2019 but paid in advance by the taxpayers	1,053,717	1,053,717
Total deferred/unavailable revenue	<u>\$ 25,516,734</u>	<u>\$ 28,219,332</u>

Note 17 - Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfer In	Transfer Out
Primary Government:		
General Fund	\$ -	\$ 3,249,910
Coal Road Improvement	-	285,502
County CIP Fund	1,885,202	-
Landfill Enterprise Fund	1,650,210	-
Total	<u>\$ 3,535,412</u>	<u>\$ 3,535,412</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.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 18 - Surety Bonds:

	Amount
Commonwealth of America, Division of Risk Management	
Tammy Allison, Clerk of the Circuit Court	\$ 710,000
David Larimer, Treasurer	500,000
David Anderson, Commissioner of the Revenue	3,000
Brian Hieatt, Sheriff	30,000
The above constitutional officers' employees	
Blanket bond	50,000
Landfill employees	20,000
VACO Insurance Program:	
All School Board employees - blanket	250,000
Fidelity and Deposit Company of Maryland Surety:	
C. Eric Young, County Administrator	50,000
St. Paul Fire and Marine Insurance Company	
Rex Tester, Director of Social Services	25,000
All Social Services employees - blanket	100,000

Note 19 - Nonspendable, Restricted, and Committed Fund Balances by Fund:

	Governmental Funds							Component Unit
	General Fund	County CIP Fund	Law Library Fund	Coal Road Improvement Fund	Coal Road Economic Development Fund	Damage Stamp Fund	Total	School Board
Nonspendable:								
Prepaid items	\$ 116,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,557	\$ 152,156
Restricted:								
Public safety	\$ 88,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,466	\$ -
Special welfare	4,468	-	-	-	-	-	4,468	-
Health insurance	611,786	-	-	-	-	-	611,786	2,949,738
Total restricted balances	<u>\$ 704,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 704,720</u>	<u>\$ 2,949,738</u>
Committed funds:								
Wireless fund	\$ 43,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,296	\$ -
Recreation	45,261	-	-	-	-	-	45,261	-
Capital projects	-	746,434	-	-	-	-	746,434	-
Law library	-	-	67,474	-	-	-	67,474	-
Coal road improvements	-	-	-	1,034,176	-	-	1,034,176	-
Coal road economic development	-	-	-	-	85,200	-	85,200	-
Damage stamp	-	-	-	-	-	42	42	-
Education	-	-	-	-	-	-	-	985,421
Total committed balances	<u>\$ 88,557</u>	<u>\$ 746,434</u>	<u>\$ 67,474</u>	<u>\$ 1,034,176</u>	<u>\$ 85,200</u>	<u>\$ 42</u>	<u>\$ 2,021,883</u>	<u>\$ 985,421</u>

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 20 - Litigation:

At June 30, 2019, two claims have been filed against the County in regards to erroneous assessment of taxes for a combined total of \$329,232. Additionally, a claim has been filed against the County in regards to damage to a building during County construction activities totaling \$250,000. The County is vigorously defending itself against the claims and does not believe that payout of same is probably or reasonably estimable as of the date of the report; therefore, no liability has been recognized in the financial statements.

Note 21 - Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

Note 22 - Restatement of Beginning Balances:

		Primary Government	
		General Fund	E-911 Fund
Net Position, July 1, 2018, as previously stated	\$	8,493,488	\$ 249,018
Merge E-911 fund into General		249,018	(249,018)
Net Position, July 1, 2018, as restated	\$	<u>8,742,506</u>	<u>\$ -</u>

Note 23 - Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. (Note to Auditor: Early application is encouraged so you may consider discussing this with the client for implementation now if there are construction projects underway. If early implemented, modify the opinion and governance letter to reflect early implementation.)

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 (Continued)

Note 23 - Upcoming Pronouncements: (Continued)

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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Required Supplementary Information

County of Tazewell, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Pos (Neg)</u>
REVENUES				
General Property Taxes	\$ 24,361,027	\$ 24,361,027	\$ 24,666,410	\$ 305,383
Other Local Taxes	6,862,500	6,862,500	6,925,812	63,312
Permits, Privilege Fees and Regulatory Licenses	143,925	143,925	168,725	24,800
Fines and Forfeitures	45,000	45,000	45,217	217
Revenue from Use of Money and Property	299,241	299,241	341,361	42,120
Charges for Services	743,500	743,500	1,071,424	327,924
Miscellaneous	500,000	500,000	72,196	(427,804)
Recovered Costs	1,482,000	1,482,000	2,035,327	553,327
Intergovernmental:				
Commonwealth	12,201,085	12,201,085	12,606,536	405,451
Federal Government	4,293,057	4,293,057	4,313,159	20,102
Total Revenues	\$ 50,931,335	\$ 50,931,335	\$ 52,246,167	\$ 1,314,832
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,434,334	\$ 3,515,974	\$ 3,361,534	\$ 154,440
Judicial Administration	2,387,976	2,406,390	2,313,031	93,359
Public Safety	15,913,404	16,237,137	16,016,826	220,311
Public Works	1,692,793	1,753,418	1,309,671	443,747
Health and Welfare	9,383,535	9,394,035	9,300,544	93,491
Education	10,655,057	10,655,057	10,620,057	35,000
Parks, Recreation and Cultural	1,213,456	1,275,768	1,326,288	(50,520)
Community Development	891,194	906,570	887,968	18,602
Non-Departmental	1,780,000	1,160,400	96,178	1,064,222
Debt Service:				
Principal Retirement	1,848,932	1,848,932	1,312,257	536,675
Interest and Other Fiscal Charges	1,034,416	1,034,416	734,164	300,252
Total Expenditures	\$ 50,235,097	\$ 50,188,097	\$ 47,278,518	\$ 2,909,579
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ 696,238	\$ 743,238	\$ 4,967,649	\$ 4,224,411
Other Financing Sources (Uses)				
Transfers Out	\$ (2,801,700)	\$ (2,801,700)	\$ (3,249,910)	\$ (448,210)
Net Change in Fund Balance	\$ (2,105,462)	\$ (2,058,462)	\$ 1,717,739	\$ 3,776,201
Fund Balance - Beginning, as restated	2,105,462	2,058,462	8,742,506	6,684,044
Fund Balance - Ending	\$ -	\$ -	\$ 10,460,245	\$ 10,460,245

County of Tazewell, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,015,173	\$ 1,090,137	\$ 1,095,549	\$ 1,086,879	\$ 1,078,495
Interest	3,310,997	3,202,401	3,043,467	2,899,146	2,767,693
Change in assumptions	-	(156,883)	-	-	-
Differences between expected and actual experience	(305,314)	(7,195)	651,020	313,432	-
Impact in change in proportion	(40,854)	(209,616)	(111,024)	-	-
Benefit payments, including refunds of employee contributions	(2,666,301)	(2,406,191)	(2,213,605)	(2,039,716)	(1,896,954)
Net change in total pension liability	\$ 1,313,701	\$ 1,512,653	\$ 2,465,407	\$ 2,259,741	\$ 1,949,234
Total pension liability - beginning	48,673,985	47,161,332	44,695,925	42,436,184	40,486,950
Total pension liability - ending (a)	\$ 49,987,686	\$ 48,673,985	\$ 47,161,332	\$ 44,695,925	\$ 42,436,184
Plan fiduciary net position					
Impact in change in proportion	\$ (35,018)	\$ (169,900)	\$ (95,046)	\$ -	\$ -
Contributions - employer	1,010,986	1,018,151	1,110,489	1,127,068	1,109,531
Contributions - employee	497,210	491,028	527,074	515,377	495,039
Net investment income	3,064,187	4,593,798	657,018	1,688,554	5,070,273
Benefit payments, including refunds of employee contributions	(2,666,301)	(2,406,191)	(2,213,605)	(2,039,716)	(1,896,954)
Administrative expense	(26,916)	(26,855)	(23,721)	(23,151)	(27,328)
Other	(2,704)	(4,077)	(280)	(356)	268
Net change in plan fiduciary net position	\$ 1,841,444	\$ 3,495,954	\$ (38,071)	\$ 1,267,776	\$ 4,750,829
Plan fiduciary net position - beginning	41,721,632	38,225,678	38,263,749	36,995,973	32,245,144
Plan fiduciary net position - ending (b)	\$ 43,563,076	\$ 41,721,632	\$ 38,225,678	\$ 38,263,749	\$ 36,995,973
County's net pension liability - ending (a) - (b)	\$ 6,424,610	\$ 6,952,353	\$ 8,935,654	\$ 6,432,176	\$ 5,440,211
Plan fiduciary net position as a percentage of the total pension liability	87.15%	85.72%	81.05%	85.61%	87.18%
Covered payroll	\$ 9,910,529	\$ 9,859,374	\$ 9,964,213	\$ 10,048,316	\$ 9,720,135
County's net pension liability as a percentage of covered payroll	64.83%	70.52%	89.68%	64.01%	55.97%

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

County of Tazewell, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Other Component Units
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 157,842	\$ 168,446	\$ 163,654	\$ 159,256	\$ 158,027
Interest	514,803	494,813	454,636	424,797	405,539
Change in assumptions	-	(24,240)	-	-	-
Differences between expected and actual experience	(47,471)	(1,112)	97,250	45,926	-
Impact in change of proportion	40,855	209,616	111,024	-	-
Benefit payments, including refunds of employee contributions	(414,564)	(371,788)	(330,671)	(298,872)	(277,953)
Net change in total pension liability	<u>\$ 251,465</u>	<u>\$ 475,735</u>	<u>\$ 495,893</u>	<u>\$ 331,107</u>	<u>\$ 285,613</u>
Total pension liability - beginning	<u>7,520,740</u>	<u>7,045,005</u>	<u>6,549,112</u>	<u>6,218,005</u>	<u>5,932,392</u>
Total pension liability - ending (a)	<u><u>\$ 7,772,205</u></u>	<u><u>\$ 7,520,740</u></u>	<u><u>\$ 7,045,005</u></u>	<u><u>\$ 6,549,112</u></u>	<u><u>\$ 6,218,005</u></u>
Plan fiduciary net position					
Impact in change of proportion	\$ 35,018	\$ 169,900	\$ 95,046	\$ -	\$ -
Contributions - employer	157,191	157,318	165,886	165,145	162,576
Contributions - employee	77,308	75,870	78,735	75,516	72,536
Net investment income	476,429	709,802	98,146	247,413	742,927
Benefit payments, including refunds of employee contributions	(414,564)	(371,788)	(330,671)	(298,872)	(277,953)
Administrative expense	(4,185)	(4,149)	(3,543)	(3,393)	(4,004)
Other	(420)	(629)	(42)	(52)	38
Net change in plan fiduciary net position	<u>\$ 326,777</u>	<u>\$ 736,324</u>	<u>\$ 103,557</u>	<u>\$ 185,757</u>	<u>\$ 696,120</u>
Plan fiduciary net position - beginning	<u>6,446,511</u>	<u>5,710,187</u>	<u>5,606,630</u>	<u>5,420,873</u>	<u>4,724,753</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 6,773,288</u></u>	<u><u>\$ 6,446,511</u></u>	<u><u>\$ 5,710,187</u></u>	<u><u>\$ 5,606,630</u></u>	<u><u>\$ 5,420,873</u></u>
Component Units' net pension liability - ending (a) - (b)	<u>\$ 998,917</u>	<u>\$ 1,074,229</u>	<u>\$ 1,334,818</u>	<u>\$ 942,482</u>	<u>\$ 797,132</u>
Plan fiduciary net position as a percentage of the total pension liability	87.15%	85.72%	81.05%	85.61%	87.18%
Covered payroll	\$ 1,531,307	\$ 1,472,797	\$ 1,460,017	\$ 1,472,340	\$ 1,424,253
Component Units' net pension liability as a percentage of covered payroll	65.23%	72.94%	91.42%	64.01%	55.97%

