

County of Tazewell, Virginia



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

COUNTY OF TAZEWell, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

COUNTY OF TAZEWell, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013

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INTRODUCTORY SECTION

COUNTY OF TAZEWELL, VIRGINIA

BOARD OF SUPERVISORS

D. Michael Hymes	John Absher, Chairman	Charles Stacy
Thomas Childress		Seth White

COUNTY SCHOOL BOARD

Randy Conn	Mike Dennis, Chairman	James Jones
Steve Davis		David Woodard
	Brenda Lawson, Superintendent of Schools	

SOCIAL SERVICES BOARD

Karen Rich	Darrell Addison, Chairman	Tony Cordle
ChrisThompson		Robert Steele

EX-OFFICIO MEMBERS

James Spencer, County Administrator
Rex Tester, Director of Social Services

OTHER OFFICIALS

Commonwealth's Attorney	Dennis H. Lee
Clerk of the Circuit Court	Buddy Blevins
Commissioner of the Revenue.....	David R. Anderson
Treasurer	David T. Larimer
Sheriff.....	Brian L. Hieatt
School Board Clerk	Jammie Lester

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

TO THE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF TAZEVELL, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the discretely presented component unit School Board, each major fund, and the aggregate remaining fund information of the County of Tazewell, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *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.

Basis for Qualified Opinion

We were unable to obtain certain audit representations from management of the discretely presented component unit School Board.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit School Board for the County of Tazewell, Virginia as of June 30, 2013 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tazewell, Virginia, as of June 30, 2013, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. 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 schedule of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Tazewell, Virginia's basic financial statements. The introductory section, other supplementary information and supporting schedules, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and supporting schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 supporting schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical 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 on December 2, 2013, on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Tazewell, Virginia's internal control over financial reporting and compliance.

Robinson, Finner, & Associates

Blacksburg, Virginia
December 2, 2013

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 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, 2013. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,516,798 (net position). Of this amount, \$12,622,825 was considered unrestricted.
- The assets of the County's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,707,668 (net position).
- The assets of the School Board component unit exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,109,421 (net position). Of this amount \$997,536 was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$16,881,876. Of this amount \$10,701,383 was considered unassigned, \$2,979,304 was considered committed, \$3,120,609 was considered restricted and \$80,580 was considered nonspendable.
- During the year, the County had governmental revenues that were \$2,670,624 more than expenditures.

Overview of the Financial Statements:

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

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

This report also contains 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 between them 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).

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

The Government-wide Financial Statements include not only the County of Tazewell, Virginia 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 of Tazewell, Virginia 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 Tazewell County 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 of Tazewell, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial 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 fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, E-911 Fund, Coal Road Improvement Fund, Coal Road Economic Fund, Damage Stamp Fund and the Law Library Fund, of which the General and Capital Project Funds are considered to be major funds. Data from the five other non-major 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.

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

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

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

Government-wide Financial Analysis

As noted earlier, net 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 \$27,224,466 at the close of the most recent fiscal year.

The largest portion of the County's net position \$13,108,742 reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position \$5,513,897, are subject to restrictions on how they may be used. The remaining balance of net position \$8,601,827 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 2013 and 2012.

Statement of Net Position

		Governmental and Business-type Activities 2013		Governmental and Business-type Activities 2012
		<hr/>		<hr/>
Current and other assets	\$	53,013,879	\$	51,568,065
Capital and other assets		<hr/> 23,689,829		<hr/> 23,360,712
Total Assets	\$	<hr/> 76,703,708	\$	<hr/> 74,928,777
Current and other liabilities	\$	4,172,654	\$	3,705,914
Long-term liabilities		<hr/> 17,762,839		<hr/> 18,973,171
Total Liabilities	\$	<hr/> 21,935,493	\$	<hr/> 22,679,085
Deferred Inflows of resources	\$	<hr/> 27,543,749	\$	<hr/> 26,890,555
Net Position:				
Net Investment in capital assets	\$	13,108,742	\$	11,837,688
Restricted		5,513,897		4,108,587
Unrestricted		<hr/> 8,601,827		<hr/> 9,412,862
Total net position	\$	<hr/> 27,224,466	\$	<hr/> 25,359,137

Statement of Activities

	Governmental and Business-type Activities 2013	Governmental and Business-type Activities 2012
Program revenues		
Charges for services	\$ 1,419,806	\$ 1,448,420
Operating grants and contributions	12,342,470	12,554,188
General revenues		
Property taxes	25,063,467	22,432,569
Other taxes	9,384,120	9,840,383
Revenue from use of money and property	503,608	508,368
Miscellaneous	302,813	106,179
Intergovernmental revenues		
Grants and contributions not restricted to specific programs	3,911,447	3,682,169
Total revenues	<u>52,927,731</u>	<u>50,572,276</u>
Expenses		
General government	4,722,345	5,862,984
Judicial administration	2,402,694	2,217,971
Public safety	12,141,514	12,095,017
Public works	5,840,389	6,260,014
Health and welfare	7,792,968	7,096,754
Education	12,789,766	10,528,952
Parks, recreation and cultural	2,107,259	1,399,357
Community development	928,051	3,731,899
Interest on debt	420,155	584,285
Landfill	1,729,821	1,744,014
Total expenses	<u>50,874,962</u>	<u>51,521,247</u>
Change in net position	<u>\$ 2,052,769</u>	<u>\$ (948,971)</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position, both for the County as a whole and for its business-type activities.

Financial Analysis of the County's Funds

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

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

combined ending fund balances of \$16,881,876. Approximately .5% or \$80,580 is considered nonspendable as it is for prepaid expenses, 18.5% of this total amount, \$3,120,609 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately 18% or \$2,979,304 has been committed by action of the Board of Supervisors. The remaining balance, \$10,701,383 or 63% is unassigned, meaning there is no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$10,781,963, of this amount \$10,701,383 was considered unassigned, and \$80,580 was nonspendable. The special revenue funds, at the end of the fiscal year, had a fund balance of \$2,980,869 of which \$2,979,304 was considered committed and \$1,565 was restricted and the County Capital Projects fund had a restricted fund balance of \$3,119,044.

Total governmental fund revenues increased \$2,862,741 and expenses increased \$857,986 over prior year amounts. For fiscal year ended June 30, 2013, revenues exceeded expenditures by \$2,670,624, as compared to the fiscal year ended June 30, 2012, revenues exceeded expenditures by \$665,869.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds and business-type activities as of June 30, 2013, amounts to \$23,689,829 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

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

Primary Government:	
Compensated absences	\$ 715,331
Net OPEB obligation	1,328,700
General obligation bonds	8,407,638
Literary Funds	600,000
Total	<u>\$ 11,051,669</u>
Business-type Activities:	
Compensated absences	\$ 57,463
Estimated landfill liability	5,876,327
Notes and bonds	1,573,449
Total	<u>\$ 7,507,239</u>

Additional information on the County of Tazewell's long-term debt can be found in Note 6 of this report.

Economic Factors

The June 2013 unemployment rate for the County of Tazewell, Virginia was 7.0%, which is a slight decrease from a rate of 7.2% in June 2012. This is above the state's average unemployment rate of 5.5% and below the national average rate of 7.6%.

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, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other Component Units
ASSETS					
Cash and Cash Equivalents	\$ 13,215,107	\$ 1,815,160	\$ 15,030,267	\$ 6,080,025	\$ 885,279
Cash in Custody of Others	-	-	-	13,206	176,684
Investments	446	-	446	-	823,442
Receivables (Net of Allowance for Uncollectibles):					
Taxes	27,900,019	-	27,900,019	-	-
Accounts Receivable	240,510	89,552	330,062	13,591	1,707,344
Other Local Taxes and Fees	119,236	-	119,236	-	-
Note Receivable	-	-	-	-	429,432
Due from Primary Government	-	-	-	-	2,045,645
Due from Component Unit School Board	4,376,528	-	4,376,528	-	-
Due from Component Unit PSA	314,061	-	314,061	-	-
Due from Other Governmental Units	2,469,392	-	2,469,392	3,867,981	59,944
Internal Balances	(32,514)	32,514	-	-	-
Inventory	-	-	-	-	126,399
Prepaid Items	80,580	-	80,580	689,345	44,906
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	-	2,393,288	2,393,288	-	48,687
Capital Assets:					
Land	1,735,460	287,598	2,023,058	1,908,716	4,560,873
Buildings and Improvements	1,735,459	51,445	1,786,904	12,261,852	71,499,646
Tenancy in Common	6,975,622	-	6,975,622	6,437,049	-
Machinery and Equipment	4,142,312	1,009,707	5,152,019	1,129,277	208,329
Improvements Other Than Buildings	-	7,560,077	7,560,077	-	27,825,190
Construction in Progress	192,149	-	192,149	-	14,735,923
Total Assets	\$ 63,464,367	\$ 13,239,341	\$ 76,703,708	\$ 32,401,042	\$ 125,177,723
LIABILITIES					
Accounts Payable	\$ 1,089,763	\$ 24,434	\$ 1,114,197	\$ 360,208	\$ 966,865
Accrued Liabilities	-	-	-	-	2,406
Accrued Wages	-	-	-	3,398,870	36,484
Accrued Interest Payable	216,743	-	216,743	-	324,807
Due to Primary Government	-	-	-	4,376,528	314,061
Due to Component Units	2,045,645	-	2,045,645	-	-
Amounts Held for Others	-	-	-	13,206	-
Long-term Liabilities:					
Due Within One Year	551,069	245,000	796,069	394,007	2,862,289
Due in More Than One Year	10,500,600	7,262,239	17,762,839	4,748,802	45,432,067
Total Liabilities	\$ 14,403,820	\$ 7,531,673	\$ 21,935,493	\$ 13,291,621	\$ 49,938,979
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 27,543,749	\$ -	\$ 27,543,749	\$ -	\$ -
NET POSITION					
Net Investment in Capital Assets	\$ 5,773,364	\$ 7,335,378	\$ 13,108,742	\$ 18,111,885	\$ 71,119,171
Restricted	3,120,609	2,393,288	5,513,897	-	48,687
Unrestricted	12,622,825	(4,020,998)	8,601,827	997,536	4,070,886
Total Net Position	\$ 21,516,798	\$ 5,707,668	\$ 27,224,466	\$ 19,109,421	\$ 75,238,744

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, 2013

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		
					Governmental Activities	Business-type Activities	Other Component Units
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government Administration	\$ 4,722,345	\$ 23,496	\$ 297,505	\$ -	\$ (4,401,344)	\$ -	\$ -
Judicial Administration	2,402,694	107,346	1,247,529	-	(1,047,819)	-	-
Public Safety	12,141,514	187,041	2,300,608	-	(9,653,865)	-	-
Public Works	5,840,389	476,738	13,055	-	(5,350,596)	-	-
Health and Welfare	7,792,968	-	6,874,334	-	(918,634)	-	-
Education	12,789,766	-	-	-	(12,789,766)	-	-
Parks, Recreation and Cultural	2,107,259	59,716	146,986	-	(1,900,557)	-	-
Community Development	928,051	500	1,462,453	-	534,902	-	-
Interest	420,155	-	-	-	(420,155)	-	-
Total Governmental Activities	\$ 49,145,141	\$ 854,837	\$ 12,342,470	\$ -	\$ (35,947,834)	\$ -	\$ -
Business-type Activities							
Landfill	\$ 1,729,821	\$ 564,969	\$ -	\$ -	\$ -	(1,164,852)	\$ -
Total Primary Government	\$ 50,874,962	\$ 1,419,806	\$ 12,342,470	\$ -	\$ (35,947,834)	\$ (1,164,852)	\$ (603,500)
Component Units:							
School Board	\$ 58,186,437	\$ 848,950	\$ 43,838,890	\$ -	\$ -	\$ (13,498,597)	\$ -
Other component units	11,148,890	7,336,624	3,160,854	47,912	-	-	(603,500)
Total Component Units	\$ 69,335,327	\$ 8,185,574	\$ 46,999,744	\$ 47,912	\$ -	\$ (13,498,597)	\$ (603,500)
General Revenues:							
General Property Taxes		\$ 25,063,467			\$ -	\$ -	\$ -
Other Local Taxes							
Local Sales and Use Taxes		4,973,112			-	-	-
Consumers' Utility Taxes		891,576			-	-	-
Utility License Taxes		48,443			-	-	-
Motor Vehicle Licenses		28,388			-	-	-
Bank Franchise Taxes		44,451			-	-	-
Taxes on Recordation and Wills		208,898			-	-	-
Coal Severance Taxes		3,083,754			-	-	-
Gas Severance Tax		105,498			-	-	-
Unrestricted Revenues from Use of Money and Property		503,589			19	503,608	53,317
Miscellaneous		292,367			10,446	302,813	113,774
Payments from Primary Government		-			-	-	-
Grants and Contributions not Restricted to Specific Programs		3,911,447			-	-	-
Transfers		(359,091)			359,091	-	-
Total General Revenues and Transfers		\$ 38,795,899			\$ 369,556	\$ 39,165,455	\$ 167,091
Change in Net Position		\$ 2,848,065			\$ (795,296)	\$ 2,052,769	\$ (436,409)
Net Position - Beginning, as restated		18,668,733			6,502,964	25,171,697	75,675,153
Net Position - Ending		\$ 21,516,798			\$ 5,707,668	\$ 27,224,466	\$ 75,238,744

