

County of Tazewell, Virginia



ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018

COUNTY OF TAZEWELL, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

COUNTY OF TAZEWell, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION

COUNTY OF TAZEWELL, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

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

EX-OFFICIO MEMBERS

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

OTHER OFFICIALS

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit School Board, the aggregate remaining discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise County of Tazewell, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit School Board, the aggregate remaining discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 20 to the financial statements, in 2018, County of Tazewell, Virginia adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2018, the County of Tazewell, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 105, and 106-122, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018 on our consideration of County of Tazewell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Tazewell, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Tazewell, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Tazewell, Virginia ("the County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the audited basic financial statements.

Financial Highlights:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,236,000 (net position). Of this amount, (\$289,877) was considered unrestricted.
- The liabilities and deferred inflows of resources of the County's business-type activities exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$258,207 (net position).
- The liabilities and deferred inflows of resources of the School Board component unit exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$47,375,122 (net position).
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$10,397,775. Of this amount \$8,440,930 was considered unassigned, \$1,739,995 was considered committed, and \$216,850 was considered nonspendable.
- During the year, the County had governmental revenues that were \$301,661 more than expenses.

Overview of the Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

The County maintains seven individual governmental funds. Information is presented in the governmental funds Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, County CIP Fund, E-911 Fund, Coal Road Improvement Fund, Coal Road Economic Development Fund, Damage Stamp Fund and Law Library Fund, of which the General and County CIP Funds are considered to be major funds. Data from the five other nonmajor governmental funds are combined into a single presentation. Individual fund data for each of these funds are shown elsewhere in this report.

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

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

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 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 \$6,977,793 at the close of the most recent fiscal year.

The largest portion of the County's net position \$14,121,168 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of net position \$(7,143,375) 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 2018 and 2017.

Statement of Net Position

	Governmental and Business-type Activities 2018	Governmental and Business-type Activities 2017
Current and other assets	\$ 38,900,890	\$ 41,087,515
Capital assets	30,826,545	32,572,792
Total assets	<u>\$ 69,727,435</u>	<u>\$ 73,660,307</u>
Deferred outflows	<u>\$ 1,926,689</u>	<u>\$ 2,632,525</u>
Current and other liabilities	\$ 722,768	\$ 982,647
Long-term liabilities	37,923,628	37,387,139
Total liabilities	<u>\$ 38,646,396</u>	<u>\$ 38,369,786</u>
Deferred inflows	<u>\$ 26,029,935</u>	<u>\$ 24,568,884</u>
Net position:		
Net investment in capital assets	\$ 14,121,168	\$ 14,001,695
Unrestricted	(7,143,375)	(647,533)
Total net position	<u>\$ 6,977,793</u>	<u>\$ 13,354,162</u>

Statement of Activities

	Governmental and Business-type Activities 2018	Governmental and Business-type Activities 2017
Program revenues		
Charges for services	\$ 1,416,491	\$ 891,969
Operating grants and contributions	12,506,228	13,149,277
General revenues		
Property taxes	23,661,693	24,906,174
Other taxes	7,701,876	7,605,273
Revenue from use of money and property	337,777	329,599
Miscellaneous	98,340	269,488
Grants and contributions not restricted to specific programs	3,498,665	4,159,505
Gain on Disposal of Capital Assets	-	322,427
Total revenues	<u>\$ 49,221,070</u>	<u>\$ 51,633,712</u>
Expenses		
General government	\$ 3,796,817	\$ 5,426,841
Judicial administration	2,874,446	3,190,221
Public safety	15,144,377	14,237,930
Public works	2,963,089	3,686,198
Health and welfare	8,731,480	8,470,019
Education	12,056,621	13,273,962
Parks, recreation and cultural	2,145,145	1,336,454
Community development	1,322,293	1,139,934
Interest on debt	627,138	654,959
Landfill	2,315,958	2,000,193
Total expenses	<u>\$ 51,977,364</u>	<u>\$ 53,416,711</u>
Change in net position	<u>\$ (2,756,294)</u>	<u>\$ (1,782,999)</u>

Financial Analysis of the County's Funds

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

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$10,397,775. Approximately 2% or \$216,850 is considered nonspendable, as it is for prepaid expenses and approximately 17% or \$1,739,995 has been committed by action of the Board of Supervisors. The remaining balance, \$8,440,930 or 81% is unassigned, meaning there are no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$8,493,488, of this amount \$8,440,930 was considered unassigned, and \$52,558 was nonspendable. The special revenue funds, at the end of the fiscal year, had a fund balance of \$1,629,246 of which \$138,578 was considered nonspendable and \$1,490,668 was considered committed. The County CIP Fund, had a fund balance of \$275,041 of which \$25,714 was considered nonspendable and \$249,327 was considered committed.

Total governmental fund revenues decreased \$1,138,036 and expenditures decreased \$2,146,964 over prior year amounts. For fiscal year ended June 30, 2018, revenues exceeded expenditures by \$301,661, as compared to the fiscal year ended June 30, 2017, expenditures exceeded revenues by \$707,267.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental activities and business-type activities as of June 30, 2018, amounts to \$30,826,545 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment, tenancy in common, improvements other than buildings, and construction in progress.

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

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

Governmental Activities:	
Accrued leave	\$ 656,033
Net OPEB liabilities	6,439,781
Net pension liability	6,952,353
General obligation bonds	5,491,569
Revenue bonds	10,641,748
Literary loan	150,000
Total	<u>\$ 30,331,484</u>
Business-type Activities:	
Estimated landfill liability	\$ 7,170,084
Bonds payable	422,060
Total	<u>\$ 7,592,144</u>

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

Economic Factors

The June 2018 unemployment rate for the County was 5.0%, which is a decrease from a rate of 6.0% in June 2017. This is above the state's average unemployment rate of 3.3% and also above the national average rate of 4.2%.

Request for Information

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

Basic Financial Statements

County of Tazewell, Virginia
Statement of Net Position
June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other Component Units
ASSETS					
Cash and Cash Equivalents	\$ 5,544,150	\$ 457,978	\$ 6,002,128	\$ 9,360,319	\$ 696,975
Cash in Custody of Others	-	-	-	13,215	-
Investments	-	-	-	-	1,476,908
Receivables (Net of Allowance for Uncollectibles):					
Taxes	26,549,957	-	26,549,957	-	-
Accounts Receivable	269,025	19,771	288,796	4,386	797,869
Note Receivable	-	-	-	-	85,000
Interest Receivable	-	-	-	-	1,563
Due from Component Units	2,978,103	-	2,978,103	-	-
Due from Other Governmental Units	2,865,056	-	2,865,056	1,838,232	57,215
Internal Balances	(36,963)	36,963	-	-	-
Inventory	-	-	-	-	138,745
Prepaid Items	216,850	-	216,850	101,280	48,625
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	-	193,845
Capital Assets:					
Land	2,344,347	287,598	2,631,945	1,908,716	4,565,169
Buildings and Improvements	12,442,187	20,510	12,462,697	9,774,965	699,776
Tenancy in Common	3,652,863	-	3,652,863	9,759,808	-
Machinery and Equipment	4,221,858	-	4,221,858	3,157,423	959,958
Improvements Other Than Buildings	-	6,709,243	6,709,243	-	10,654,286
Infrastructure	-	-	-	-	69,034,189
Construction in Progress	1,147,939	-	1,147,939	-	19,764,165
Total Assets	\$ 62,195,372	\$ 7,532,063	\$ 69,727,435	\$ 35,918,344	\$ 109,174,288
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,572,436	\$ 45,580	\$ 1,618,016	\$ 5,240,298	\$ 254,180
OPEB related items	308,673	-	308,673	1,841,556	49,069
Total Deferred Outflows of Resources	\$ 1,881,109	\$ 45,580	\$ 1,926,689	\$ 7,081,854	\$ 303,249
LIABILITIES					
Accounts Payable	\$ 605,886	\$ -	\$ 605,886	\$ 3,542,596	\$ 935,451
Accrued Liabilities	-	-	-	539,093	-
Accrued Wages	-	-	-	-	93,554
Customer Deposits	-	-	-	-	193,845
Accrued Interest Payable	116,882	-	116,882	78,962	33,732
Due to Primary Government	-	-	-	2,847,458	-
Amounts Held for Others	-	-	-	13,215	-
Long-term Liabilities:					
Due Within One Year	1,778,284	205,744	1,984,028	1,610,432	2,403,944
Due in More Than One Year	28,553,200	7,386,400	35,939,600	73,555,604	37,611,569
Total Liabilities	\$ 31,054,252	\$ 7,592,144	\$ 38,646,396	\$ 82,187,360	\$ 41,272,095
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	\$ 24,936,354	\$ -	\$ 24,936,354	\$ -	\$ -
Pension related items	731,550	243,706	975,256	7,659,960	112,350
OPEB related items	118,325	-	118,325	528,000	18,198
Total Deferred Inflows of Resources	\$ 25,786,229	\$ 243,706	\$ 26,029,935	\$ 8,187,960	\$ 130,548
NET POSITION					
Net Investment in Capital Assets	\$ 7,525,877	\$ 6,595,291	\$ 14,121,168	\$ 20,209,311	\$ 67,726,846
Unrestricted	(289,877)	(6,853,498)	(7,143,375)	(67,584,433)	348,048
Total Net Position	\$ 7,236,000	\$ (258,207)	\$ 6,977,793	\$ (47,375,122)	\$ 68,074,894

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, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Primary Government		School Board	Other Component Units	
					Governmental Activities	Business-type Activities			
PRIMARY GOVERNMENT:									
Governmental Activities:									
General Government Administration	\$ 3,796,817	\$ 37,557	\$ 373,590	\$ -	\$ (3,385,670)	\$ -	\$ -	\$ -	-
Judicial Administration	2,874,446	704,914	1,461,632	-	(707,900)	-	-	-	-
Public Safety	15,144,377	199,502	2,565,901	-	(12,378,974)	-	-	-	-
Public Works	2,963,089	231,315	10,921	-	(2,720,853)	-	-	-	-
Health and Welfare	8,731,480	-	7,610,328	-	(1,121,152)	-	-	-	-
Education	12,056,621	-	-	-	(12,056,621)	-	-	-	-
Parks, Recreation and Cultural	2,145,145	40,545	171,663	-	(1,932,937)	-	-	-	-
Community Development	1,322,293	51,967	312,193	-	(958,133)	-	-	-	-
Interest	627,138	-	-	-	(627,138)	-	-	-	-
Total Governmental Activities	\$ 49,661,406	\$ 1,265,800	\$ 12,506,228	\$ -	\$ (35,889,378)	\$ -	\$ -	\$ -	-
Business-type Activities									
Landfill	\$ 2,315,958	\$ 150,691	\$ -	\$ -	\$ -	(2,165,267)	\$ -	\$ -	-
Total Primary Government	\$ 51,977,364	\$ 1,416,491	\$ 12,506,228	\$ -	\$ (35,889,378)	\$ (2,165,267)	\$ -	\$ -	-
Component Units:									
School Board	\$ 54,107,965	\$ 1,087,094	\$ 44,300,128	\$ -	\$ -	\$ -	\$ (8,720,743)	\$ -	-
Other component units	9,946,389	7,194,145	367,593	179,238	-	-	-	(2,205,413)	-
Total Component Units	\$ 64,054,354	\$ 8,281,239	\$ 44,667,721	\$ 179,238	\$ -	\$ -	\$ (8,720,743)	\$ (2,205,413)	-
General Revenues:									
General Property Taxes					\$ 23,661,693	\$ -	\$ -	\$ -	-
Other Local Taxes									
Local Sales and Use Taxes					4,671,497	-	-	-	-
Consumers' Utility Taxes					859,434	-	-	-	-
Utility License Taxes					21,029	-	-	-	-
Motor Vehicle Licenses					25,726	-	-	-	-
Bank Franchise Taxes					57,388	-	-	-	-
Taxes on Recordation and Wills					248,125	-	-	-	-
Coal Severance Taxes					1,176,050	-	-	-	-
Hotel and Motel Taxes					195,650	-	-	-	-
Gas Severance Tax					446,977	-	-	-	-
Unrestricted Revenues from Use of Money and Property					337,777	-	-	-	-
Miscellaneous					85,144	13,196	-	5,097	50,054
Payments from Primary Government/Component Units					-	-	-	41,915	36,462
Grants and Contributions not Restricted to Specific Programs					-	-	-	11,976,621	911,847
Gain on Disposal of Capital Assets					3,498,665	-	-	-	35,808
Transfers					-	-	-	-	100,000
Total General Revenues and transfers					(357,593)	357,593	-	-	-
Change in Net Position					\$ 34,927,562	\$ 370,789	\$ 12,023,633	\$ 1,134,171	-
Net Position - Beginning, as restated					(961,816)	(1,794,478)	\$ 3,302,890	\$ (1,071,242)	-
Net Position - Ending					\$ 8,197,816	\$ 1,536,271	\$ (50,678,012)	\$ 69,146,136	-
					\$ 7,236,000	\$ (258,207)	\$ (47,375,122)	\$ 68,074,894	-

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

County of Tazewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u> <u>Fund</u>	<u>County</u> <u>CIP Fund</u>	<u>Other Govern-</u> <u>mental Funds</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 4,111,089	\$ 109,218	\$ 1,323,843	\$ 5,544,150
Receivables (Net of Allowance for Uncollectibles):				
Property Taxes	26,549,957	-	-	26,549,957
Other Receivables	201,867	-	67,158	269,025
Prepaid Items	52,558	25,714	138,578	216,850
Due from Other Funds	-	125,000	-	125,000
Due from Other Governmental Units	2,750,014	-	115,042	2,865,056
Due from Component Units	2,847,458	130,645	-	2,978,103
Total Assets	<u>\$ 36,512,943</u>	<u>\$ 390,577</u>	<u>\$ 1,644,621</u>	<u>\$ 38,548,141</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 474,975	\$ 115,536	\$ 15,375	\$ 605,886
Due to Other Funds	161,963	-	-	161,963
Total Liabilities	<u>\$ 636,938</u>	<u>\$ 115,536</u>	<u>\$ 15,375</u>	<u>\$ 767,849</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 27,382,517	\$ -	\$ -	\$ 27,382,517
FUND BALANCE				
Nonspendable	\$ 52,558	\$ 25,714	\$ 138,578	\$ 216,850
Committed	-	249,327	1,490,668	1,739,995
Unassigned	8,440,930	-	-	8,440,930
Total Fund Balances	<u>\$ 8,493,488</u>	<u>\$ 275,041</u>	<u>\$ 1,629,246</u>	<u>\$ 10,397,775</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,512,943</u>	<u>\$ 390,577</u>	<u>\$ 1,644,621</u>	<u>\$ 38,548,141</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, 2018

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	10,397,775
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	\$	2,344,347	
Buildings and improvements		12,442,187	
Tenancy in common		3,652,863	
Machinery and equipment		4,221,858	
Construction in progress		1,147,939	23,809,194

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

Unavailable revenue			2,446,163
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Deferred outflow of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	1,572,436	
OPEB related items		308,673	1,881,109

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

Accrued interest payable	\$	(116,882)	
Compensated absences		(656,033)	
Net OPEB liabilities		(6,439,781)	
Net pension liability		(6,952,353)	
General obligation bonds		(5,491,569)	
Revenue bonds		(10,641,748)	
Literary loan		(150,000)	(30,448,366)

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

Pension related items	\$	(731,550)	
OPEB related items		(118,325)	(849,875)