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

County of Tazewell, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 325,917	\$ 353,607	\$ 359,182	\$ 375,904	\$ 389,969
Interest	1,784,614	1,770,523	1,752,811	1,729,888	1,688,775
Change in assumptions	-	(70,894)	-	-	-
Differences between expected and actual experience	(208,796)	(183,199)	(243,199)	(222,538)	-
Benefit payments, including refunds of employee contributions	(1,693,716)	(1,643,775)	(1,587,749)	(1,523,814)	(1,459,018)
Net change in total pension liability	\$ 208,019	\$ 226,262	\$ 281,045	\$ 359,440	\$ 619,726
Total pension liability - beginning	26,341,342	26,115,080	25,834,035	25,474,595	24,854,869
Total pension liability - ending (a)	\$ 26,549,361	\$ 26,341,342	\$ 26,115,080	\$ 25,834,035	\$ 25,474,595
Plan fiduciary net position					
Contributions - employer	\$ 496,279	\$ 511,878	\$ 637,931	\$ 629,864	\$ 589,541
Contributions - employee	179,643	185,775	191,556	190,601	190,618
Net investment income	1,494,878	2,292,108	328,681	875,280	2,714,251
Benefit payments, including refunds of employee contributions	(1,693,716)	(1,643,775)	(1,587,749)	(1,523,814)	(1,459,018)
Administrative expense	(13,492)	(13,865)	(12,500)	(12,501)	(15,068)
Other	(1,308)	(2,014)	(142)	(185)	143
Net change in plan fiduciary net position	\$ 462,284	\$ 1,330,107	\$ (442,223)	\$ 159,245	\$ 2,020,467
Plan fiduciary net position - beginning	20,605,030	19,274,923	19,717,146	19,557,901	17,537,434
Plan fiduciary net position - ending (b)	\$ 21,067,314	\$ 20,605,030	\$ 19,274,923	\$ 19,717,146	\$ 19,557,901
School Board's net pension liability - ending (a) - (b)	\$ 5,482,047	\$ 5,736,312	\$ 6,840,157	\$ 6,116,889	\$ 5,916,694
Plan fiduciary net position as a percentage of the total pension liability	79.35%	78.22%	73.81%	76.32%	76.77%
Covered payroll	\$ 3,778,109	\$ 3,877,669	\$ 3,958,254	\$ 3,891,558	\$ 3,824,515
School Board's net pension liability as a percentage of covered payroll	145.10%	147.93%	172.81%	157.18%	154.70%

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

County of Tazewell, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.32016%	0.33673%	0.34666%	0.35749%	0.36174%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 37,651,000	\$ 41,411,000	\$ 48,581,000	\$ 44,995,000	\$ 43,715,000
Employer's Covered Payroll	25,740,658	26,133,765	26,431,418	26,579,014	26,452,530
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	146.27%	158.46%	183.80%	169.29%	165.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	89.84%	70.88%	70.88%

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

County of Tazewell, Virginia
Schedule of Employer Contributions - Pension
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 1,015,039	\$ 1,015,039	\$ -	\$ 9,731,606	10.43%
2018	1,024,401	1,024,401	-	9,910,529	10.34%
2017	1,016,717	1,016,717	-	9,859,374	10.31%
2016	1,120,484	1,120,484	-	9,964,213	11.25%
2015	1,127,068	1,127,068	-	10,048,316	11.22%
Component Units					
2019	\$ 165,570	\$ 165,570	\$ -	\$ 1,590,448	10.41%
2018	159,510	159,510	-	1,531,307	10.42%
2017	157,456	157,456	-	1,472,797	10.69%
2016	167,379	167,379	-	1,460,017	11.46%
2015	165,145	165,145	-	1,472,340	11.22%
Component Unit School Board (nonprofessional)					
2019	\$ 450,673	\$ 450,673	\$ -	\$ 3,530,389	12.77%
2018	496,256	496,256	-	3,778,109	13.14%
2017	511,880	511,880	-	3,877,669	13.20%
2016	638,441	638,441	-	3,958,254	16.13%
2015	633,935	633,935	-	3,891,558	16.29%
2014	585,916	585,916	-	3,824,515	15.32%
2013	585,126	585,126	-	3,819,361	15.32%
2012	440,570	440,570	-	3,874,849	11.37%
2011	430,695	430,695	-	3,787,991	11.37%
2010	419,730	419,730	-	4,008,887	10.47%
Component Unit School Board (professional)					
2019	\$ 3,824,277	\$ 3,824,277	\$ -	\$ 24,794,223	15.42%
2018	4,140,042	4,140,042	-	25,740,658	16.08%
2017	3,831,210	3,831,210	-	26,133,765	14.66%
2016	3,695,626	3,695,626	-	26,431,418	13.98%
2015	4,249,445	4,249,445	-	26,579,014	15.99%
2014	3,084,365	3,084,365	-	26,452,530	11.66%
2013	3,115,911	3,115,911	-	26,723,079	11.66%
2012	3,956,125	3,956,125	-	34,917,255	11.33%
2011	3,270,976	3,270,976	-	36,629,071	8.93%
2010	3,271,814	3,271,814	-	23,691,629	13.81%

Contributions are from County records.

Schedule is intended to show information for 10 years. Because multiple employers participate in the County of Tazewell, Virginia's retirement plan, prior to 2015 the Component Units' information was included in the County's schedules. Therefore, no additional data is currently available. Additional years will be included as they become available.

County of Tazewell, Virginia
Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

County of Tazewell, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Health Insurance
Primary Government
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 299,000	\$ 283,000
Interest	207,000	198,000
Changes in assumptions	66,000	-
Differences between expected and actual experience	(430,000)	-
Contributions	(268,000)	-
Benefit payments	-	(257,000)
Net change in total OPEB liability	\$ (126,000)	\$ 224,000
Total OPEB liability - beginning	5,635,000	5,411,000
Total OPEB liability - ending	<u>\$ 5,509,000</u>	<u>\$ 5,635,000</u>
 Covered-employee payroll	 \$ 11,122,229	 \$ 10,159,885
 County's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 49.53%	 55.46%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Tazewell, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Health Insurance
Other Component Units
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 35,000	\$ 33,000
Interest	41,000	39,000
Changes in assumptions	(9,000)	-
Differences between expected and actual experience	(496,000)	-
Contributions	(29,000)	
Benefit payments	-	(41,000)
Net change in total OPEB liability	\$ (458,000)	\$ 31,000
Total OPEB liability - beginning	1,119,000	1,088,000
Total OPEB liability - ending	<u>\$ 661,000</u>	<u>\$ 1,119,000</u>
 Covered-employee payroll	 \$ 1,334,629	 \$ 2,018,712
 Other Component Unit's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 49.53%	 55.43%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Tazewell, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Health Insurance
Component Unit School Board
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 573,000	\$ 543,000
Interest	585,000	582,000
Changes in assumptions	(878,000)	-
Differences between expected and actual experience	(3,120,000)	-
Contributions	(683,000)	
Benefit payments	-	(1,371,000)
Net change in total OPEB liability	\$ (3,523,000)	\$ (246,000)
Total OPEB liability - beginning	16,237,000	16,483,000
Total OPEB liability - ending	\$ <u>12,714,000</u>	\$ <u>16,237,000</u>
 Covered-employee payroll	 \$ 25,671,036	 \$ 29,273,402
 School Board's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 49.53%	 55.47%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Tazewell, Virginia
Notes to Required Supplementary Information - Health Insurance
For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
Measurement Date: 7/1/2018

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.62%
Inflation	2.50%
Healthcare Trend Rate	6.00% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	Service-graded
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2018

County of Tazewell, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2018	0.05207%	\$ 790,810	\$ 9,937,378	7.96%	51.22%
2017	0.05350%	804,781	9,867,602	8.16%	48.86%
Other Component Units:					
2018	0.00805%	\$ 122,190	\$ 1,535,455	7.96%	51.22%
2017	0.00799%	120,219	1,474,039	8.16%	48.86%
Component Unit School Board-Nonprofessional:					
2018	0.01993%	\$ 303,000	\$ 3,789,766	8.00%	51.22%
2017	0.02123%	320,000	3,915,089	8.17%	48.86%
Component Unit School Board-Professional:					
2018	0.13578%	\$ 2,063,000	\$ 25,814,219	7.99%	51.22%
2017	0.14346%	2,159,000	26,462,433	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Tazewell, Virginia
Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2019	\$ 50,703	\$ 50,703	\$ -	\$ 9,750,829	0.52%
2018	51,673	51,673	-	9,937,378	0.52%
2017	51,312	51,312	-	9,867,602	0.52%
Other Component Units:					
2019	\$ 8,270	\$ 8,270	\$ -	\$ 1,590,522	0.52%
2018	7,984	7,984	-	1,535,455	0.52%
2017	7,665	7,665	-	1,474,039	0.52%
Component Unit School Board (nonprofessional):					
2019	\$ 18,395	\$ 18,395	\$ -	\$ 3,537,467	0.52%
2018	19,707	19,707	-	3,789,766	0.52%
2017	20,358	20,358	-	3,915,089	0.52%
2016	19,014	19,014	-	3,961,302	0.48%
2015	18,688	18,688	-	3,893,364	0.48%
2014	18,446	18,446	-	3,842,931	0.48%
2013	18,492	18,492	-	3,852,398	0.48%
2012	10,887	10,887	-	3,888,368	0.28%
2011	10,623	10,623	-	3,794,048	0.28%
2010	7,839	7,839	-	2,903,464	0.27%
Component Unit School Board (professional):					
2019	\$ 129,038	\$ 129,038	\$ -	\$ 24,814,371	0.52%
2018	134,238	134,238	-	25,814,219	0.52%
2017	137,605	137,605	-	26,462,433	0.52%
2016	127,248	127,248	-	26,510,012	0.48%
2015	127,864	127,864	-	26,638,341	0.48%
2014	127,308	127,308	-	26,522,546	0.48%
2013	128,717	128,717	-	26,816,024	0.48%
2012	78,056	78,056	-	27,877,204	0.28%
2011	79,269	79,269	-	28,310,459	0.28%
2010	55,742	55,742	-	20,645,175	0.27%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available for the County and Other Component Units as the information prior to this time was not allocated in a similar manner. However, additional years will be included as they become available.

