

County of Tazewell, Virginia



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

COUNTY OF TAZEWELL, VIRGINIA

ANNUAL FINANCIAL REPORT

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COUNTY OF TAZEWell, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION

COUNTY OF TAZEWELL, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

	David Woodard, Chairman	
James Jones, Vice Chairman		H.S. Caudill
Donna Whittington		Chris Moir
	George Brown, Superintendent of Schools	

SOCIAL SERVICES BOARD

	Darrell Addison, Chairman	
Karen Rich		Tony Cordle
ChrisThompson		Robert Steele

EX-OFFICIO MEMBERS

Patricia Green, 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 and 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, 2017, 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, 2017, 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.

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, 82, and 83-89, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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.

Other Information (continued)

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 18, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Tazewell, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 18, 2017

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, 2017. 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 \$11,817,891 (net position). Of this amount, \$4,402,456 was considered unrestricted.
- The assets and deferred outflows of resources of the County's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,536,271 (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 \$30,608,836 (net position).
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$10,453,707. Of this amount \$7,694,904 was considered unassigned, \$2,516,196 was considered committed, and \$242,607 was considered nonspendable.
- During the year, the County had governmental expenses that were \$707,267 more than revenues.

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 \$13,354,162 at the close of the most recent fiscal year.

The largest portion of the County's net position \$14,001,695 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 \$(647,533) 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 2017 and 2016.

Statement of Net Position

	Governmental and Business-type Activities 2017	Governmental and Business-type Activities 2016
Current and other assets	\$ 41,087,515	\$ 42,386,235
Capital assets	32,572,792	35,242,495
Total assets	<u>\$ 73,660,307</u>	<u>\$ 77,628,730</u>
Deferred outflows	<u>\$ 2,632,525</u>	<u>\$ 1,348,744</u>
Current and other liabilities	\$ 982,647	\$ 1,628,500
Long-term liabilities	37,387,139	36,553,544
Total liabilities	<u>\$ 38,369,786</u>	<u>\$ 38,182,044</u>
Deferred inflows	<u>\$ 24,568,884</u>	<u>\$ 25,814,000</u>
Net position:		
Net investment in capital assets	\$ 14,001,695	\$ 14,359,466
Unrestricted	(647,533)	621,964
Total net position	<u>\$ 13,354,162</u>	<u>\$ 14,981,430</u>

Information for 2016 has been updated for the restatement disclosed in Note 19 in the Notes to Financial Statements.

Statement of Activities

	Governmental and Business-type Activities 2017	Governmental and Business-type Activities 2016
Program revenues		
Charges for services	\$ 891,969	\$ 1,071,528
Operating grants and contributions	13,149,277	13,190,909
General revenues		
Property taxes	24,906,174	26,226,424
Other taxes	7,605,273	6,901,746
Revenue from use of money and property	329,599	329,816
Miscellaneous	269,488	447,548
Grants and contributions not restricted to specific programs	4,159,505	3,728,032
Gain on Disposal of Capital Assets	322,427	-
Total revenues	<u>\$ 51,633,712</u>	<u>\$ 51,896,003</u>
Expenses		
General government	\$ 5,426,841	\$ 5,951,692
Judicial administration	3,190,221	3,173,371
Public safety	14,237,930	13,873,649
Public works	3,686,198	4,493,410
Health and welfare	8,470,019	8,152,624
Education	13,273,962	13,353,326
Parks, recreation and cultural	1,336,454	1,165,905
Community development	1,139,934	1,099,152
Interest on debt	654,959	320,679
Landfill	2,000,193	1,926,065
Total expenses	<u>\$ 53,416,711</u>	<u>\$ 53,509,873</u>
Change in net position	<u>\$ (1,782,999)</u>	<u>\$ (1,613,870)</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 \$10,453,707. Approximately 2% or \$242,607 is considered nonspendable, as it is for prepaid expenses and approximately 24% or \$2,516,196 has been committed by action of the Board of Supervisors. The remaining balance, \$7,694,904 or 74% 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 \$7,764,194, of this amount \$7,694,904 was considered unassigned, and \$69,290 was nonspendable. The special revenue funds, at the end of the fiscal year, had a fund balance of \$1,237,286 of which \$121,888 was considered nonspendable and \$1,115,398 was considered committed. The County CIP Fund, had a fund balance of \$1,452,227 of which \$51,429 was considered nonspendable and \$1,400,798 was considered committed.