Net Position of Governmental Activities	\$	7,236,000
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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, 2018

	<u>General Fund</u>	<u>County CIP Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
REVENUES				
General Property Taxes	\$ 24,501,490	\$ -	\$ -	\$ 24,501,490
Other Local Taxes	6,890,638	-	811,238	7,701,876
Permits, Privilege Fees and Regulatory Licenses	229,706	-	-	229,706
Fines and Forfeitures	52,808	-	-	52,808
Revenue from Use of Money and Property	307,488	30,289	-	337,777
Charges for Services	971,844	-	11,442	983,286
Miscellaneous	49,102	32,700	3,342	85,144
Recovered Costs	1,148,974	-	-	1,148,974
Intergovernmental	14,972,932	73,035	958,926	16,004,893
Total Revenues	\$ 49,124,982	\$ 136,024	\$ 1,784,948	\$ 51,045,954
EXPENDITURES:				
Current:				
General Government Administration	\$ 4,023,749	\$ 433,400	\$ -	\$ 4,457,149
Judicial Administration	2,322,117	-	18,458	2,340,575
Public Safety	14,190,647	-	1,313,996	15,504,643
Public Works	1,361,217	854,810	412,728	2,628,755
Health and Welfare	8,715,225	-	-	8,715,225
Education	12,056,621	-	-	12,056,621
Parks, Recreation and Cultural	1,388,303	-	-	1,388,303
Community Development	1,272,301	25,000	-	1,297,301
Nondepartmental	12,409	-	-	12,409
Debt Service:				
Principal Retirement	1,499,033	-	-	1,499,033
Interest and Other Fiscal Charges	844,279	-	-	844,279
Total Expenditures	\$ 47,685,901	\$ 1,313,210	\$ 1,745,182	\$ 50,744,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,439,081	\$ (1,177,186)	\$ 39,766	\$ 301,661
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 352,194	\$ 352,194
Transfers Out	(709,787)	-	-	(709,787)
Total Other Financing Sources (Uses)	\$ (709,787)	\$ -	\$ 352,194	\$ (357,593)
Net Change in Fund Balance	\$ 729,294	\$ (1,177,186)	\$ 391,960	\$ (55,932)
Fund Balance - Beginning	7,764,194	1,452,227	1,237,286	10,453,707
Fund Balance - Ending	\$ 8,493,488	\$ 275,041	\$ 1,629,246	\$ 10,397,775

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

County of Tazewell, Virginia
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

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

Net changes in fund balance - total governmental funds		\$	(55,932)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			
Capital outlays	\$	937,598	
Tenancy in common transfer		(739,033)	
Depreciation expense		(1,499,885)	(1,301,320)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.			
			(258,214)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			
Change in unavailable revenue-property taxes			(839,797)
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	\$	589,033	
Lease revenue bond		760,000	
Literary loans		150,000	1,499,033
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences	\$	8,236	
Change in accrued interest payable		46,198	
Change in bond premium amortization		170,943	
Pension expense		(54,305)	
OPEB expense		(176,658)	(5,586)
Change in net position of governmental activities		\$	<u>(961,816)</u>

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, 2018

	Tazewell County Landfill Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 457,978
Receivables (Net of Allowance for Uncollectibles)	19,771
Due from Other Funds	36,963
	<u>514,712</u>
Total Current Assets	\$ 514,712
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 287,598
Buildings and Improvements	20,510
Land Improvements	6,709,243
Total Capital Assets	<u>\$ 7,017,351</u>
Total Assets	<u>\$ 7,532,063</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	<u>\$ 45,580</u>
LIABILITIES	
Current Liabilities:	
Bonds Payable-Current Portion	<u>\$ 205,744</u>
Noncurrent Liabilities	
Estimated Landfill Closure Liability	\$ 7,170,084
Bonds Payable-Noncurrent Portion	216,316
Total Noncurrent Liabilities	<u>\$ 7,386,400</u>
Total Liabilities	<u>\$ 7,592,144</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	<u>\$ 243,706</u>
NET POSITION	
Net Investment in Capital Assets	\$ 6,595,291
Unrestricted	(6,853,498)
Total Net Position	<u><u>\$ (258,207)</u></u>

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

County of Tazewell, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Tazewell County Landfill Fund
OPERATING REVENUES	
Charges for Services	\$ 150,691
OPERATING EXPENSES	
Employee Benefits	\$ 1,632
Contractual Services	1,670,121
Closure Reserve Expense	406,665
Other Charges	29,132
Depreciation	186,713
Total Operating Expenses	\$ 2,294,263
Operating Income (Loss)	\$ (2,143,572)
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous Income	\$ 13,196
Interest Expense	(21,695)
Total Nonoperating Revenues (Expenses)	\$ (8,499)
Income (loss) before transfers	\$ (2,152,071)
TRANSFERS	
Transfers In	\$ 357,593
Change in Net Position	\$ (1,794,478)
Net Position - Beginning	1,536,271
Net Position - Ending	\$ (258,207)

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, 2018

	Tazewell County Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 210,621
Payments to Employees for Services	(62,255)
Payments for Operating Expenses	(1,706,140)
Total Cash Provided by (Used for) Operating Activities	\$ (1,557,774)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 351,877
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Payments on Debt	\$ (195,000)
Interest Payments on Debt	(22,439)
Total Cash Provided by (Used for) Capital and Related Financing Activities	\$ (217,439)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,423,336)
Cash and Cash Equivalents - Beginning	1,881,314
Cash and Cash Equivalents - Ending	\$ 457,978
RECONCILIATION OF OPERATING INCOME (LOSS) TO	
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (2,143,572)
Depreciation	186,713
Miscellaneous Income	13,196
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
(Increase) Decrease in Accounts Receivable	46,734
(Increase) Decrease in Deferred Outflows of Resources	8,795
Increase (Decrease) in Accounts Payable	(6,887)
Increase (Decrease) in Estimated Landfill Closure Liability	406,665
Increase (Decrease) in Deferred Inflows of Resources	235,220
Increase (Decrease) in Net Pension Liability	(304,638)
Total Adjustments	\$ 385,889
Net Cash Provided By (Used For) Operating Activities	\$ (1,557,774)

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, 2018

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 76,193
Due from Other Governmental Units	1,074,974
Total Assets	<u>\$ 1,151,167</u>
LIABILITIES	
Current Liabilities:	
Due to Primary Government	\$ 858,797
Due to Other Governmental Units	216,177
Amounts Held for Others	76,193
Total Liabilities	<u>\$ 1,151,167</u>

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

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

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

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

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate, in one way or another, in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their government over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. 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 Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2018.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

B. Individual Component Unit Disclosures (Continued)

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

Tazewell County Airport Authority was created by County of Tazewell and Towns of Bluefield, Cedar Bluff, Pocahontas, Richlands and Tazewell to operate a regional airport. Tazewell County Board of Supervisors appoints a voting majority of the Airport 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

County of Tazewell and Counties of Buchanan and Russell participate in supporting the Cumberland Mountain Community Services Board. For the year ended June 30, 2018, the County contributed \$60,000.

County of Tazewell and Counties of Russell, Buchanan, Wise, Scott, Lee, Washington, Smyth and Dickenson and the Cities of Norton and Bristol participate in supporting the Appalachian Juvenile Commission. For the year ended June 30, 2018, the County contributed \$248,916.

County of Tazewell and Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan and Dickenson along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2018, the County contributed \$4,871,196.

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

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

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities, whether current or noncurrent, associated with their activities are reported. Proprietary fund equity is classified as net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

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

The government reports the following major governmental funds.

General Fund:

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Capital Projects Fund:

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

The government reports the following nonmajor governmental funds.

Special Revenue Funds:

Special Revenue Funds account for and report the proceeds of specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The E-911 Fund, Coal Road Improvement Fund, Coal Road Economic Development Fund, Damage Stamp Fund, and Law Library Fund are reported as nonmajor special revenue funds.

Additionally, Tazewell County reports the following fund types:

Proprietary Funds:

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

Fiduciary Funds (Trust and Agency Funds):

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

D. Budget and Budgetary Accounting

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

G. Receivable and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$691,390 at June 30, 2018 and is comprised solely of property taxes.

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2018.

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

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

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

I. Deferred Outflows/Inflows of Resources

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

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

J. Compensated Absences

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. 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.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

K. Pensions

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

L. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

M. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

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

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

N. 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.

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

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

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

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

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

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

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

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

O. Use of Estimates

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

P. Net Position

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

Q. Net Position Flow Assumption

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

Note 2 - Deposits and Investments:

Deposits

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

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

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The Local Government Investment Pool (LGIP) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Custodial Credit Risk (Investments)

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 2 - Deposits and Investments:

Custodial Credit Risk (Investments) (continued)

The County's rated debt investments as of June 30, 2018 were rated by Standard and Poor's and/or an equivalent national rating organization and the rating are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	AAAm
VACO/VML	\$ 2,017,879

Interest Rate Risk

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>
VACO/VML	\$ 2,017,879	\$ 2,017,879

Redemption Restrictions

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

Fair Value Measurements

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

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 161,963
County CIP Fund	125,000	-
Landfill	36,963	-
Totals	<u>\$ 161,963</u>	<u>\$ 161,963</u>

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Entity	Due From	Due to
Primary Government	\$ 2,978,103	\$ -
Component Unit School	-	2,847,458
Component Unit PSA	-	130,645
Totals	<u>\$ 2,978,103</u>	<u>\$ 2,978,103</u>

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

Note 4 - Due From Other Governmental Units:

At June 30, 2018, the County and School Board had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Local Government:		
Southwest Virginia Regional Jail	\$ 689,624	\$ -
Commonwealth of Virginia:		
State sales taxes	858,797	-
Local sales taxes	-	792,188
VPA	226,874	-
CSA	211,193	-
Shared expenses	326,741	-
Categorical aid	168,897	175,006
Noncategorical aid	71,452	-
Federal Government:		
VPA	307,520	-
Categorical aid	3,958	871,038
Total	<u>\$ 2,865,056</u>	<u>\$ 1,838,232</u>

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 5 - Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2018:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,344,347	\$ -	\$ -	\$ 2,344,347
Construction in progress	1,012,411	135,528	-	1,147,939
Tenancy in Common	4,391,896	-	(739,033)	3,652,863
Capital assets not being depreciated	<u>\$ 7,748,654</u>	<u>\$ 135,528</u>	<u>\$ (739,033)</u>	<u>\$ 7,145,149</u>
Capital assets, being depreciated:				
Buildings	\$ 23,498,742	\$ -	\$ (102,330)	\$ 23,396,412
Machinery and equipment	18,205,497	802,070	(3,126,983)	15,880,584
Capital assets being depreciated	<u>\$ 41,704,239</u>	<u>\$ 802,070</u>	<u>\$ (3,229,313)</u>	<u>\$ 39,276,996</u>
Accumulated depreciation:				
Buildings	\$ (10,394,230)	\$ (629,765)	\$ 69,770	\$ (10,954,225)
Machinery and equipment	(13,689,935)	(870,120)	2,901,329	(11,658,726)
Capital accumulated depreciation	<u>\$ (24,084,165)</u>	<u>\$ (1,499,885)</u>	<u>\$ 2,971,099</u>	<u>\$ (22,612,951)</u>
Capital assets being depreciated, net	<u>\$ 17,620,074</u>	<u>\$ (697,815)</u>	<u>\$ (258,214)</u>	<u>\$ 16,664,045</u>
Governmental activities capital assets, net	<u>\$ 25,368,728</u>	<u>\$ (562,287)</u>	<u>\$ (997,247)</u>	<u>\$ 23,809,194</u>

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 5 - Capital Assets: (Continued)

Primary Government: (Continued)

Tazewell County Landfill Fund:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 287,598	\$ -	\$ -	\$ 287,598
Capital assets, being depreciated:				
Buildings and improvements	\$ 185,603	\$ -	\$ -	\$ 185,603
Land improvements	9,585,580	-	-	9,585,580
Total capital assets being depreciated	\$ 9,771,183	\$ -	\$ -	\$ 9,771,183
Accumulated depreciation:				
Buildings and improvements	\$ (158,906)	\$ (6,187)	\$ -	\$ (165,093)
Land Improvements	(2,695,811)	(180,526)	-	(2,876,337)
Total accumulated depreciation	\$ (2,854,717)	\$ (186,713)	\$ -	\$ (3,041,430)
Total capital assets being depreciated, net	\$ 6,916,466	\$ (186,713)	\$ -	\$ 6,729,753
Business-type activities capital assets, net	\$ 7,204,064	\$ (186,713)	\$ -	\$ 7,017,351

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 5 - Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 325,681
Judicial administration	513,191
Public safety	426,341
Public works	192,621
Health and welfare	18,671
Parks, recreation, and culture	21,106
Community development	<u>2,274</u>
Total depreciation expense-governmental activities	<u>\$ 1,499,885</u>
Business-type activities:	
Landfill fund	<u>\$ 186,713</u>

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 5 - Capital Assets: (Continued)

Component Unit School Board:

	Beginning Balance		Increases		Decreases		Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 1,908,716	\$	-	\$	-	\$	1,908,716
Construction in progress	18,100		14,304		(32,404)		-
Tenancy in common (1)	9,020,775		-		739,033		9,759,808
Total capital assets not being depreciated	\$ 10,947,591	\$	14,304	\$	706,629	\$	11,668,524
Capital assets, being depreciated:							
Buildings and improvements	\$ 36,575,118	\$	73,296	\$	-	\$	36,648,414
Machinery and equipment	18,136,223		765,948		(213,493)		18,688,678
Total capital assets being depreciated	\$ 54,711,341	\$	839,244	\$	(213,493)	\$	55,337,092
Accumulated depreciation:							
Buildings and improvements	\$ (25,524,938)	\$	(1,348,511)	\$	-	\$	(26,873,449)
Machinery and equipment	(15,163,928)		(580,820)		213,493		(15,531,255)
Total accumulated depreciation	\$ (40,688,866)	\$	(1,929,331)	\$	213,493	\$	(42,404,704)
Total capital assets being depreciated, net	\$ 14,022,475	\$	(1,090,087)	\$	-	\$	12,932,388
Governmental activities capital assets, net	\$ 24,970,066	\$	(1,075,783)	\$	706,629	\$	24,600,912

(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, 2018, is that assets and debt in the amount of \$3,652,863 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, 2018 (Continued)

Note 6 - Long-term Obligations:

Primary Government:

The following is a summary of long-term obligations of the County for the year ended June 30, 2018:

Governmental Activities:

	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bonds	\$ 5,976,668	\$ -	\$ (589,033)	\$ 5,387,635
Premium on GO bond	112,596	-	(8,662)	103,934
Lease revenue bond	10,455,000	-	(760,000)	9,695,000
Premium on lease revenue bond	1,109,029	-	(162,281)	946,748
Literary loan	300,000	-	(150,000)	150,000
Net OPEB liabilities	6,381,087	484,480	(425,786)	6,439,781
Compensated absences	664,269	489,966	(498,202)	656,033
Net pension liability	8,631,016	4,588,392	(6,267,055)	6,952,353
Total	\$ 33,629,665	\$ 5,562,838	\$ (8,861,019)	\$ 30,331,484