County of Tazewell, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

County of Tazewell, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

County of Tazewell, Virginia
 Schedule of County of Tazewell School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.31833%	\$ 4,042,000	\$ 25,740,658	15.70%	8.08%
2017	0.33488%	4,248,000	26,428,915	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Tazewell, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2019	\$ 297,533	\$ 297,533	\$ -	\$ 24,794,223	1.20%
2018	316,611	316,611	-	25,740,658	1.23%
2017	293,361	293,361	-	26,428,915	1.11%
2016	280,173	280,173	-	26,431,418	1.06%
2015	281,738	281,738	-	26,579,014	1.06%
2014	293,637	293,637	-	26,453,792	1.11%
2013	296,626	296,626	-	26,723,055	1.11%
2012	167,051	167,051	-	27,841,898	0.60%
2011	155,652	155,652	-	25,942,076	0.60%
2010	217,710	217,710	-	20,645,175	1.05%

County of Tazewell, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Other Supplementary Information

County of Tazewell, Virginia
Major Capital Projects Fund-County CIP Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 1,200,000	\$ 1,200,000	\$ -	\$ (1,200,000)
Intergovernmental:				
Commonwealth	1,100,000	1,100,000	-	(1,100,000)
Total Revenues	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ -</u>	<u>\$ (2,300,000)</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ 4,088,932	\$ 4,135,932	\$ 219,917	\$ 3,916,015
Public Works	-	-	1,106,392	(1,106,392)
Community Development	125,000	125,000	87,500	37,500
Total Expenditures	<u>\$ 4,213,932</u>	<u>\$ 4,260,932</u>	<u>\$ 1,413,809</u>	<u>\$ 2,847,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,913,932)</u>	<u>\$ (1,960,932)</u>	<u>\$ (1,413,809)</u>	<u>\$ 547,123</u>
Net Change in Fund Balance	\$ (1,913,932)	\$ (1,960,932)	471,393	\$ 2,432,325
Fund Balance - Beginning	1,913,932	1,960,932	275,041	(1,685,891)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 746,434</u>	<u>\$ 746,434</u>

County of Tazewell, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds		
	Special Welfare Funds	Local Sales Tax Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 60,757	\$ -	\$ 60,757
Due from Other Governmental Units	-	198,420	198,420
Total Assets	<u>\$ 60,757</u>	<u>\$ 198,420</u>	<u>\$ 259,177</u>
LIABILITIES			
Current Liabilities:			
Due to Other Governmental Units	\$ -	\$ 198,420	\$ 198,420
Amounts Held for Others	60,757	-	60,757
Total Liabilities	<u>\$ 60,757</u>	<u>\$ 198,420</u>	<u>\$ 259,177</u>

County of Tazewell, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 76,193	\$ 111,560	\$ (126,996)	\$ 60,757
Liabilities:				
Amounts held for social services clients	\$ 76,193	\$ 111,560	\$ (126,996)	\$ 60,757
Local Sales Tax Fund:				
Assets:				
Due from other governmental units	\$ 216,177	\$ 1,135,715	\$ (1,153,472)	\$ 198,420
Liabilities:				
Due to Other Governmental Units	\$ 216,177	\$ 1,135,715	\$ (1,153,472)	\$ 198,420
Totals				
Total Assets:				
Cash and cash equivalents	\$ 76,193	\$ 111,560	\$ (126,996)	\$ 60,757
Due from other governmental units	216,177	1,135,715	(1,153,472)	198,420
Total assets	\$ 292,370	\$ 1,247,275	\$ (1,280,468)	\$ 259,177
Total Liabilities:				
Amounts held for social services clients	\$ 76,193	\$ 111,560	\$ (126,996)	\$ 60,757
Due to Other Governmental Units	216,177	1,135,715	(1,153,472)	198,420
Total liabilities	\$ 292,370	\$ 1,247,275	\$ (1,280,468)	\$ 259,177

County of Tazewell, Virginia
Nonmajor Funds
Balance Sheet
June 30, 2019

	<u>Special Revenue Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,189,902
Receivables (Net of Allowance for Uncollectibles):	
Taxes	143,210
Total Assets	<u>\$ 1,333,112</u>
LIABILITIES	
Accounts Payable	\$ 146,220
Total Liabilities	<u>\$ 146,220</u>
FUND BALANCES	
Committed	1,186,892
Total Fund Balances	<u>\$ 1,186,892</u>
Total Liabilities and Fund Balances	<u>\$ 1,333,112</u>

County of Tazewell, Virginia
Nonmajor Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	<u>Special Revenue Funds</u>
REVENUES	
Other Local Taxes	\$ 828,363
Charges for Services	11,073
Intergovernmental:	
Commonwealth	121,415
Total Revenues	\$ <u>960,851</u>
EXPENDITURES:	
Current:	
Judicial Administration	\$ 11,808
Public Works	856,877
Total Expenditures	\$ <u>868,685</u>
Excess (Deficiency) of Revenues Over (Under)	
Expenditures	\$ <u>92,166</u>
Other Financing Sources (Uses)	
Transfers Out	\$ <u>(285,502)</u>
Net Change in Fund Balance	\$ (193,336)
Fund Balance - Beginning, as restated	1,380,228
Fund Balance - Ending	\$ <u><u>1,186,892</u></u>

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2019

	<u>Law Library</u>	<u>Coal Road</u>	<u>Coal Road</u>	<u>Damage Stamp</u>	<u>Total</u>
	<u>Fund</u>	<u>Improvement</u>	<u>Economic</u>	<u>Fund</u>	
ASSETS					
Cash and Cash Equivalents	\$ 68,268	\$ 1,086,237	\$ 35,355	\$ 42	\$ 1,189,902
Receivables (Net of Allowance for Uncollectibles):					
Taxes	-	93,365	49,845	-	143,210
Total Assets	\$ 68,268	\$ 1,179,602	\$ 85,200	\$ 42	\$ 1,333,112
LIABILITIES					
Accounts Payable	\$ 794	\$ 145,426	\$ -	\$ -	\$ 146,220
FUND BALANCES					
Committed	\$ 67,474	\$ 1,034,176	\$ 85,200	\$ 42	\$ 1,186,892
Total Fund Balances	\$ 67,474	\$ 1,034,176	\$ 85,200	\$ 42	\$ 1,186,892
Total Liabilities and Fund Balances	\$ 68,268	\$ 1,179,602	\$ 85,200	\$ 42	\$ 1,333,112

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	<u>Law Library Fund</u>	<u>Coal Road Improvement Fund</u>	<u>Coal Road Economic Development Fund</u>	<u>Damage Stamp Fund</u>	<u>Total</u>
REVENUES					
Other Local Taxes	\$ - \$	491,203 \$	337,160 \$	- \$	828,363
Charges for Services	11,073	-	-	-	11,073
Intergovernmental:					
Commonwealth	-	121,415	-	-	121,415
Total Revenues	\$ 11,073 \$	612,618 \$	337,160 \$	- \$	960,851
EXPENDITURES					
Current:					
Judicial Administration	\$ 11,808 \$	- \$	- \$	- \$	11,808
Public Works	-	536,486	320,391	-	856,877
Total Expenditures	\$ 11,808 \$	536,486 \$	320,391 \$	- \$	868,685
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (735) \$	76,132 \$	16,769 \$	- \$	92,166
Other Financing Sources (Uses)					
Transfers Out	-	(285,502)	-	-	(285,502)
Net Change in Fund Balance	\$ (735) \$	(209,370) \$	16,769 \$	- \$	(193,336)
Fund Balance - Beginning, as restated	68,209	1,243,546	68,431	42	1,380,228
Fund Balance - Ending	\$ 67,474 \$	1,034,176 \$	85,200 \$	42 \$	1,186,892

Exhibit 35

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Law Library Fund				Coal Road Improvement Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final			Original	Final		
REVENUES								
Other Local Taxes	\$ - \$	- \$	- \$	-	\$ 440,000 \$	440,000 \$	491,203 \$	51,203
Charges for Services	10,920	10,920	11,073	153	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	500,000	500,000	121,415	(378,585)
Total Revenues	\$ 10,920 \$	10,920 \$	11,073 \$	153	\$ 940,000 \$	940,000 \$	612,618 \$	(327,382)
EXPENDITURES:								
Current:								
Judicial Administration	\$ 25,000 \$	25,000 \$	11,808 \$	13,192	\$ - \$	- \$	- \$	-
Public Works	-	-	-	-	1,000,000	1,000,000	536,486	463,514
Total Expenditures	\$ 25,000 \$	25,000 \$	11,808 \$	13,192	\$ 1,000,000 \$	1,000,000 \$	536,486 \$	463,514
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	\$ (14,080) \$	(14,080) \$	(735) \$	13,345	\$ (60,000) \$	(60,000) \$	76,132 \$	136,132
Other Financing Sources (Uses)								
Transfers Out	-	-	-	-	\$ (285,502) \$	(285,502) \$	(285,502) \$	-
Net Change in Fund Balance	\$ (14,080) \$	(14,080) \$	(735) \$	13,345	\$ (60,000) \$	(60,000) \$	(209,370) \$	(149,370)
Fund Balance - Beginning, as restated	69,400	69,400	68,209	(1,191)	1,183,955	1,183,955	1,243,546	59,591
Fund Balance - Ending	\$ 55,320 \$	55,320 \$	67,474 \$	12,154	\$ 1,123,955 \$	1,123,955 \$	1,034,176 \$	(89,779)

Exhibit 35

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Coal Road Economic Development Fund				Damage Stamp Fund			
	Budget Amounts		Actual	Variance with Final Budget Pos (Neg)	Budget Amounts		Actual	Variance with Final Budget Pos (Neg)
	Original	Final	Amounts		Original	Final	Amounts	
REVENUES								
Other Local Taxes	\$ 301,800	\$ 301,800	\$ 337,160	\$ 35,360	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Total Revenues	\$ 301,800	\$ 301,800	\$ 337,160	\$ 35,360	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:								
Current:								
Judicial Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works	273,600	273,600	320,391	(46,791)	-	-	-	-
Total Expenditures	\$ 273,600	\$ 273,600	\$ 320,391	\$ (46,791)	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	\$ 28,200	\$ 28,200	\$ 16,769	\$ (11,431)	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses)								
Transfers Out	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ 28,200	\$ 28,200	\$ 16,769	\$ (11,431)	\$ -	\$ -	\$ -	\$ -
Fund Balance - Beginning, as restated	45,000	45,000	68,431	23,431	-	-	42	42
Fund Balance - Ending	\$ 73,200	\$ 73,200	\$ 85,200	\$ 12,000	\$ -	\$ -	\$ 42	\$ 42

Exhibit 35

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Total			
	Budget Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
REVENUES				
Other Local Taxes	\$ 741,800	\$ 741,800	\$ 828,363	\$ 86,563
Charges for Services	10,920	10,920	11,073	153
Intergovernmental:				
Commonwealth	500,000	500,000	121,415	(378,585)
Total Revenues	\$ 1,252,720	\$ 1,252,720	\$ 960,851	\$ (291,869)
EXPENDITURES:				
Current:				
Judicial Administration	\$ 25,000	\$ 25,000	\$ 11,808	\$ 13,192
Public Works	1,273,600	1,273,600	856,877	416,723
Total Expenditures	\$ 1,298,600	\$ 1,298,600	\$ 868,685	\$ 429,915
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ (45,880)	\$ (45,880)	\$ 92,166	\$ 138,046
Other Financing Sources (Uses)				
Transfers Out	(285,502)	(285,502)	(285,502)	-
Net Change in Fund Balance				
Fund Balance - Beginning, as restated	\$ (331,382)	\$ (331,382)	\$ (193,336)	\$ 138,046
Fund Balance - Ending	1,298,355	1,298,355	1,380,228	81,873
	\$ 1,252,475	\$ 1,252,475	\$ 1,186,892	\$ (65,583)