Total governmental fund revenues increased \$1,506,792 and expenditures decreased \$923,946 over prior year amounts. For fiscal year ended June 30, 2017, expenditures exceeded revenues by \$707,267, as compared to the fiscal year ended June 30, 2016, expenditures exceeded revenues by \$3,138,005.

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, 2017, amounts to \$32,572,792 (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	\$ 664,269
OPEB obligation	2,452,700
Net pension liability	8,631,016
General obligation bonds	6,089,264
Revenue bonds	11,564,029
Literary loan	300,000
Total	<u>\$ 29,701,278</u>
Business-type Activities:	
Estimated landfill liability	\$ 6,763,419
Net pension liability	304,638
Bonds payable	617,804
Total	<u>\$ 7,685,861</u>

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

Economic Factors

The June 2017 unemployment rate for the County was 6.3%, which is a decrease from a rate of 7.6% in June 2016. This is above the state's average unemployment rate of 3.9% and also above the national average rate of 4.5%.

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, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other Component Units
ASSETS					
Cash and Cash Equivalents	\$ 5,913,855	\$ 1,881,314	\$ 7,795,169	\$ 9,252,368	\$ 2,118,014
Cash in Custody of Others	-	-	-	13,213	-
Receivables (Net of Allowance for Uncollectibles):					
Taxes	27,041,831	-	27,041,831	-	-
Accounts Receivable	277,918	66,505	344,423	327,022	746,072
Note Receivable	-	-	-	-	10,000
Due from Component Unit School Board	2,036,712	-	2,036,712	-	-
Due from Component Unit PSA	160,612	-	160,612	-	-
Due from Other Governmental Units	3,466,161	-	3,466,161	2,094,684	46,810
Internal Balances	(31,247)	31,247	-	-	-
Inventory	-	-	-	-	134,915
Prepaid Items	242,607	-	242,607	241,176	54,977
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	-	185,408
Capital Assets:					
Land	2,344,347	287,598	2,631,945	1,908,716	4,477,164
Buildings and Improvements	13,104,512	26,697	13,131,209	11,050,180	860,986
Tenancy in Common	4,391,896	-	4,391,896	9,020,775	-
Machinery and Equipment	4,515,562	-	4,515,562	2,972,295	983,489
Improvements Other Than Buildings	-	6,889,769	6,889,769	-	11,091,065
Infrastructure	-	-	-	-	71,758,783
Construction in Progress	1,012,411	-	1,012,411	18,100	15,060,011
Total Assets	\$ 64,477,177	\$ 9,183,130	\$ 73,660,307	\$ 36,898,529	\$ 107,527,694
DEFERRED OUTFLOWS OF RESOURCES					
Pension Contributions Subsequent to Measurement Date	\$ 1,016,717	\$ -	\$ 1,016,717	\$ 4,343,090	\$ 157,456
Items Related to Measurement of Net Pension Liability	1,561,433	54,375	1,615,808	3,271,494	255,476
Total Deferred Outflows of Resources	\$ 2,578,150	\$ 54,375	\$ 2,632,525	\$ 7,614,584	\$ 412,932
LIABILITIES					
Accounts Payable	\$ 812,680	\$ 6,887	\$ 819,567	\$ 3,543,112	\$ 178,871
Accrued Liabilities	-	-	-	1,854,356	488,718
Accrued Wages	-	-	-	-	70,580
Customer Deposits	-	-	-	-	185,408
Accrued Interest Payable	163,080	-	163,080	95,524	44,637
Due to Primary Government	-	-	-	2,036,712	-
Amounts Held for Others	-	-	-	13,213	-
Long-term Liabilities:					
Due Within One Year	1,908,177	195,744	2,103,921	1,602,805	2,235,475
Due in More Than One Year	27,793,101	7,490,117	35,283,218	61,940,430	35,148,683
Total Liabilities	\$ 30,677,038	\$ 7,692,748	\$ 38,369,786	\$ 71,086,152	\$ 38,352,372
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	\$ 24,556,102	\$ -	\$ 24,556,102	\$ -	\$ -
Items Related to Measurement of Net Pension Liability	4,296	8,486	12,782	4,035,797	24
Total Deferred Inflows of Resources	\$ 24,560,398	\$ 8,486	\$ 24,568,884	\$ 4,035,797	\$ 24
NET POSITION					
Net Investment in Capital Assets	\$ 7,415,435	\$ 6,586,260	\$ 14,001,695	\$ 19,492,175	\$ 68,668,533
Unrestricted	4,402,456	(5,049,989)	(647,533)	(50,101,011)	919,697
Total Net Position	\$ 11,817,891	\$ 1,536,271	\$ 13,354,162	\$ (30,608,836)	\$ 69,588,230