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

Year Ending June 30	General Government Obligations					
	General Obligation Bonds		Lease Revenue Bonds		Literary Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 327,257	\$ 229,480	\$ 800,000	\$ 454,818	\$ -	\$ -
2020	521,342	248,122	840,000	412,793	75,000	3,000
2021	535,927	220,308	890,000	371,587	75,000	1,500
2022	551,039	191,693	925,000	328,203	-	-
2023	571,707	162,417	975,000	279,515	-	-
2024-2028	2,735,363	336,384	3,200,000	768,190	-	-
2029-2033	145,000	3,335	2,065,000	224,369	-	-
	\$ 5,387,635	\$ 1,391,739	\$ 9,695,000	\$ 2,839,475	\$ 150,000	\$ 4,500

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

	Interest Rates	Issue Dates	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
GO Bond	3.10-5.10%	5/15/2002	7/15/2023	\$ 1,900,000	\$ 475,000	\$ -
GO Bond	4.10-5.10%	5/15/2008	7/15/2028	1,880,000	1,170,000	-
GO Bond	3.60-5.35%	12/11/2008	1/15/2029	6,698,941	3,742,635	327,257
Subtotal GO Bond					\$ 5,387,635	\$ 327,257
Add:						
Premium on Bond	n/a	n/a	n/a	n/a	103,934	8,662
Total General Obligation Bonds					\$ 5,491,569	\$ 335,919
Lease Revenue Bonds:						
2014C	3.025-5.125%	11/18/2014	4/1/2033	\$ 11,885,000	\$ 9,695,000	\$ 800,000
Add:						
Premium on Bond	n/a	n/a	n/a	n/a	946,748	150,340
Total Lease Revenue Bonds					\$ 10,641,748	\$ 950,340
Literary Loan:						
State Literary Loan	2.00%	8/1/2000	8/1/2020	\$ 1,500,000	\$ 150,000	\$ -
Other Obligations:						
Net OPEB Liabilities	n/a	n/a	n/a	n/a	\$ 6,439,781	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	656,033	492,025
Net Pension Liability	n/a	n/a	n/a	n/a	6,952,353	-
Total Other Obligations					\$ 14,048,167	\$ 492,025
Total Long-term Obligations					\$ 30,331,484	\$ 1,778,284

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

The following is a summary of long-term obligations of the County for the year ended June 30, 2018:

Business-type Activities:

Landfill Fund

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Revenue bonds	\$ 615,000	\$ -	\$ (195,000)	\$ 420,000
Bond premiums	2,804	-	(744)	2,060
Landfill closure/postclosure liability	6,763,419	406,665	-	7,170,084
Net pension liability	304,638	-	(304,638)	-
Total	<u>\$ 7,685,861</u>	<u>\$ 406,665</u>	<u>\$ (500,382)</u>	<u>\$ 7,592,144</u>

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2019	\$ 205,000	\$ 13,742
2020	215,000	4,408
Totals	<u>\$ 420,000</u>	<u>\$ 18,150</u>

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of Long-Term Obligations:

	Interest Rates	Issue Dates	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Revenue Bonds						
Revenue Bonds*	3.4-4.81%	11/27/2007	10/1/2019	\$ 2,675,000	\$ 420,000	\$ 205,000
Other Obligations:						
Bond Premiums	n/a	n/a	n/a	n/a	2,060	744
Net Pension Liability	n/a	n/a	n/a	n/a	-	-
Landfill Closure/ Postclosure Liability	n/a	n/a	n/a	n/a	7,170,084	-
Total Other Obligations					\$ 7,172,144	\$ 744
Total Long-term Obligations					\$ 7,592,144	\$ 205,744

*As of June 30, 2018, the Landfill fund did not meet compliance requirements related to this loan.

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, 2018:

	Beginning Balance, as restated	Issuances/ Increases	Retirements/ Decreases	Ending Balance
Capital leases	\$ 5,477,891	\$ -	\$ (1,086,290)	\$ 4,391,601
Net pension liability	55,421,157	8,721,009	(16,994,854)	47,147,312
Net OPEB liabilities	23,847,000	1,466,000	(2,349,000)	22,964,000
Compensated absences	688,687	490,951	(516,515)	663,123
Total	\$ 85,434,735	\$ 10,677,960	\$ (20,946,659)	\$ 75,166,036

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Details of Long-Term Obligations:

	Interest Rates	Issue Dates	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Capital Leases						
Capital Lease	4.195%	10/5/2007	10/5/2022	\$ 4,792,700	\$ 1,905,077	\$ 362,113
Capital Lease	2.150%	11/5/2015	10/1/2019	1,820,979	737,189	364,674
Capital Lease	2.550%	3/10/2015	10/10/2022	3,118,167	1,749,335	386,303
Total Capital Leases					\$ 4,391,601	\$ 1,113,090
Other Obligations:						
Net Pension Liability	n/a	n/a	n/a	n/a	\$ 47,147,312	\$ -
Net OPEB Liabilities	n/a	n/a	n/a	n/a	22,964,000	-
Compensated Absences	n/a	n/a	n/a	n/a	663,123	497,342
Total Other Obligations					\$ 70,774,435	\$ 497,342
Total Long-term Obligations					\$ 75,166,036	\$ 1,610,432

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

Total assets acquired through capital leases are as follows:

School Buses	\$ 1,820,979
Building Renovations	3,118,167
Total Assets	\$ 4,939,146
Accumulated Depreciation	(780,156)
Net Book Value of Assets	\$ 4,158,990

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Present value of future minimum lease payments:

Year Ending June 30,	Capital Leases
2019	\$1,222,133
2020	1,222,133
2021	841,609
2022	841,610
2023	558,165
Less: amount representing interest	<u>(294,049)</u>
Present value of future minimum lease payments	<u><u>\$4,391,601</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. Vested or accumulated leave is reported as an expenditure and a liability of the fund that will pay it. The County has outstanding accrued vacation and sick pay totaling \$656,033 in the general fund.

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**COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)**

Note 8 - Pension Plan:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: - Political subdivision employees* - School division employees - Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contribution Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions: Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	240	237
Inactive members:		
Vested inactive members	39	11
Non-vested inactive members	51	53
Inactive members active elsewhere in VRS	128	23
Total inactive members	218	87
Active members	306	212
Total covered employees	764	536

Contributions

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

The County's and Component Units contractually required employer contribution rate for the year ended June 30, 2018 was 10.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,024,401 and \$1,016,717 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the pension plan from the Component Units were \$159,510 and \$157,456 for the years ended June 30, 2018 and June 30, 2017, respectively.

**COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)**

Note 8 - Pension Plan: (Continued)

Contributions (Continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2018 was 13.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$496,256 and \$511,880 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

**COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)**

Note 8 - Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.50%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Other Component Units		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 47,161,332	\$ 38,225,678	\$ 8,935,654
Changes for the year:			
Service cost	\$ 1,090,137	\$ -	\$ 1,090,137
Interest	3,202,401	-	3,202,401
Differences between expected and actual experience	(7,195)	-	(7,195)
Assumption changes	(156,883)	-	(156,883)
Impact in change in proportion	(209,616)	(169,900)	(39,716)
Contributions - employer	-	1,018,151	(1,018,151)
Contributions - employee	-	491,028	(491,028)
Net investment income	-	4,593,798	(4,593,798)
Benefit payments, including refunds of employee contributions	(2,406,191)	(2,406,191)	-
Administrative expenses	-	(26,855)	26,855
Other changes	-	(4,077)	4,077
Net changes	\$ 1,512,653	\$ 3,495,954	\$ (1,983,301)
Balances at June 30, 2017	\$ 48,673,985	\$ 41,721,632	\$ 6,952,353

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Changes in Net Pension Liability (Continued)

	Other Component Units		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 7,045,005	\$ 5,710,187	\$ 1,334,818
Changes for the year:			
Service cost	\$ 168,446	\$ -	\$ 168,446
Interest	494,813	-	494,813
Differences between expected and actual experience	(1,112)	-	(1,112)
Assumption changes	(24,240)	-	(24,240)
Impact in change in proportion	209,616	169,900	39,716
Contributions - employer	-	157,318	(157,318)
Contributions - employee	-	75,870	(75,870)
Net investment income	-	709,802	(709,802)
Benefit payments, including refunds of employee contributions	(371,788)	(371,788)	-
Administrative expenses	-	(4,149)	4,149
Other changes	-	(629)	629
Net changes	\$ 475,735	\$ 736,324	\$ (260,589)
Balances at June 30, 2017	\$ 7,520,740	\$ 6,446,511	\$ 1,074,229

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit School Board - Nonprofessional		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 26,115,080	\$ 19,274,923	\$ 6,840,157
Changes for the year:			
Service cost	\$ 353,607	\$ -	\$ 353,607
Interest	1,770,523	-	1,770,523
Differences between expected and actual experience	(183,199)	-	(183,199)
Assumption changes	(70,894)	-	(70,894)
Contributions - employer	-	511,878	(511,878)
Contributions - employee	-	185,775	(185,775)
Net investment income	-	2,292,108	(2,292,108)
Benefit payments, including refunds of employee contributions	(1,643,775)	(1,643,775)	-
Administrative expenses	-	(13,865)	13,865
Other changes	-	(2,014)	2,014
Net changes	\$ 226,262	\$ 1,330,107	\$ (1,103,845)
Balances at June 30, 2017	\$ 26,341,342	\$ 20,605,030	\$ 5,736,312

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County - Primary Government Net Pension Liability	\$ 13,112,104	\$ 6,952,353	\$ 1,829,268
Other Component Units Net Pension Liability	\$ 2,025,992	\$ 1,074,229	\$ 282,645
Component Unit School Board (nonprofessional) Net Pension Liability	\$ 8,560,781	\$ 5,736,312	\$ 3,338,858

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

For the year ended June 30, 2018, the County, Other Component Units, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,030,203, \$169,857, and \$193,685, respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Units Tazewell County		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 357,983	\$ 5,015	\$ 53,310	\$ 775	\$ -	\$ 190,317
Change in assumptions	-	109,342	-	16,895	-	44,441
Net difference between projected and actual earnings on pension plan investments	33,285	617,193	-	94,680	-	281,202
Impact of change in proportion	202,347	243,706	41,360	-	-	-
Employer contributions subsequent to the measurement date	1,024,401	-	159,510	-	496,256	-
Total	\$ 1,618,016	\$ 975,256	\$ 254,180	\$ 112,350	\$ 496,256	\$ 515,960

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

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

\$1,024,401, \$159,510 and \$496,256 reported as deferred outflows of resources related to pensions resulting from the County's, Other Component Units', and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>Component Unit School Board (nonprofessional)</u>
2019	\$ (208,753)	\$ (19,709)	\$ (369,126)
2020	247,301	46,969	38,872
2021	(19,771)	7,757	9,601
2022	(400,418)	(52,697)	(195,307)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$4,140,042 and \$3,831,210 for the years ended June 30, 2018 and June 30, 2017, respectively.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2018, the school division reported a liability of \$41,411,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.33673% as compared to 0.34666% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of \$2,168,000. Since there was a change in proportionate share between the measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,932,000
Net difference between projected and actual earnings on pension plan investments	-	1,504,000
Change in assumptions	604,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,708,000
Employer contributions subsequent to the measurement date	<u>4,140,042</u>	<u>-</u>
Total	\$ <u>4,744,042</u>	\$ <u>7,144,000</u>

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

\$4,140,042 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2019	\$ (2,514,000)
2020	(881,000)
2021	(1,097,000)
2022	(1,756,000)
Thereafter	(292,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality rates:

Pre-Retirement:

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability (Asset)	\$	<u><u>12,297,975</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 8 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 61,841,000	\$ 41,411,000	\$ 24,512,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Plan Description

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

Benefits Provided

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

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

Plan Membership

At July 1, 2017 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Units Tazewell County	Component Unit School Board
Total active employees with coverage	260	34	789
Total retirees with coverage	21	4	131
Total	281	38	920

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amounts paid by the County, Other Component Units, and Component Unit School Board, for OPEB as the benefits came due during the year ended June 30, 2018 were \$257,000, \$41,000, and \$1,371,000, respectively.

Total OPEB Liability

The County's total OPEB liability was measured as of July 1, 2017. The total OPEB liability was determined by an actuarial valuation as July 1, 2016.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare Cost Trend Rates	3.12% for DSS, and 0.00% for the County, PSA, and School Board for fiscal year end 2018 (reflecting actual trend) reverting to 6.00% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increases	Service-graded
Discount Rate	3.56%

The mortality rates were calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2017.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is from a 20-Year tax exempt general obligation municipal bond with an average rating of AA/Aa or higher. Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date. The final equivalent single discount rate used for this year's valuation is 3.56% as of the end of the fiscal year.

Changes in Total OPEB Liability

	Primary Government	Other Component Units	Component Unit School Board
Balances at June 30, 2017	\$ 5,411,000	\$ 1,088,000	\$ 16,483,000
Changes for the year:			
Service cost	283,000	33,000	543,000
Interest	198,000	39,000	582,000
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	(257,000)	(41,000)	(1,371,000)
Net changes	<u>224,000</u>	<u>31,000</u>	<u>(246,000)</u>
Balances at June 30, 2018	<u>\$ 5,635,000</u>	<u>\$ 1,119,000</u>	<u>\$ 16,237,000</u>

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

The following amounts present the total OPEB liability of the County, Other Component Units, and Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

	Rate		
	1% Decrease 2.56%	Current Discount 3.56%	1% Increase 4.56%
Proportionate share of the healthcare net OPEB liability: County	\$ 6,072,741	\$ 5,635,000	\$ 5,232,062
Other Component Units	\$ 1,205,927	\$ 1,119,000	\$ 1,038,985
Component Unit School Board	\$ 17,498,332	\$ 16,237,000	\$ 15,075,953

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

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

	Rate		
	1% Decrease	Healthcare Cost Trend	1% Increase
Proportionate share of the healthcare net OPEB liability: County	\$ 5,070,544	\$ 5,635,000	\$ 6,295,043
Other Component Units	\$ 1,006,910	\$ 1,119,000	\$ 1,250,072
Component Unit School Board	\$ 14,610,546	\$ 16,237,000	\$ 18,138,885

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

For the year ended June 30, 2018, the County, Other Component Units, and Component Unit School Board recognized OPEB expense in the amounts of \$481,000, \$72,000, and \$1,125,000, respectively. At June 30, 2018, the County, Other Component Units, and Component Unit School Board, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Primary Government</u>		<u>Other Component Units</u>		<u>Component Unit School Board</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ 257,000	\$ -	\$ 41,000	\$ -	\$ 1,371,000	\$ -

\$257,000, \$41,000, and \$1,371,000 was reported as deferred outflows of resources related to OPEB resulting from the County, Other Component Units, and Component Unit School Board, respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the fiscal year ended June 30, 2019.

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)	
Benefit Amounts	
The benefits payable under the Group Life Insurance Program have several components. • Natural Death Benefit - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit - The accidental death benefit is double the natural death benefit. • Other Benefit Provisions - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: - o Accidental dismemberment benefit - o Safety belt benefit - o Repatriation benefit - o Felonious assault benefit - o Accelerated death benefit option	
Reduction in Benefit Amounts	
The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.	
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)	
For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.	

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Contributions (Continued)

Contributions to the Group Life Insurance Program from the Primary Government were \$51,673 and \$51,312 for the years ended June 30, 2018 and June 30, 2017, respectively.

Contributions to the Group Life Insurance Program from the Other Component Units were \$7,984 and \$7,665 for the years ended June 30, 2018 and June 30, 2017, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board (nonprofessional) were \$19,707 and \$20,358 for the years ended June 30, 2018 and June, 30, 2017, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board (professional) were \$134,238 and \$137,605 for the years ended June 30, 2018 and June, 30, 2017, respectively.