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

County of Tazewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General</u>	County CIP <u>Fund</u>	Other <u>Governmental</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,714,381	\$ 4,732,873	\$ 2,767,853	\$ 13,215,107
Investments	446	-	-	446
Receivables (Net of Allowance for Uncollectibles):				
Property Taxes	27,678,938	-	221,081	27,900,019
Other Receivables	240,510	-	-	240,510
Prepays	80,580	-	-	80,580
Due from other funds	-	125,000	-	125,000
Due from Other Governmental Units	2,469,392	-	-	2,469,392
Due from Component Units	4,376,528	314,061	-	4,690,589
Total Assets	<u>\$ 40,560,775</u>	<u>\$ 5,171,934</u>	<u>\$ 2,988,934</u>	<u>\$ 48,721,643</u>
LIABILITIES				
Liabilities				
Accounts Payable and Accrued Expenses	\$ 1,074,453	\$ 7,245	\$ 8,065	\$ 1,089,763
Due to Other Funds	157,514	-	-	157,514
Due to Component Unit	-	2,045,645	-	2,045,645
Total Liabilities	<u>\$ 1,231,967</u>	<u>\$ 2,052,890</u>	<u>\$ 8,065</u>	<u>\$ 3,292,922</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 28,546,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,546,845</u>
Fund Balances:				
Nonspendable	\$ 80,580	\$ -	\$ -	\$ 80,580
Restricted	-	3,119,044	1,565	3,120,609
Committed	-	-	2,979,304	2,979,304
Unassigned	10,701,383	-	-	10,701,383
Total Fund Balances	<u>\$ 10,781,963</u>	<u>\$ 3,119,044</u>	<u>\$ 2,980,869</u>	<u>\$ 16,881,876</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 40,560,775</u>	<u>\$ 5,171,934</u>	<u>\$ 2,988,934</u>	<u>\$ 48,721,643</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, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	16,881,876
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	\$	1,735,460	
Buildings and improvements		1,735,459	
Tenancy in common		6,975,622	
Machinery and equipment		4,142,312	
Construction in progress		192,149	14,781,002

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,122,332
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bond issuance costs	\$	-	
Accrued Interest payable		(216,743)	
Compensated absences		(715,331)	
Net OPEB obligation		(1,328,700)	
Bonds payable		(9,007,638)	(11,268,412)

Net Position of Governmental Activities	\$	21,516,798
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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, 2013

	General <u>Fund</u>	County <u>CIP Fund</u>	Other Govern- <u>mental Funds</u>	<u>Total</u>
REVENUES				
General Property Taxes	\$ 25,302,730	\$ -	\$ -	\$ 25,302,730
Other Local Taxes	7,789,495	-	2,304,638	10,094,133
Permits, Privilege Fees and Regulatory Licenses	354,257	-	-	354,257
Fines and Forfeitures	42,935	-	-	42,935
Revenue from Use of Money and Property	467,234	36,355	-	503,589
Charges for Services	444,412	-	13,233	457,645
Miscellaneous	147,169	145,198	-	292,367
Recovered Costs	1,144,744	-	-	1,144,744
Intergovernmental Revenues:				
Commonwealth	10,757,770	-	1,096	10,758,866
Federal Government	4,785,038	-	-	4,785,038
Total Revenues	<u>\$ 51,235,784</u>	<u>\$ 181,553</u>	<u>\$ 2,318,967</u>	<u>\$ 53,736,304</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ 5,368,601	\$ -	\$ -	\$ 5,368,601
Judicial Administration	2,334,905	-	42,778	2,377,683
Public Safety	12,294,180	-	750,152	13,044,332
Public Works	3,448,128	820,890	1,579,930	5,848,948
Health and Welfare	7,824,599	-	-	7,824,599
Education	11,804,904	450,000	-	12,254,904
Parks, Recreation and Cultural	1,347,835	836,889	-	2,184,724
Community Development	816,043	6,483	-	822,526
Non-Departmental	365,434	-	-	365,434
Debt Service:				
Principal Retirement	534,862	-	-	534,862
Interest and Other Fiscal Charges	439,067	-	-	439,067
Total Expenditures	<u>\$ 46,578,558</u>	<u>\$ 2,114,262</u>	<u>\$ 2,372,860</u>	<u>\$ 51,065,680</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,657,226</u>	<u>\$ (1,932,709)</u>	<u>\$ (53,893)</u>	<u>\$ 2,670,624</u>
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ 3,416,000	\$ -	\$ 3,416,000
Transfers Out	(3,775,091)	-	-	(3,775,091)
Total Other Financing Sources (Uses)	<u>\$ (3,775,091)</u>	<u>\$ 3,416,000</u>	<u>\$ -</u>	<u>\$ (359,091)</u>
Net Change in Fund Balance	\$ 882,135	\$ 1,483,291	\$ (53,893)	\$ 2,311,533
Fund Balance - Beginning	9,899,828	1,635,753	3,034,762	14,570,343
Fund Balance - Ending	<u>\$ 10,781,963</u>	<u>\$ 3,119,044</u>	<u>\$ 2,980,869</u>	<u>\$ 16,881,876</u>

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

County of Tazewell, Virginia
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2013

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

Net changes in fund balance - total governmental funds	\$	2,311,533
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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 the capital outlays exceeded depreciation in the current period.

Capital outlays	\$	1,266,626	
Depreciation expense		(733,848)	532,778

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		(7,030)
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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		(239,264)
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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	\$	459,862	
Literary loans		75,000	534,862

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.

Decrease (increase) in compensated absences	\$	(35,826)	
(Decrease) increase in premium on issuance		8,662	
Decrease (increase) in accrued interest payable		10,250	
Decrease (increase) in bond issuance costs		-	
Decrease (increase) in net OPEB obligation		(267,900)	(284,814)

Change in net position of governmental activities	\$	<u>2,848,065</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, 2013

	Tazewell County Landfill Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,815,160
Receivables (Net of Allowance for Uncollectibles)	89,552
Due from Primary Government	32,514
Total Current Assets	<u>\$ 1,937,226</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 287,598
Buildings	51,445
Land Improvements	7,560,077
Machinery and Equipment	1,009,707
Total Capital Assets	<u>\$ 8,908,827</u>
Other Assets:	
Restricted Cash	\$ <u>2,393,288</u>
Total Assets	<u>\$ 13,239,341</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 24,434
Bonds payable-current portion	245,000
Total Current Liabilities	<u>\$ 269,434</u>
Noncurrent Liabilities	
Compensated Absences	\$ 57,463
Estimated Landfill Closure Liability	5,876,327
Bonds payable	1,328,449
Total Noncurrent Liabilities	<u>\$ 7,262,239</u>
Total Liabilities	<u>\$ 7,531,673</u>
NET POSITION	
Net Investment in Capital Assets	\$ 7,335,378
Restricted for Other Purposes	2,393,288
Unrestricted	(4,020,998)
Total Net Position	<u>\$ 5,707,668</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, 2013

	Tazewell County Landfill Fund
OPERATING REVENUES	
Charges for Services	\$ 564,969
OPERATING EXPENSES	
Personal Service	\$ 325,255
Employee Benefits	175,053
Contractual Services	149,231
Repairs and Maintenance	88,741
Closure Reserve Expense	216,236
Other Charges	283,887
Depreciation and Amortization	420,254
Total Operating Expenses	\$ 1,658,657
Operating Income (Loss)	\$ (1,093,688)
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 19
Miscellaneous Income	10,446
Interest Expense	(71,164)
Total Nonoperating Revenues (Expenses)	\$ (60,699)
Transfers In	\$ 359,091
Increase (Decrease) in Net Position	\$ (795,296)
Net Position - Beginning, as restated	6,502,964
Net Position - Ending	\$ 5,707,668

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, 2013

	Tazewell County Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 602,562
Payments to employees for services	(492,597)
Payments for operating expenses	(515,025)
Total cash provided by (used for) operating activities	\$ (405,060)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	\$ 19
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 356,197
Miscellaneous Income (Expense)	10,446
Total cash provided by (used for) non-capital financing activities	\$ 366,643
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (215,731)
Principal Payments on Debt	(400,000)
Interest Payments on Debt	(69,574)
Total cash provided by (used for) capital and related financing activities	\$ (685,305)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (723,703)
Cash and Cash Equivalents - Beginning, as restated (including restricted, \$2,471,269)	\$ 4,932,151
Cash and Cash Equivalents - Ending (including restricted, \$2,393,288)	\$ 4,208,448
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (1,093,688)
Depreciation	420,254
Landfill Closure Costs	216,236
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
(Increase) Decrease in Accounts Receivable	37,593
Increase (Decrease) in Accounts Payable	6,834
Increase (Decrease) in Compensated Absences	7,711
Total Adjustments	\$ 52,138
Net Cash Provided By (Used For) by Operating Activities	\$ (405,060)

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, 2013

	Agency Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 46,601
Investments	1,413,923
Due from Other Governmental Units	1,025,046
Total Assets	<u>\$ 2,485,570</u>
 LIABILITIES	
Current Liabilities:	
Due to Primary Government	\$ 834,744
Due to Other Governmental Units	190,302
Amounts Held for Others	1,460,524
Total Liabilities	<u>\$ 2,485,570</u>

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

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies:

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

Financial Statement Presentation

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

Government-wide 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 components units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or 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*.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization, or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of 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 Fund 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, 2013.

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.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

B. Individual Component Unit Disclosures (Continued)

Tazewell County Airport Authority was created by the County of Tazewell and the 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 Commission's Board of Directors. The County contributes a significant amount to the Commission'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

The County of Tazewell and the Counties of Buchanan and Russell participate in supporting the Cumberland Mountain Community Services Board. For the year ended June 30, 2013, the County contributed \$60,000.

The County of Tazewell and the 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, 2013, the County contributed \$370,428.

The County of Tazewell and the 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, 2013, the County contributed \$3,692,622.

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 TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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 non-operating 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.

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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.

a. 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.

b. Capital Projects Fund

The County Capital Improvements 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.

Additionally, Tazewell County reports the following fund types:

c. 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.

d. School Construction Fund

The School Construction Fund accounts for and reports all financial resources used for the acquisition or construction of school facilities and is reported as a non-major fund.

e. 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 E-911 Fund, Coal Road Improvement Fund, The Coal Road Economic Development Fund, The Damage Stamp Fund, and The Law Library Fund are reported as non-major special revenue funds.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

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

f. 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 County and School Deferred Comp Funds are reported as Trust Funds and 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 amount 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 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. State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool. The local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee.

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 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 \$1,061,203 at June 30, 2013 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, 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 estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40-60
Building improvements	40-60
Land Improvements	40-60
Vehicles	5
Office and computer equipment	7
Other equipment	7

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

I. 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. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, 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.

J. 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 statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

The County reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 requires that fund balances be classified into categories based upon the type of restrictions imposed on the use of funds.

Non-spendable -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.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

K. Fund Equity (Continued)

Assigned -amounts that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County 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.

L. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

M. 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.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

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 one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

N. Deferred Outflows/Inflows of Resources (continued)

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.

O. 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.

P. 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.

Q. Adoption of Accounting Policies

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board: The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board: The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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).

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. The County's only investments consisted of the State's Non-Arbitrage Pool (SNAP).

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2013, were rated by Standard and Poor's and the ratings are presented below using 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>
SNAP	\$ 446

Concentration of Credit Risk

At June 30, 2013, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2 - Deposits and Investments: (Continued)

Interest Rate Risk

At June 30, 2013, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

External Investment Pool

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

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

Fund	Interfund Receivable	Interfund Payable
General	\$ -	\$ 157,514
Enterprise Fund	32,514	-
Capital Project Fund	125,000	-
Totals	<u>\$ 157,514</u>	<u>\$ 157,514</u>

	Due From Component Unit	Due to Component Unit
General	\$ -	\$ 4,376,528
Capital Project Fund	2,045,645	314,061
Component Unit School	4,376,528	-
Component Unit IDA	-	2,045,645
Component Unit PSA	314,061	-
Totals	<u>\$ 6,736,234</u>	<u>\$ 6,736,234</u>

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 4 - Due From Other Governmental Units:

At June 30, 2013, the County, School Board and component units had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Local Government:		
Town of Tazewell	\$ 9,172	\$ -
Commonwealth of Virginia:		
State sales taxes	863,263	1,033,468
Local sales taxes	-	-
VPA	208,157	-
CSA	224,695	-
Shared expenses	260,732	-
Categorical aid	91,713	25,017
Noncategorical aid	172,399	-
Federal Government:		
VPA	243,187	-
Categorical aid	396,074	2,809,496
Total	<u>\$ 2,469,392</u>	<u>\$ 3,867,981</u>

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5 - Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

General Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,735,460	\$ -	\$ -	\$ 1,735,460
Construction in progress	904,722	118,327	(830,900)	192,149
Tenancy in Common	7,510,484	-	(534,862)	6,975,622
Total capital assets not being depreciated	<u>\$ 10,150,666</u>	<u>\$ 118,327</u>	<u>\$ (1,365,762)</u>	<u>\$ 8,903,231</u>
Capital assets, being depreciated:				
Buildings	\$ 3,671,370	\$ -	\$ -	\$ 3,671,370
Machinery and equipment	12,197,431	2,514,061	(121,285)	14,590,207
Total capital assets being depreciated	<u>\$ 15,868,801</u>	<u>\$ 2,514,061</u>	<u>\$ (121,285)</u>	<u>\$ 18,261,577</u>
Accumulated depreciation:				
Buildings	\$ (1,882,829)	\$ (53,082)	\$ -	\$ (1,935,911)
Machinery and equipment	(9,881,384)	(680,766)	114,255	(10,447,895)
Total accumulated depreciation	<u>\$ (11,764,213)</u>	<u>\$ (733,848)</u>	<u>\$ 114,255</u>	<u>\$ (12,383,806)</u>
Total capital assets being depreciated, net	<u>\$ 4,104,588</u>	<u>\$ 1,780,213</u>	<u>\$ (7,030)</u>	<u>\$ 5,877,771</u>
Governmental activities capital assets, net	<u>\$ 14,255,254</u>	<u>\$ 1,898,540</u>	<u>\$ (1,372,792)</u>	<u>\$ 14,781,002</u>