County of Tazewell, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2019

		School Operating Fund
ASSETS		
Cash and Cash Equivalents	\$	10,146,379
Accounts Receivable		18,625
Due from Other Governmental Units		1,821,676
Prepaid items		152,156
Total Assets	\$	12,138,836
LIABILITIES		
Accounts Payable	\$	3,543,412
Accrued Health Claims		823,724
Due to Primary Government		3,684,385
Total Liabilities	\$	8,051,521
FUND BALANCE		
Nonspendable	\$	152,156
Restricted		2,949,738
Committed		985,421
Total Fund Balances	\$	4,087,315
Total Liabilities and Fund Balances	\$	12,138,836
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances - per above	\$	4,087,315
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	1,908,716
Buildings and Improvements		8,695,556
Tenancy in common		10,272,065
Machinery and equipment		3,705,215
		24,581,552
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	4,723,950
OPEB related items		1,220,769
		5,944,719
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds		
Accrued Interest payable	\$	(54,163)
Net OPEB liabilities		(19,122,000)
Compensated absences		(623,405)
Net pension liability		(43,133,047)
Capital lease		(2,905,996)
		(65,838,611)
Deferred inflows of resources are not due and payable in the current period, and, therefore, are not reported in the funds.		
Pension related items	\$	(8,009,999)
OPEB related items		(3,478,677)
		(11,488,676)
Net Position of governmental activities - component unit school board	\$	(42,713,701)

County of Tazewell, Virginia
Discretely Presented Component Unit-School Board
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2019

	School Operating Fund
REVENUES	
Revenue from Use of Money and Property	\$ 4,706
Charges for Services	1,104,905
Miscellaneous	36,214
Recovered Costs	424,268
Intergovernmental:	
Local Government	10,560,057
Commonwealth	39,519,172
Federal Government	5,917,448
Total Revenues	<u>\$ 57,566,770</u>
EXPENDITURES:	
Current:	
Education	\$ 56,251,615
Debt Service:	
Principal Retirement	1,485,605
Interest and Other Fiscal Charges	117,305
Total Expenditures	<u>\$ 57,854,525</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (287,755)</u>
Net Change in Fund Balance	\$ (287,755)
Fund Balance - Beginning	4,375,070
Fund Balance - Ending	<u>\$ 4,087,315</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Net change in fund balance - total governmental funds - per above	\$ (287,755)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital outlays	\$ 1,201,266
Tenancy in common	512,257
Depreciation expense	<u>(1,549,283)</u>
	164,240
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade- ins, and donations) is to increase net position.	(183,600)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long- term debt and related items.	
Principal repayments:	
Capital lease	1,485,605
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditure in governmental funds.	
Decrease (increase) in accrued interest payable	\$ 24,799
Change in compensated absences	39,718
Change in OPEB related items	270,536
Change in pension related items	<u>3,147,878</u>
	3,482,931
Change in net position of governmental funds - component unit school board	<u>\$ 4,661,421</u>

County of Tazewell, Virginia
Discretely Presented Component Unit-School Board
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget Amounts</u>			<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Amounts</u>	<u>Final Budget</u>
					<u>Pos (Neg)</u>
REVENUES					
Revenue from Use of Money and Property	\$ 7,000	\$ 7,000	\$ 4,706	\$ (2,294)	
Charges for Services	762,616	762,616	1,104,905		342,289
Miscellaneous	14,356	14,356	36,214		21,858
Recovered Costs	312,750	312,750	424,268		111,518
Intergovernmental:					
Local Government	10,560,057	10,560,057	10,560,057		-
Commonwealth	38,560,316	38,560,316	39,519,172		958,856
Federal Government	6,010,178	6,010,178	5,917,448		(92,730)
Total Revenues	<u>\$ 56,227,273</u>	<u>\$ 56,227,273</u>	<u>\$ 57,566,770</u>	<u>\$ 1,339,497</u>	
EXPENDITURES					
Current:					
Education	\$ 58,392,989	\$ 58,392,989	\$ 56,251,615	\$ 2,141,374	
Debt Service:					
Principal Retirement	362,375	362,375	1,485,605		(1,123,230)
Interest and Other Fiscal Charges	119,964	119,964	117,305		2,659
Total Expenditures	<u>\$ 58,875,328</u>	<u>\$ 58,875,328</u>	<u>\$ 57,854,525</u>	<u>\$ 1,020,803</u>	
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>\$ (2,648,055)</u>	<u>\$ (2,648,055)</u>	<u>\$ (287,755)</u>	<u>\$ 2,360,300</u>	
Net Change in Fund Balance	\$ (2,648,055)	\$ (2,648,055)	\$ (287,755)	\$ 2,360,300	
Fund Balance - Beginning	2,648,055	2,648,055	4,375,070		1,727,015
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,087,315</u>	<u>\$ 4,087,315</u>	

County of Tazewell, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2019

	<u>Public Service Authority</u>	<u>Industrial Develop- ment Authority</u>	<u>Airport Authority</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 458,224	\$ 703,295	\$ 26,697	\$ 1,188,216
Investments	1,778,838	-	-	1,778,838
Receivables (net of allowance for uncollectibles):				
Interest receivable	-	-	-	-
Accounts receivable	751,966	-	595	752,561
Notes receivable	-	77,054	-	77,054
Due from other governmental units	468,094	-	4,699	472,793
Inventories	139,579	-	11,555	151,134
Prepaid items	74,956	-	1,838	76,794
Restricted assets:				
Cash and cash equivalents	194,545	-	-	194,545
Capital assets (net of accumulated depreciation):				
Land	330,662	3,604,636	629,871	4,565,169
Buildings and improvements	128,215	-	540,426	668,641
Improvements other than buildings	-	6,845,092	3,283,468	10,128,560
Machinery and equipment	654,037	-	265,215	919,252
Infrastructure	71,402,011	-	-	71,402,011
Construction in progress	3,355,725	15,578,727	5,873	18,940,325
Total assets	<u>\$ 79,736,852</u>	<u>\$ 26,808,804</u>	<u>\$ 4,770,237</u>	<u>\$ 111,315,893</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 209,573	\$ -	\$ 4,609	\$ 214,182
OPEB related items	48,154	-	442	48,596
Total deferred outflows of resources	<u>\$ 257,727</u>	<u>\$ -</u>	<u>\$ 5,051</u>	<u>\$ 262,778</u>
LIABILITIES				
Accounts payable	\$ 538,452	\$ 30,381	\$ 7,564	\$ 576,397
Accrued wages	92,327	-	3,466	95,793
Customers' deposits	194,545	-	-	194,545
Accrued interest payable	31,537	-	610	32,147
Unearned Revenue	-	3,000	-	3,000
Long-term liabilities:				
Due within one year	2,854,432	19,589	16,619	2,890,640
Due in more than one year	34,290,122	2,865,292	254,519	37,409,933
Total liabilities	<u>\$ 38,001,415</u>	<u>\$ 2,918,262</u>	<u>\$ 282,778</u>	<u>\$ 41,202,455</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 97,622	\$ -	\$ 6,797	\$ 104,419
OPEB related items	158,159	-	688	158,847
Total deferred inflows of resources	<u>\$ 255,781</u>	<u>\$ -</u>	<u>\$ 7,485</u>	<u>\$ 263,266</u>
NET POSITION				
Net investment in capital assets	\$ 40,318,061	\$ 23,143,574	\$ 4,489,573	\$ 67,951,208
Unrestricted	1,419,322	746,968	(4,548)	2,161,742
Total Net Position	<u>\$ 41,737,383</u>	<u>\$ 23,890,542</u>	<u>\$ 4,485,025</u>	<u>\$ 70,112,950</u>

County of Tazewell, Virginia
Combining Statement of Activities
Other Component Units
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Public Service Authority	Industrial Development		Total
			Grants and Contributions	Capital Grants and Contributions		Authority	Airport Authority	
OTHER COMPONENT UNITS:								
Public Service Authority	\$ 8,346,449	\$ 7,070,185	\$ -	\$ 2,496,432	\$ 1,220,168	\$ -	\$ -	\$ 1,220,168
Industrial Development Authority	963,339	370,424	133,286	-	-	(459,629)	-	(459,629)
Airport Authority	532,044	10,469	124,143	40,473	-	-	(356,959)	(356,959)
Total other component units	\$ 9,841,832	\$ 7,451,078	\$ 257,429	\$ 2,536,905	\$ 1,220,168	\$ (459,629)	\$ (356,959)	\$ 403,580
General revenues:								
Unrestricted revenues from use of money and property					\$ 34,572	\$ -	\$ 35,993	\$ 70,565
Miscellaneous					48,643	11,111	2,961	62,715
Payments from Tazewell County					1,043,037	422,351	-	1,465,388
Grants and contributions not restricted to specific programs					35,808	-	-	35,808
Total general revenues					\$ 1,162,060	\$ 433,462	\$ 38,954	\$ 1,634,476
Change in net position					\$ 2,382,228	\$ (26,167)	\$ (318,005)	\$ 2,038,056
Net position - beginning					39,355,155	23,916,709	4,803,030	68,074,894
Net position - ending					\$ 41,737,383	\$ 23,890,542	\$ 4,485,025	\$ 70,112,950