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

Primary Government Group Life Insurance Program

At June 30, 2018, the entity reported a liability of \$804,781 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.0535% as compared to 0.0554% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$3,480. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Other Component Units Group Life Insurance Program

At June 30, 2018, the entity reported a liability of \$120,219 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.0080% as compared to 0.0083% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$519. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

Component Unit School Board (nonprofessional) Group Life Insurance Program

At June 30, 2018, the entity reported a liability of \$320,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.0212% as compared to 0.0220% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$2,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (professional) Group Life Insurance Program

At June 30, 2018, the entity reported a liability of \$2,159,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.1435% as compared to 0.1475% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$13,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Other Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 17,401	\$ -	\$ 2,676
Net difference between projected and actual earnings on GLI OPEB program investments	-	30,451	-	4,684
Change in assumptions	-	41,762	-	6,422
Changes in proportion	-	28,711	-	4,416
Employer contributions subsequent to the measurement date	51,673	-	8,069	-
Total	\$ 51,673	\$ 118,325	\$ 8,069	\$ 18,198

	Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,000	\$ -	\$ 48,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	12,000	-	81,000
Change in assumptions	-	16,000	-	111,000
Changes in proportion	-	12,000	-	60,000
Employer contributions subsequent to the measurement date	19,707	-	134,238	-
Total	\$ 19,707	\$ 48,000	\$ 134,238	\$ 300,000

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

\$51,673, \$7,984, \$19,707, and \$134,238 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Other Component Units	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2019	\$ (23,491)	\$ (3,509)	\$ (9,000)	\$ (60,000)
2020	(23,491)	(3,509)	(9,000)	(60,000)
2021	(23,491)	(3,509)	(9,000)	(60,000)
2022	(23,491)	(3,509)	(9,000)	(60,000)
2023	(16,531)	(2,470)	(6,000)	(40,000)
Thereafter	(7,830)	(1,170)	(6,000)	(20,000)

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality Rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

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

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

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 2,942,426
Plan Fiduciary Net Position	1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$ <u>1,504,840</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportional share of the Group Life Insurance Program Net OPEB Liability			
Primary Government	\$ 1,041,430	\$ 804,781	\$ 613,373
Other Component Units	\$ 155,570	\$ 120,219	\$ 91,627
Component Unit School Board (nonprofessional)	\$ 413,000	\$ 320,000	\$ 244,000
Component Unit School Board (professional)	\$ 2,793,000	\$ 2,159,000	\$ 1,646,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Plan Description

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

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • <u>At Retirement</u> - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: - o \$4.00 per month, multiplied by twice the amount of service credit, or - o \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$316,611 and \$293,361 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$4,248,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.3349% as compared to 0.3466% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$326,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 8,000
Change in assumptions	-	43,000
Change in proportion	-	129,000
Employer contributions subsequent to the measurement date	<u>316,611</u>	<u>-</u>
Total	\$ <u>316,611</u>	\$ <u>180,000</u>

\$316,611 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2019	\$ (29,000)
2020	(29,000)
2021	(29,000)
2022	(29,000)
2023	(27,000)
Thereafter	(37,000)

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

**COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)**

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,364,702
Plan Fiduciary Net Position	96,091
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,268,611</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	7.04%

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 4,741,000	\$ 4,248,000	\$ 3,829,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12 - Contingent Liabilities:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 13 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Of the \$15,042,821 reported as landfill closure and post closure care liability at June 30, 2018, \$7,170,084 represents the cumulative amount reported to date based on use of 46 percent of the estimate capacity of the landfill.

The County will recognize the remaining estimated cost of closure and postclosure care of \$7,872,737 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 2018.

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 14 - Risk Management:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 15 - Deferred/Unavailable Revenue:

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

	Government- wide	
	Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures (amount due but not collected at 6/30)	\$ -	\$ 2,446,163
Property taxes due in December 2018	23,910,107	23,910,107
Prepaid property taxes due in December 2018 but paid in advance by the taxpayers	1,026,247	1,026,247
Total deferred/unavailable revenue	<u>\$ 24,936,354</u>	<u>\$ 27,382,517</u>

Note 16 - Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Primary Government:		
General Fund	\$ -	\$ 709,787
E-911 Fund	352,194	-
Landfill Enterprise Fund	357,593	-
Total	<u>\$ 709,787</u>	<u>\$ 709,787</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, 2018 (Continued)

Note 17- Surety Bonds:

Commonwealth of America, Division of Risk Management:	<u>Amount</u>
Tammy Allison, Clerk of the Circuit Court	\$ 710,000.0
David Larimer, Treasurer	500,000
David Anderson, Commissioner of the Revenue	3,000
Brian Hieatt, Sheriff	30,000
The above constituional officers' employees:	
Blanket bond	50,000
Landfill employees	20,000
VACO Insurance Program:	
All School Board employees - blanket	250,000
Fidelity and Deposit Company of Maryland Surety:	
Eric Young, Interim 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 18 - Nonspendable, Restricted, and Committed Fund Balances by Fund:

	Governmental Funds							
	General Fund	County CIP Fund	Law Library Fund	Coal Road Improvement Fund	Coal Road Economic Development Fund	E-911 Fund	Damage Stamp Fund	Total
Nonspendable:								
Prepaid items	\$ 52,558	\$ 25,714	\$ -	\$ -	\$ -	\$ 138,578	\$ -	\$ 216,850
Committed funds:								
Capital projects	\$ -	\$ 249,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,327
Law library	-	-	68,209	-	-	-	-	68,209
Coal road improvements	-	-	-	1,243,546	-	-	-	1,243,546
Coal road economic development	-	-	-	-	68,431	-	-	68,431
E-911	-	-	-	-	-	110,440	-	110,440
Damage stamp	-	-	-	-	-	-	42	42
Total committed balances	\$ -	\$ 249,327	\$ 68,209	\$ 1,243,546	\$ 68,431	\$ 110,440	\$ 42	\$ 1,739,995

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 19- Litigation:

At June 30, 2018, a claim has been filed against the County in regards to erroneous assessment of taxes for a total of approximately \$200,000. The County is vigorously defending itself against the claim and does not believe that payout of same is probable or reasonably estimable as of the date of the report; therefore, no liability has been recognized in the financial statements.

Note 20-Adoption of Accounting Principles:

The County of Tazewell, Virginia implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County of Tazewell, Virginia implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Comonent Unit</u> <u>School</u> <u>Board</u>
Net Position, July 1, 2017, as previously stated	\$ 11,817,891	\$ (30,608,836)
Implementation of GASB 75	(3,620,075)	(20,069,176)
Net Position, July 1, 2017, as restated	<u>\$ 8,197,816</u>	<u>\$ (50,678,012)</u>

Note 21 - Upcoming Pronouncements:

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 (Continued)

Note 21 - Upcoming Pronouncements: (Continued)

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General Property Taxes	\$ 23,438,559	\$ 23,438,559	\$ 24,501,490	\$ 1,062,931
Other Local Taxes	7,228,043	7,228,043	6,890,638	(337,405)
Permits, Privilege Fees and Regulatory Licenses	138,925	138,925	229,706	90,781
Fines and Forfeitures	45,000	45,000	52,808	7,808
Revenue from Use of Money and Property	296,020	296,020	307,488	11,468
Charges for Services	506,500	506,500	971,844	465,344
Miscellaneous	508,000	508,000	49,102	(458,898)
Recovered Costs	1,449,500	1,449,500	1,148,974	(300,526)
Intergovernmental:				
Commonwealth	11,649,503	11,649,503	10,967,683	(681,820)
Federal Government	3,874,361	3,874,361	4,005,249	130,888
Total Revenues	\$ 49,134,411	\$ 49,134,411	\$ 49,124,982	\$ (9,429)
EXPENDITURES:				
Current:				
General Government Administration	\$ 4,287,000	\$ 4,372,311	\$ 4,023,749	\$ 348,562
Judicial Administration	2,386,741	2,411,521	2,322,117	89,404
Public Safety	15,340,258	15,487,352	14,190,647	1,296,705
Public Works	2,069,524	2,025,280	1,361,217	664,063
Health and Welfare	9,193,634	9,173,794	8,715,225	458,569
Education	13,955,885	13,955,885	12,056,621	1,899,264
Parks, Recreation and Cultural	1,402,376	1,418,125	1,388,303	29,822
Community Development	1,276,796	1,312,894	1,272,301	40,593
Non-Departmental	920,644	675,696	12,409	663,287
Debt Service:				
Principal Retirement	806,031	806,031	1,499,033	(693,002)
Interest and Other Fiscal Charges	453,969	453,969	844,279	(390,310)
Total Expenditures	\$ 52,092,858	\$ 52,092,858	\$ 47,685,901	\$ 4,406,957
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,958,447)	\$ (2,958,447)	\$ 1,439,081	\$ 4,397,528
Other Financing Sources (Uses)				
Transfers Out	\$ -	\$ -	\$ (709,787)	\$ (709,787)
Net Change in Fund Balance	\$ (2,958,447)	\$ (2,958,447)	\$ 729,294	\$ 3,687,741
Fund Balance - Beginning	2,958,447	2,958,447	7,764,194	4,805,747
Fund Balance - Ending	\$ -	\$ -	\$ 8,493,488	\$ 8,493,488

County of Tazewell, Virginia
Schedule Changes in Net Pension Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2015 through June 30, 2018

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

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

County of Tazewell, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Other Component Units
For the Years Ended June 30, 2015 through June 30, 2018

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

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

County of Tazewell, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Years Ended June 30, 2015 through June 30, 2018

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

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

County of Tazewell, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Years Ended June 30, 2015 through June 30, 2018

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

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

County of Tazewell, Virginia
Schedule of Employer Contributions - Pension
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 1,024,401	\$ 1,024,401	\$ -	\$ 9,910,529	10.34%
2017	1,016,717	1,016,717	-	9,859,374	10.31%
2016	1,120,484	1,120,484	-	9,964,213	11.25%
2015	1,127,068	1,127,068	-	10,048,316	11.22%
Component Units					
2018	\$ 159,510	\$ 159,510	\$ -	\$ 1,531,307	10.42%
2017	157,456	157,456	-	1,472,797	10.69%
2016	167,379	167,379	-	1,460,017	11.46%
2015	165,145	165,145	-	1,472,340	11.22%
Component Unit School Board (nonprofessional)					
2018	\$ 496,256	\$ 496,256	\$ -	\$ 3,778,109	13.14%
2017	511,880	511,880	-	3,877,669	13.20%
2016	638,441	638,441	-	3,958,254	16.13%
2015	633,935	633,935	-	3,891,558	16.29%
2014	585,916	585,916	-	3,824,515	15.32%
2013	585,126	585,126	-	3,819,361	15.32%
2012	440,570	440,570	-	3,874,849	11.37%
2011	430,695	430,695	-	3,787,991	11.37%
2010	419,730	419,730	-	4,008,887	10.47%
2009	430,167	430,167	-	4,108,566	10.47%
Component Unit School Board (professional)					
2018	\$ 4,140,042	\$ 4,140,042	\$ -	\$ 25,740,658	16.08%
2017	3,831,210	3,831,210	-	26,133,765	14.66%
2016	3,695,626	3,695,626	-	26,431,418	13.98%
2015	4,249,445	4,249,445	-	26,579,014	15.99%
2014	3,084,365	3,084,365	-	26,452,530	11.66%
2013	3,115,911	3,115,911	-	26,723,079	11.66%
2012	3,956,125	3,956,125	-	34,917,255	11.33%
2011	3,270,976	3,270,976	-	36,629,071	8.93%
2010	3,271,814	3,271,814	-	23,691,629	13.81%
2009	2,614,186	2,614,186	-	29,672,940	8.81%

Contributions are from County records.

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

County of Tazewell, Virginia
Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

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

Largest 10 - Non-Hazardous Duty:

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

Largest 10 - Hazardous Duty:

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 283,000
Interest	198,000
Benefit payments	(257,000)
Net change in total OPEB liability	\$ 224,000
Total OPEB liability - beginning	5,411,000
Total OPEB liability - ending	<u><u>\$ 5,635,000</u></u>
 Covered-employee payroll	 \$ 10,159,885
 County's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 55.46%

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

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

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 33,000
Interest	39,000
Benefit payments	(41,000)
Net change in total OPEB liability	\$ 31,000
Total OPEB liability - beginning	<u>1,088,000</u>
Total OPEB liability - ending	<u><u>1,119,000</u></u>
 Covered-employee payroll	 \$ 2,018,712
 Other Component Unit's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 55.43%

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

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

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 543,000
Interest	582,000
Benefit payments	(1,371,000)
Net change in total OPEB liability	\$ (246,000)
Total OPEB liability - beginning	16,483,000
Total OPEB liability - ending	<u><u>\$ 16,237,000</u></u>
 Covered-employee payroll	 \$ 29,273,402
 School Board's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 55.47%

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

County of Tazewell, Virginia
Notes to Required Supplementary Information - Health Insurance
For the Year Ended June 30, 2018

Valuation Date: 7/1/2016
 Measurement Date: 7/1/2017

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.56%
Inflation	2.50%
Healthcare Trend Rate	3.12% for DSS, and 0.00% for the County, PSA, and Public Schools for fiscal year end 2018 (reflecting actual trend), reverting to 6.00% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	Service-graded
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2017

County of Tazewell, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance Program
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2017	0.5350%	\$ 804,781	\$ 9,867,602	8.16%	48.86%
Other Component Units:					
2017	0.0082%	\$ 120,219	\$ 1,474,039	8.16%	48.86%
Component Unit School Board-Nonprofessional:					
2017	0.0212%	\$ 320,000	\$ 3,915,089	8.17%	48.86%
Component Unit School Board-Professional:					
2017	0.1435%	\$ 2,159,000	\$ 26,462,433	8.16%	48.86%

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

County of Tazewell, Virginia
Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2018	\$ 51,673	\$ 51,673	\$ -	\$ 9,937,378	0.52%
2017	51,312	51,312	-	9,867,602	0.52%
Other Component Units:					
2018	\$ 7,984	\$ 7,984	\$ -	\$ 1,535,455	0.52%
2017	7,665	7,665	-	1,474,039	0.52%
Component Unit School Board (nonprofessional):					
2018	\$ 19,707	\$ 19,707	\$ -	\$ 3,789,766	0.52%
2017	20,358	20,358	-	3,915,089	0.52%
2016	19,014	19,014	-	3,961,302	0.48%
2015	18,688	18,688	-	3,893,364	0.48%
2014	18,446	18,446	-	3,842,931	0.48%
2013	18,492	18,492	-	3,852,398	0.48%
2012	10,887	10,887	-	3,888,368	0.28%
2011	10,623	10,623	-	3,794,048	0.28%
2010	7,839	7,839	-	2,903,464	0.27%
2009	11,093	11,093	-	4,108,566	0.27%
Component Unit School Board (professional):					
2018	\$ 134,238	\$ 134,238	\$ -	\$ 25,814,219	0.52%
2017	137,605	137,605	-	26,462,433	0.52%
2016	127,248	127,248	-	26,510,012	0.48%
2015	127,864	127,864	-	26,638,341	0.48%
2014	127,308	127,308	-	26,522,546	0.48%
2013	128,717	128,717	-	26,816,024	0.48%
2012	78,056	78,056	-	27,877,204	0.28%
2011	79,269	79,269	-	28,310,459	0.28%
2010	55,742	55,742	-	20,645,175	0.27%
2009	80,145	80,145	-	29,683,206	0.27%