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5 - Capital Assets: (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	9,392,235	125,000	-	9,517,235
Machinery and equipment	3,117,416	90,731	-	3,208,147
Total capital assets being depreciated	<u>\$ 12,695,254</u>	<u>\$ 215,731</u>	<u>\$ -</u>	<u>\$ 12,910,985</u>
Accumulated depreciation:				
Buildings and improvements	\$ (127,971)	\$ (6,187)	\$ -	\$ (134,158)
Land Improvements	(1,782,225)	(174,933)	-	(1,957,158)
Machinery and equipment	(1,967,198)	(231,242)	-	(2,198,440)
Total accumulated depreciation	<u>\$ (3,877,394)</u>	<u>\$ (412,362)</u>	<u>\$ -</u>	<u>\$ (4,289,756)</u>
Total capital assets being depreciated, net	<u>\$ 8,817,860</u>	<u>\$ (196,631)</u>	<u>\$ -</u>	<u>\$ 8,621,229</u>
Business-type activities capital assets, net	<u>\$ 9,105,458</u>	<u>\$ (196,631)</u>	<u>\$ -</u>	<u>\$ 8,908,827</u>

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5 - Capital Assets: (Continued)

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

Governmental activities:

General government administration	\$ 82,353
Judicial administration	14,139
Public safety	425,214
Public works	121,280
Health and welfare	388
Parks, recreation, and culture	17,282
Community development	<u>73,192</u>

Total depreciation expense-governmental activities	\$ <u><u>733,848</u></u>
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Business-type activities:

Landfill fund	\$ <u><u>412,362</u></u>
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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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)	5,247,258		1,189,791		-		6,437,049
Total capital assets not being depreciated	\$ 7,155,974	\$	1,189,791	\$	-	\$	8,345,765
Capital assets, being depreciated:							
Buildings and improvements	\$ 32,336,624	\$	289,677	\$	-	\$	32,626,301
Machinery and equipment	14,835,683		170,516		-		15,006,199
Total capital assets being depreciated	\$ 47,172,307	\$	460,193	\$	-	\$	47,632,500
Accumulated depreciation:							
Buildings and improvements	\$ (19,147,294)	\$	(1,217,155)	\$	-	\$	(20,364,449)
Machinery and equipment	(13,301,251)		(575,671)		-		(13,876,922)
Total accumulated depreciation	\$ (32,448,545)	\$	(1,792,826)	\$	-	\$	(34,241,371)
Total capital assets being depreciated, net	\$ 14,723,762	\$	(1,332,633)	\$	-	\$	13,391,129
Governmental activities capital assets, net	\$ 21,879,736	\$	(142,842)	\$	-	\$	21,736,894

(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, 2013, is that assets and debt in the amount of \$6,975,622 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, 2013

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, 2013:

Change in Long-Term Obligations:

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
General Obligation Bonds	\$ 8,720,256	\$ -	\$ (459,862)	\$ 8,260,394
Premium on bond	155,906	-	(8,662)	147,244
Literary loan	675,000	-	(75,000)	600,000
Net OPEB Obligation	1,060,800	565,600	(297,700)	1,328,700
Compensated absences	679,504	35,827	-	715,331
Total	<u>\$ 11,291,466</u>	<u>\$ 601,427</u>	<u>\$ (841,224)</u>	<u>\$ 11,051,669</u>

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

Year Ending June 30	General Government Obligations			
	General Obligation Bonds		Literary Loan	
	Principal	Interest	Principal	Interest
2014	\$ 467,407	\$ 405,570	\$ 75,000	\$ 12,000
2015	460,798	384,846	75,000	10,500
2016	469,334	364,103	75,000	9,000
2017	479,570	341,402	75,000	7,500
2018	491,617	317,113	75,000	6,000
2019-2023	2,644,598	1,188,874	225,000	9,000
2024-2028	2,675,318	486,763	-	-
2029	571,752	14,217	-	-
	<u>\$ 8,260,394</u>	<u>\$ 3,502,888</u>	<u>\$ 600,000</u>	<u>\$ 54,000</u>

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6 - Long-term Obligations: (Continued)

Primary Government: (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
General Obligation Bonds:						
GO Bond	6.10%	11/1/1993	12/15/2013	\$ 2,100,000	\$ 10,000	\$ 10,000
GO Bond	3.10-5.10%	5/15/2002	7/15/2023	1,900,000	1,045,000	95,000
GO Bond	4.10-5.10%	5/15/2008	7/15/2028	1,880,000	1,640,000	70,000
GO Bond	3.60-5.35%	12/11/2008	1/15/2029	6,698,941	5,565,394	292,407
Subtotal GO Bond					\$ 8,260,394	\$ 467,407
Add:						
Premium on Bond	n/a	n/a	n/a	n/a	147,244	8,662
Total General Obligation Bonds					\$ 8,407,638	\$ 476,069
Literary Loan:						
State Literary Loan	2.00%	8/1/2000	8/1/2020	\$ 1,500,000	\$ 600,000	\$ 75,000
Total Literary Loan					\$ 600,000	\$ 75,000
Other Obligations:						
Net OPEB Obligation	n/a	n/a	n/a	n/a	\$ 1,328,700	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	715,331	-
Total Other Obligations					\$ 2,044,031	\$ -
Total Long-term obligations					\$ 11,051,669	\$ 551,069

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6 - Long-term Obligations: (Continued)

The following is a summary of long-term obligations of the County for the year ended June 30, 2013:

Business-type Activities:

Landfill Fund

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
Revenue bonds	\$ 1,970,000	\$ -	\$ (400,000)	\$ 1,570,000
Loan premiums	6,524	-	(744)	5,780
Loss on redemption	(4,662)	-	2,331	(2,331)
Landfill closure/ postclosure liability	5,660,091	216,236	-	5,876,327
Compensated absences	49,752	7,711	-	57,463
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 7,681,705	\$ 223,947	\$ (398,413)	\$ 7,507,239
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2014	\$ 245,000	\$ 56,985
2015	255,000	48,035
2016	265,000	38,465
2017	190,000	29,865
2018	195,000	22,439
2019-2020	420,000	18,151
	<u> </u>	<u> </u>
Totals	\$ 1,570,000	\$ 213,940
	<u> </u>	<u> </u>

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6 - Long-term Obligations: (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
Revenue Bonds						
Revenue Bonds	3.4-4.81%	11/27/2007	10/1/2019	2,675,000	1,570,000	245,000
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 57,463	\$ -
Loan Premiums	n/a	n/a	n/a	n/a	5,780	744
Loss on Redemption	n/a	n/a	n/a	n/a	(2,331)	2,331
Landfill closure/ postclosure liability	n/a	n/a	n/a	n/a	5,876,327	-
Total Other Obligations					\$ 5,937,239	\$ 3,075
Total Long-term Obligations					\$ 7,507,239	\$ 248,075

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, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital leases	\$ 4,003,746	\$ -	\$ (378,737)	\$ 3,625,009
OPEB Obligation	1,100,300	417,500	-	1,517,800
Total	\$ 5,104,046	\$ 417,500	\$ (378,737)	\$ 5,142,809

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Details of Long-Term Debt:

	Interest Rates	Issue Dates	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Capital Leases						
Capital Lease	3.58%	8/19/2008	8/19/2013	\$ 486,633	\$ 104,291	\$ 104,291
Capital Lease	4.195%	10/5/2007	10/5/2022	4,792,700	3,520,718	289,716
Total Capital Leases					\$ 3,625,009	\$ 394,007
Other Obligations:						
Net OPEB Obligation	n/a	n/a	n/a	n/a	\$ 1,517,800	\$ -
Total Long-term Debt					\$ 5,142,809	\$ 394,007

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.

Total assets acquired through capital leases are as follows:

School Buses	\$ 486,633
Building Renovations	3,378,030
Total Assets	\$ 3,864,663
Accumulated Depreciation	(581,119)
Net Book Value of Assets	\$ 3,283,544

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Present value of future minimum lease payments:

Year Ending <u>June 30,</u>	Capital <u>Leases</u>
2014	\$ 548,588
2015	436,959
2016	436,959
2017	436,959
2018	436,959
2019-2013	<u>2,184,795</u>
Total minimum lease Payments	\$ <u>4,481,219</u>
Less: amount representing interest	<u>(856,210)</u>
Present value of future minimum Lease payments	\$ <u><u>3,625,009</u></u>

Note 7 -Compensated Absences:

Compensated Absences:

In accordance with GASB 16, "Accounting for Compensated Absences", the County has accrued liabilities arising from outstanding compensated absences. Each county employee earns annual leave at various rates. The County has outstanding accrued vacation and sick pay totaling \$715,331 and \$57,463 in the Landfill Enterprise Component Unit Fund, which is liquidated in the County General Fund.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8 - Defined Benefit Pension Plan:

A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8 - Defined Benefit Pension Plan: (Continued)

A. Plan Description (Continued)

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2013 was 11.40% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2013 was 15.32% of annual covered payroll.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8 - Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2013, the County's and School Board's annual pension costs were \$1,770,240 (\$539,707 for employee portion) and \$775,547 (\$190,833 for employee portion) was equal to the County and School Board's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Fiscal Year Ending	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:			
County:			
6/30/2013	\$ 1,770,240	100%	-
6/30/2012	1,314,225	100%	-
6/30/2011	1,278,637	100%	-
School Board:			
Non-professional Employees:			
6/30/2013	\$ 775,547	100%	-
6/30/2012	634,313	100%	-
6/30/2011	620,094	100%	-

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees. 3.75% to 6.20% per year for teachers and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan1 employees and 2.25% for plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and the School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2012, the most recent actuarial valuation date, the plan was 74.36% funded. The actuarial accrued liability for benefits was \$45,591,058, and the actuarial value of assets was \$33,903,065, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,687,993. The covered payroll (annual payroll of active employees covered by the plan) was \$10,211,510, and ratio of the UAAL to the covered payroll was 114.46%.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8 - Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress (Continued)

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

As of June 30, 2012, the most recent actuarial valuation date, the plan was 65.50% funded. The actuarial accrued liability for benefits was \$25,221,762, and the actuarial value of assets was \$16,519,031, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,702,731. The covered payroll (annual payroll of active employees covered by the plan) was \$3,900,115, and ratio of the UAAL to the covered payroll was 223.14%.

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

E. Discretely Presented Component Unit - School Board (Professional Employees)

Plan Description

The Tazewell County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, including the 5% member contribution, was \$4,452,066, \$3,956,125, and \$3,270,976 for the fiscal years ended 2013, 2012, and 2011, respectively. These contributions were 16.66%, 11.33%, and 8.93% for the fiscal years ended 2013, 2012, and 2011, respectively.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 9-VRS Health Insurance Credit - Other Postemployment Benefits:

A. Plan Description

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

An employee of the County, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2013 was 0.05%, of annual covered payroll.

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The locality is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2013, the County's contribution of \$6,398, was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and preceding two years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
County:			
June 30, 2013	\$ 6,398	100%	-
June 30, 2012	5,449	100%	-
June 30, 2011	6,806	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

	<u>County</u>
Actuarial accrued liability (AAL)	\$ 234,919
Actuarial value of plan assets	\$ 232,268
Unfunded actuarial accrued liability (UAAL)	\$ 2,651
Funded ratio (actuarial value of plan assets/AAL)	98.87%
Covered payroll (active plan members)	\$ 4,331,469
UAAL as a percentage of covered payroll	0.06%

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

E. Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

F. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2012 was 26 years.

G. Professional Employees - Discretely Presented Component Unit School Board

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 10 - Other Postemployment Benefits (OPEB) - Health Insurance:

A. Plan Description

The Tazewell Post-Retirement Medical Plan (TPRMP) is a single-employer defined benefit healthcare plan administer by the County. TPRMP 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 ten years or reaching Medicare eligibility (age 65). The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The TPRMP does not issue a publicly available financial report.

B. Funding Policy

The Tazewell County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will be partially funded or fully funded in the upcoming fiscal year. For fiscal year 2013, the County will continue on a pay-as-you-go basis and leave the plan unfunded.

For retirees of the County and School Board, the following premiums and retiree responsibilities were effective at July 1, 2012, the most recent actuarial valuation date:

	County		Social Services		School	
	Monthly Contribution	Retiree Share of Premiums	Monthly Contribution	Retiree Share of Premiums	Monthly Contribution	Retiree Share of Premiums
Retiree	627.00	62.70	625.00	100.00	551.00	88.16
Retiree and Spou:	1,160.00	222.60	1,156.11	333.64	1,019.00	275.13
Retiree and Child	1,160.00	222.60	1,156.11	333.64	1,019.00	275.13
Family	1,693.00	382.50	1,688.00	567.72	1,488.00	446.40

C. Annual OPEB Cost and Net OPEB Obligation

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 10 - Other Postemployment Benefits - Health Insurance: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation:

	County	School Board	Total
Annual required contribution	\$ 567,400	\$ 1,627,300	\$ 2,194,700
Interest on net OPEB obligation	42,400	44,000	86,400
Adjustment to annual required contribution	(44,200)	(45,800)	(90,000)
Annual OPEB cost (expense)	565,600	1,625,500	2,191,100
Contributions made	297,700	1,208,000	1,505,700
Increase in net OPEB obligation	267,900	417,500	685,400
Net OPEB obligation - beginning of year	1,060,800	1,100,300	2,161,100
Net OPEB obligation - end of year	\$ 1,328,700	\$ 1,517,800	\$ 2,846,500

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 2,191,100	69%	\$ 2,846,500
6/30/2012	2,061,700	78%	2,161,100
6/30/2011	1,999,400	74%	1,713,000

D. Funded Status and Funding Progress

Primary Government:

As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$10,854,415, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10,794,146, and ratio of the UAAL to the covered payroll was 100.56%.