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, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	School Board	Other Component Units
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government Administration	\$ 5,426,841	\$ 46,812	\$ 343,247	\$ -	\$ (5,036,782)	\$ -	\$ -	\$ -
Judicial Administration	3,190,221	196,690	1,402,092	-	(1,591,439)	-	-	-
Public Safety	14,237,930	196,150	2,901,775	-	(11,140,005)	-	-	-
Public Works	3,686,198	171,700	11,201	-	(3,503,297)	-	-	-
Health and Welfare	8,470,019	-	6,992,266	-	(1,477,753)	-	-	-
Education	13,273,962	-	-	-	(13,273,962)	-	-	-
Parks, Recreation and Cultural	1,336,454	50,327	183,908	-	(1,102,219)	-	-	-
Community Development	1,139,934	114	1,314,788	-	174,968	-	-	-
Interest	654,959	-	-	-	(654,959)	-	-	-
Total Governmental Activities	\$ 51,416,518	\$ 661,793	\$ 13,149,277	\$ -	\$ (37,605,448)	\$ -	\$ -	\$ -
Business-type Activities								
Landfill	\$ 2,000,193	\$ 230,176	\$ -	\$ -	\$ -	(1,770,017)	\$ -	\$ -
Total Primary Government	\$ 53,416,711	\$ 891,969	\$ 13,149,277	\$ -	\$ (37,605,448)	(1,770,017)	\$ -	\$ -
Component Units:								
School Board	\$ 57,249,057	\$ 1,098,985	\$ 45,098,062	\$ -	\$ -	\$ -	(11,052,010)	\$ -
Other component units	10,479,034	7,207,626	368,255	517,558	-	-	-	(2,385,595)
Total Component Units	\$ 67,728,091	\$ 8,306,611	\$ 45,466,317	\$ 517,558	\$ -	\$ -	\$ (11,052,010)	\$ (2,385,595)
General Revenues:								
General Property Taxes					\$ 24,906,174	\$ -	\$ -	\$ -
Other Local Taxes								
Local Sales and Use Taxes					4,561,165	-	-	-
Consumers' Utility Taxes					849,422	-	-	-
Utility License Taxes					36,136	-	-	-
Motor Vehicle Licenses					22,683	-	-	-
Bank Franchise Taxes					50,939	-	-	-
Taxes on Recordation and Wills					197,163	-	-	-
Coal Severance Taxes					1,304,855	-	-	-
Hotel and Motel Taxes					160,883	-	-	-
Gas Severance Tax					422,027	-	-	-
Unrestricted Revenues from Use of Money and Property					329,599	-	7,700	36,214
Miscellaneous					259,602	9,886	43,196	96,333
Payments from Primary Government/Component Units					500,000	-	12,252,775	1,152,932
Grants and Contributions not Restricted to Specific Programs					3,659,505	-	-	35,808
Gain on Disposal of Capital Assets					-	-	-	-
Transfers					(185,522)	185,522	-	-
Gain on Disposal of Capital Assets					-	322,427	-	-
Total General Revenues and Transfers					\$ 37,074,631	\$ 517,835	\$ 12,303,671	\$ 1,321,287
Change in Net Position					\$ (530,817)	\$ (1,252,182)	\$ 1,251,661	\$ (1,064,308)
Net Position - Beginning, as restated					12,348,708	2,788,453	(31,860,497)	70,652,538
Net Position - Ending					\$ 11,817,891	\$ 1,536,271	\$ (30,608,836)	\$ 69,588,230