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

County of Tazewell, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018

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

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

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

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

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

County of Tazewell, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Tazewell, Virginia
Schedule of County of Tazewell School Board's Share of Net OPEB Liability
Teacher Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.3349%	\$ 4,248,000	\$ 26,428,915	16.07%	7.04%

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

County of Tazewell, Virginia
Schedule of Employer Contributions
Teacher Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 316,611	\$ 316,611	\$ -	\$ 25,740,658	1.23%
2017	293,361	293,361	-	26,428,915	1.11%
2016	280,173	280,173	-	26,431,418	1.06%
2015	281,738	281,738	-	26,579,014	1.06%
2014	293,637	293,637	-	26,453,792	1.11%
2013	296,626	296,626	-	26,723,055	1.11%
2012	167,051	167,051	-	27,841,898	0.60%
2011	155,652	155,652	-	25,942,076	0.60%
2010	217,710	217,710	-	20,645,175	1.05%
2009	320,468	320,468	-	29,672,943	1.08%

County of Tazewell, Virginia
Notes to Required Supplementary Information
Teacher Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

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

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

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

Other Supplementary Information

County of Tazewell, Virginia
Major Capital Projects Fund-County CIP Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<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	\$ 30,289	\$ (6,066)
Miscellaneous	400,000	400,000	32,700	(367,300)
Intergovernmental:				
Commonwealth	950,000	950,000	73,035	(876,965)
Total Revenues	<u>\$ 1,386,355</u>	<u>\$ 1,386,355</u>	<u>\$ 136,024</u>	<u>\$ (1,250,331)</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ 2,810,000	\$ 2,810,000	\$ 433,400	\$ 2,376,600
Public Works	920,890	920,890	854,810	66,080
Community Development	150,000	150,000	25,000	125,000
Total Expenditures	<u>\$ 3,880,890</u>	<u>\$ 3,880,890</u>	<u>\$ 1,313,210</u>	<u>\$ 2,567,680</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,494,535)</u>	<u>\$ (2,494,535)</u>	<u>\$ (1,177,186)</u>	<u>\$ 1,317,349</u>
Net Change in Fund Balance	\$ (2,494,535)	\$ (2,494,535)	\$ (1,177,186)	\$ 1,317,349
Fund Balance - Beginning	2,494,535	2,494,535	1,452,227	(1,042,308)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,041</u>	<u>\$ 275,041</u>

County of Tazewell, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Agency Funds		
	Special Welfare Funds	Local Sales Tax Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 76,193	\$ -	\$ 76,193
Due from Other Governmental Units	-	1,074,974	1,074,974
Total Assets	\$ 76,193	\$ 1,074,974	\$ 1,151,167
LIABILITIES			
Current Liabilities:			
Due to Primary Government	\$ -	\$ 858,797	\$ 858,797
Due to Other Governmental Units	-	216,177	216,177
Amounts Held for Others	76,193	-	76,193
Total Liabilities	\$ 76,193	\$ 1,074,974	\$ 1,151,167

County of Tazewell, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 65,499	\$ 113,846	\$ (103,152)	\$ 76,193
Liabilities:				
Amounts held for social services clients	\$ 65,499	\$ 113,846	\$ (103,152)	\$ 76,193
Local Sales Tax Fund:				
Assets:				
Due from other governmental units	\$ 991,778	\$ 5,847,411	\$ (5,764,215)	\$ 1,074,974
Liabilities:				
Due to Primary Government	\$ 794,711	\$ 4,671,497	\$ (4,607,411)	\$ 858,797
Due to Other Governmental Units	197,067	1,175,914	(1,156,804)	216,177
Total liabilities	\$ 991,778	\$ 5,847,411	\$ (5,764,215)	\$ 1,074,974
Totals				
Total Assets:				
Cash and cash equivalents	\$ 65,499	\$ 113,846	\$ (103,152)	\$ 76,193
Due from other governmental units	991,778	5,847,411	(5,764,215)	1,074,974
Total assets	\$ 1,057,277	\$ 5,961,257	\$ (5,867,367)	\$ 1,151,167
Total Liabilities:				
Amounts held for social services clients	\$ 65,499	\$ 113,846	\$ (103,152)	\$ 76,193
Due to Primary Government	794,711	4,671,497	(4,607,411)	858,797
Due to Other Governmental Units	197,067	1,175,914	(1,156,804)	216,177
Total liabilities	\$ 1,057,277	\$ 5,961,257	\$ (5,867,367)	\$ 1,151,167

County of Tazewell, Virginia
Nonmajor Funds
Balance Sheet
June 30, 2018

	<u>Special Revenue Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,323,843
Receivables (Net of Allowance for Uncollectibles):	
Taxes	67,158
Prepaid items	138,578
Due from Other Governmental Units	115,042
Total Assets	<u>\$ 1,644,621</u>
LIABILITIES	
Accounts Payable	\$ 15,375
Total Liabilities	<u>\$ 15,375</u>
FUND BALANCES	
Nonspendable	\$ 138,578
Committed	1,490,668
Total Fund Balances	<u>\$ 1,629,246</u>
Total Liabilities and Fund Balances	<u>\$ 1,644,621</u>

County of Tazewell, Virginia
Nonmajor Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	<u>Special Revenue Funds</u>
REVENUES	
Other Local Taxes	\$ 811,238
Charges for Services	11,442
Miscellaneous	3,342
Intergovernmental:	
Commonwealth	886,078
Federal Government	72,848
Total Revenues	<u>\$ 1,784,948</u>
EXPENDITURES:	
Current:	
Judicial Administration	\$ 18,458
Public Safety	1,313,996
Public Works	412,728
Total Expenditures	<u>\$ 1,745,182</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 39,766</u>
Other Financing Sources (Uses)	
Transfers In	<u>\$ 352,194</u>
Net Change in Fund Balance	\$ 391,960
Fund Balance - Beginning	1,237,286
Fund Balance - Ending	<u><u>\$ 1,629,246</u></u>

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2018

	<u>Law Library</u>	<u>Coal Road</u>	<u>Coal Road</u>	<u>E-911 Fund</u>	<u>Damage Stamp</u>	<u>Total</u>
	<u>Fund</u>	<u>Improvement</u>	<u>Economic</u>		<u>Fund</u>	
ASSETS						
Cash and Cash Equivalents	\$ 69,757	\$ 1,211,972	\$ 42,072	\$ -	\$ 42	\$ 1,323,843
Receivables (Net of Allowance for Uncollectibles):						
Taxes	-	40,799	26,359	-	-	67,158
Prepaid items	-	-	-	138,578	-	138,578
Due from Other Governmental Units	-	-	-	115,042	-	115,042
Total Assets	\$ 69,757	\$ 1,252,771	\$ 68,431	\$ 253,620	\$ 42	\$ 1,644,621
LIABILITIES						
Accounts Payable	\$ 1,548	\$ 9,225	\$ -	\$ 4,602	\$ -	\$ 15,375
FUND BALANCES						
Nonspendable	\$ -	\$ -	\$ -	\$ 138,578	\$ -	\$ 138,578
Committed	68,209	1,243,546	68,431	110,440	42	1,490,668
Total Fund Balances	\$ 68,209	\$ 1,243,546	\$ 68,431	\$ 249,018	\$ 42	\$ 1,629,246
Total Liabilities and Fund Balances	\$ 69,757	\$ 1,252,771	\$ 68,431	\$ 253,620	\$ 42	\$ 1,644,621

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	<u>Law Library</u>	<u>Coal Road</u>	<u>Coal Road</u>	<u>E-911 Fund</u>	<u>Damage</u>	<u>Total</u>
	<u>Fund</u>	<u>Improvement</u>	<u>Economic</u>		<u>Stamp Fund</u>	
		<u>Fund</u>	<u>Development</u>			
REVENUES						
Other Local Taxes	\$ -	\$ 496,608	\$ 314,630	\$ -	\$ -	\$ 811,238
Charges for Services	11,442	-	-	-	-	11,442
Miscellaneous	-	-	-	3,342	-	3,342
Intergovernmental:						
Commonwealth	-	41,725	-	844,353	-	886,078
Federal Government	-	-	-	72,848	-	72,848
Total Revenues	\$ 11,442	\$ 538,333	\$ 314,630	\$ 920,543	\$ -	\$ 1,784,948
EXPENDITURES						
Current:						
Judicial Administration	\$ 18,458	\$ -	\$ -	\$ -	\$ -	\$ 18,458
Public Safety	-	-	-	1,313,996	-	1,313,996
Public Works	-	123,924	288,804	-	-	412,728
Total Expenditures	\$ 18,458	\$ 123,924	\$ 288,804	\$ 1,313,996	\$ -	\$ 1,745,182
Excess (Deficiency) of Revenues Over (Under)	\$ (7,016)	\$ 414,409	\$ 25,826	\$ (393,453)	\$ -	\$ 39,766
Other Financing Sources (Uses)						
Transfers In	\$ -	\$ -	\$ -	\$ 352,194	\$ -	\$ 352,194
Net Change in Fund Balance	\$ (7,016)	\$ 414,409	\$ 25,826	\$ (41,259)	\$ -	\$ 391,960
Fund Balance - Beginning	75,225	829,137	42,605	290,277	42	1,237,286
Fund Balance - Ending	\$ 68,209	\$ 1,243,546	\$ 68,431	\$ 249,018	\$ 42	\$ 1,629,246

Exhibit 35

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	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	\$ - \$	- \$	- \$	-	\$ - \$	- \$	496,608 \$	496,608
Charges for Services	-	-	11,442	11,442	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	41,725	41,725
Federal Government	-	-	-	-	-	-	-	-
Total Revenues	\$ - \$	- \$	11,442 \$	11,442	\$ - \$	- \$	538,333 \$	538,333
EXPENDITURES:								
Current:								
Judicial Administration	\$ - \$	- \$	18,458 \$	(18,458)	\$ - \$	- \$	- \$	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	123,924	(123,924)
Total Expenditures	\$ - \$	- \$	18,458 \$	(18,458)	\$ - \$	- \$	123,924 \$	(123,924)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - \$	- \$	(7,016) \$	(7,016)	\$ - \$	- \$	414,409 \$	414,409
Other Financing Sources (Uses)								
Transfers In	\$ - \$	- \$	- \$	-	\$ - \$	- \$	- \$	-
Total Other Financing Sources (Uses)	\$ - \$	- \$	- \$	-	\$ - \$	- \$	- \$	-
Net Change in Fund Balance	\$ - \$	- \$	(7,016) \$	(7,016)	\$ - \$	- \$	414,409 \$	414,409
Fund Balance - Beginning	-	-	75,225	75,225	-	-	829,137	829,137
Fund Balance - Ending	\$ - \$	- \$	68,209 \$	68,209	\$ - \$	- \$	1,243,546 \$	1,243,546

Exhibit 35

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Coal Road Economic Development Fund				E-911 Fund			
	Budget Amounts		Actual Amounts		Budget Amounts		Actual Amounts	
	Original	Final	Final	Pos (Neg)	Original	Final	Final	Pos (Neg)
REVENUES								
Other Local Taxes	\$ -	\$ -	\$ 314,630	\$ 314,630	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	3,342	3,342
Intergovernmental:								
Commonwealth	-	-	-	-	1,688,182	1,688,182	844,353	(843,829)
Federal Government	-	-	-	-	-	-	72,848	72,848
Total Revenues	\$ -	\$ -	\$ 314,630	\$ 314,630	\$ 1,688,182	\$ 1,688,182	\$ 920,543	\$ (767,639)
EXPENDITURES:								
Current:								
Judicial Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-	2,133,468	2,133,468	1,313,996	819,472
Public Works	-	-	288,804	(288,804)	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ 288,804	\$ (288,804)	\$ 2,133,468	\$ 2,133,468	\$ 1,313,996	\$ 819,472
Excess (Deficiency) of Revenues Over (Under)	\$ -	\$ -	\$ 25,826	\$ 25,826	\$ (445,286)	\$ (445,286)	\$ (393,453)	\$ 51,833
Expenditures								
Other Financing Sources (Uses)								
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,194	\$ 352,194
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,194	\$ 352,194
Net Change in Fund Balance	\$ -	\$ -	\$ 25,826	\$ 25,826	\$ (445,286)	\$ (445,286)	\$ (41,259)	\$ 404,027
Fund Balance - Beginning	-	-	42,605	42,605	2,494	2,494	290,277	287,783
Fund Balance - Ending	\$ -	\$ -	\$ 68,431	\$ 68,431	\$ (442,792)	\$ (442,792)	\$ 249,018	\$ 691,810

Exhibit 35

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Damage Stamp Fund					Total	
	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)	Budget Amounts		Variance with Final Budget Pos (Neg)
	Original	Final			Original	Final	
REVENUES							
Other Local Taxes	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 811,238
Charges for Services	-	-	-	-	-	-	11,442
Miscellaneous	-	-	-	-	-	-	3,342
Intergovernmental:							
Commonwealth	-	-	-	-	1,688,182	1,688,182	886,078
Federal Government	-	-	-	-	-	-	72,848
Total Revenues	\$ -	\$ -	\$ -	-	\$ 1,688,182	\$ 1,688,182	\$ 96,766
EXPENDITURES:							
Current:							
Judicial Administration	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ (18,458)
Public Safety	-	-	-	-	2,133,468	2,133,468	1,313,996
Public Works	-	-	-	-	-	-	412,728
Total Expenditures	\$ -	\$ -	\$ -	-	\$ 2,133,468	\$ 2,133,468	\$ 388,286
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	\$ -	\$ -	\$ -	-	\$ (445,286)	\$ (445,286)	\$ 485,052
Other Financing Sources (Uses)							
Transfers In	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 352,194
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 352,194
Net Change in Fund Balance	\$ -	\$ -	\$ -	-	\$ (445,286)	\$ (445,286)	\$ 837,246
Fund Balance - Beginning	42	-	42	42	2,494	2,494	1,237,286
Fund Balance - Ending	\$ -	\$ -	\$ 42	42	\$ (442,792)	\$ (442,792)	\$ 1,629,246
							\$ 2,072,038

County of Tazewell, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2018

		School Operating Fund
ASSETS		
Cash and Cash Equivalents	\$	9,360,319
Cash Held for Others		13,215
Accounts Receivable		4,386
Due from Other Governmental Units		1,838,232
Prepaid items		101,280
Total Assets	\$	<u>11,317,432</u>
LIABILITIES		
Accounts Payable	\$	3,542,596
Accrued Health Claims		539,093
Due to Primary Government		2,847,458
Amounts held for others		13,215
Total Liabilities	\$	<u>6,942,362</u>
FUND BALANCE		
Nonspendable	\$	101,280
Committed		4,273,790
Total Fund Balances	\$	<u>4,375,070</u>
Total Liabilities and Fund Balances	\$	<u>11,317,432</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances - per above	\$	4,375,070
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	1,908,716
Buildings and Improvements		9,774,965
Tenancy in common		9,759,808
Machinery and equipment		<u>3,157,423</u>
		24,600,912
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	5,240,298
OPEB related items		<u>1,841,556</u>
		7,081,854
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds		
Accrued Interest payable	\$	(78,962)
Net OPEB liabilities		(22,964,000)
Compensated absences		(663,123)
Net pension liability		(47,147,312)
Capital lease		<u>(4,391,601)</u>
		(75,244,998)
Deferred inflows of resources are not due and payable in the current period, and, therefore, are not reported in the funds.		
Pension related items	\$	(7,659,960)
OPEB related items		<u>(528,000)</u>
		(8,187,960)
Net Position of governmental activities - component unit school board	\$	<u>(47,375,122)</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, 2018