Component Unit - School Board:

As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$12,398,033, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$33,539,749, and ratio of the UAAL to the covered payroll was 36.97%.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 10 - Other Postemployment Benefits - Health Insurance: (Continued)

D. Funded Status and Funding Progress (Continued)

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2012, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return per annum. An annual healthcare cost trend rate of 9 percent initially, reduced by decrements of 1 percent until an ultimate rate of 5 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at July 1, 2012, was 30 years.

Note 11 - Contingent Liabilities:

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

Note 12 - 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 \$5,876,327 reported as landfill closure and post closure care liability at June 30, 2013, \$5,876,372 represents the cumulative amount reported to date based on use of 36 percent of the estimate capacity of the landfill.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 12 - Landfill Closure and Postclosure Care Cost: (Continued)

The County will recognize the remaining estimated cost of closure and postclosure care of \$9,354,875 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 2013.

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 13 - 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.

Note 14 - Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Primary Government:		
General Fund	\$ -	\$ (3,775,091)
County CIP Fund	3,416,000	-
Landfill Enterprise Fund	359,091	-
Total	<u>\$ 3,775,091</u>	<u>\$ (3,775,091)</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, 2013

Note 15- Surety Bonds:

Commonwealth of America, Division of Risk Management	Amount
James E. Blevins, Clerk of the Circuit Court	\$ 710,000
David Larimer, Treasurer	500,000
David Anderson, Commissioner of the Revenue	3,000
Brian Hieatt, Sheriff	
 The above constitutional officers' employees	
Blanket bond	
Landfill employees	
 VACO Insurance Program:	
All School Board employees - blanket	250,000
 Fidelity and Deposit Company of Maryland Surety:	
James Spencer, 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 16 - Restatement of Beginning Net Position:

	Proprietary Fund Landfill	Governmental Activities
Beginning net position, as previously reported	\$ 6,661,766	\$ 18,697,371
Asset incorrectly recorded in prior period	(158,802)	-
Remove bond costs		(28,638)
Beginning net position, as restated	<u>\$ 6,502,964</u>	<u>\$ 18,668,733</u>

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 17 - Nonspendable, Restricted, and Committed Fund Balances by Fund

General Fund	
Nonspendable for:	
Prepays	\$ 80,580
County CIP Fund	
Restricted for:	
Capital Improvements	3,119,044
School Construction Fund	
Restricted for:	
Capital Improvements	1,565
Law Library Fund	
Committed for:	
Special Revenue	71,174
Coal Road Improvement Fund	
Committed for:	
Special Revenue	2,003,816
Coal Road Economic Development Fund	
Committed for:	
Special Revenue	114,864
E-911 Fund	
Committed for:	
Special Revenue	789,408
Damage Stamp Fund	
Committed for:	
Special Revenue	42
School Fund	
Nonspendable for:	
Prepays	689,345
Committed for:	
Special Revenue	1,825,991

Note 18 - Litigation

At June 30, 2013, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 19 - Upcoming Pronouncements

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment to GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

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, 2013

	Budget Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget Pos (Neg)</u>
REVENUES				
General Property Taxes	\$ 25,108,861	\$ 25,108,861	\$ 25,302,730	\$ 193,869
Other Local Taxes	7,861,331	7,861,331	7,789,495	(71,836)
Permits, Privilege Fees and Regulatory Licenses	330,250	330,250	354,257	24,007
Fines and Forfeitures	25,000	25,000	42,935	17,935
Revenue from Use of Money and Property	497,609	527,629	467,234	(60,395)
Charges for Services	266,643	319,176	444,412	125,236
Miscellaneous	437,970	321,516	147,169	(174,347)
Recovered Costs	234,970	370,367	1,144,744	774,377
Intergovernmental Revenues:				
Commonwealth	8,647,803	8,912,357	10,757,770	1,845,413
Federal Government	4,492,567	4,492,567	4,785,038	292,471
Total Revenues	\$ 47,903,004	\$ 48,269,054	\$ 51,235,784	\$ 2,966,730
EXPENDITURES:				
Current:				
General Government Administration	\$ 6,345,950	\$ 6,540,089	\$ 5,368,601	\$ 1,171,488
Judicial Administration	2,190,134	2,241,140	2,334,905	(93,765)
Public Safety	12,516,976	12,687,588	12,294,180	393,408
Public Works	4,351,638	4,344,175	3,448,128	896,047
Health and Welfare	7,558,377	7,657,471	7,824,599	(167,128)
Education	13,142,812	13,142,812	11,804,904	1,337,908
Parks, Recreation and Cultural	1,325,062	1,368,074	1,347,835	20,239
Community Development	856,602	908,472	816,043	92,429
Non-Departmental	1,104,273	480,493	365,434	115,059
Debt Service:				
Principal Retirement	-	-	534,862	(534,862)
Interest and Other Fiscal Charges	-	-	439,067	(439,067)
Total Expenditures	\$ 49,391,824	\$ 49,370,314	\$ 46,578,558	\$ 2,791,756
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ (1,488,820)	\$ (1,101,260)	\$ 4,657,226	\$ 5,758,486
Other Financing Sources (Uses)				
Transfers Out	-	-	(3,775,091)	(3,775,091)
Net Change in Fund Balance	\$ (1,488,820)	\$ (1,101,260)	\$ 882,135	\$ 1,983,395
Fund Balance - Beginning	1,283,529	1,101,260	9,899,828	8,798,568
Fund Balance - Ending	\$ (205,291)	\$ -	\$ 10,781,963	\$ 10,781,963

County of Tazewell, Virginia
Schedule of Pension and OPEB Funding Progress
For the Fiscal Year Ended June 30, 2013

Primary Government:

County Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2012 \$	33,903,065 \$	45,591,058 \$	11,687,993	74.36% \$	10,211,510	114.46%
June 30, 2011	34,262,993	43,637,160	9,374,167	78.52%	9,802,238	95.63%
June 30, 2010	33,636,379	41,488,519	7,852,140	81.07%	9,816,701	79.99%

County Postretirement Medical Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2012 \$	- \$	10,854,415 \$	10,854,415	0.00% \$	10,794,146	100.56%
March 1, 2010	-	6,509,460	6,509,460	0.00%	12,516,483	52.01%
March 1, 2008	-	4,695,900	4,695,900	0.00%	9,171,680	51.20%

County Health Insurance Credit Program

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2012	232,268	234,919	2,651	98.87%	4,331,469	0.06%
June 30, 2011	237,314	227,920	(9,394)	104.12%	3,951,802	-0.24%
June 30, 2010	201,956	215,916	13,960	93.53%	9,816,701	0.14%

Discretely Presented Component Unit:

School Board Non-professional Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2012 \$	16,519,031 \$	25,221,762 \$	8,702,731	65.50% \$	3,900,115	223.14%
June 30, 2011	17,016,576	24,444,497	7,427,921	69.61%	3,758,650	197.62%
June 30, 2010	17,224,515	23,830,457	6,605,942	72.28%	3,931,143	168.04%

School Board Postretirement Medical Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2012 \$	- \$	12,398,033 \$	12,398,033	0.00% \$	33,539,749	36.97%
March 1, 2010	-	15,188,740	15,188,740	0.00%	29,205,126	52.01%
March 1, 2008	-	16,084,500	16,084,500	0.00%	31,415,039	51.20%

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, 2013

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 36,355	\$ 36,355	\$ 36,355	\$ -
Miscellaneous	2,466,598	2,466,598	145,198	(2,321,400)
Intergovernmental Revenues:				
Commonwealth	642,103	642,103	-	(642,103)
Federal Government	468,347	468,347	-	(468,347)
Total Revenues	<u>\$ 3,613,403</u>	<u>\$ 3,613,403</u>	<u>\$ 181,553</u>	<u>\$ (3,431,850)</u>
EXPENDITURES:				
Current:				
Public Works	\$ 820,890	\$ 820,890	\$ 820,890	\$ -
Education	450,000	450,000	450,000	-
Community Development	1,480,268	1,480,268	6,483	1,473,785
Parks, Recreation and Cultural	3,986,960	3,986,960	836,889	3,150,071
Total Expenditures	<u>\$ 6,738,118</u>	<u>\$ 6,738,118</u>	<u>\$ 2,114,262</u>	<u>\$ 4,623,856</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>\$ (3,124,715)</u>	<u>\$ (3,124,715)</u>	<u>\$ (1,932,709)</u>	<u>\$ 1,192,006</u>
Other Financing Sources (Uses)				
Transfers In	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,416,000</u>	<u>\$ (3,416,000)</u>
Net Change in Fund Balance	<u>\$ (3,124,715)</u>	<u>\$ (3,124,715)</u>	<u>\$ 1,483,291</u>	<u>\$ 4,608,006</u>
Fund Balance - Beginning	<u>3,124,715</u>	<u>3,124,715</u>	<u>1,635,753</u>	<u>(1,488,962)</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,119,044</u></u>	<u><u>\$ 3,119,044</u></u>

County of Tazewell, Virginia
Non - Major Capital Projects - School Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	-
EXPENDITURES:				
Total Expenditures	\$ -	\$ -	\$ -	-
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ -	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	-
Fund Balance - Beginning	-	-	1,565	1,565
Fund Balance - Ending	\$ -	\$ -	1,565	1,565

County of Tazewell, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Expendable Trust Funds</u>	<u>Agency Funds</u>		
	Deferred Comp Fund	Special Welfare Funds	Local Sales Tax Fund	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 46,601	\$ -	\$ 46,601
Investments	1,413,923	-	-	1,413,923
Due from Other Governmental Units	-	-	1,025,046	1,025,046
Total Assets	<u>\$ 1,413,923</u>	<u>\$ 46,601</u>	<u>\$ 1,025,046</u>	<u>\$ 2,485,570</u>
LIABILITIES				
Current Liabilities:				
Due to Primary Government	\$ -	\$ -	\$ 834,744	\$ 834,744
Due to Other Governmental Units	-	-	190,302	190,302
Amounts Held for Others	1,413,923	46,601	-	1,460,524
Total Liabilities	<u>\$ 1,413,923</u>	<u>\$ 46,601</u>	<u>\$ 1,025,046</u>	<u>\$ 2,485,570</u>

County of Tazewell, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Expendable Trust Funds		Agency Funds	
	Deferred Comp Fund		Special Welfare Fund	Local Sales Tax Fund
ASSETS				
Beginning Balance	\$ 1,734,153	\$ 48,622	\$ 1,025,046	
Additions	368,016	183,967	1,126,379	
Deductions	(688,246)	(185,988)	(1,126,379)	
Ending Balance	\$ 1,413,923	\$ 46,601	\$ 1,025,046	
LIABILITIES				
Beginning Balance	\$ 1,734,153	\$ 48,622	\$ 1,025,046	
Additions	368,016	183,967	1,126,379	
Deductions	(688,246)	(185,988)	(1,126,379)	
Ending Balance	\$ 1,413,923	\$ 46,601	\$ 1,025,046	

County of Tazewell, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2013

	School Operating <u>Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 6,080,025
Cash Held for Others	13,206
Accounts Receivable	13,591
Due from Other Governmental Units	3,867,981
Prepaid items	689,345
Total Assets	<u>\$ 10,664,148</u>
LIABILITIES	
Liabilities	
Accounts Payable	\$ 360,208
Accrued Wages Payable	3,398,870
Due to Primary Government	4,376,528
Amounts held for others	13,206
Total Liabilities	<u>\$ 8,148,812</u>
FUND BALANCES:	
Nonspendable	\$ 689,345
Committed	1,825,991
Total Fund Balances	<u>\$ 2,515,336</u>
Total Liabilities and Fund Balances	<u>\$ 10,664,148</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balances - per above	\$ 2,515,336
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 1,908,716
Building and system	12,261,852
Tenancy in common	6,437,049
Machinery and equipment	<u>1,129,277</u>
	21,736,894
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds	
	(5,142,809)
Net Position of governmental activities - component unit school board	<u>\$ 19,109,421</u>

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, 2013

	School Operating <u>Fund</u>
REVENUES	
Revenue from Use of Money and Property	\$ 16,035
Charges for Services	848,950
Miscellaneous	564,625
Recovered Costs	948,844
Intergovernmental Revenues:	
Local Government	12,194,904
Commonwealth	36,384,685
Federal Government	7,454,205
Total Revenues	<u>\$ 58,412,248</u>
EXPENDITURES:	
Current:	
Education	\$ 58,408,693
Debt Service:	
Principal Retirement	378,737
Interest and Other Fiscal Charges	166,246
Total Expenditures	<u>\$ 58,953,676</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (541,428)</u>
Net Change in Fund Balance	\$ (541,428)
Fund Balance - Beginning	3,056,764
Fund Balance - Ending	<u><u>\$ 2,515,336</u></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	\$ (541,428)
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 the capital outlays in the current period.	
Capital outlay	\$ 1,649,984
Depreciation expense	<u>(1,792,826)</u>
	(142,842)
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.	
	378,737
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.	
	(417,500)
Change in net position of governmental funds - component unit school board	<u><u>\$ (723,033)</u></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, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 613,662	\$ 613,662	\$ 16,035	\$ (597,627)
Charges for Services	987,031	987,031	848,950	(138,081)
Miscellaneous	786,376	786,376	564,625	(221,751)
Recovered Costs	427,318	427,318	948,844	521,526
Intergovernmental Revenues:				
Local Government	13,218,251	13,218,251	12,194,904	(1,023,347)
Commonwealth	36,294,242	36,294,242	36,384,685	90,443
Federal Government	5,324,115	5,324,115	7,454,205	2,130,090
Total Revenues	<u>\$ 57,650,995</u>	<u>\$ 57,650,995</u>	<u>\$ 58,412,248</u>	<u>\$ 761,253</u>
EXPENDITURES:				
Current:				
Education	\$ 58,563,006	\$ 58,563,006	\$ 58,408,693	\$ 154,313
Debt Service:				
Principal Retirement	1,221,341	1,221,341	378,737	842,604
Interest and Other Fiscal Charges	518,110	518,110	166,246	351,864
Total Expenditures	<u>\$ 60,302,457</u>	<u>\$ 60,302,457</u>	<u>\$ 58,953,676</u>	<u>\$ 1,348,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,651,462)</u>	<u>\$ (2,651,462)</u>	<u>\$ (541,428)</u>	<u>\$ 2,110,034</u>
Net Change in Fund Balance	\$ (2,651,462)	\$ (2,651,462)	\$ (541,428)	\$ 2,110,034
Fund Balance - Beginning	2,658,605	2,658,605	3,056,764	398,159
Fund Balance - Ending	<u>\$ 7,143</u>	<u>\$ 7,143</u>	<u>\$ 2,515,336</u>	<u>\$ 2,508,193</u>