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 15,334,167	\$ 15,334,167	\$ 15,002,076	\$ (332,091)
Real and personal public service corporation taxes	1,134,832	1,134,832	1,342,752	207,920
Personal property taxes	4,982,968	4,982,968	5,140,334	157,366
Mobile home taxes	160,272	160,272	150,983	(9,289)
Machinery and tools taxes	1,440,228	1,440,228	1,152,186	(288,042)
Merchant's capital taxes	758,560	758,560	776,260	17,700
Vehicle Licenses	-	-	482,327	482,327
Penalties	346,500	346,500	316,753	(29,747)
Interest	203,500	203,500	302,739	99,239
Total General Property Taxes	<u>\$ 24,361,027</u>	<u>\$ 24,361,027</u>	<u>\$ 24,666,410</u>	<u>\$ 305,383</u>
Other Local Taxes:				
Local sales and use taxes	\$ 4,700,000	\$ 4,700,000	\$ 4,713,962	\$ 13,962
Consumers' utility taxes	850,000	850,000	845,507	(4,493)
MOPED and ATV sales tax	-	-	6,993	6,993
Utility license taxes	92,500	92,500	22,061	(70,439)
Motor vehicle licenses	-	-	3,160	3,160
Bank franchise taxes	50,000	50,000	61,364	11,364
Taxes on recordation and wills	225,000	225,000	261,269	36,269
Transient fee	195,000	195,000	180,730	(14,270)
Coal severance taxes	340,000	340,000	328,379	(11,621)
Gas severance taxes	410,000	410,000	502,387	92,387
Total Other Local Taxes	<u>\$ 6,862,500</u>	<u>\$ 6,862,500</u>	<u>\$ 6,925,812</u>	<u>\$ 63,312</u>
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 8,764	\$ 1,264
Land use application fees	300	300	141	(159)
Transfer fees	1,750	1,750	2,142	392
Legal service fees	40,000	40,000	72,432	32,432
Cavitts Creek camping fee	25,000	25,000	25,735	735
Building permits	60,000	60,000	46,904	(13,096)
Installment service fees	7,500	7,500	6,750	(750)
Return check fees	375	375	475	100
Junk dealers license	1,000	1,000	1,100	100
Erosion and sediment control permit	500	500	236	(264)
Other permits and licenses	-	-	4,046	4,046
Total Permits, Privilege Fees and Regulatory Licenses	<u>\$ 143,925</u>	<u>\$ 143,925</u>	<u>\$ 168,725</u>	<u>\$ 24,800</u>
Fines and Forfeitures:				
Court fines and forfeitures	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 45,217</u>	<u>\$ 217</u>
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 30,000	\$ 30,000	\$ 72,430	\$ 42,430
Revenue from use of property	269,241	269,241	268,931	(310)
Total Revenue from Use of Money and Property	<u>\$ 299,241</u>	<u>\$ 299,241</u>	<u>\$ 341,361</u>	<u>\$ 42,120</u>
Charges for Services:				
Commonwealth attorney fees	\$ 8,000	\$ 8,000	\$ 10,690	\$ 2,690
Courthouse maintenance fees	12,500	12,500	12,940	440
Courthouse security fees	75,000	75,000	74,151	(849)
Courthouse admission fee	448,000	448,000	695,333	247,333
Library fees	25,000	25,000	22,221	(2,779)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Court appointed attorney	\$ -	\$ -	\$ 5,066	\$ 5,066
Gun permit fees	-	-	43,092	43,092
County garage service fees	165,000	165,000	180,427	15,427
Charges for animal pound	10,000	10,000	7,201	(2,799)
Miscellaneous jail and inmate fees	-	-	14,610	14,610
Sheriff special project fees	-	-	3,743	3,743
Other charges for service	-	-	1,950	1,950
Total Charges for Services	<u>\$ 743,500</u>	<u>\$ 743,500</u>	<u>\$ 1,071,424</u>	<u>\$ 327,924</u>
Miscellaneous:				
Miscellaneous	\$ 500,000	\$ 500,000	\$ 70,605	\$ (429,395)
Expenditure refunds	-	-	1,591	1,591
Total Miscellaneous	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 72,196</u>	<u>\$ (427,804)</u>
Recovered Costs:				
Library	\$ 15,000	\$ 15,000	\$ 15,008	\$ 8
Health department	-	-	61,583	61,583
Welfare recoveries	35,000	35,000	19,969	(15,031)
Sheriff	-	-	31,193	31,193
Insurance recoveries	82,000	82,000	110,007	28,007
Southwest Virginia Regional Jail Authority	-	-	602,022	602,022
VRS refund	650,000	650,000	675,488	25,488
EMS Recoveries	600,000	600,000	397,007	(202,993)
Other recoveries	100,000	100,000	123,050	23,050
Total Recovered Costs	<u>\$ 1,482,000</u>	<u>\$ 1,482,000</u>	<u>\$ 2,035,327</u>	<u>\$ 553,327</u>
Total Revenue from Local Sources	<u>\$ 34,437,193</u>	<u>\$ 34,437,193</u>	<u>\$ 35,326,472</u>	<u>\$ 889,279</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
Mobile home titling tax	\$ 85,000	\$ 85,000	\$ 68,663	\$ (16,337)
Motor vehicle rental tax	35,000	35,000	43,752	8,752
Rolling stock tax	115,000	115,000	103,494	(11,506)
State communications tax	585,000	585,000	510,440	(74,560)
Personal property tax relief funds	2,673,821	2,673,821	2,758,262	84,441
Total Noncategorical Aid	<u>\$ 3,493,821</u>	<u>\$ 3,493,821</u>	<u>\$ 3,484,611</u>	<u>\$ (9,210)</u>
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 725,741	\$ 725,741	\$ 723,505	\$ (2,236)
Sheriff	1,919,192	1,919,192	1,923,396	4,204
Commissioner of the Revenue	157,311	157,311	157,200	(111)
Treasurer	175,625	175,625	175,323	(302)
Registrar/Electoral Board	41,000	41,000	42,436	1,436
Clerk of the Circuit Court	456,118	456,118	502,856	46,738
Total Shared Expenses	<u>\$ 3,474,987</u>	<u>\$ 3,474,987</u>	<u>\$ 3,524,716</u>	<u>\$ 49,729</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,652,604	\$ 2,652,604	\$ 2,777,419	\$ 124,815
Comprehensive Services Act	1,487,500	1,487,500	1,496,323	8,823
Fire programs	92,465	92,465	95,733	3,268

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Other Categorical Aid: (continued)				
At risk youth and family	\$ 85,000	\$ 85,000	\$ 88,885	\$ 3,885
Litter control	11,500	11,500	10,628	(872)
Corrective service grant	131,429	131,429	131,569	140
Victim witness grant	37,326	37,326	38,073	747
School resource officer	34,660	34,660	88,379	53,719
PSAP, VITA & RSAF	298,938	298,938	482,288	183,350
Project lifesaver	-	-	2,500	2,500
Library of VA - record preservation grant	153,720	153,720	164,698	10,978
Commission on the arts	4,500	4,500	4,500	-
Substance abuse task force in rural Appalachia	77,330	77,330	71,531	(5,799)
Other state grants	-	-	7,910	7,910
Emergency services grant	34,305	34,305	75,431	41,126
Bulletproof vest grant	86,000	86,000	27,592	(58,408)
Domestic violence DCJS grant	45,000	45,000	33,750	(11,250)
Total Other Categorical Aid	\$ 5,232,277	\$ 5,232,277	\$ 5,597,209	\$ 364,932
Total Revenue from the Commonwealth	\$ 12,201,085	\$ 12,201,085	\$ 12,606,536	\$ 405,451
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ 16,000	\$ 16,000	\$ 29,617	\$ 13,617
Categorical Aid:				
Public assistance and welfare administration	\$ 3,883,062	\$ 3,883,062	\$ 4,065,774	\$ 182,712
Emergency preparedness	254,438	254,438	7,503	(246,935)
Victim witness	111,973	111,973	114,212	2,239
Violence against women	27,584	27,584	41,376	13,792
HIDTA grant	-	-	32,536	32,536
Motor vehicle grant	-	-	22,141	22,141
Total Categorical Aid	\$ 4,277,057	\$ 4,277,057	\$ 4,283,542	\$ 6,485
Total Revenue from the Federal Government	\$ 4,293,057	\$ 4,293,057	\$ 4,313,159	\$ 20,102
Total General Fund	\$ 50,931,335	\$ 50,931,335	\$ 52,246,167	\$ 1,314,832
Nonmajor Special Revenue Funds:				
Law Library Fund				
Charges for Services:				
Law library fees	\$ 10,920	\$ 10,920	\$ 11,073	\$ 153
Total Charges for Services	\$ 10,920	\$ 10,920	\$ 11,073	\$ 153
Total Law Library Fund	\$ 10,920	\$ 10,920	\$ 11,073	\$ 153
Coal Road Improvement Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	\$ 440,000	\$ 440,000	\$ 491,203	\$ 51,203

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Coal Road Improvement Fund (continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical Aid:				
Clinic Rd Lap - VDOT	\$ 500,000	\$ 500,000	\$ 121,415	\$ (378,585)
Total Coal Road Improvement Fund	<u>\$ 940,000</u>	<u>\$ 940,000</u>	<u>\$ 612,618</u>	<u>\$ (327,382)</u>
Coal Road Economic Development Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	<u>\$ 301,800</u>	<u>\$ 301,800</u>	<u>\$ 337,160</u>	<u>\$ 35,360</u>
Major Capital Projects Fund:				
County CIP Fund:				
Miscellaneous:				
Miscellaneous	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ -</u>	<u>\$ (1,200,000)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical Aid:				
Other Categorical Aid:				
Other grant revenues	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ (1,100,000)</u>
Total County CIP Fund	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ -</u>	<u>\$ (2,300,000)</u>
Total Primary Government	<u>\$ 54,484,055</u>	<u>\$ 54,484,055</u>	<u>\$ 53,207,018</u>	<u>\$ (1,277,037)</u>

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of property	\$ 7,000	\$ 7,000	\$ 4,706	\$ (2,294)
Charges for Services:				
Tuition	\$ 182,366	\$ 182,366	\$ 495,958	\$ 313,592
Cafeteria sales	550,000	550,000	579,601	29,601
Charges for damaged books	250	250	1,681	1,431
Charges for transportation	30,000	30,000	27,665	(2,335)
Total Charges for Services	\$ 762,616	\$ 762,616	\$ 1,104,905	\$ 342,289
Miscellaneous:				
Miscellaneous	\$ 14,356	\$ 14,356	\$ 36,214	\$ 21,858
Recovered Costs:				
Rebates and refunds	\$ 267,750	\$ 267,750	\$ 366,575	\$ 98,825
JROTC	45,000	45,000	57,693	12,693
Total Recovered Costs	\$ 312,750	\$ 312,750	\$ 424,268	\$ 111,518
Total Revenue from Local Sources	\$ 1,096,722	\$ 1,096,722	\$ 1,570,093	\$ 473,371
Intergovernmental:				
Revenue from Local Governments:				
Contribution from the County of Tazewell	\$ 10,560,057	\$ 10,560,057	\$ 10,560,057	\$ -
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 508,600	\$ 508,600	\$ 508,600	\$ -
At risk payments	880,778	880,778	982,587	101,809
Basic school aid	18,350,172	18,350,172	18,449,503	99,331
Composite Index Trans	-	-	132,768	132,768
Dual enrollment	-	-	499,023	499,023
ESL	13,398	13,398	9,925	(3,473)
Small school div enrollment loss	342,700	342,700	342,700	-
Career switcher mentoring program	-	-	1,000	1,000
E-rate funding	-	-	165,968	165,968
Foster care	42,557	42,557	12,191	(30,366)
GED funding	23,576	23,576	25,065	1,489
Gifted and talented children	199,338	199,338	200,549	1,211
GLI instructional	83,722	83,722	84,231	509
Mentor teaching program	7,446	7,446	4,333	(3,113)
Virtual VA tuition	-	-	225	225
Reading intervention	118,344	118,344	118,344	-
Reduced K-3 classroom	1,043,397	1,043,397	976,298	(67,099)
Remedial education	737,552	737,552	742,031	4,479
Remedial summer education	54,110	54,110	43,515	(10,595)
Retirement	2,659,172	2,659,172	2,675,324	16,152
School food	62,650	62,650	67,914	5,264
Share of state sales tax	6,541,339	6,541,339	6,614,855	73,516
Social security	1,204,003	1,204,003	1,211,316	7,313
SOL algebra readiness	107,693	107,693	110,158	2,465
Special education - SOQ	2,555,516	2,555,516	2,571,038	15,522
Special education - foster care	-	-	21,375	21,375