	School Operating Fund
REVENUES	
Revenue from Use of Money and Property	\$ 5,097
Charges for Services	1,087,094
Miscellaneous	41,915
Recovered Costs	587,412
Intergovernmental:	
Local Government	11,976,621
Commonwealth	38,207,006
Federal Government	6,093,122
Total Revenues	<u>\$ 57,998,267</u>
EXPENDITURES:	
Current:	
Education	\$ 56,881,881
Debt Service:	
Principal Retirement	1,086,290
Interest and Other Fiscal Charges	136,096
Total Expenditures	<u>\$ 58,104,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (106,000)</u>
Net Change in Fund Balance	\$ (106,000)
Fund Balance - Beginning	4,481,070
Fund Balance - Ending	<u><u>\$ 4,375,070</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	\$ (106,000)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital outlays	\$ 821,144
Tenancy in common	739,033
Depreciation expense	<u>(1,929,331)</u>
	(369,154)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long-term debt and related items.	
Principal repayments:	
Capital lease	1,086,290
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditure in governmental funds.	
Decrease (increase) in accrued interest payable	\$ 16,562
Change in compensated absences	25,564
OPEB expense	374,232
Pension expense	<u>2,275,396</u>
	<u>2,691,754</u>
Change in net position of governmental funds - component unit school board	<u><u>\$ 3,302,890</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, 2018

	<u>Budget Amounts</u>				<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
REVENUES					
Revenue from Use of Money and Property	\$ 40,000	\$ 40,000	\$ 5,097	\$	(34,903)
Charges for Services	1,089,160	1,089,160	1,087,094		(2,066)
Miscellaneous	70,000	70,000	41,915		(28,085)
Recovered Costs	834,834	834,834	587,412		(247,422)
Intergovernmental:					
Local Government	14,413,393	14,413,393	11,976,621		(2,436,772)
Commonwealth	38,719,095	38,719,095	38,207,006		(512,089)
Federal Government	5,387,313	5,387,313	6,093,122		705,809
Total Revenues	<u>\$ 60,553,795</u>	<u>\$ 60,553,795</u>	<u>\$ 57,998,267</u>	<u>\$</u>	<u>(2,555,528)</u>
EXPENDITURES					
Current:					
Education	\$ 60,751,840	\$ 60,751,840	\$ 56,881,881	\$	3,869,959
Debt Service:					
Principal Retirement	1,500,000	1,500,000	1,086,290		413,710
Interest and Other Fiscal Charges	525,000	525,000	136,096		388,904
Total Expenditures	<u>\$ 62,776,840</u>	<u>\$ 62,776,840</u>	<u>\$ 58,104,267</u>	<u>\$</u>	<u>4,672,573</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>\$ (2,223,045)</u>	<u>\$ (2,223,045)</u>	<u>\$ (106,000)</u>	<u>\$</u>	<u>2,117,045</u>
Net Change in Fund Balance	<u>\$ (2,223,045)</u>	<u>\$ (2,223,045)</u>	<u>\$ (106,000)</u>	<u>\$</u>	<u>2,117,045</u>
Fund Balance - Beginning	2,223,045	2,223,045	4,481,070		2,258,025
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,375,070</u>	<u>\$</u>	<u>4,375,070</u>

County of Tazewell, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2018

	<u>Public Service Authority</u>	<u>Industrial Develop- ment Authority</u>	<u>Airport Authority</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 18,348	\$ 650,267	\$ 28,360	\$ 696,975
Investments	1,476,908	-	-	1,476,908
Receivables (net of allowance for uncollectibles):				
Interest receivable	-	1,563	-	1,563
Accounts receivable	795,527	-	2,342	797,869
Notes receivable	-	85,000	-	85,000
Due from other governmental units	48,661	-	8,554	57,215
Inventories	120,719	-	18,026	138,745
Prepaid items	47,241	-	1,384	48,625
Restricted assets:				
Cash and cash equivalents	193,845	-	-	193,845
Capital assets (net of accumulated depreciation):				
Land	330,662	3,604,636	629,871	4,565,169
Buildings and improvements	136,823	-	562,953	699,776
Improvements other than buildings	-	7,081,463	3,572,823	10,654,286
Machinery and equipment	673,182	-	286,776	959,958
Infrastructure	69,034,189	-	-	69,034,189
Construction in progress	4,717,346	15,046,819	-	19,764,165
Total assets	<u>\$ 77,593,451</u>	<u>\$ 26,469,748</u>	<u>\$ 5,111,089</u>	<u>\$ 109,174,288</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 234,573	\$ -	\$ 19,607	\$ 254,180
OPEB related items	48,853	-	216	49,069
Total deferred outflows of resources	<u>\$ 283,426</u>	<u>\$ -</u>	<u>\$ 19,823</u>	<u>\$ 303,249</u>
LIABILITIES				
Accounts payable	\$ 635,269	\$ 282,726	\$ 17,456	\$ 935,451
Accrued wages	88,168	-	5,386	93,554
Customers' deposits	193,845	-	-	193,845
Accrued interest payable	33,089	-	643	33,732
Long-term liabilities:				
Due within one year	2,387,256	-	16,688	2,403,944
Due in more than one year	35,060,468	2,270,313	280,788	37,611,569
Total liabilities	<u>\$ 38,398,095</u>	<u>\$ 2,553,039</u>	<u>\$ 320,961</u>	<u>\$ 41,272,095</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 106,150	\$ -	\$ 6,200	\$ 112,350
OPEB related items	17,477	-	721	18,198
Total deferred inflows of resources	<u>\$ 123,627</u>	<u>\$ -</u>	<u>\$ 6,921</u>	<u>\$ 130,548</u>
NET POSITION				
Net investment in capital assets	\$ 39,457,298	\$ 23,462,605	\$ 4,806,943	\$ 67,726,846
Unrestricted	(102,143)	454,104	(3,913)	348,048
Total Net Position	<u>\$ 39,355,155</u>	<u>\$ 23,916,709</u>	<u>\$ 4,803,030</u>	<u>\$ 68,074,894</u>

County of Tazewell, Virginia
Combining Statement of Activities
Other Component Units
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Component Unit			Total
				Public Service Authority	Industrial Development Authority	Airport Authority	
OTHER COMPONENT UNITS:							
Public Service Authority	\$ 8,341,948	\$ 6,827,766	\$ -	\$ (1,359,004)	\$ -	\$ -	\$ (1,359,004)
Industrial Development Authority	922,692	354,622	240,800	-	(327,270)	-	(327,270)
Airport Authority	681,749	11,757	126,793	-	-	(519,139)	(519,139)
Total other component units	\$ 9,946,389	\$ 7,194,145	\$ 367,593	\$ (1,359,004)	\$ (327,270)	\$ (519,139)	\$ (2,205,413)
General revenues:							
Unrestricted revenues from use of money and property							
Miscellaneous				13,236	1,563	35,255	50,054
Payments from Tazewell County				31,811	2,516	2,135	36,462
Grants and contributions not restricted to specific programs				854,810	57,037	-	911,847
Gain on disposal of capital assets				35,808	-	-	35,808
Total general revenues				-	100,000	-	100,000
Change in net position				935,665	161,116	37,390	1,134,171
Net position - beginning, as restated				(423,339)	(166,154)	(481,749)	(1,071,242)
Net position - ending				39,778,494	24,082,863	5,284,779	69,146,136
				39,355,155	23,916,709	4,803,030	68,074,894

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<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	\$ 14,187,860	\$ 14,187,860	\$ 14,406,140	\$ 218,280
Real and personal public service corporation taxes	1,030,500	1,030,500	1,157,992	127,492
Personal property taxes	5,031,034	5,031,034	5,488,607	457,573
Mobile home taxes	179,905	179,905	157,071	(22,834)
Machinery and tools taxes	1,629,010	1,629,010	1,821,313	192,303
Merchant's capital taxes	830,250	830,250	792,109	(38,141)
Penalties	346,500	346,500	364,762	18,262
Interest	203,500	203,500	313,496	109,996
Total General Property Taxes	\$ 23,438,559	\$ 23,438,559	\$ 24,501,490	\$ 1,062,931
Other Local Taxes:				
Local sales and use taxes	\$ 4,949,543	\$ 4,949,543	\$ 4,671,497	\$ (278,046)
Consumers' utility taxes	850,000	850,000	859,434	9,434
Utility license taxes	92,500	92,500	21,029	(71,471)
Motor vehicle licenses	26,000	26,000	25,726	(274)
Bank franchise taxes	50,000	50,000	57,388	7,388
Taxes on recordation and wills	225,000	225,000	248,125	23,125
Transient fee	185,000	185,000	195,650	10,650
Coal severance taxes	510,000	510,000	364,812	(145,188)
Gas severance taxes	340,000	340,000	446,977	106,977
Total Other Local Taxes	\$ 7,228,043	\$ 7,228,043	\$ 6,890,638	\$ (337,405)
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 9,012	\$ 1,512
Land use application fees	300	300	156	(144)
Transfer fees	1,750	1,750	2,454	704
Legal service fees	35,000	35,000	66,238	31,238
Cavitts Creek camping fee	25,000	25,000	16,807	(8,193)
Building permits	60,000	60,000	59,956	(44)
Installment service fees	7,500	7,500	6,898	(602)
Return check fees	375	375	625	250
Junk dealers license	1,000	1,000	1,100	100
Erosion and sediment control permit	500	500	51,967	51,467
Other permits and licenses	-	-	14,493	14,493
Total Permits, Privilege Fees and Regulatory Licenses	\$ 138,925	\$ 138,925	\$ 229,706	\$ 90,781
Fines and Forfeitures:				
Court fines and forfeitures	\$ 45,000	\$ 45,000	\$ 52,808	\$ 7,808
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 30,000	\$ 30,000	\$ 39,115	\$ 9,115
Revenue from use of property	266,020	266,020	268,373	2,353
Total Revenue from Use of Money and Property	\$ 296,020	\$ 296,020	\$ 307,488	\$ 11,468
Charges for Services:				
Commonwealth attorney fees	\$ 8,000	\$ 8,000	\$ 9,262	\$ 1,262
Courthouse maintenance fees	12,500	12,500	12,013	(487)
Courthouse security fees	75,000	75,000	69,048	(5,952)
Courthouse admission fee	211,000	211,000	559,663	348,663
Library fees	25,000	25,000	23,738	(1,262)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Court appointed attorney	\$ -	\$ -	\$ 5,501	\$ 5,501
Gun permit fees	-	-	40,133	40,133
County garage service fees	165,000	165,000	219,302	54,302
Charges for animal pound	10,000	10,000	7,954	(2,046)
Miscellaneous jail and inmate fees	-	-	18,668	18,668
Sheriff special project fees	-	-	3,743	3,743
Other charges for service	-	-	2,819	2,819
Total Charges for Services	\$ 506,500	\$ 506,500	\$ 971,844	\$ 465,344
Miscellaneous:				
Miscellaneous	\$ 500,000	\$ 500,000	\$ 49,102	\$ (450,898)
Expenditure refunds	8,000	8,000	-	(8,000)
Total Miscellaneous	\$ 508,000	\$ 508,000	\$ 49,102	\$ (458,898)
Recovered Costs:				
Library	\$ 15,000	\$ 15,000	\$ 15,008	\$ 8
Health department	-	-	42,120	42,120
Welfare recoveries	35,000	35,000	19,653	(15,347)
Sheriff	-	-	37,177	37,177
Insurance recoveries	82,000	82,000	78,244	(3,756)
Southwest Virginia Regional Jail Authority	-	-	201,668	201,668
VRS refund	660,000	660,000	649,368	(10,632)
EMS Recoveries	557,500	557,500	75,678	(481,822)
Other recoveries	100,000	100,000	30,058	(69,942)
Total Recovered Costs	\$ 1,449,500	\$ 1,449,500	\$ 1,148,974	\$ (300,526)
Total Revenue from Local Sources	\$ 33,610,547	\$ 33,610,547	\$ 34,152,050	\$ 541,503
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
Mobile home titling tax	\$ 85,000	\$ 85,000	\$ 68,441	\$ (16,559)
Motor vehicle rental tax	35,000	35,000	36,248	1,248
Rolling stock tax	115,000	115,000	131	(114,869)
Personal property tax relief funds	2,758,262	2,758,262	2,758,262	-
Total Noncategorical Aid	\$ 2,993,262	\$ 2,993,262	\$ 2,863,082	\$ (130,180)
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 709,251	\$ 709,251	\$ 724,807	\$ 15,556
Sheriff	1,869,130	1,869,130	1,892,853	23,723
Commissioner of the Revenue	144,441	144,441	156,690	12,249
Treasurer	164,154	164,154	174,579	10,425
Registrar/Electoral Board	41,000	41,000	42,321	1,321
Clerk of the Circuit Court	455,471	455,471	483,422	27,951
Total Shared Expenses	\$ 3,383,447	\$ 3,383,447	\$ 3,474,672	\$ 91,225
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,567,923	\$ 2,567,923	\$ 2,587,898	\$ 19,975
Comprehensive Services Act	1,487,500	1,487,500	1,300,115	(187,385)
Fire programs	89,750	89,750	92,465	2,715

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Other Categorical Aid: (continued)				
At risk youth and family	\$ 9,412	\$ 9,412	\$ 104,104	\$ 94,692
Litter control	11,500	11,500	10,921	(579)
Corrective service grant	129,618	129,618	131,429	1,811
Victim witness grant	40,314	40,314	37,325	(2,989)
School resource officer	34,660	34,660	34,723	63
Virginia tourism grant	-	-	7,625	7,625
Library of VA - record preservation grant	152,387	152,387	167,163	14,776
Commission on the arts	4,500	4,500	4,500	-
Substance abuse task force in rural Appalachia	75,179	75,179	74,532	(647)
Emergency services grant	39,051	39,051	-	(39,051)
Bulletproof vest grant	86,000	86,000	25,196	(60,804)
Domestic violence DCJS grant	45,000	45,000	45,000	-
Other grants	500,000	500,000	6,933	(493,067)
Total Other Categorical Aid	<u>\$ 5,272,794</u>	<u>\$ 5,272,794</u>	<u>\$ 4,629,929</u>	<u>\$ (642,865)</u>
Total Revenue from the Commonwealth	<u>\$ 11,649,503</u>	<u>\$ 11,649,503</u>	<u>\$ 10,967,683</u>	<u>\$ (681,820)</u>
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ 16,000	\$ 16,000	\$ 28,957	\$ 12,957
Categorical Aid:				
Public assistance and welfare administration	\$ 3,695,303	\$ 3,695,303	\$ 3,722,315	\$ 27,012
Emergency preparedness	7,500	7,500	7,500	-
Victim witness	111,974	111,974	111,974	-
Violence against women	27,584	27,584	13,792	(13,792)
HIDTA grant	-	-	43,062	43,062
Work force investment	16,000	16,000	58,379	42,379
Motor vehicle grant	-	-	19,270	19,270
Total Categorical Aid	<u>\$ 3,858,361</u>	<u>\$ 3,858,361</u>	<u>\$ 3,976,292</u>	<u>\$ 117,931</u>
Total Revenue from the Federal Government	<u>\$ 3,874,361</u>	<u>\$ 3,874,361</u>	<u>\$ 4,005,249</u>	<u>\$ 130,888</u>
Total General Fund	<u>\$ 49,134,411</u>	<u>\$ 49,134,411</u>	<u>\$ 49,124,982</u>	<u>\$ (9,429)</u>
Law Library Fund				
Charges for Services:				
Law library fees	\$ -	\$ -	\$ 11,442	\$ 11,442
Total Charges for Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,442</u>	<u>\$ 11,442</u>
Total Law Library Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,442</u>	<u>\$ 11,442</u>
Coal Road Improvement Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	\$ -	\$ -	\$ 496,608	\$ 496,608