County of Tazewell, Virginia
Non-Major Funds
Combining Balance Sheet
June 30, 2013

	<u>Special Revenue Funds</u>	<u>School Construction Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,766,288	\$ 1,565	\$ 2,767,853
Receivables (Net of Allowance for Uncollectibles):			
Taxes	221,081	-	221,081
Total Assets	<u>\$ 2,987,369</u>	<u>\$ 1,565</u>	<u>\$ 2,988,934</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 8,065	\$ -	\$ 8,065
Total Liabilities	<u>\$ 8,065</u>	<u>\$ -</u>	<u>\$ 8,065</u>
Fund Balances:			
Restricted	\$ -	\$ 1,565	\$ 1,565
Committed	2,979,304	-	2,979,304
Total Fund Balances	<u>\$ 2,979,304</u>	<u>\$ 1,565</u>	<u>\$ 2,980,869</u>
Total Liabilities and Fund Balances	<u>\$ 2,987,369</u>	<u>\$ 1,565</u>	<u>\$ 2,988,934</u>

County of Tazewell, Virginia
Non-Major Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2013

	Special <u>Revenue Funds</u>	School Construction <u>Fund</u>	<u>Total</u>
REVENUES			
Other Local Taxes	\$ 2,304,638	\$ -	\$ 2,304,638
Charges for Services	13,233	-	13,233
Intergovernmental Revenues:			
Commonwealth	1,096	-	1,096
Total Revenues	<u>\$ 2,318,967</u>	<u>\$ -</u>	<u>\$ 2,318,967</u>
EXPENDITURES:			
Current:			
Judicial Administration	\$ 42,778	\$ -	\$ 42,778
Public Safety	750,152	-	750,152
Public Works	1,579,930	-	1,579,930
	<u>\$ 2,372,860</u>	<u>\$ -</u>	<u>\$ 2,372,860</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>\$ (53,893)</u>	<u>\$ -</u>	<u>\$ (53,893)</u>
Net Change in Fund Balance	\$ (53,893)	\$ -	\$ (53,893)
Fund Balance - Beginning	3,033,197	1,565	3,034,762
Fund Balance - Ending	<u><u>\$ 2,979,304</u></u>	<u><u>\$ 1,565</u></u>	<u><u>\$ 2,980,869</u></u>

County of Tazewell, Virginia
Non-Major Special Revenue Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2013

	<u>Law Library</u> <u>Fund</u>	<u>Coal Road</u> <u>Improvement</u> <u>Fund</u>	<u>Coal Road</u> <u>Economic</u> <u>Development</u> <u>Fund</u>	<u>E-911 Fund</u>	<u>Damage Stamp</u> <u>Fund</u>	<u>Total</u>
ASSETS						
Cash and Cash Equivalents	\$ 71,174 \$	1,932,015 \$	71,465 \$	691,592 \$	42 \$	2,766,288
Receivables (Net of Allowance for Uncollectibles):						
Taxes	-	71,801	43,399	105,881	-	221,081
Other Local Taxes and Fees	-	-	-	-	-	-
Total Assets	\$ 71,174 \$	2,003,816 \$	114,864 \$	797,473 \$	42 \$	2,987,369

LIABILITIES AND FUND BALANCES

Liabilities						
Accounts Payable	\$ - \$	- \$	- \$	8,065 \$	- \$	8,065
Total Liabilities	\$ - \$	- \$	- \$	8,065 \$	- \$	8,065

Fund Balances:

Committed	\$ 71,174 \$	2,003,816 \$	114,864 \$	789,408 \$	42 \$	2,979,304
Total Fund Balances	\$ 71,174 \$	2,003,816 \$	114,864 \$	789,408 \$	42 \$	2,979,304
Total Liabilities and Fund Balances	\$ 71,174 \$	2,003,816 \$	114,864 \$	797,473 \$	42 \$	2,987,369

County of Tazewell, Virginia
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2013

	<u>Law Library</u> <u>Fund</u>	<u>Coal Road</u> <u>Improvement</u> <u>Fund</u>	<u>Coal Road</u> <u>Economic</u> <u>Development</u> <u>Fund</u>	<u>E-911 Fund</u>	<u>Damage</u> <u>Stamp Fund</u>	<u>Total</u>
REVENUES						
Other Local Taxes	\$ -	\$ 1,069,298	\$ 525,327	\$ 710,013	\$ -	\$ 2,304,638
Charges for Services	13,233	-	-	-	-	13,233
Intergovernmental Revenues:						
Commonwealth	-	-	-	1,096	-	1,096
Total Revenues	<u>\$ 13,233</u>	<u>\$ 1,069,298</u>	<u>\$ 525,327</u>	<u>\$ 711,109</u>	<u>\$ -</u>	<u>\$ 2,318,967</u>
EXPENDITURES						
Current:						
Judicial Administration	\$ 42,778	\$ -	\$ -	\$ -	\$ -	\$ 42,778
Public Safety	-	-	-	750,152	-	750,152
Public Works	-	1,068,014	511,916	-	-	1,579,930
Total Expenditures	<u>\$ 42,778</u>	<u>\$ 1,068,014</u>	<u>\$ 511,916</u>	<u>\$ 750,152</u>	<u>\$ -</u>	<u>\$ 2,372,860</u>
Net Change in Fund Balance	\$ (29,545)	\$ 1,284	\$ 13,411	\$ (39,043)	\$ -	\$ (53,893)
Fund Balance - Beginning	100,719	2,002,532	101,453	828,451	42	3,033,197
Fund Balance - Ending	<u>\$ 71,174</u>	<u>\$ 2,003,816</u>	<u>\$ 114,864</u>	<u>\$ 789,408</u>	<u>\$ 42</u>	<u>\$ 2,979,304</u>

Exhibit 24

County of Tazewell, Virginia
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	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	\$ -	\$ -	\$ -	-	\$ 900,000	\$ 900,000	\$ 1,069,298	\$ 169,298
Charges for Services	13,470	13,470	13,233	(237)	-	-	-	-
Intergovernmental Revenues:								
Commonwealth	-	-	-	-	-	-	-	-
Total Revenues	\$ 13,470	\$ 13,470	\$ 13,233	(237)	\$ 900,000	\$ 900,000	\$ 1,069,298	\$ 169,298
EXPENDITURES:								
Current:								
Judicial Administration	\$ 17,500	\$ 17,500	\$ 42,778	(25,278)	\$ -	\$ -	\$ -	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	1,416,753	1,416,753	1,068,014	348,739
Total Expenditures	\$ 17,500	\$ 17,500	\$ 42,778	(25,278)	\$ 1,416,753	\$ 1,416,753	\$ 1,068,014	\$ 348,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (4,030)	\$ (4,030)	\$ (29,545)	(25,515)	\$ (516,753)	\$ (516,753)	\$ 1,284	\$ 518,037
Net Change in Fund Balance	\$ (4,030)	\$ (4,030)	\$ (29,545)	(25,515)	\$ (516,753)	\$ (516,753)	\$ 1,284	\$ 518,037
Fund Balance - Beginning	4,030	4,030	100,719	96,689	516,753	516,753	2,002,532	1,485,779
Fund Balance - Ending	\$ -	\$ -	\$ 71,174	\$ 71,174	\$ -	\$ -	\$ 2,003,816	\$ 2,003,816

Exhibit 24

County of Tazewell, Virginia
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Coal Road Economic Development Fund				E-911 Fund			
	Budget Amounts		Actual Amounts		Budget Amounts		Actual Amounts	
	Original	Final	Original	Final	Original	Final	Original	Final
REVENUES								
Other Local Taxes	\$ 614,410	\$ 614,410	\$ 525,327	\$ (89,083)	\$ 659,117	\$ 659,117	\$ 710,013	\$ 50,896
Charges for Services	-	-	-	-	-	-	-	-
Intergovernmental Revenues:								
Commonwealth	-	-	-	-	9,500	9,500	1,096	(8,404)
Total Revenues	\$ 614,410	\$ 614,410	\$ 525,327	\$ (89,083)	\$ 668,617	\$ 668,617	\$ 711,109	\$ 42,492
EXPENDITURES:								
Current:								
Judicial Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-	701,092	786,214	750,152	36,062
Public Works	585,874	585,874	511,916	73,958	-	-	-	-
Total Expenditures	\$ 585,874	\$ 585,874	\$ 511,916	\$ 73,958	\$ 701,092	\$ 786,214	\$ 750,152	\$ 36,062
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	\$ 28,536	\$ 28,536	\$ 13,411	\$ (15,125)	\$ (32,475)	\$ (117,597)	\$ (39,043)	\$ 78,554
Net Change in Fund Balance	\$ 28,536	\$ 28,536	\$ 13,411	\$ (15,125)	\$ (32,475)	\$ (117,597)	\$ (39,043)	\$ 78,554
Fund Balance - Beginning	(28,536)	(28,536)	101,453	129,989	32,475	117,597	828,451	710,854
Fund Balance - Ending	\$ -	\$ -	\$ 114,864	\$ 114,864	\$ -	\$ -	\$ 789,408	\$ 789,408

Exhibit 24

County of Tazewell, Virginia
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Damaged Stamp Fund					Total
	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)		
	Original	Final				
REVENUES						
Other Local Taxes	\$ - \$	- \$	- \$	-	2,304,638 \$	131,111
Charges for Services	-	-	-	-	13,233	(237)
Intergovernmental Revenues:						
Commonwealth	-	-	-	-	1,096	(8,404)
Total Revenues	\$ - \$	- \$	- \$	-	2,318,967 \$	122,470
EXPENDITURES:						
Current:						
Judicial Administration	\$ - \$	- \$	- \$	-	42,778 \$	(25,278)
Public Safety	-	-	-	-	750,152	36,062
Public Works	-	-	-	-	1,579,930	422,697
Total Expenditures	\$ - \$	- \$	- \$	-	2,372,860 \$	433,481
Excess (Deficiency) of Revenues Over (Under)						
Expenditures	\$ - \$	- \$	- \$	-	(53,893) \$	555,951
Net Change in Fund Balance	\$ - \$	- \$	- \$	-	(53,893) \$	555,951
Fund Balance - Beginning	42	-	42	42	3,033,197	2,423,353
Fund Balance - Ending	\$ - \$	- \$	42 \$	42	2,979,304 \$	2,979,304

County of Tazewell, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2013

	Public Service <u>Authority</u>	Industrial Develop- <u>ment Authority</u>	<u>Airport Authority</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 636,989	\$ 220,455	\$ 27,835	\$ 885,279
Cash in custody of others	-	176,684	-	176,684
Investments in custody of others	-	823,442	-	823,442
Accounts receivable	879,434	822,851	5,059	1,707,344
Notes receivable	-	429,432	-	429,432
Due from primary government	-	2,045,645	-	2,045,645
Due from other governmental units	-	-	59,944	59,944
Inventories	92,021	-	34,378	126,399
Prepaid items	42,248	-	2,658	44,906
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	48,687	-	-	48,687
Capital assets (net of accumulated depreciation):				
Land	105,668	3,657,358	797,847	4,560,873
Buildings and improvements	70,424,518	153,438	921,690	71,499,646
Improvements other than buildings	-	21,971,532	5,853,658	27,825,190
Machinery and equipment	-	17,642	190,687	208,329
Construction in progress	2,605,618	12,091,302	39,003	14,735,923
Total assets	<u>\$ 74,835,183</u>	<u>\$ 42,409,781</u>	<u>\$ 7,932,759</u>	<u>\$ 125,177,723</u>
LIABILITIES				
Accounts payable	\$ 307,605	\$ 600,775	\$ 58,485	\$ 966,865
Accrued liabilities	-	-	2,406	2,406
Accrued wages	36,484	-	-	36,484
Accrued interest payable	18,672	306,135	-	324,807
Due to other governmental units	314,061	-	-	314,061
Long-term liabilities:				
Due within one year	2,208,021	631,899	22,369	2,862,289
Due in more than one year	30,694,819	14,423,658	313,590	45,432,067
Total liabilities	<u>\$ 33,579,662</u>	<u>\$ 15,962,467</u>	<u>\$ 396,850</u>	<u>\$ 49,938,979</u>
NET POSITION				
Net investment in capital assets	\$ 40,814,972	\$ 22,835,715	\$ 7,468,484	\$ 71,119,171
Restricted for:				
Debt service	48,687	-	-	48,687
Unrestricted	391,862	3,611,599	67,425	4,070,886
Total Net Position	<u>\$ 41,255,521</u>	<u>\$ 26,447,314</u>	<u>\$ 7,535,909</u>	<u>\$ 75,238,744</u>