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Special education - homebound	\$ 100,695	\$ 100,695	\$ 89,494	\$ (11,201)
State textbook payments	401,427	401,427	403,866	2,439
State lottery payments	1,339,872	1,339,872	1,460,598	120,726
Technology assistance	380,000	380,000	-	(380,000)
Vocational education - SOQ	761,472	761,472	766,097	4,625
Vocational education - equipment	30,431	30,431	16,916	(13,515)
Vocational education - adult	-	-	5,380	5,380
Vocational occupational preparedness	-	-	19,978	19,978
Other state payments	10,356	10,356	186,007	175,651
Total Categorical Aid	<u>\$ 38,560,316</u>	<u>\$ 38,560,316</u>	<u>\$ 39,519,172</u>	<u>\$ 958,856</u>
Total Revenue from the Commonwealth	<u>\$ 38,560,316</u>	<u>\$ 38,560,316</u>	<u>\$ 39,519,172</u>	<u>\$ 958,856</u>
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 11,201	\$ 11,201
Title I	1,569,124	1,569,124	1,445,061	(124,063)
Title II, A Staff training	254,986	254,986	234,209	(20,777)
Vocational education	132,000	132,000	59,650	(72,350)
Title VI-B	1,663,306	1,663,306	1,735,670	72,364
Title VI-B Preschool	130,096	130,096	44,399	(85,697)
Title V-B-2	125,162	125,162	87,387	(37,775)
Title IV - Student Support	41,504	41,504	-	(41,504)
CACFP	-	-	127,845	127,845
HHFKA Demo	43,000	43,000	15,920	(27,080)
School food-Summer program	16,000	16,000	16,248	248
School food commodities	-	-	190,063	190,063
School breakfast	585,000	585,000	532,304	(52,696)
School lunch	1,450,000	1,450,000	1,417,160	(32,840)
Fresh fruit and vegetable program	-	-	331	331
Total Categorical Aid	<u>\$ 6,010,178</u>	<u>\$ 6,010,178</u>	<u>\$ 5,917,448</u>	<u>\$ (92,730)</u>
Total Revenue from the Federal Government	<u>\$ 6,010,178</u>	<u>\$ 6,010,178</u>	<u>\$ 5,917,448</u>	<u>\$ (92,730)</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 56,227,273</u>	<u>\$ 56,227,273</u>	<u>\$ 57,566,770</u>	<u>\$ 1,339,497</u>

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of supervisors	\$ 120,799	\$ 122,205	\$ 122,417	\$ (212)
General and Financial Administration:				
County administrator	\$ 270,465	\$ 270,465	\$ 280,102	\$ (9,637)
Legal services	187,093	194,392	184,104	10,288
Economic development	172,228	179,605	97,127	82,478
Commissioner of revenue	542,387	546,610	536,568	10,042
Reassessment	50,000	50,000	6,403	43,597
Treasurer	622,384	664,036	673,645	(9,609)
Finance office	309,522	312,348	314,437	(2,089)
Administration services	120,963	122,209	138,012	(15,803)
County garage	291,997	301,721	302,244	(523)
Information technology	441,991	441,991	412,226	29,765
Workforce consortium	-	1,887	2,042	(155)
Transit system	80,124	80,124	79,457	667
Total General and Financial Administration	\$ 3,089,154	\$ 3,165,388	\$ 3,026,367	\$ 139,021
Board of Elections:				
Registrar	\$ 224,381	\$ 228,381	\$ 212,750	\$ 15,631
Total General Government Administration	\$ 3,434,334	\$ 3,515,974	\$ 3,361,534	\$ 154,440
Judicial Administration:				
Courts:				
Clerk of the Circuit Court	\$ 823,850	\$ 834,509	\$ 807,746	\$ 26,763
Circuit court	142,314	142,314	129,677	12,637
District court	12,862	12,862	10,061	2,801
Magistrate	6,425	6,425	6,077	348
Victim's witness assistance	211,287	197,240	194,732	2,508
V - stop	37,614	37,614	37,589	25
Juvenile and domestic relations court	8,387	10,660	10,667	(7)
Total Courts	\$ 1,242,739	\$ 1,241,624	\$ 1,196,549	\$ 45,075
Commonwealth's Attorney:				
Commonwealth's attorney	\$ 1,145,237	\$ 1,164,766	\$ 1,116,482	\$ 48,284
Total Judicial Administration	\$ 2,387,976	\$ 2,406,390	\$ 2,313,031	\$ 93,359
Public Safety:				
Law Enforcement and Traffic Control:				
Sheriff	\$ 4,871,243	\$ 5,093,175	\$ 4,961,665	\$ 131,510
911 System	1,367,964	1,428,954	1,330,086	98,868
DARE program	-	300	300	-
Total Law Enforcement and Traffic Control	\$ 6,239,207	\$ 6,522,429	\$ 6,292,051	\$ 230,378
Fire and Rescue Services:				
Volunteer fire departments	\$ 343,216	\$ 349,716	\$ 350,441	\$ (725)
Volunteer rescue squads	96,041	106,041	102,409	3,632
Total Fire and Rescue Services	\$ 439,257	\$ 455,757	\$ 452,850	\$ 2,907

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Public Safety: (continued)				
Correction and Detention:				
Jail	\$ 4,738,404	\$ 4,734,209	\$ 4,693,492	\$ 40,717
Probation office	336,568	340,763	337,357	3,406
Youth and family services	2,020,250	2,020,250	2,172,379	(152,129)
Special police	2,500	2,500	2,465	35
Total Correction and Detention	\$ 7,097,722	\$ 7,097,722	\$ 7,205,693	\$ (107,971)
Inspections:				
Building Inspections	\$ 203,806	\$ 203,806	\$ 189,419	\$ 14,387
Other Protection:				
Human services	\$ 347,708	\$ 347,708	\$ 346,369	\$ 1,339
Emergency services	1,103,549	1,127,868	1,063,182	64,686
Animal control	197,988	206,588	210,103	(3,515)
Property maintenance	33,737	24,829	22,066	2,763
E911 System	153,100	153,100	143,677	9,423
Forestry service	20,000	20,000	19,952	48
Substance Abuse Force in Rural Appalachia	77,330	77,330	71,464	5,866
Total Other Protection	\$ 1,933,412	\$ 1,957,423	\$ 1,876,813	\$ 80,610
Total Public Safety	\$ 15,913,404	\$ 16,237,137	\$ 16,016,826	\$ 220,311
Public Works:				
Maintenance of Streets, Highways, and Bridges:				
Orphan Road upgrading	\$ 50,000	\$ 27,600	\$ 27,685	\$ (85)
Sanitation and Waste Removal:				
Transfer station	\$ 350,000	\$ 400,210	\$ -	\$ 400,210
Maintenance of General Building and Grounds:				
General properties	\$ 1,237,823	\$ 1,271,016	\$ 1,232,229	\$ 38,787
Fairgrounds operations	54,970	54,592	49,757	4,835
Total Maintenance of General Buildings and Grounds	\$ 1,292,793	\$ 1,325,608	\$ 1,281,986	\$ 43,622
Total Public Works	\$ 1,692,793	\$ 1,753,418	\$ 1,309,671	\$ 443,747
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 500,966	\$ 500,966	\$ 500,966	\$ -
Behavioral Health and Development Services:				
Cumberland Mountain Community Services Board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Public Assistance	\$ 7,893,937	\$ 7,904,437	\$ 7,721,305	\$ 183,132
Welfare Administration	928,632	928,632	1,018,273	(89,641)
Total Welfare	\$ 8,822,569	\$ 8,833,069	\$ 8,739,578	\$ 93,491
Total Health and Welfare	\$ 9,383,535	\$ 9,394,035	\$ 9,300,544	\$ 93,491
Education:				
Other Instructional Costs:				
Contribution to community colleges	\$ 95,000	\$ 95,000	\$ 60,000	\$ 35,000
Contribution to Tazewell County School Board	10,560,057	10,560,057	10,560,057	-
Total Education	\$ 10,655,057	\$ 10,655,057	\$ 10,620,057	\$ 35,000

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Parks, Recreational and Cultural:				
Parks and Recreation:				
Cavitt's Creek Park	\$ 126,430	\$ 167,348	\$ 221,182	\$ (53,834)
Museums	63,850	63,850	62,214	1,636
Total Parks and Recreation	<u>\$ 190,280</u>	<u>\$ 231,198</u>	<u>\$ 283,396</u>	<u>\$ (52,198)</u>
Library:				
Library Administration	\$ 1,023,176	\$ 1,044,570	\$ 1,042,892	\$ 1,678
Total Parks, Recreation and Cultural	<u>\$ 1,213,456</u>	<u>\$ 1,275,768</u>	<u>\$ 1,326,288</u>	<u>\$ (50,520)</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 51,450	\$ 54,450	\$ 53,750	\$ 700
Tourism	208,527	226,741	199,628	27,113
Planning and engineering	240,306	199,766	178,297	21,469
Contribution to Community Organizations	115,000	138,016	124,189	13,827
Contribution to Airport	119,193	124,143	124,143	-
Contribution to IDA	36,500	43,236	88,781	(45,545)
Total Planning and Community Development	<u>\$ 770,976</u>	<u>\$ 786,352</u>	<u>\$ 768,788</u>	<u>\$ 17,564</u>
Cooperative Extension Program:				
VPI extension	\$ 120,218	\$ 120,218	\$ 119,180	\$ 1,038
Total Community Development	<u>\$ 891,194</u>	<u>\$ 906,570</u>	<u>\$ 887,968</u>	<u>\$ 18,602</u>
Non-departmental:				
Contingent expenditures	\$ 1,780,000	\$ 1,160,400	\$ 96,178	\$ 1,064,222
Debt Service:				
Principal retirement	\$ 1,848,932	\$ 1,848,932	\$ 1,312,257	\$ 536,675
Interest	1,034,416	1,034,416	734,164	300,252
Total Debt Service	<u>\$ 2,883,348</u>	<u>\$ 2,883,348</u>	<u>\$ 2,046,421</u>	<u>\$ 836,927</u>
Total General Fund	<u><u>\$ 50,235,097</u></u>	<u><u>\$ 50,188,097</u></u>	<u><u>\$ 47,278,518</u></u>	<u><u>\$ 2,909,579</u></u>
Nonmajor Special Revenue Funds:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law library	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 11,808</u>	<u>\$ 13,192</u>
Coal Road Improvement Fund:				
Public Works:				
Maintenance of Highways, streets, bridges, and sidewalks	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 536,486</u>	<u>\$ 463,514</u>
Coal Road Economic Development Fund:				
Public Works:				
Economic development	<u>\$ 273,600</u>	<u>\$ 273,600</u>	<u>\$ 320,391</u>	<u>\$ (46,791)</u>
Total Nonmajor Special Revenue Funds	<u><u>\$ 1,298,600</u></u>	<u><u>\$ 1,298,600</u></u>	<u><u>\$ 868,685</u></u>	<u><u>\$ 429,915</u></u>

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Major Capital Project Fund:				
County CIP Fund:				
Public Works:				
Contributions to the Public Service Authority	\$ -	\$ -	\$ 1,106,392	\$ (1,106,392)
Community Development:				
Contributions to the Industrial Development Authority	\$ 125,000	\$ 125,000	\$ 87,500	\$ 37,500
Capital Projects:				
County capital project	\$ 4,088,932	\$ 4,135,932	\$ 219,917	\$ 3,916,015
Total County CIP Fund	\$ 4,213,932	\$ 4,260,932	\$ 1,413,809	\$ 2,847,123
Total Primary Government	\$ 55,747,629	\$ 55,747,629	\$ 49,561,012	\$ 6,186,617
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 4,139,617	\$ 4,139,617	\$ 3,462,621	\$ 676,996
Cafeteria operation	2,344,349	2,344,349	2,960,168	(615,819)
Total Administration of school	\$ 6,483,966	\$ 6,483,966	\$ 6,422,789	\$ 61,177
Instructional:				
Instruction	\$ 41,578,922	\$ 41,578,922	\$ 39,406,264	\$ 2,172,658
Other operating costs				
Pupil transportation	\$ 3,803,777	\$ 3,803,777	\$ 2,991,146	\$ 812,631
Operation and maintenance of school plant	5,406,734	5,406,734	5,516,882	(110,148)
Technical resources	1,119,590	1,119,590	1,914,534	(794,944)
Total other operating costs	\$ 10,330,101	\$ 10,330,101	\$ 10,422,562	\$ (92,461)
Total Education	\$ 58,392,989	\$ 58,392,989	\$ 56,251,615	\$ 2,141,374
Debt Service:				
Principal retirement	\$ 362,375	\$ 362,375	\$ 1,485,605	\$ (1,123,230)
Interest and fiscal charges	119,964	119,964	117,305	2,659
Total Debt Service	\$ 482,339	\$ 482,339	\$ 1,602,910	\$ (1,120,571)
Total School Operating Fund	\$ 58,875,328	\$ 58,875,328	\$ 57,854,525	\$ 1,020,803
Total Discretely Presented Component Unit-School Board	\$ 58,875,328	\$ 58,875,328	\$ 57,854,525	\$ 1,020,803