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Coal Road Improvement Fund (continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical Aid:				
Clinic Rd Lap - VDOT	\$ -	\$ -	\$ 41,725	\$ 41,725
Total Coal Road Improvement Fund	\$ -	\$ -	\$ 538,333	\$ 538,333
Coal Road Economic Development Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	\$ -	\$ -	\$ 314,630	\$ 314,630
E-911 Fund				
Revenue from Local Sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 3,342	\$ 3,342
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical Aid:				
PSAP, VITA, and RSAF grants	\$ 1,051,182	\$ 1,051,182	\$ 237,727	\$ (813,455)
Noncategorical Aid:				
E-911 communications tax	\$ 637,000	\$ 637,000	\$ 606,626	\$ (30,374)
Total Revenue from the Commonwealth	\$ 1,688,182	\$ 1,688,182	\$ 844,353	\$ (843,829)
Revenue from the Federal Government:				
Categorical Aid:				
Department of Emergency Management	\$ -	\$ -	\$ 72,848	\$ 72,848
Total E-911 Fund	\$ 1,688,182	\$ 1,688,182	\$ 920,543	\$ (767,639)
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	\$ 30,289	\$ (6,066)
Miscellaneous:				
Miscellaneous	\$ 400,000	\$ 400,000	\$ 32,700	\$ (367,300)
Total Revenue from Local Sources	\$ 436,355	\$ 436,355	\$ 62,989	\$ (373,366)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical Aid:				
Other Categorical Aid:				
Other grant revenues	\$ 950,000	\$ 950,000	\$ 73,035	\$ (876,965)
Total County CIP Fund	\$ 1,386,355	\$ 1,386,355	\$ 136,024	\$ (1,250,331)
Total Primary Government	\$ 52,208,948	\$ 52,208,948	\$ 51,045,954	\$ (1,162,994)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of property	\$ 40,000	\$ 40,000	\$ 5,097	\$ (34,903)
Charges for Services:				
Tuition	\$ 489,160	\$ 489,160	\$ 480,892	\$ (8,268)
Cafeteria sales	550,000	550,000	561,067	11,067
Charges for damaged books	-	-	2,721	2,721
Charges for transportation	50,000	50,000	42,414	(7,586)
Total Charges for Services	\$ 1,089,160	\$ 1,089,160	\$ 1,087,094	\$ (2,066)
Miscellaneous:				
Miscellaneous	\$ 70,000	\$ 70,000	\$ 41,915	\$ (28,085)
Recovered Costs:				
Rebates and refunds	\$ 664,964	\$ 664,964	\$ 540,545	\$ (124,419)
Insurance recoveries	100,000	100,000	-	(100,000)
JROTC	69,870	69,870	46,867	(23,003)
Total Recovered Costs	\$ 834,834	\$ 834,834	\$ 587,412	\$ (247,422)
Total Revenue from Local Sources	\$ 2,033,994	\$ 2,033,994	\$ 1,721,518	\$ (312,476)
Intergovernmental:				
Revenue from Local Governments:				
Contribution from the County of Tazewell	\$ 14,413,393	\$ 14,413,393	\$ 11,976,621	\$ (2,436,772)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 488,806	\$ 488,806	\$ 488,806	\$ -
At risk payments	759,913	759,913	780,260	20,347
Basic school aid	17,925,340	17,925,340	17,996,516	71,176
Compensation supplements	-	-	188,273	188,273
Dual enrollment	400,000	400,000	409,863	9,863
ESL	12,362	12,362	12,837	475
E-rate funding	526,600	526,600	305,450	(221,150)
Foster care	-	-	14,071	14,071
GED funding	24,881	24,881	24,881	-
Gifted and talented children	199,077	199,077	199,990	913
GLI instructional	81,256	81,256	81,629	373
Mentor teaching program	5,055	5,055	7,446	2,391
Reading intervention	101,863	101,863	118,445	16,582
Reduced K-3 classroom	925,294	925,294	896,732	(28,562)
Remedial education	743,492	743,492	746,903	3,411
Remedial summer education	50,160	50,160	45,798	(4,362)
Retirement	2,726,139	2,726,139	2,738,645	12,506
School food	33,799	33,799	56,852	23,053
Share of state sales tax	6,568,433	6,568,433	6,208,171	(360,262)
Social security	1,186,338	1,186,338	1,191,780	5,442
SOL algebra readiness	98,160	98,160	100,658	2,498
Special education - SOQ	2,527,062	2,527,062	2,538,654	11,592
Special education - foster care	29,198	29,198	25,381	(3,817)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Special education - homebound	\$ 92,559	\$ 92,559	\$ 98,550	\$ 5,991
State textbook payments	446,014	446,014	448,060	2,046
State lottery payments	1,129,963	1,129,963	1,119,824	(10,139)
Technology assistance	503,200	503,200	505,200	2,000
Vocational education - SOQ	617,546	617,546	620,379	2,833
Vocational education - equipment	27,720	27,720	15,044	(12,676)
Vocational education - adult	-	-	6,118	6,118
Vocational occupational preparedness	-	-	18,605	18,605
Other state payments	488,865	488,865	197,185	(291,680)
Total Categorical Aid	<u>\$ 38,719,095</u>	<u>\$ 38,719,095</u>	<u>\$ 38,207,006</u>	<u>\$ (512,089)</u>
Total Revenue from the Commonwealth	<u>\$ 38,719,095</u>	<u>\$ 38,719,095</u>	<u>\$ 38,207,006</u>	<u>\$ (512,089)</u>
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 12,664	\$ 12,664
Title I	1,600,575	1,600,575	1,471,529	(129,046)
Title II, A Staff training	238,294	238,294	386,964	148,670
Vocational education	116,130	116,130	128,446	12,316
Title VI-B	1,454,908	1,454,908	1,445,651	(9,257)
Title VI-B Preschool	69,474	69,474	93,247	23,773
Title V-B-2	117,428	117,428	240,686	123,258
Title IV - Student Support	41,504	41,504	31,462	(10,042)
CACFP	-	-	19,168	19,168
HHFKA Demo	-	-	30,888	30,888
School food commodities	-	-	155,303	155,303
School breakfast	410,000	410,000	589,153	179,153
School lunch	1,314,000	1,314,000	1,479,635	165,635
Fresh fruit and vegetable program	25,000	25,000	8,326	(16,674)
Total Categorical Aid	<u>\$ 5,387,313</u>	<u>\$ 5,387,313</u>	<u>\$ 6,093,122</u>	<u>\$ 705,809</u>
Total Revenue from the Federal Government	<u>\$ 5,387,313</u>	<u>\$ 5,387,313</u>	<u>\$ 6,093,122</u>	<u>\$ 705,809</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 60,553,795</u>	<u>\$ 60,553,795</u>	<u>\$ 57,998,267</u>	<u>\$ (2,555,528)</u>

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of supervisors	\$ 145,393	\$ 145,393	\$ 133,328	\$ 12,065
General and Financial Administration:				
County administrator	\$ 256,851	\$ 269,425	\$ 281,840	\$ (12,415)
Legal services	343,115	355,060	353,357	1,703
Economic development	299,019	299,019	153,699	145,320
Commissioner of revenue	591,519	590,377	551,229	39,148
Reassessment	350,000	371,732	320,500	51,232
Treasurer	653,045	658,671	673,783	(15,112)
Finance office	316,757	316,757	309,644	7,113
Administration services	127,541	127,541	121,040	6,501
County garage	342,119	342,119	339,804	2,315
Information technology	479,362	479,362	458,748	20,614
Workforce consortium	61,420	95,996	27,572	68,424
Transit system	80,124	80,124	74,000	6,124
Total General and Financial Administration	\$ 3,900,872	\$ 3,986,183	\$ 3,665,216	\$ 320,967
Board of Elections:				
Registrar	\$ 240,735	\$ 240,735	\$ 225,205	\$ 15,530
Total General Government Administration	\$ 4,287,000	\$ 4,372,311	\$ 4,023,749	\$ 348,562
Judicial Administration:				
Courts:				
Clerk of the Circuit Court	\$ 823,154	\$ 837,856	\$ 818,829	\$ 19,027
Circuit court	133,701	136,989	138,493	(1,504)
District court	15,862	15,862	12,145	3,717
Magistrate	6,425	6,425	5,203	1,222
Victim's witness assistance	199,468	197,668	182,790	14,878
V - stop	37,684	37,684	37,452	232
Juvenile and domestic relations court	9,887	9,887	7,347	2,540
Total Courts	\$ 1,226,181	\$ 1,242,371	\$ 1,202,259	\$ 40,112
Commonwealth's Attorney:				
Commonwealth's attorney	\$ 1,160,560	\$ 1,169,150	\$ 1,119,858	\$ 49,292
Total Judicial Administration	\$ 2,386,741	\$ 2,411,521	\$ 2,322,117	\$ 89,404
Public Safety:				
Law Enforcement and Traffic Control:				
Sheriff	\$ 5,580,103	\$ 5,642,884	\$ 4,726,386	\$ 916,498
DARE program	9,596	9,696	7,969	1,727
Total Law Enforcement and Traffic Control	\$ 5,589,699	\$ 5,652,580	\$ 4,734,355	\$ 918,225
Fire and Rescue Services:				
Volunteer fire departments	\$ 423,542	\$ 434,483	\$ 348,533	\$ 85,950
Volunteer rescue squads	157,347	157,347	106,731	50,616
Total Fire and Rescue Services	\$ 580,889	\$ 591,830	\$ 455,264	\$ 136,566

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Public Safety: (continued)				
Correction and Detention:				
Jail	\$ 4,971,196	\$ 4,971,196	\$ 4,871,196	\$ 100,000
Probation office	278,146	279,261	282,149	(2,888)
Youth and family services	2,020,250	2,020,250	2,024,402	(4,152)
Special police	2,500	2,500	2,300	200
Total Correction and Detention	\$ 7,272,092	\$ 7,273,207	\$ 7,180,047	\$ 93,160
Inspections:				
Building Inspections	\$ 224,316	\$ 224,316	\$ 220,552	\$ 3,764
Other Protection:				
Human services	\$ 348,282	\$ 348,282	\$ 332,108	\$ 16,174
Emergency services	922,624	994,781	978,133	16,648
Animal control	233,904	233,904	167,054	66,850
Property maintenance	71,737	71,737	27,759	43,978
E911 System	-	-	1,606	(1,606)
Forestry service	20,000	20,000	19,696	304
Substance Abuse Force in Rural Appalachia	76,715	76,715	74,073	2,642
Total Other Protection	\$ 1,673,262	\$ 1,745,419	\$ 1,600,429	\$ 144,990
Total Public Safety	\$ 15,340,258	\$ 15,487,352	\$ 14,190,647	\$ 1,296,705
Public Works:				
Maintenance of Streets, Highways, and Bridges:				
Orphan Road upgrading	\$ 285,651	\$ 239,212	\$ 21,304	\$ 217,908
Sanitation and Waste Removal:				
Transfer station	\$ 375,000	\$ 376,195	\$ 1,182	\$ 375,013
Maintenance of General Building and Grounds:				
General properties	\$ 1,353,203	\$ 1,351,965	\$ 1,281,843	\$ 70,122
Fairgrounds operations	55,670	57,908	56,888	1,020
Total Maintenance of General Buildings and Grounds	\$ 1,408,873	\$ 1,409,873	\$ 1,338,731	\$ 71,142
Total Public Works	\$ 2,069,524	\$ 2,025,280	\$ 1,361,217	\$ 664,063
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 485,756	\$ 485,756	\$ 485,756	\$ -
Mental health and mental Retardation:				
Cumberland Mountain Community Services Board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Public Assistance	\$ 7,635,260	\$ 7,635,260	\$ 3,290,520	\$ 4,344,740
Welfare Administration	1,012,618	992,778	4,878,949	(3,886,171)
Total Welfare	\$ 8,647,878	\$ 8,628,038	\$ 8,169,469	\$ 458,569
Total Health and Welfare	\$ 9,193,634	\$ 9,173,794	\$ 8,715,225	\$ 458,569
Education:				
Other Instructional Costs:				
Contribution to community colleges	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Contribution to Tazewell County School Board	13,875,885	13,875,885	11,976,621	1,899,264
Total Education	\$ 13,955,885	\$ 13,955,885	\$ 12,056,621	\$ 1,899,264

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Parks, Recreational and Cultural:				
Parks and Recreation:				
Cavitt's Creek Park	\$ 224,071	\$ 224,071	\$ 204,829	\$ 19,242
Museums	76,500	76,500	75,777	723
Total Parks and Recreation	<u>\$ 300,571</u>	<u>\$ 300,571</u>	<u>\$ 280,606</u>	<u>\$ 19,965</u>
Library:				
Library Administration	\$ 1,101,805	\$ 1,117,554	\$ 1,107,697	\$ 9,857
Total Parks, Recreation and Cultural	<u>\$ 1,402,376</u>	<u>\$ 1,418,125</u>	<u>\$ 1,388,303</u>	<u>\$ 29,822</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 53,200	\$ 53,200	\$ 52,500	\$ 700
Tourism	209,312	223,045	217,256	5,789
Planning and engineering	288,153	288,153	227,210	60,943
Contribution to Community Organizations	329,120	351,485	359,040	(7,555)
Contribution to Airport	126,793	126,793	126,793	-
Contribution to IDA	-	-	32,037	(32,037)
Contribution to Tazewell County PSA	150,000	150,000	150,000	-
Total Planning and Community Development	<u>\$ 1,156,578</u>	<u>\$ 1,192,676</u>	<u>\$ 1,164,836</u>	<u>\$ 27,840</u>
Cooperative Extension Program:				
VPI extension	\$ 120,218	\$ 120,218	\$ 107,465	\$ 12,753
Total Community Development	<u>\$ 1,276,796</u>	<u>\$ 1,312,894</u>	<u>\$ 1,272,301</u>	<u>\$ 40,593</u>
Non-departmental:				
Contingent expenditures	\$ 920,644	\$ 675,696	\$ 12,409	\$ 663,287
Debt Service:				
Principal retirement	\$ 806,031	\$ 806,031	\$ 1,499,033	\$ (693,002)
Interest	453,969	453,969	844,279	(390,310)
Total Debt Service	<u>\$ 1,260,000</u>	<u>\$ 1,260,000</u>	<u>\$ 2,343,312</u>	<u>\$ (1,083,312)</u>
Total General Fund	<u>\$ 52,092,858</u>	<u>\$ 52,092,858</u>	<u>\$ 47,685,901</u>	<u>\$ 4,406,957</u>
Nonmajor Special Revenue Funds:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law library	\$ -	\$ -	\$ 18,458	\$ (18,458)
Coal Road Improvement Fund:				
Public Works:				
Maintenance of Highways, streets, bridges, and sidewalks	\$ -	\$ -	\$ 123,924	\$ (123,924)
Coal Road Economic Development Fund:				
Public Works:				
Economic development	\$ -	\$ -	\$ 288,804	\$ (288,804)