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

County of Tazewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>	<u>County CIP Fund</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,711,954	\$ 1,005,620	\$ 1,196,281	\$ 5,913,855
Receivables (Net of Allowance for Uncollectibles):				
Property Taxes	27,041,831	-	-	27,041,831
Other Receivables	232,385	-	45,533	277,918
Prepaid Items	69,290	51,429	121,888	242,607
Due from Other Funds	-	125,000	-	125,000
Due from Other Governmental Units	3,209,782	147,412	108,967	3,466,161
Due from Component Units	2,036,712	160,612	-	2,197,324
Total Assets	<u>\$ 36,301,954</u>	<u>\$ 1,490,073</u>	<u>\$ 1,472,669</u>	<u>\$ 39,264,696</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 539,451	\$ 37,846	\$ 235,383	\$ 812,680
Due to Other Funds	156,247	-	-	156,247
Total Liabilities	<u>\$ 695,698</u>	<u>\$ 37,846</u>	<u>\$ 235,383</u>	<u>\$ 968,927</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 27,842,062	\$ -	\$ -	\$ 27,842,062
Fund Balances:				
Nonspendable	\$ 69,290	\$ 51,429	\$ 121,888	\$ 242,607
Committed	-	1,400,798	1,115,398	2,516,196
Unassigned	7,694,904	-	-	7,694,904
Total Fund Balances	<u>\$ 7,764,194</u>	<u>\$ 1,452,227</u>	<u>\$ 1,237,286</u>	<u>\$ 10,453,707</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,301,954</u>	<u>\$ 1,490,073</u>	<u>\$ 1,472,669</u>	<u>\$ 39,264,696</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, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	10,453,707
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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		13,104,512	
Tenancy in common		4,391,896	
Machinery and equipment		4,515,562	
Construction in progress		1,012,411	25,368,728

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

Unavailable revenue	\$	3,285,960	
Items related to measurement of net pension liability		(4,296)	3,281,664

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.

1,016,717

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	\$	(163,080)	
Compensated absences		(664,269)	
Net OPEB obligation		(2,452,700)	
Net pension liability		(8,631,016)	
Deferred outflows related to measurement of net pension liability		1,561,433	
General obligation bonds		(6,089,264)	
Revenue bonds		(11,564,029)	
Literary loan		(300,000)	(28,302,925)

Net Position of Governmental Activities	\$	11,817,891
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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, 2017

	General Fund	County CIP Fund	Other Govern- mental Funds	Total
REVENUES				
General Property Taxes	\$ 24,605,026	\$ -	\$ -	\$ 24,605,026
Other Local Taxes	6,741,557	-	863,716	7,605,273
Permits, Privilege Fees and Regulatory Licenses	175,550	-	-	175,550
Fines and Forfeitures	63,875	-	-	63,875
Revenue from Use of Money and Property	296,273	33,326	-	329,599
Charges for Services	412,874	-	9,494	422,368
Miscellaneous	252,891	-	6,711	259,602
Recovered Costs	1,413,915	-	-	1,413,915
Intergovernmental	15,404,312	647,412	1,257,058	17,308,782
Total Revenues	\$ 49,366,273	\$ 680,738	\$ 2,136,979	\$ 52,183,990
EXPENDITURES:				
Current:				
General Government Administration	\$ 5,061,742	\$ 578,385	\$ -	\$ 5,640,127
Judicial Administration	2,292,573	820,890	18,642	3,132,105
Public Safety	13,260,724	-	1,518,098	14,778,822
Public Works	1,863,375	300,000	1,150,788	3,314,163
Health and Welfare	8,362,506	-	-	8,362,506
Education	12,312,775	-	-	12,312,775
Parks, Recreation and Cultural	1,342,090	-	-	1,342,090
Community Development	973,789	-	-	973,789
Nondepartmental	338,815	-	-	338,815
Debt Service:				
Principal Retirement	1,691,187	-	-	1,691,187
Interest and Other Fiscal Charges	1,004,878	-	-	1,004,878
Total Expenditures	\$ 48,504,454	\$ 1,699,275	\$ 2,687,528	\$ 52,891,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 861,819	\$ (1,018,537)	\$ (550,549)	\$ (707,267)
Other Financing Sources (Uses)				
Transfers In	\$ 382,927	\$ 352,380	\$ 106,743	\$ 842,050
Transfers Out	(1,027,572)	-	-	(1,027,572)
Total Other Financing Sources (Uses)	\$ (644,645)	\$ 352,380	\$ 106,743	\$ (185,522)
Net Change in Fund Balance	\$ 217,174	\$ (666,157)	\$ (443,806)	\$ (892,789)
Fund Balance - Beginning, as restated	7,547,020	2,118,384	1,681,092	11,346,496
Fund Balance - Ending	\$ 7,764,194	\$ 1,452,227	\$ 1,237,286	\$ 10,453,707