County of Tazewell, Virginia
Combining Statement of Activities
Other Component Units
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating</u>		<u>Component Unit</u>			
			<u>Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Public Service Authority</u>	<u>Industrial Development Authority</u>	<u>Airport Authority</u>	<u>Total</u>
OTHER COMPONENT UNITS:								
Public Service Authority	\$ 7,469,675	\$ 5,600,799	\$ 1,369,964	\$ -	\$ (498,912)	\$ -	\$ -	\$ (498,912)
Industrial Development Authority	3,016,792	1,690,935	1,133,164	47,912	-	(144,781)	-	(144,781)
Airport Authority	662,423	44,890	657,726	-	-	-	40,193	40,193
Total other component units	\$ 11,148,890	\$ 7,336,624	\$ 3,160,854	\$ 47,912	\$ (498,912)	\$ (144,781)	\$ 40,193	\$ (603,500)
General revenues:								
Unrestricted revenues from use of money and property					\$ 723	\$ 52,594	\$ -	\$ 53,317
Miscellaneous					95,912	17,260	602	113,774
Total general revenues					\$ 96,635	\$ 69,854	\$ 602	\$ 167,091
Change in net position					\$ (402,277)	\$ (74,927)	\$ 40,795	\$ (436,409)
Net position - beginning, as restated					41,657,798	26,522,241	7,495,114	75,675,153
Net position - ending					\$ 41,255,521	\$ 26,447,314	\$ 7,535,909	\$ 75,238,744

Supporting Schedules

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<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	\$ 13,905,477	\$ 13,905,477	\$ 15,259,991	\$ 1,354,514
Real and personal public service corporation taxes	895,900	895,900	1,006,339	110,439
Personal property taxes	7,525,757	7,525,757	5,522,346	(2,003,411)
Mobile home taxes	205,136	205,136	162,217	(42,919)
Machinery and tools taxes	1,098,338	1,098,338	1,678,764	580,426
Merchant's capital taxes	1,028,253	1,028,253	1,075,564	47,311
Penalties	295,000	295,000	342,592	47,592
Interest	155,000	155,000	254,917	99,917
Total General Property Taxes	\$ 25,108,861	\$ 25,108,861	\$ 25,302,730	\$ 193,869
Other Local Taxes:				
Local sales and use taxes	\$ 5,100,000	\$ 5,100,000	\$ 4,973,112	\$ (126,888)
Consumers' utility taxes	900,000	900,000	891,576	(8,424)
Utility license taxes	30,000	30,000	48,443	18,443
Motor vehicle licenses	30,000	30,000	28,388	(1,612)
Bank franchise taxes	41,331	41,331	44,451	3,120
Taxes on recordation and wills	260,000	260,000	208,898	(51,102)
Coal severance taxes	1,500,000	1,500,000	1,489,129	(10,871)
Gas severance taxes	-	-	105,498	105,498
Total Other Local Taxes	\$ 7,861,331	\$ 7,861,331	\$ 7,789,495	\$ (71,836)
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 8,968	\$ 3,968
Land use application fees	500	500	224	(276)
Transfer fees	1,950	1,950	1,618	(332)
Legal service fees	25,000	25,000	29,147	4,147
Transient fee	200,000	200,000	228,689	28,689
Cavitts Creek camping fee	12,500	12,500	15,307	2,807
Collection fees	-	-	487	487
Building permits	70,000	70,000	57,118	(12,882)
Installment service fees	10,000	10,000	7,949	(2,051)
Return check fees	1,000	1,000	731	(269)
Junk dealers license	3,300	3,300	1,650	(1,650)
Erosion and sediment control permit	1,000	1,000	500	(500)
Other permits and licenses	-	-	1,869	1,869
Total Permits, Privilege Fees and Regulatory Licenses	\$ 330,250	\$ 330,250	\$ 354,257	\$ 24,007
Fines and Forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 42,935	\$ 17,935
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 69,980	\$ 100,000	\$ 37,205	\$ (62,795)
Revenue from use of property	427,629	427,629	430,029	2,400
Total Revenue from Use of Money and Property	\$ 497,609	\$ 527,629	\$ 467,234	\$ (60,395)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<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>
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services:				
Commonwealth attorney fees	\$ (27,100)	\$ 5,000	\$ 12,116	\$ 7,116
Courthouse maintenance fees	12,500	12,500	13,143	643
Courthouse security fees	60,000	60,000	71,926	11,926
Courthouse admission fee	7,500	7,500	6,027	(1,473)
Library fees	35,000	55,433	44,409	(11,024)
Court appointed attorney	-	-	3,888	3,888
Sheriff special project fees	3,743	3,743	-	(3,743)
Gun permit fees	-	-	39,647	39,647
County garage service fees	175,000	175,000	234,906	59,906
Miscellaneous jail and inmate fees	-	-	10,388	10,388
Charges for animal pound	-	-	7,962	7,962
Total Charges for Services	<u>\$ 266,643</u>	<u>\$ 319,176</u>	<u>\$ 444,412</u>	<u>\$ 125,236</u>
Miscellaneous:				
Miscellaneous	\$ 437,970	\$ 321,516	\$ 675	\$ (320,841)
Expenditure refunds	-	-	146,494	146,494
Total Miscellaneous	<u>\$ 437,970</u>	<u>\$ 321,516</u>	<u>\$ 147,169</u>	<u>\$ (174,347)</u>
Recovered Costs:				
Library	\$ 15,000	\$ 15,000	\$ 15,008	\$ 8
Health department	-	-	36,993	36,993
Welfare recoveries	25,000	25,000	48,733	23,733
Sherriff	-	58,378	76,728	18,350
Insurance recoveries	94,970	111,467	93,831	(17,636)
VRS refund	-	-	481,775	481,775
Other recoveries	100,000	160,522	391,676	231,154
Total Recovered Costs	<u>\$ 234,970</u>	<u>\$ 370,367</u>	<u>\$ 1,144,744</u>	<u>\$ 774,377</u>
Total Revenue from Local Sources	<u>\$ 34,762,634</u>	<u>\$ 34,864,130</u>	<u>\$ 35,692,976</u>	<u>\$ 828,846</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical Aid:				
Mobile home titling tax	\$ 100,000	\$ 100,000	\$ 97,568	\$ (2,432)
Motor vehicle rental tax	30,000	30,000	43,675	13,675
Rolling stock tax	95,000	95,000	231,179	136,179
State recordation tax	-	-	57,570	57,570
Personal property tax relief funds	-	-	2,758,262	2,758,262
State reduction in aid	(274,224)	(215,497)	(215,497)	-
Total Non-categorical Aid	<u>\$ (49,224)</u>	<u>\$ 9,503</u>	<u>\$ 2,972,757</u>	<u>\$ 2,963,254</u>
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 634,644	\$ 634,644	\$ 621,668	\$ (12,976)
Sheriff	1,744,088	1,744,088	1,753,882	9,794
Commissioner of the Revenue	130,436	130,436	130,638	202
Treasurer	144,077	144,077	145,752	1,675
Registrar/Electoral Board	43,000	43,000	42,996	(4)
Clerk of the Circuit Court	423,612	423,612	450,576	26,964
Total Shared Expenses	<u>\$ 3,119,857</u>	<u>\$ 3,119,857</u>	<u>\$ 3,145,512</u>	<u>\$ 25,655</u>

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<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>
General Fund: (continued)				
Intergovernmental Revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,504,032	\$ 2,514,032	\$ 2,459,217	\$ (54,815)
Comprehensive Services Act	1,487,500	1,487,500	1,275,031	(212,469)
Fire programs	84,257	84,257	78,882	(5,375)
At risk youth and family	12,500	12,500	151,821	139,321
Litter control	9,000	9,000	13,055	4,055
Library of VA - record preservation grant	146,986	146,986	146,986	-
Emergency preparedness	559,559	724,732	14,384	(710,348)
Corrective service grant	125,196	125,196	125,196	-
Community connect grant	200,000	200,000	256,901	56,901
Victim witness grant	95,827	95,827	23,957	(71,870)
Emergency services grant	39,945	39,945	39,297	(648)
Bulletproof vest grant	-	-	2,677	2,677
Domestic violence DCJS grant	40,000	40,000	40,000	-
Other grants	272,368	303,022	12,097	(290,925)
Total Other Categorical Aid	\$ 5,577,170	\$ 5,782,997	\$ 4,639,501	\$ (1,143,496)
Total Revenue from the Commonwealth	\$ 8,647,803	\$ 8,912,357	\$ 10,757,770	\$ 1,845,413
Revenue from the Federal Government:				
Non-categorical Aid:				
Payment in lieu of taxes	\$ 10,000	\$ 10,000	\$ 13,180	\$ 3,180
Categorical Aid:				
Public assistance and welfare administration	\$ 3,017,390	\$ 3,017,390	\$ 3,140,086	\$ 122,696
Victim witness	-	-	71,870	71,870
FEMA	-	-	162,654	162,654
Violence against women	26,181	26,181	41,376	15,195
Commission on the arts	5,000	5,000	5,000	-
Alcohol traffic safety and drunk driver prevention	-	-	18,615	18,615
Work force investment	1,433,996	1,433,996	1,332,257	(101,739)
Total Categorical Aid	\$ 4,482,567	\$ 4,482,567	\$ 4,771,858	\$ 289,291
Total Revenue from the Federal Government	\$ 4,492,567	\$ 4,492,567	\$ 4,785,038	\$ 292,471
Total General Fund	\$ 47,903,004	\$ 48,269,054	\$ 51,235,784	\$ 2,966,730

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<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>
Non-major Special Revenue Funds:				
Law Library				
Revenue from Local Sources:				
Charges for Services:				
Law library fees	\$ 13,470	\$ 13,470	\$ 13,233	\$ (237)
Coal Road Improvement Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	\$ 900,000	\$ 900,000	\$ 1,069,298	\$ 169,298
Coal Road Economic Development Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	\$ 614,410	\$ 614,410	\$ 525,327	\$ (89,083)
E-911 Fund				
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-Categorical Aid:				
E-911 communications tax	\$ 659,117	\$ 659,117	\$ 710,013	\$ 50,896
Categorical Aid:				
Other grant revenues	\$ 9,500	\$ 9,500	\$ 1,096	\$ (8,404)
Total E-911 Fund	\$ 668,617	\$ 668,617	\$ 711,109	\$ 42,492
Total Non-Major Special Revenue Funds	\$ 2,196,497	\$ 2,196,497	\$ 2,318,967	\$ 122,470
Major Capital Projects Fund:				
County CIP Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of property	\$ 36,355	\$ 36,355	\$ 36,355	\$ -
Miscellaneous:				
Miscellaneous	\$ 2,466,598	\$ 2,466,598	\$ 145,198	\$ (2,321,400)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical Aid:				
Other grant revenues	\$ 642,103	\$ 642,103	\$ -	\$ (642,103)
Revenue from the Federal Government:				
Categorical Aid:				
Other grant revenues	\$ 468,347	\$ 468,347	\$ -	\$ (468,347)
Total County CIP Fund	\$ 3,613,403	\$ 3,613,403	\$ 181,553	\$ (3,431,850)
Total Primary Government	\$ 53,712,904	\$ 54,078,954	\$ 53,736,304	\$ (342,650)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<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 money	\$ 611,662	\$ 611,662	\$ 3,864	\$ (607,798)
Revenue from use of property	2,000	2,000	12,171	10,171
Total Revenue from Use of Money and Property	<u>\$ 613,662</u>	<u>\$ 613,662</u>	<u>\$ 16,035</u>	<u>\$ (597,627)</u>
Charges for Services:				
Tuition	\$ 13,000	\$ 13,000	\$ 10,500	\$ (2,500)
Cafeteria sales	953,030	953,030	830,156	(122,874)
Charges for damaged books	1,001	1,001	1,326	325
Charges for transportation	20,000	20,000	6,968	(13,032)
Total Charges for Services	<u>\$ 987,031</u>	<u>\$ 987,031</u>	<u>\$ 848,950</u>	<u>\$ (138,081)</u>
Miscellaneous:				
Miscellaneous	<u>\$ 786,376</u>	<u>\$ 786,376</u>	<u>\$ 564,625</u>	<u>\$ (221,751)</u>
Recovered Costs:				
Rebates and refunds	\$ 402,318	402,318	865,960	\$ 463,642
Insurance recoveries	-	-	31,486	31,486
JROTC	25,000	25,000	51,398	26,398
Total Recovered Costs	<u>\$ 427,318</u>	<u>\$ 427,318</u>	<u>\$ 948,844</u>	<u>\$ 521,526</u>
Total Revenue from Local Sources	<u>\$ 2,814,387</u>	<u>\$ 2,814,387</u>	<u>\$ 2,378,454</u>	<u>\$ (435,933)</u>
Intergovernmental Revenues:				
Revenue from Local Governments:				
Contribution from the County of Tazewell	\$ 12,768,251	\$ 12,768,251	\$ 11,744,904	\$ (1,023,347)
Contribution from County Construction in Process Fund	450,000	450,000	450,000	-
Total Revenues from Local Governments	<u>\$ 13,218,251</u>	<u>\$ 13,218,251</u>	<u>\$ 12,194,904</u>	<u>\$ (1,023,347)</u>
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 552,258	\$ 552,258	\$ 779,667	\$ 227,409
At risk payments	642,943	642,943	641,678	(1,265)
Basic school aid	18,629,652	18,629,652	18,543,972	(85,680)
ESL	21,342	21,342	38,329	16,987
GED funding	23,576	23,576	23,576	-
Gifted and talented children	210,943	210,943	210,652	(291)
GLI instructional	77,957	77,957	77,850	(107)
Mentor teaching program	5,656	5,656	4,170	(1,486)
Reading intervention	93,508	93,508	120,877	27,369
Reduced K-3 classroom	952,871	952,871	965,635	12,764
Remedial education	678,686	678,686	677,750	(936)
Remedial summer education	12,439	12,439	11,402	(1,037)
Retirement	2,336,837	2,336,837	2,106,522	(230,315)
School food	41,457	41,457	46,303	4,846
Share of state sales tax	6,073,221	6,073,221	6,069,547	(3,674)
Social security	1,261,071	1,261,071	1,259,334	(1,737)
SOL algebra readiness	98,067	98,067	95,787	(2,280)
Special education - SOQ	2,703,187	2,703,187	2,680,807	(22,380)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<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 Revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Special education - homebound	\$ 56,969	\$ 56,969	\$ 83,244	\$ 26,275
State textbook payments	411,476	411,476	410,909	(567)
Teacher training	-	-	30,000	30,000
Technology assistance	492,000	492,000	440,000	(52,000)
Vocational education - SOQ	715,371	715,371	714,576	(795)
Vocational education - equipment	-	-	10,709	10,709
Vocational education - adult	-	-	15,262	15,262
Vocational occupational preparedness	52,755	52,755	7,404	(45,351)
Other state payments	150,000	150,000	318,723	168,723
Total Categorical Aid	<u>\$ 36,294,242</u>	<u>\$ 36,294,242</u>	<u>\$ 36,384,685</u>	<u>\$ 90,443</u>
Total Revenue from the Commonwealth	<u>\$ 36,294,242</u>	<u>\$ 36,294,242</u>	<u>\$ 36,384,685</u>	<u>\$ 90,443</u>
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ 10,000	\$ 10,000	\$ 10,918	\$ 918
Learn and serve grant	12,748	12,748	28,643	15,895
Assistive technology grant	-	-	14,400	14,400
Title I	1,926,477	1,926,477	2,119,469	192,992
Title II, A Staff training	410,751	410,751	494,062	83,311
Title VI-B	1,425,782	1,425,782	1,323,104	(102,678)
Vocational education	119,340	119,340	129,159	9,819
Title VI-B-2	161,581	161,581	161,581	-
School food-Summer program	25,000	25,000	-	(25,000)
School lunch	1,232,436	1,232,436	1,874,381	641,945
Fresh fruit and vegetable program	-	-	17,011	17,011
ARRA Education jobs fund	-	-	1,281,477	1,281,477
Total Categorical Aid	<u>\$ 5,324,115</u>	<u>\$ 5,324,115</u>	<u>\$ 7,454,205</u>	<u>\$ 2,130,090</u>
Total Revenue from the Federal Government	<u>\$ 5,324,115</u>	<u>\$ 5,324,115</u>	<u>\$ 7,454,205</u>	<u>\$ 2,130,090</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 57,650,995</u>	<u>\$ 57,650,995</u>	<u>\$ 58,412,248</u>	<u>\$ 761,253</u>