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Nonmajor Special Revenue Funds: (continued)				
E-911 Fund:				
Other Protection:				
Public safety	\$ 2,133,468	\$ 2,133,468	\$ 1,313,996	\$ 819,472
Total Nonmajor Special Revenue Funds	\$ 2,133,468	\$ 2,133,468	\$ 1,745,182	\$ 388,286
Major Capital Project Fund:				
County CIP Fund:				
Public Works:				
Contributions to the Public Service Authority	\$ 920,890	\$ 920,890	\$ 854,810	\$ 66,080
Community Development:				
Contributions to the Industrial Development Authority	\$ 150,000	\$ 150,000	\$ 25,000	\$ 125,000
Capital Projects:				
County capital project	\$ 2,810,000	\$ 2,810,000	\$ 433,400	\$ 2,376,600
Total County CIP Fund	\$ 3,880,890	\$ 3,880,890	\$ 1,313,210	\$ 2,567,680
Total Primary Government	\$ 58,107,216	\$ 58,107,216	\$ 50,744,293	\$ 7,362,923
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 4,006,063	\$ 4,006,063	\$ 3,745,032	\$ 261,031
Cafeteria operation	2,918,042	2,918,042	3,186,260	(268,218)
Total Administration of school	\$ 6,924,105	\$ 6,924,105	\$ 6,931,292	\$ (7,187)
Instructional:				
Instruction	\$ 42,211,995	\$ 42,211,995	\$ 39,138,567	\$ 3,073,428
Other operating costs				
Pupil transportation	\$ 3,673,402	\$ 3,673,402	\$ 3,296,278	\$ 377,124
Operation and maintenance of school plant	5,021,110	5,021,110	4,972,801	48,309
Technical resources	2,921,228	2,921,228	2,542,943	378,285
Total other operating costs	\$ 11,615,740	\$ 11,615,740	\$ 10,812,022	\$ 803,718
Total Education	\$ 60,751,840	\$ 60,751,840	\$ 56,881,881	\$ 3,869,959
Debt Service:				
Principal retirement	\$ 1,500,000	\$ 1,500,000	\$ 1,086,290	\$ 413,710
Interest and fiscal charges	525,000	525,000	136,096	388,904
Total Debt Service	\$ 2,025,000	\$ 2,025,000	\$ 1,222,386	\$ 802,614
Total School Operating Fund	\$ 62,776,840	\$ 62,776,840	\$ 58,104,267	\$ 4,672,573
Total Discretely Presented Component Unit-School Board	\$ 62,776,840	\$ 62,776,840	\$ 58,104,267	\$ 4,672,573

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	Interest on Long-Term Debt	Landfill	Total
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
2013-14	5,033,042	2,455,018	13,249,481	6,343,517	8,134,269	15,816,718	1,369,916	1,853,237	399,721	1,573,233	56,228,152
2014-15	5,341,134	3,313,678	15,278,730	7,195,353	7,914,541	13,914,784	1,507,870	1,067,600	314,193	1,770,276	57,618,159
2015-16	5,951,692	3,173,371	13,873,649	4,493,410	8,152,624	13,353,326	1,165,905	1,099,152	320,679	1,926,065	53,509,873
2016-17	5,426,841	3,190,221	14,237,930	3,686,198	8,470,019	13,273,962	1,336,454	1,139,934	654,959	2,000,193	53,416,711
2017-18	3,796,817	2,874,446	15,144,377	2,963,089	8,731,480	12,056,621	2,145,145	1,322,293	627,138	2,315,958	51,977,364

Table 2

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

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
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
2013-14	1,447,313	12,062,171		27,509,639	9,285,513	425,796	485,712	3,759,152	54,975,296
2014-15	1,437,334	12,655,943		24,806,128	7,991,869	332,444	1,100,181	3,757,650	52,081,549
2015-16	1,071,528	13,190,909		26,226,424	6,901,746	329,816	447,548	3,728,032	51,896,003
2016-17	891,969	13,149,277		24,906,174	7,605,273	329,599	591,915	3,659,505	51,133,712
2017-18	1,416,491	12,506,228		23,661,693	7,701,876	337,777	98,340	3,498,665	49,221,070

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Capital Projects	Debt Service	Total
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
2013-14	5,489,790	2,455,503	13,245,158	6,471,548	8,183,291	56,714,966	1,360,475	1,737,768	364,528	-	1,797,362	97,820,389
2014-15	5,772,315	3,402,648	15,341,044	7,153,041	7,955,651	62,685,113	1,552,509	956,162	497,324	-	1,055,604	106,371,411
2015-16	6,183,097	3,218,821	14,228,870	5,127,796	8,317,691	60,723,862	1,420,994	980,731	619,775	-	2,139,823	102,961,460
2016-17	5,640,127	3,132,105	14,778,822	3,314,163	8,362,506	57,145,016	1,342,090	973,789	338,815	-	4,164,434	99,191,867
2017-18	4,457,149	2,340,575	15,504,643	2,628,755	8,715,225	56,961,881	1,388,303	1,297,301	12,409	-	3,565,698	96,871,939

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
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	99,953,648
2013-14	27,346,925	9,335,959	312,004	42,505	433,645	1,302,116	1,791,617	1,261,012	58,038,884	99,864,667
2014-15	24,738,746	8,060,659	378,410	71,963	341,579	1,162,471	1,226,111	1,611,264	59,555,518	97,146,721
2015-16	24,474,804	6,901,746	331,782	52,080	354,381	1,004,989	522,481	1,204,894	60,599,417	95,446,574
2016-17	24,605,026	7,605,273	175,550	63,875	337,299	1,521,353	302,798	2,158,735	62,406,844	99,176,753
2017-18	24,501,490	7,701,876	229,706	52,808	342,874	2,070,380	127,059	1,736,386	60,305,021	97,067,600

(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
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%
2013-14	26,632,825	25,646,617	96.30%	929,615	26,576,232	99.79%	1,455,372	5.46%
2014-15	25,540,970	23,004,731	90.07%	941,423	23,946,154	93.76%	1,233,192	4.83%
2015-16	26,633,971	25,583,198	96.05%	1,049,309	26,632,507	99.99%	2,065,848	7.76%
2016-17	26,083,174	25,791,783	98.88%	951,614	26,743,397	102.53%	2,258,280	8.66%
2017-18	25,775,840	25,419,900	98.62%	1,161,594	26,581,494	103.13%	2,345,758	9.10%

(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
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
2013-14	2,751,921,200	439,183,000	150,614,300	25,187,000	177,691,147	3,544,596,647
2014-15	2,788,112,400	442,628,944	115,749,000	24,289,700	176,684,724	3,547,464,768
2015-16	2,663,296,800	433,577,251	109,308,261	23,703,017	182,456,119	3,412,341,448
2016-17	2,653,393,750	434,951,196	85,434,736	22,026,809	186,984,542	3,382,791,033
2017-18	2,652,574,550	426,879,741	75,498,859	20,728,800	210,192,345	3,385,874,295

(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
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
2013-14	0.57	2.00	2.00	3.80	0.57	2.00
2014-15	0.55	2.00	2.00	3.80	0.55	2.00
2015-16	0.55	2.00	2.00	3.80	0.55	2.00
2016-17	0.55	2.00	2.00	3.80	0.55	2.00
2017-18	0.55	2.00	2.00	3.80	0.55	2.00

(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
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
2013-14	45,078	3,544,596,647	8,077,987	0.23%	179
2014-15	45,078	3,547,464,768	7,782,189	0.22%	173
2015-16	45,078	3,412,341,448	7,237,855	0.21%	161
2016-17	45,078	3,382,791,033	6,276,668	0.19%	139
2017-18	45,078	3,385,874,295	5,537,635	0.16%	123

(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
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%
2013-14	782,407	467,741	1,250,148	97,820,389	1.28%
2014-15	295,798	321,897	617,695	106,371,411	0.58%
2015-16	544,334	364,102	908,436	102,961,460	0.88%
2016-17	1,691,187	1,004,878	2,696,065	99,191,867	2.72%
2017-18	1,499,033	844,279	2,343,312	96,871,939	2.42%

(1) Includes General Fund of the Primary Government

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit school board, the aggregate remaining discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tazewell, Virginia as of and for the year ended June 30, 2018, 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 27, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [2018-001]

Compliance and Other Matters

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

County of Tazewell, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 27, 2018

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Tazewell, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Tazewell, Virginia's major federal programs for the year ended June 30, 2018. County of Tazewell, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Tazewell, Virginia's basic financial statements include the operations of the Public Service Authority (the Authority) which received \$2,119,771 in federal awards which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of the Authority because the Authority engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Tazewell, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2018-002], which we consider to be material weaknesses.

Report on Internal Control over Compliance (continued)

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 27, 2018

County of Tazewell, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

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, 91129	\$ 31,756
Temporary Assistance for Needy Families (TANF)	93.558	90603, 91109, 91110, 91111 91112, 91127, 90365, 90366 90367, 90377, 90603, 90665 91109, 91110, 91111, 91112, 91127, 90365, 90366, 90367 90377, 90390	539,396
Refugee and Entrant Assistance - State Administered Programs	93.566	91113	806
Low-Income Home Energy Assistance	93.568	91114	73,466
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	91118, 91116, 91117, 90378 90236, 90237, 90238, 90239 90378, 90517, 90540, 90529	87,038
Chafee Education and Training Vouchers Program	93.599	90353	964
Stephanie Tubbs Jones Child Welfare Services Program	93.645	91131	1,753
Foster Care - Title IV-E	93.658	90636, 90637, 90369, 90657 90658, 91105, 91106, 91107, 91133, 91138, 91147, 91148, 91405, 91406, 91407, 91433 91438, 91447, 91448, 90636, 90637, 90639, 90657, 90658 90638, 90656, 90209, 91105 90606, 90627, 90607, 91108 91408, 90606, 90627, 90607	540,768
Adoption Assistance	93.659	90340, 91120, 91122, 91123 91124, 91125, 91126, 91142 90351, 90379, 90648, 90358 90340, 91120, 91122, 91123 91124, 91125, 91126, 91142	646,550
Social Services Block Grant	93.667	91134, 90356, 91134, 90356 91102, 91402, 90668, 90173 90213, 90667, 90174, 91101 91146, 91150, 91401, 91446 91450, 91101, 91146, 91150	421,486
Chafee Foster Care Independence Program	93.674		8,245
Children's Health Insurance Program	93.767		26,575
Medical Assistance Program	93.778		671,516
Total Department of Health and Human Services			<u>\$ 3,050,319</u>
Department of Agriculture:			
Pass-through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	40591	\$ 589,153
National School Lunch Program	10.555	40623	\$ 1,479,635
Department of Agriculture:			
Food Distribution	10.555	Unknown	153,331 1,632,966
Summer Food Service Program for Children	10.559	Not applicable	1,972 \$ 2,224,091
Child and Adult Care Food Program (CACFP)	10.558	Unknown	19,168
Fresh Fruit and Vegetable Program	10.582	Unknown	8,326
Child Nutrition Discretionary Grants Limited Availability	10.579	Unknown	30,888
Department of Education:			
Schools and Roads - Grants to States	10.665	43841	12,664
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	91103, 91403, 90212, 90666 91103, 91403, 90304, 91104 91404, 90303	<u>671,995</u>
Total Department of Agriculture			<u>\$ 2,967,132</u>
Department of Labor:			
Pass-through Payments:			
Russell County:			
WIOA Cluster:			
WIOA Adult Program	17.258	53427	\$ 52,060
WIOA Youth Activities	17.259	53427	1,455
WIOA Dislocated Worker Formula Grants	17.278	53427	<u>4,864 \$ 58,379</u>

County of Tazewell, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2018

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	11VAGX0001	\$ 111,974
Violence Against Women Formula Grants	16.588	10WFAX0041	13,792
Total Department of Justice			<u>\$ 125,766</u>
Executive Office of the President			
Pass-through Payments:			
Appalachia HIDTA:			
High Intensity Drug Trafficking Areas Program	95.001	G17AP0001A	\$ 43,062
Department of Homeland Security:			
Pass-through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Unknown	\$ 7,500
Homeland Security Grant Program	97.067	Unknown	72,848
Total Department of Homeland Security			<u>\$ 80,348</u>
Department of Transportation:			
Pass-through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	AL-2012-52037-4415	\$ 4,943
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2011-51206-4148	14,328
Department of Education:			
Pass-through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 1,471,529
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	\$ 1,445,651
Special Education Preschool Grants	84.173	62521	93,247
Career and Technical Education: Basic Grants to States	84.048	61095	128,446
Rural Education	84.358	43481	240,686
Supporting Effective Instruction State Grant	84.367	61480	386,964
Student Support and Academic Enrichment Program	84.424	Unknown	31,462
Total Department of Education			<u>\$ 3,797,985</u>
Total Expenditures of Federal Awards			<u>\$ 10,142,262</u>
Notes to Schedule of Expenditures of Federal Awards			
Note 1 -- Basis of Presentation			
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards of the County of Tazewell, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Tazewell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Tazewell, Virginia.			
Note 2 -- Summary of Significant Accounting Policies			
(1)			
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.			
(2) Pass-through entity identifying numbers are presented where available.			
(3) The County did not elect to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.			
Note 3 -- Food Distribution			
Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.			
Note 4 -- Subrecipients			
No awards were passed through to subrecipients.			
Note 5 -- Outstanding Balance of Federal Loans			
The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.			
Note 6 -- Relationship to the Financial Statements:			
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary Government:			
General Fund			\$ 4,078,097
Less: Payment in lieu of taxes			(28,957)
Total Primary Government			<u>\$ 4,049,140</u>
Component Unit School Board:			
School Operating Fund			\$ 6,093,122
Total expenditures of federal awards per basic financial statements			<u>\$ 10,142,262</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards			<u>\$ 10,142,262</u>

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2018

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

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

Federal Awards

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

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.367	Supporting Effective Instruction State Grant

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

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section II - Financial Statement Findings

2018-001

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

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section III - Federal Award Findings and Questioned Costs

2018-002

Agency:	Department of Education
Federal Award Number/Year:	H173A160112/2016; H173A150112/2015; H027A150107/2015; H027A160107/2016
Program Titles:	Special Education Cluster
CFDA Numbers:	84.027/84.173
Pass-through Entities:	Departments of Education
Compliance Requirement:	Cash Management
Finding Type:	Noncompliance and Material Weakness
Criteria:	Amounts requested for reimbursement should be tied to the underlying expenditure reports.
Condition:	Payroll reports were not maintained to support the amounts requested on the reimbursement requests.
Questioned Costs:	Unknown
Context:	Amounts submitted for reimbursement for payroll and related expenditures should be supported by the underlying payroll reports.
Effect:	Amounts could be under or over-requested from the federal government.
Cause:	Reconciliations were not performed and reviewed prior to the reimbursement request being submitted to the state.
Recommendation:	Management should establish a process whereby amounts requested for reimbursement are reconciled to the underlying payroll and expenditure reports. Same should be reviewed in detail prior to submitting the reimbursement request(s).
Views of Responsible Officials and Planned Corrective Action:	Management agrees with the condition and will begin reconciling reimbursement requests to actual expenditures in the accounting system.

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section IV - Status of Prior Audit Findings and Questioned Costs

2017-001

Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Recommendation:	The County should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Current Status:	The recommendation was adopted and no similar findings were noted in the 2018 audit.

2017-002

This finding is repeated in the current year as 2018-001.

2017-003

Condition:	A review of 25 free and reduced lunch applications resulted in 2 individuals being inappropriately classified as denied/reduced/free in the system due to a clerical error in entering the amounts in the system.
Recommendation:	Management should establish a system to review amounts keyed in the system to ensure that totals agree to underlying applications.
Current Status:	The recommendation was adopted and no similar findings were noted in the 2018 audit.