STATISTICAL SECTION

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Landfill	Total
2009-10	\$ 4,464,306	\$ 2,293,078	\$ 12,199,744	\$ 5,327,605	\$ 6,568,843	\$ 10,333,375	\$ 1,278,302	\$ 2,176,532	\$ 462,972	\$ 1,701,481	\$ 46,806,238
2010-11	5,765,264	2,384,875	12,226,338	5,170,568	7,935,398	12,498,174	913,958	6,706,909	397,317	1,359,364	55,358,165
2011-12	5,862,984	2,217,971	12,095,017	6,260,014	7,096,754	10,528,952	1,399,357	3,731,899	584,285	1,744,014	51,521,247
2012-13	4,722,345	2,402,694	12,141,514	5,840,389	7,792,968	12,789,766	2,107,259	928,051	420,155	1,729,821	50,874,962
2013-14	5,033,042	2,455,018	13,249,481	6,343,517	8,134,269	15,816,718	1,369,916	1,853,237	399,721	1,573,233	56,228,152
2014-15	5,341,134	3,313,678	15,278,730	7,195,353	7,914,541	13,914,784	1,507,870	1,067,600	314,193	1,770,276	57,618,159
2015-16	5,951,692	3,173,371	13,873,649	4,493,410	8,152,624	13,353,326	1,165,905	1,099,152	320,679	1,926,065	53,509,873
2016-17	5,426,841	3,190,221	14,237,930	3,686,198	8,470,019	13,273,962	1,336,454	1,139,934	654,959	2,000,193	53,416,711
2017-18	3,796,817	2,874,446	15,144,377	2,963,089	8,731,480	12,056,621	2,145,145	1,322,293	627,138	2,315,958	51,977,364
2018-19	3,205,172	2,907,411	15,812,040	3,044,245	9,367,370	10,620,057	1,852,831	1,007,607	565,080	2,522,917	50,904,730

Table 2

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

Fiscal Year	Program Revenues			General Revenues						Total
	Charges for Services	Operating Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2009-10	\$ 1,220,845	\$ 12,203,375	\$ 22,339,123	\$ 9,201,493	\$ 496,920	\$ 742,233	\$ 2,539,185	\$ 48,743,174		
2010-11	1,350,543	14,470,285	22,434,132	10,109,122	566,080	572,960	3,015,566	52,518,688		
2011-12	1,448,420	12,554,188	22,432,569	9,840,383	508,368	106,179	3,682,169	50,572,276		
2012-13	1,419,806	12,342,470	25,063,467	9,384,120	503,608	302,813	3,911,447	52,927,731		
2013-14	1,447,313	12,062,171	27,509,639	9,285,513	425,796	485,712	3,759,152	54,975,296		
2014-15	1,437,334	12,655,943	24,806,128	7,991,869	332,444	1,100,181	3,757,650	52,081,549		
2015-16	1,071,528	13,190,909	26,226,424	6,901,746	329,816	447,548	3,728,032	51,896,003		
2016-17	891,969	13,149,277	24,906,174	7,605,273	329,599	591,915	3,659,505	51,133,712		
2017-18	1,416,491	12,506,228	23,661,693	7,701,876	337,777	98,340	3,498,665	49,221,070		
2018-19	1,760,458	13,526,882	24,922,845	7,754,175	341,361	97,593	3,514,228	51,917,542		

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Capital Projects	Debt Service	Total
2009-10	\$ 4,090,059	\$ 2,226,553	\$ 11,968,126	\$ 5,214,198	\$ 6,560,999	\$ 59,043,332	\$ 1,264,793	\$ 2,254,077	\$ 417,479	\$ 4,178,516	\$ 1,731,903	\$ 98,950,035
2010-11	5,079,097	2,334,056	12,529,527	5,179,935	7,902,900	56,082,561	1,227,381	6,659,999	728,594	772,843	1,859,615	100,356,508
2011-12	5,496,926	2,203,860	12,568,436	6,182,381	7,198,253	57,386,788	1,400,476	3,670,296	491,276	176,812	1,121,767	97,897,271
2012-13	5,368,601	2,377,683	13,044,332	5,848,948	7,824,599	58,437,244	2,184,724	822,526	365,434	-	1,518,912	97,793,003
2013-14	5,489,790	2,455,503	13,245,158	6,471,548	8,183,291	56,714,966	1,360,475	1,737,768	364,528	-	1,797,362	97,820,389
2014-15	5,772,315	3,402,648	15,341,044	7,153,041	7,995,651	62,685,113	1,552,509	956,162	497,324	-	1,055,604	106,371,411
2015-16	6,183,097	3,218,821	14,228,870	5,127,796	8,317,691	60,723,862	1,420,994	980,731	619,775	-	2,139,823	102,961,460
2016-17	5,640,127	3,132,105	14,778,822	3,314,163	8,362,506	57,145,016	1,342,090	973,789	338,815	-	4,164,434	99,191,867
2017-18	4,457,149	2,340,575	15,504,643	2,628,755	8,715,225	56,961,881	1,388,303	1,297,301	12,409	-	3,565,698	96,871,939
2018-19	3,581,451	2,324,839	16,016,826	3,272,940	9,300,544	56,311,615	1,326,288	975,468	96,178	-	3,649,331	96,855,480

(1) Includes general, special revenue funds, and capital project funds of the primary government and its discretely presented component unit - school board

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	(2)	Total
2009-10	\$ 22,057,379	\$ 9,201,493	\$ 312,169	\$ 102,915	\$ 503,900	\$ 1,313,279	\$ 1,381,478	\$ 785,421	\$ 61,658,458	\$	\$ 97,316,492
2010-11	22,580,736	10,109,122	387,173	36,612	586,281	1,339,581	1,042,051	626,623	60,743,793		97,451,972
2011-12	22,382,573	10,508,771	460,872	31,625	1,101,745	1,432,285	326,166	1,441,199	61,848,057		99,533,293
2012-13	25,302,730	10,094,133	354,257	42,935	519,624	1,306,595	856,992	2,093,588	59,382,794		99,953,648
2013-14	27,346,925	9,335,959	312,004	42,505	433,645	1,302,116	1,791,617	1,261,012	58,038,884		99,864,667
2014-15	24,738,746	8,060,659	378,410	71,963	341,579	1,162,471	1,226,111	1,611,264	59,555,518		97,146,721
2015-16	24,474,804	6,901,746	331,782	52,080	354,381	1,004,989	522,481	1,204,894	60,599,417		95,446,574
2016-17	24,605,026	7,605,273	175,550	63,875	337,299	1,521,353	302,798	2,158,735	62,406,844		99,176,753
2017-18	24,501,490	7,701,876	229,706	52,808	342,874	2,070,380	127,059	1,736,386	60,305,021		97,067,600
2018-19	24,666,410	7,754,175	168,725	45,217	346,067	2,187,402	108,410	2,459,595	62,477,730		100,213,731

(1) Includes general, special revenue funds, and capital projects funds of the primary government and its discretely presented component unit - school board.

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

* Includes one time federal bounty funds received

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2009-10	\$ 23,808,926	\$ 23,109,101	97.06%	\$ 700,797	\$ 23,809,898	100.00%	\$ 1,133,717	4.76%
2010-11	23,879,022	22,772,442	95.37%	757,589	23,530,031	98.54%	1,106,580	4.63%
2011-12	24,466,827	23,137,609	94.57%	834,004	23,971,613	97.98%	1,111,033	4.54%
2012-13	25,766,294	23,684,505	91.92%	1,020,716	24,705,221	95.88%	1,164,736	4.52%
2013-14	26,632,825	25,646,617	96.30%	929,615	26,576,232	99.79%	1,455,372	5.46%
2014-15	25,540,970	23,004,731	90.07%	941,423	23,946,154	93.76%	1,233,192	4.83%
2015-16	26,633,971	25,583,198	96.05%	1,049,309	26,632,507	99.99%	2,065,848	7.76%
2016-17	26,083,174	25,791,783	98.88%	951,614	26,743,397	102.53%	2,258,280	8.66%
2017-18	25,775,840	25,419,900	98.62%	1,161,594	26,581,494	103.13%	2,345,758	9.10%
2018-19	26,598,519	25,503,905	95.88%	818,948	26,322,853	98.96%	2,609,632	9.81%

(1) Excludes penalty and interest.

(2) Does not include land redemptions

Table 6

County of Tazewell, Virginia
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property and Mobile Home	Machinery and Tools	Merchants' Capital	Public Service (2)	Total
2009-10	\$ 2,344,151,900	\$ 385,307,872	\$ 52,822,200	\$ 24,935,700	\$ 145,812,842	\$ 2,953,030,514
2010-11	2,287,048,300	410,218,953	60,574,600	21,779,750	151,502,180	2,931,123,783
2011-12	2,260,086,800	419,792,327	57,412,500	24,180,008	151,353,638	2,912,825,273
2012-13	2,840,597,700	431,193,109	85,826,200	25,299,900	173,166,368	3,556,083,277
2013-14	2,751,921,200	439,183,000	150,614,300	25,187,000	177,691,147	3,544,596,647
2014-15	2,788,112,400	442,628,944	115,749,000	24,289,700	176,684,724	3,547,464,768
2015-16	2,663,296,800	433,577,251	109,308,261	23,703,017	182,456,119	3,412,341,448
2016-17	2,653,393,750	434,951,196	85,434,736	22,026,809	186,984,542	3,382,791,033
2017-18	2,652,574,550	426,879,741	75,498,859	20,728,800	210,192,345	3,385,874,295
2018-19	2,626,363,975	430,906,347	70,123,200	20,868,400	231,089,717	3,379,351,639

(1) Assessments at 100% of fair market value.

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchants Capital	Public Service Real Estate	Public Service Personal Property
2009-10	\$ 0.58	\$ 2.00	\$ 2.00	\$ 4.30	\$ 0.58	\$ 2.00
2010-11	0.58	2.00	2.00	4.30	0.58	2.00
2011-12	0.58	2.00	2.00	4.30	0.58	2.00
2012-13	0.57	2.00	2.00	4.30	0.58	2.00
2013-14	0.57	2.00	2.00	3.80	0.57	2.00
2014-15	0.55	2.00	2.00	3.80	0.55	2.00
2015-16	0.55	2.00	2.00	3.80	0.55	2.00
2016-17	0.55	2.00	2.00	3.80	0.55	2.00
2017-18	0.55	2.00	2.00	3.80	0.55	2.00
2018-19	0.58	2.00	2.00	3.80	0.58	2.00

(1) Per \$100 of assessed value.