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of supervisors	\$ 157,109	\$ 157,109	\$ 118,864	\$ 38,245
General and Financial Administration:				
County administrator	\$ 250,295	\$ 255,822	\$ 257,285	\$ (1,463)
Legal services	812,673	816,755	267,784	548,971
Economic development	336,310	338,023	235,239	102,784
Commissioner of revenue	555,294	566,851	571,320	(4,469)
Reassessment	75,000	73,960	41,489	32,471
Treasurer	626,322	634,574	604,451	30,123
Finance office	238,436	241,076	240,578	498
Administration services	215,823	219,216	214,868	4,348
County garage	271,743	426,712	415,947	10,765
Information technology	857,456	862,688	692,740	169,948
Workforce consortium	1,583,149	1,578,887	1,376,622	202,265
Transit system	78,688	78,688	78,188	500
Total General and Financial Administration	\$ 5,901,189	\$ 6,093,252	\$ 4,996,511	\$ 1,096,741
Board of Elections:				
Registrar	\$ 287,652	\$ 289,728	\$ 253,226	\$ 36,502
Total General Government Administration	\$ 6,345,950	\$ 6,540,089	\$ 5,368,601	\$ 1,171,488
Judicial Administration:				
Courts:				
Clerk of the Circuit Court	\$ 767,427	\$ 783,979	\$ 784,244	\$ (265)
Circuit court	109,734	110,984	113,268	(2,284)
District court	11,500	15,881	15,888	(7)
Magistrate	6,075	6,884	7,279	(395)
Victim's witness assistance	133,829	137,991	137,091	900
V - stop	41,727	42,739	42,732	7
Juvenile and domestic relations court	6,900	6,894	6,527	367
Total Courts	\$ 1,077,192	\$ 1,105,352	\$ 1,107,029	\$ (1,677)
Commonwealth's Attorney:				
Commonwealth's attorney	\$ 1,112,942	\$ 1,135,788	\$ 1,227,876	\$ (92,088)
Total Judicial Administration	\$ 2,190,134	\$ 2,241,140	\$ 2,334,905	\$ (93,765)
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 4,037,175	\$ 4,356,628	\$ 4,311,425	\$ 45,203
DARE program	10,046	13,998	13,774	224
Total Law Enforcement and Traffic Control	\$ 4,047,221	\$ 4,370,626	\$ 4,325,199	\$ 45,427
Fire and Rescue Services:				
Volunteer fire departments	\$ 775,894	\$ 784,428	\$ 722,193	\$ 62,235
Volunteer rescue squads	173,074	164,540	138,518	26,022
Total Fire and Rescue Services	\$ 948,968	\$ 948,968	\$ 860,711	\$ 88,257

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Public Safety (continued)				
Correction and Detention:				
Jail	\$ 3,384,158	\$ 3,378,543	\$ 3,692,622	\$ (314,079)
Probation office	391,428	397,660	398,598	(938)
Youth and family services	2,020,250	2,020,250	2,092,473	(72,223)
Special police	245,678	76,376	73,628	2,748
Total Correction and Detention	\$ 6,041,514	\$ 5,872,829	\$ 6,257,321	\$ (384,492)
Inspections:				
Building Inspections	\$ 236,866	\$ 240,280	\$ 217,783	\$ 22,497
Other Protection:				
Human services	\$ 328,339	\$ 328,339	\$ 325,551	\$ 2,788
Emergency services	637,714	681,151	72,099	609,052
Animal control	144,835	149,880	149,953	(73)
Property maintenance	111,519	75,515	65,703	9,812
Forestry service	20,000	20,000	19,860	140
Total Other Protection	\$ 1,242,407	\$ 1,254,885	\$ 633,166	\$ 621,719
Total Public Safety	\$ 12,516,976	\$ 12,687,588	\$ 12,294,180	\$ 393,408
Public Works:				
Maintenance of Streets, Highways, and Bridges:				
Orphan Road upgrading	\$ 207,549	\$ 213,873	\$ 32,726	\$ 181,147
Sanitation and Waste Removal:				
Transfer station	\$ 1,349,485	\$ 1,333,008	\$ 848,889	\$ 484,119
Maintenance of General Building and Grounds:				
General properties	\$ 2,743,904	\$ 2,746,594	\$ 2,488,532	\$ 258,062
Fairgrounds operations	50,700	50,700	77,981	(27,281)
Total Maintenance of General Buildings and Grounds	\$ 2,794,604	\$ 2,797,294	\$ 2,566,513	\$ 230,781
Total Public Works	\$ 4,351,638	\$ 4,344,175	\$ 3,448,128	\$ 896,047
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 438,112	\$ 438,112	\$ 433,417	\$ 4,695
Mental health and mental Retardation:				
Chapter X board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Public Assistance	\$ 6,598,569	\$ 6,598,569	\$ 3,076,075	\$ 3,522,494
Welfare Administration	461,696	560,790	4,255,107	(3,694,317)
Total Welfare	\$ 7,060,265	\$ 7,159,359	\$ 7,331,182	\$ (171,823)
Total Health and Welfare	\$ 7,558,377	\$ 7,657,471	\$ 7,824,599	\$ (167,128)

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Education:				
Other Instructional Costs:				
Contribution to community colleges	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Contribution to Tazewell County School Board	13,082,812	13,082,812	11,744,904	1,337,908
Total Education	<u>\$ 13,142,812</u>	<u>\$ 13,142,812</u>	<u>\$ 11,804,904</u>	<u>\$ 1,337,908</u>
Parks, Recreational and Cultural:				
Parks and Recreation:				
Youth sports activities	\$ 43,664	\$ 40,685	\$ 31,435	\$ 9,250
Tazewell recreation department	212,300	214,463	201,921	12,542
Museums	87,000	87,000	85,428	1,572
Total Parks and Recreation	<u>\$ 342,964</u>	<u>\$ 342,148</u>	<u>\$ 318,784</u>	<u>\$ 23,364</u>
Library:				
Library Administration	\$ 982,098	\$ 1,025,926	\$ 1,029,051	\$ (3,125)
Total Parks, Recreation and Cultural	<u>\$ 1,325,062</u>	<u>\$ 1,368,074</u>	<u>\$ 1,347,835</u>	<u>\$ 20,239</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 53,200	\$ 53,200	\$ 52,675	\$ 525
Tourism	97,324	97,824	73,368	24,456
Planning and engineering	300,999	304,456	240,469	63,987
Contribution to Airport	120,755	120,755	121,018	(263)
Contribution to IDA	-	47,913	47,912	1
Contribution to Tazewell County PSA	174,922	174,922	174,922	-
Total Planning and Community Development	<u>\$ 747,200</u>	<u>\$ 799,070</u>	<u>\$ 710,364</u>	<u>\$ 88,706</u>
Cooperative Extension Program:				
VPI extension	\$ 109,402	\$ 109,402	\$ 105,679	\$ 3,723
Total Community Development	<u>\$ 856,602</u>	<u>\$ 908,472</u>	<u>\$ 816,043</u>	<u>\$ 92,429</u>
Non-departmental:				
District funds	\$ 254,273	\$ 260,549	\$ 222,818	\$ 37,731
Contingent expenditures	850,000	219,944	142,616	77,328
Total Non-departmental	<u>\$ 1,104,273</u>	<u>\$ 480,493</u>	<u>\$ 365,434</u>	<u>\$ 115,059</u>
Debt Service:				
Principal retirement	\$ -	\$ -	\$ 534,862	\$ (534,862)
Interest	-	-	439,067	(439,067)
Total Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 973,929</u>	<u>\$ (973,929)</u>
Total General Fund	<u>\$ 49,391,824</u>	<u>\$ 49,370,314</u>	<u>\$ 46,578,558</u>	<u>\$ 2,791,756</u>
Non-Major Special Revenue Funds:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law library	\$ 17,500	\$ 17,500	\$ 42,778	\$ (25,278)

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Non-Major Special Revenue Funds: (Continued)				
Coal Road Improvement Fund:				
Public Works:				
Maintenance of Highways, streets, bridges, and sidewalks	\$ 1,416,753	\$ 1,416,753	\$ 1,068,014	\$ 348,739
Coal Road Economic Development Fund:				
Public Works:				
Economic development	\$ 585,874	\$ 585,874	\$ 511,916	\$ 73,958
E-911 Fund:				
Other Protection:				
Public safety	\$ 701,092	\$ 786,214	\$ 750,152	\$ 36,062
Total Non-major Special Revenue Funds	\$ 2,721,219	\$ 2,806,341	\$ 2,372,860	\$ 433,481
Major Capital Project Fund:				
County CIP Fund:				
Public Works:				
Contributions to the Public Service Authority	\$ 820,890	\$ 820,890	\$ 820,890	\$ -
Education:				
Contribution to Tazewell County School Board	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
Community Development:				
Contributions to the Industrial Development Authority	\$ 1,480,268	\$ 1,480,268	\$ 6,483	\$ 1,473,785
County capital project	\$ 3,986,960	\$ 3,986,960	\$ 836,889	\$ 3,150,071
Total County CIP Fund	\$ 6,738,118	\$ 6,738,118	\$ 2,114,262	\$ 4,623,856
Total Primary Government	\$ 58,851,161	\$ 58,914,773	\$ 51,065,680	\$ 7,849,093
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 1,782,895	\$ 1,782,895	\$ 1,927,825	\$ (144,930)
Cafeteria operation	3,152,016	3,152,016	3,393,414	(241,398)
Total Administration of school	\$ 4,934,911	\$ 4,934,911	\$ 5,321,239	\$ (386,328)
Instructional:				
Instruction	\$ 42,508,262	\$ 42,508,262	\$ 42,145,617	\$ 362,645
Other operating costs				
Pupil transportation	\$ 3,460,972	\$ 3,460,972	\$ 3,447,651	\$ 13,321
Operation and maintenance of school plant	5,237,242	5,237,242	5,186,675	50,567
Technical resources	2,418,619	2,418,619	2,305,018	113,601
Facilities	3,000	3,000	2,493	507
Total other operating costs	\$ 11,119,833	\$ 11,119,833	\$ 10,941,837	\$ 177,996
Total Education	\$ 58,563,006	\$ 58,563,006	\$ 58,408,693	\$ 154,313

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<u>Fund, Function, Activity and Element</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)				
Debt Service:				
Principal retirement	\$ 1,221,341	\$ 1,221,341	\$ 378,737	\$ 842,604
Interest and fiscal charges	518,110	518,110	166,246	351,864
Total Debt Service	<u>\$ 1,739,451</u>	<u>\$ 1,739,451</u>	<u>\$ 544,983</u>	<u>\$ 1,194,468</u>
 Total School Operating Fund	 <u>\$ 60,302,457</u>	 <u>\$ 60,302,457</u>	 <u>\$ 58,953,676</u>	 <u>\$ 1,348,781</u>
 Total Discretely Presented Component Unit-School Board	 <u>\$ 60,302,457</u>	 <u>\$ 60,302,457</u>	 <u>\$ 58,953,676</u>	 <u>\$ 1,348,781</u>

Statistical Information

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	Non-Departmental	Capital Projects	Interest on Long-Term Debt	Landfill	Total
2003-04	\$ 2,046,636	\$ 1,241,987	\$ 8,536,763	\$ 3,728,153	\$ 5,683,466	\$ 10,520,739	\$ 992,083	\$ 549,469	\$ 385,169	\$ 2,125,692	\$ 287,469	\$ -	\$ 36,097,626
2004-05	2,321,089	1,259,257	9,063,408	4,444,743	6,125,845	11,503,242	980,189	4,132,358	256,159	1,345,605	236,603	-	41,668,498
2005-06	2,830,715	1,515,233	8,144,480	5,891,609	6,377,945	10,497,335	1,184,570	1,827,915	239,126	404,090	212,269	-	39,125,287
2006-07	2,994,361	1,864,223	10,409,443	5,113,766	6,710,708	11,161,639	1,197,136	1,793,435	250,501	235,624	189,366	-	41,920,202
2007-08	4,493,767	2,315,448	11,261,101	3,691,063	7,133,235	12,009,617	1,168,824	3,799,582	-	-	163,250	1,515,866	47,551,753
2008-09	4,170,651	2,415,913	11,793,711	5,111,308	6,399,621	15,922,682	1,289,353	1,961,006	-	-	455,413	1,559,347	51,079,005
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

Table 2

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

Fiscal Year	Program Revenues			General Revenues					Grants and Contributions	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Not Restricted to Specific Programs		
2003-04	\$ 675,440	\$ 11,169,511	\$ -	\$ 15,419,049	\$ 6,506,017	\$ 242,942	\$ 89,872	\$ 3,084,512	\$	37,187,343
2004-05	690,744	12,193,134	-	16,123,747	6,987,323	1,124,252	104,242	2,963,008		40,186,450
2005-06	717,647	10,493,205	-	16,436,254	7,972,452	729,836	85,310	3,172,950		39,607,654
2006-07	758,253	11,266,369	512,000	19,310,939	8,568,301	1,027,776	282,294	3,111,473		44,837,405
2007-08	6,826,918	11,818,329	1,736,610	21,106,417	9,318,707	1,126,950	574,869	3,041,728		55,550,528
2008-09	1,298,603	11,268,684	-	21,468,696	8,855,016	687,983	1,945,329	3,128,364		48,652,675
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

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
2003-04	\$ 2,018,850	\$ 1,205,704	\$ 8,479,727	\$ 2,412,365	\$ 5,666,635	\$ 50,670,878	\$ 999,694	\$ 433,143	\$ 395,599	\$ 2,765,385	\$ 1,128,527	\$ 76,176,507
2004-05	2,318,239	1,249,376	9,875,781	2,951,328	6,176,514	55,140,986	1,269,987	552,772	256,159	1,642,426	1,052,300	82,485,868
2005-06	2,757,015	1,456,975	8,158,257	2,574,998	6,411,920	55,121,364	1,165,065	663,032	239,126	463,603	1,003,328	80,014,683
2006-07	3,097,314	1,830,751	10,290,184	3,098,064	6,709,986	59,925,486	1,210,973	735,022	304,440	439,729	966,987	88,608,936
2007-08	3,935,603	2,522,491	11,218,109	3,574,391	7,034,792	59,847,265	1,279,918	877,894	504,462	1,035,830	1,020,678	92,851,433
2008-09	3,791,274	2,416,746	11,722,369	5,129,037	6,548,043	65,487,685	1,293,482	1,916,024	585,953	8,077,792	1,709,701	108,678,106
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

(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

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
2003-04	\$ 15,289,632	\$ 6,390,935	\$ 232,794	\$ 50,401	\$ 239,712	\$ 1,242,321	\$ 340,011	\$ 287,193	\$ 53,074,566	\$ 77,147,565
2004-05	16,621,612	6,860,510	229,347	56,447	1,001,326	1,318,676	240,297	507,971	57,228,483	84,064,669
2005-06	16,484,166	7,826,590	285,221	26,485	746,364	1,423,870	244,930	429,856	57,493,120	84,960,602
2006-07	20,072,264	8,376,273	324,028	89,050	1,033,506	1,350,564	674,595	354,759	61,972,005	94,247,044
2007-08	20,918,920	9,123,793	327,368	1,494,872	1,094,394	1,426,764	709,530	394,124	67,001,280	102,491,045
2008-09	21,466,436	8,855,016	359,727	77,003	676,358	1,440,408	2,453,702	605,399	64,353,320	100,287,369
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	99,953,649

(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
2003-04	\$ 15,380,725	\$ 14,304,697	93.00%	\$ 692,261	\$ 14,996,958	97.50%	\$ 2,017,149	13.11%
2004-05	15,782,974	14,760,548	93.52%	1,242,919	16,003,467	101.40%	1,621,379	10.27%
2005-06	16,534,589	15,512,597	93.82%	756,251	16,268,848	98.39%	1,538,414	9.30%
2006-07	19,610,189	18,571,110	94.70%	779,634	19,350,744	98.68%	1,039,501	5.30%
2007-08	20,588,946	19,619,232	95.29%	747,150	20,366,382	98.92%	969,714	4.71%
2008-09	24,385,205	23,160,618	94.98%	783,128	23,943,746	98.19%	1,057,084	4.33%
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%

(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
2003-04	\$ 1,590,272,500	\$ 323,686,878	\$ 31,355,500	\$ 22,177,800	\$ 97,130,290	\$ 2,064,622,968
2004-05	1,636,589,486	320,080,928	34,503,100	21,888,000	104,902,133	2,117,963,647
2005-06	1,681,113,196	354,822,089	30,602,696	22,409,400	99,196,670	2,188,144,051
2006-07	2,211,465,970	363,540,973	43,516,700	23,738,800	116,846,412	2,759,108,855
2007-08	2,228,173,720	378,565,936	50,524,500	25,181,600	153,633,681	2,836,079,437
2008-09	2,242,848,000	433,721,052	63,194,200	26,242,900	134,364,627	2,900,370,779
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

(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
2003-04	\$ 0.60	2.00	2.00	4.30	0.60	2.00
2004-05	0.60	2.00	2.00	4.30	0.60	2.00
2005-06	0.60	2.00	2.00	4.30	0.60	2.00
2006-07	0.58	2.00	2.00	4.30	0.58	2.00
2007-08	0.58	2.00	2.00	4.30	0.58	2.00
2008-09	0.58	2.00	2.00	4.30	0.58	2.00
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

(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
2003-04	44,600	\$ 2,064,622,968	\$ 5,660,528	0.27%	\$ 127
2004-05	44,600	2,117,963,647	5,090,249	0.24%	114
2005-06	44,600	2,188,144,051	4,534,067	0.21%	102
2006-07	44,600	2,759,108,855	3,963,233	0.14%	89
2007-08	44,600	2,836,079,437	5,311,945	0.19%	119
2008-09	44,600	2,900,370,779	11,433,289	0.39%	256
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

(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
2003-04	\$ 643,464	\$ 284,469	\$ 927,933	\$ 76,176,507	1.22%
2004-05	623,333	236,603	859,936	82,485,868	1.04%
2005-06	556,182	212,269	768,451	80,014,683	0.96%
2006-07	544,186	189,366	733,552	88,608,936	0.83%
2007-08	822,508	198,170	1,020,678	92,851,433	1.10%
2008-09	577,597	250,006	827,603	108,678,106	0.76%
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%

(1) Includes General Fund of the Primary Government

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Members of the Board of Supervisors
County of 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 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, 2013, 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 December 2, 2013, which was qualified due to a scope limitation as described in the independent auditors' report.

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.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Janner, Co. Associates

Blacksburg, Virginia
December 2, 2013

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Members of the Board of Supervisors
County of 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 Circular A-133 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, 2013. The 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of 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.

Basis for Qualified Opinion on 84.027/84.173 Special Education Cluster and 84.410 ARRA Education Jobs Fund

As described in the accompanying schedule of findings and questioned costs (as item 2013-01), the County of Tazewell, Virginia did not comply with requirements regarding cash management of the 84.027/84.173 Special Education Cluster and 84.410 ARRA Education Jobs Funds. Compliance with such requirements is necessary, in our opinion, for the County of Tazewell, Virginia to comply with the requirements applicable to that program.

Qualified Opinion on 84.027/84.173 Special Education Cluster and 84.410 ARRA Education Jobs Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the 84.027/84.173 Special Education Cluster and the 84.410 ARRA Education Jobs Fund for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matter

The County of Tazewell's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Tazewell'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Tazewell, Virginia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item [2013-01] to be a material weaknesses.

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.

The County of Tazewell, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
December 2, 2013

County of Tazewell, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

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	90359, 90360, 90361	\$ 10,417
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90365, 90366 90367, 90377, 90390, 90391 90409, 90410, 90411, 90412 90601, 90603	615,179
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	1,835
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	47,355
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90119 90236, 90237, 90238, 90239 90378, 90517, 90540, 90529	92,035
Chafee Education and Training Vouchers Program	93.599	90353	1,965
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251	3,437
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90147 90209, 90225, 90226, 90227 90253, 90258, 90267, 90268 90405, 90406, 90407, 90447 90636, 90637, 90639, 90657 90658, 90705, 90706, 90707 90733, 90738, 90747, 90748	375,319
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90607, 90627, 90708	493,412
Social Services Block Grant	93.667	90122, 90123, 90124, 90125 90126, 90240, 90242, 90243 90244, 90245, 90246, 90262 90340, 90351, 90358, 90379 90648	547,812
Chafee Foster Care Independence Program	93.674	90254, 90356	12,994
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	13,388
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	339,305
Total Department of Health and Human Services			<u>\$ 2,554,453</u>
Department of Agriculture:			
Pass-through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
School Breakfast Program	10.553	40591	\$ 420,009
National School Lunch Program	10.555	40623	\$ 1,268,925
Department of Agriculture:			
Food Distribution	10.555	Unknown	185,447
Fresh Fruit & Vegetable	10.582		17,011
Schools and Roads - Grants to States	10.665	43841	10,918
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90303, 90304, 90403 90404, 90703, 90704	<u>585,633</u>
Total Department of Agriculture			<u>\$ 2,487,943</u>
Department of Homeland Security:			
Pass-through Payments:			
Department of Emergency Management:			
State Homeland Security Program	97.073	52707	162,654
Total Department of Homeland Security			<u>\$ 162,654</u>

County of Tazewell, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2013

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Labor: Pass-through Payments: Russell County: Workforce Investment Act Adult Program	17.258	53427	\$ 1,332,257
Corporation for National and Community Service Pass-through Payments: Department of Education: Learn and Serve America	94.004	Not applicable	\$ 28,643
Department of Justice: Pass-through Payments: Department of Criminal Justice Services: Crime Victim Assistance	16.575	11VAGX0001	\$ 71,870
Violence Against Women Formula Grants	16.588	10WFAX0041	41,376
Total Department of Justice			\$ 113,246
Department of Transportation: Pass-through Payments: Department of Motor Vehicles: Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2011-51206-4148	18,615
Total Department of Transportation			\$ 18,615
National Endowment for the Arts: Pass-through Payments: Virginia Commission on the Arts Promotion of the Arts Partnership Agreements	45.025	Not applicable	\$ 5,000
Department of Education: Pass-through Payments: Department of Education: Title I: Grants to Local Educational Agencies	84.010	42901	\$ 2,119,469
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	1,272,023
Special Education Preschool Grants	84.173	62521	51,081
Career and Technical Education: Basic Grants to States	84.048	61095	129,159
Rural Education	84.358	43481	161,581
Education Technology State Grants	84.318	61600	14,400
Improving Teacher Quality - State Grants	84.367	61480	494,062
ARRA - Education Jobs Fund	84.410	62532	1,281,477
Total Department of Education:			\$ 5,523,252
Total Expenditures of Federal Awards			\$ 12,226,063

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Tazewell, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of 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 OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 -- 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 total

\$ 4,785,038

Less: Payment in lieu of taxes

(13,180)

Total Primary Government

\$ 4,771,858

Component Unit Schools:

School Operating Fund total

\$ 7,454,205

Total federal expenditures per basic financial statements

\$ 12,226,063

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 12,226,063

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Modified

Internal control over financial reporting:
Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal AwardsInternal control over major programs:
Material weaknesses identified? Yes

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Modified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section .510 (a)? Yes

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
84.367	Improving Teacher Quality State Grants
84.410	ARRA - Education Jobs Fund
84.010	Title I, Grants to Local Educational Agencies
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A
and Type B programs: \$366,782

Auditee qualified as low-risk auditee? No

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section II - Financial Statement Findings

There are no financial statement findings and questioned costs to report.

Section III - Federal Award Findings and Questioned Costs

2013-1

Program Titles: Special Education Cluster
ARRA - Education Jobs Fund

CFDA Numbers: 84.027/84.173
84.410

Compliance Requirement: Cash Management

Finding Type: Noncompliance and Material Weakness

Criteria: Per single audit cash management requirements, reimbursement requests should be submitted at a minimum quarterly.

Condition: A review of reimbursement requests disclosed requests that were not being made in a timely manner.

Questioned Costs: None

Context: All reimbursement requests that related to the year under audit were reviewed for the above. Of the reimbursement requests reviewed, it was noted that numerous requests covered a time period of greater than three months.

Effect: Reimbursements of local funds expended for Federal programs are not being received in a timely manner and could potentially result in a loss of funding.

Cause: Lack of appropriate procedures over cash management to ensure that reimbursement requests are submitted at least quarterly.

Recommendation: Management should establish a policy requiring reimbursement requests for Federal programs to be submitted at a minimum of quarterly.

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section III - Federal Award Findings and Questioned Costs (Continued)

2013-1 (Continued)

Management's Response
and Planned Corrective
Action:

Management of the School Board has acknowledged that a cash
management policy is necessary and is working to have this
implemented in the next year.

Section IV - Status of Prior Audit Findings and Questioned Costs

No findings in prior period.