Table 8

County of Tazewell, Virginia
Ration of Net General Obligation Bonded Debt to Assessed Value and
Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value	Gross Bonded Debt (2)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2009-10	44,600	\$ 2,953,030,514	\$ 10,793,095	0.37%	\$ 242
2010-11	45,078	2,931,123,783	10,028,765	0.34%	222
2011-12	45,078	2,912,825,273	9,395,256	0.32%	208
2012-13	45,078	3,556,083,277	8,860,394	0.25%	197
2013-14	45,078	3,544,596,647	8,077,987	0.23%	179
2014-15	45,078	3,547,464,768	7,782,189	0.22%	173
2015-16	45,078	3,412,341,448	7,237,855	0.21%	161
2016-17	45,078	3,382,791,033	6,276,668	0.19%	139
2017-18	45,078	3,385,874,295	5,537,635	0.16%	123
2018-19	45,078	3,379,351,639	5,025,378	0.15%	111

(1) Bureau of the Census.

(2) Includes all long-term general obligation bonded debt and Literary Fund loans.

Excludes revenue bonds, capital leases and compensated absences.

Table 9

County of Tazewell, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2009-10	\$ 640,194	\$ 487,207	\$ 1,127,401	\$ 98,950,035	1.14%
2010-11	764,330	469,109	1,233,439	100,356,508	1.23%
2011-12	633,509	488,258	1,121,767	97,897,271	1.15%
2012-13	534,862	439,067	973,929	97,793,003	1.00%
2013-14	782,407	467,741	1,250,148	97,820,389	1.28%
2014-15	295,798	321,897	617,695	106,371,411	0.58%
2015-16	544,334	364,102	908,436	102,961,460	0.88%
2016-17	1,691,187	1,004,878	2,696,065	99,191,867	2.72%
2017-18	1,499,033	844,279	2,343,312	96,871,939	2.42%
2018-19	1,312,257	734,164	2,046,421	96,855,480	2.11%

(1) Includes General Fund of the Primary Government

COMPLIANCE SECTION



**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 Board of Supervisors
County of Tazewell, Virginia
Tazewell, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit school board, the aggregate remaining discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tazewell, Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Tazewell, Virginia's basic financial statements and have issued our report thereon dated November 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Tazewell, 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 Tazewell, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Tazewell, Virginia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

Internal Control over Financial Reporting (continued)

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

Compliance and Other Matters

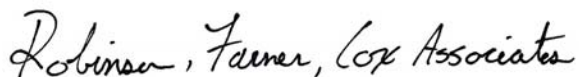
As part of obtaining reasonable assurance about whether the County of Tazewell, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

County of Tazewell, Virginia's Response to Findings

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

Purpose of this Report

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



Blacksburg, Virginia
November 19, 2019

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

**To the Board of Supervisors
County of Tazewell, Virginia
Tazewell, Virginia**

Report on Compliance for Each Major Federal Program

We have audited the County of Tazewell, 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 Tazewell, Virginia's major federal programs for the year ended June 30, 2019. County of Tazewell, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Tazewell, Virginia's basic financial statements include the operations of the Public Service Authority (the Authority) which expended \$1,635,911 in federal awards which is not included in the County of Tazewell, Virginia's schedule of expenditures of federal awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of the Authority because the Authority engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the County of Tazewell, 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the County of Tazewell, 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 Tazewell, 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 Tazewell, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-003, which we consider to be a material weakness.

Report on Internal Control over Compliance (continued)

County of Tazewell, Virginia's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Tazewell, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 19, 2019

County of Tazewell, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	92129, 91129, 90359, 90360, 90361	\$ 29,461
TANF Cluster:			
Temporary Assistance for Needy Families (TANF)	93.558	90603, 91109, 91110, 91111 91112, 91127, 90365, 90366 90367, 90377, 90603, 92127 92109, 92110, 92111, 92112,	534,131
Refugee and Entrant Assistance - State Administered Programs	93.566	92129, 91129, 90359, 90360, 90361	317
Low-Income Home Energy Assistance	93.568	92113, 91113, 92114, 91114	82,753
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	92116, 92117, 92118, 91116, 91117, 91118	91,531
Chafee Education and Training Vouchers Program	93.599	90353	4,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	92131, 91131	593
Foster Care - Title IV-E	93.658	90209, 90635, 90636, 90637 90638, 90639, 90640, 90656 90657, 90658, 91105, 91106 91107, 91128, 91133, 91138 91147, 91405, 91406, 91407 91433, 91438, 91447, 92105 92106, 92107, 92128, 92133 92138, 92147	674,335
Adoption Assistance	93.659	90606, 90627, 90607, 91108 91408, 92108, 90214	698,058
Social Services Block Grant	93.667	90308, 90340 90351, 90379 90648, 91120 ,91122, 91123 91124, 91125, 91126, 91142 92120, 92122, 92123, 92124 92125, 92126, 92142	451,982
Chafee Foster Care Independence Program	93.674	92102, 91102, 91402	9,886
Children's Health Insurance Program	93.767	92102, 91102, 91402	15,986
Medicaid Cluster:			
Medical Assistance Program	93.778	90213, 91101, 91146, 91150 91401, 91446, 91450, 92101 92146, 92150	769,637
Total Department of Health and Human Services			\$ 3,362,670
Department of Agriculture:			
Pass-through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	40253	\$ 532,304
National School Lunch Program	10.555	40254	\$ 1,417,160
Department of Agriculture:			
Food Distribution	10.555	Unknown	189,367 1,606,527
Summer Food Service Program for Children	10.559	Not applicable	16,944 \$ 2,155,775
Child and Adult Care Food Program (CACFP)	10.558	Unknown	127,845
Fresh Fruit and Vegetable Program	10.582	Unknown	331
Child Nutrition Discretionary Grants Limited Availability	10.579	Unknown	15,920
Department of Education:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	43841	11,201
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	92103, 91103, 91403, 90212 90304, 92104, 91104, 91404 90303	703,104
Total Department of Agriculture			\$ 3,014,176
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	17VAGX0018	\$ 114,212
Violence Against Women Formula Grants	16.588	18WFAX0056	41,376
Total Department of Justice			\$ 155,588

County of Tazewell, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2019

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Executive Office of the President Pass-through Payments: Appalachia HIDTA: High Intensity Drug Trafficking Areas Program	95.001	Unknown	\$ 32,536
Department of Homeland Security: Pass-through Payments: Department of Emergency Management: Emergency Management Performance Grants	97.042	Unknown	\$ 7,503
Department of Transportation: Pass-through Payments: Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	154AL-2019-59138-9138	\$ 6,880
Highway Safety Cluster: State and Community Highway Safety	20.600	FOP-2018-58096-8096	\$ 7,356
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2018-58092-8092	7,905 15,261
Total Department of Transportation			\$ 22,141
Department of Education: Pass-through Payments: Department of Education: Title I: Grants to Local Educational Agencies	84.010	42901	\$ 1,445,061
Special Education Cluster: Special Education - Grants to States	84.027	43071	\$ 1,735,670
Special Education Preschool Grants	84.173	62521	44,399 1,780,069
Career and Technical Education: Basic Grants to States	84.048	61095	59,650
Rural Education	84.358	43481	87,387
Supporting Effective Instruction State Grant	84.367	61480	234,209
Total Department of Education			\$ 3,606,376
Total Expenditures of Federal Awards			\$ 10,200,990
Notes to Schedule of Expenditures of Federal Awards			
Note 1 -- Basis of Presentation			
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards of the County of Tazewell, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Tazewell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Tazewell, Virginia.			
Note 2 -- Summary of Significant Accounting Policies			
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.			
(2) Pass-through entity identifying numbers are presented where available.			
(3) The County did not elect to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.			
Note 3 -- Food Distribution			
Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.			
Note 4 -- Subrecipients			
No awards were passed through to subrecipients.			
Note 5 -- Outstanding Balance of Federal Loans			
The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.			
Note 6 -- Relationship to the Financial Statements:			
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary Government:			
General Fund			\$ 4,313,159
Less: Payment in lieu of taxes			(29,617)
Total Primary Government			\$ 4,283,542
Component Unit School Board:			
School Operating Fund			\$ 5,917,448
Total expenditures of federal awards per basic financial statements			\$ 10,200,990
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards			\$ 10,200,990

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2019

Section I - Summary of Auditors' Results**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Yes
Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	Yes
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
93.558	Temporary Assistance for Needy Families (TANF)
93.778	Medical Assistance Program

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

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section II - Financial Statement Findings

2019-001 (Material Weakness)

Criteria:	Per AU-C Section 265, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. Furthermore, reliance on the auditor to propose adjustments necessary to comply with reporting standards is not a component of such controls.
Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Effect of Condition:	There is more than a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the County's internal controls over financial reporting.
Cause of Condition:	The County does not have proper controls in place to detect and correct adjustments in closing their year end financial statements.
Recommendation:	The County should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Management's Response:	The County will review the auditors' proposed audit adjustments for the fiscal year and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section II - Financial Statement Findings (Continued)**2019-002 (Significant Deficiency)**

Criteria:	Controls should be in place to ensure that grant funds are requested for reimbursement in a timely manner in accordance with the matching principle.
Condition:	The School Board is not submitting reimbursement requests for federal grant programs in a timely manner.
Effect of Condition:	There is a reasonable possibility that revenues and expenditures are not appropriately matched and reported in accordance with Generally Accepted Accounting Principles.
Cause of Condition:	The School Board does not have adequate staffing to ensure that reimbursement requests are filed in a timely manner.
Recommendation:	The School Board should review its processes to see if there are any efficiencies that can be gained with the current staff to ensure that reimbursement requests are filed timely.
Management's Response:	The School Board agrees with the comment and recommendation, but with the current staffing feels that is is unable to implement the above recommendation.

Section III - Federal Award Findings and Questioned Costs**2019-003**

Agency:	Department of Education
Federal Award Number/Year:	H027A170107/2017; H173A160112/2016
Program Titles:	Special Education Cluster
CFDA Numbers:	84.027/84.173
Pass-through Entities:	Departments of Education
Compliance Requirement:	Cash Management
Finding Type:	Noncompliance and Material Weakness
Criteria:	Amounts requested for reimbursement should be tied to the underlying expenditure reports.

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**Section III - Federal Award Findings and Questioned Costs (Continued)****2019-003 (Continued)**

Agency:	Department of Education
Condition:	Payroll reports were not maintained to support the amounts requested on the reimbursement requests.
Questioned Costs:	Unknown
Context:	Amounts submitted for reimbursement for payroll and related expenditures should be supported by the underlying payroll reports.
Effect:	Amounts could be under or over-requested from the federal government.
Cause:	Reconciliations were not performed and reviewed prior to the reimbursement request being submitted to the state.
Recommendation:	Management should establish a process whereby amounts requested for reimbursement are reconciled to the underlying payroll and expenditure reports. Same should be reviewed in detail prior to submitting the reimbursement request(s).
Views of Responsible Officials and Planned Corrective Action:	Management agrees with the condition and will begin reconciling reimbursement requests to actual expenditures in the accounting system.

Section IV - Status of Prior Audit Findings and Questioned Costs**2018-001**

This finding is repeated in the current year as 2019-002.

2018-002

This finding is repeated in the current year as 2019-003.