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

County of Tazewell, Virginia
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

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

Net changes in fund balance - total governmental funds \$ (892,789)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$	1,100,730	
Tenancy in common transfer		(961,187)	
Depreciation expense		(1,825,264)	(1,685,721)

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

192,809

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	\$	301,148	
Change in deferred inflows of resources related to the measurement of the net pension liability		945,991	1,247,139

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	\$	1,616,187	
Literary loans		75,000	1,691,187

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	\$	(42,515)	
Change in net pension liability		(2,428,191)	
Change in deferred outflows of resources related to pension		1,275,745	
Change in accrued interest payable		94,598	
Change in bond premium amortization		255,321	
Change in net OPEB obligation		(238,400)	(1,083,442)

Change in net position of governmental activities \$ (530,817)

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, 2017

	Tazewell County Landfill Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,881,314
Receivables (Net of Allowance for Uncollectibles)	66,505
Due from Other Funds	31,247
	<u>1,979,066</u>
Total Current Assets	\$ 1,979,066
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 287,598
Buildings and Improvements	26,697
Land Improvements	6,889,769
Total Capital Assets	<u>\$ 7,204,064</u>
Total Assets	<u>\$ 9,183,130</u>
DEFERRED OUTFLOWS OF RESOURCES	
Items Related to Measurement of Net Pension Liability	<u>\$ 54,375</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 6,887
Bonds Payable-Current Portion	195,744
Total Current Liabilities	<u>\$ 202,631</u>
Noncurrent Liabilities	
Net Pension Liability	\$ 304,638
Estimated Landfill Closure Liability	6,763,419
Bonds Payable	422,060
Total Noncurrent Liabilities	<u>\$ 7,490,117</u>
Total Liabilities	<u>\$ 7,692,748</u>
DEFERRED INFLOWS OF RESOURCES	
Items Related to Measurement of Net Pension Liability	<u>\$ 8,486</u>
NET POSITION	
Net Investment in Capital Assets	\$ 6,586,260
Unrestricted	(5,049,989)
Total Net Position	<u><u>\$ 1,536,271</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, 2017

	Tazewell County Landfill Fund
OPERATING REVENUES	
Charges for Services	\$ 230,176
OPERATING EXPENSES	
Personal Service	\$ 135,796
Employee Benefits	119,024
Contractual Services	895,939
Repairs and Maintenance	15,986
Closure Reserve Expense	392,537
Other Charges	102,368
Depreciation	306,409
Total Operating Expenses	\$ 1,968,059
Operating Income (Loss)	\$ (1,737,883)
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous Income	\$ 9,886
Interest Expense	(32,134)
Gain/Loss on Disposal of Assets	322,427
Total Nonoperating Revenues (Expenses)	\$ 300,179
Income (loss) before transfers	\$ (1,437,704)
TRANSFERS	
Transfers In	\$ 378,331
Transfers Out	(192,809)
Total Transfers	\$ 185,522
Change in Net Position	\$ (1,252,182)
Net Position - Beginning	2,788,453
Net Position - Ending	\$ 1,536,271

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, 2017

	Tazewell County Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 211,167
Payments to Employees for Services	(612,772)
Payments for Operating Expenses	(1,267,320)
Total Cash Provided by (Used for) Operating Activities	\$ (1,668,925)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 380,929
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Payments on Debt	\$ (364,680)
Proceeds from Sale of Assets	1,000,000
Interest Payments on Debt	(32,878)
Total Cash Provided by (Used for) Capital and Related Financing Activities	\$ 602,442
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (685,554)
Cash and Cash Equivalents - Beginning	2,566,868
Cash and Cash Equivalents - Ending	\$ 1,881,314
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (1,737,883)
Depreciation	306,409
Miscellaneous Income	9,886
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
(Increase) Decrease in Accounts Receivable	(28,895)
(Increase) Decrease in Deferred Outflows of Resources	(8,036)
Increase (Decrease) in Accounts Payable	(9,206)
Increase (Decrease) in Reconciled Overdraft	(610,969)
Increase (Decrease) in Estimated Landfill Closure Liability	392,537
Increase (Decrease) in Deferred Inflows of Resources	(26,652)
Increase (Decrease) in Net Pension Liability	75,287
Increase (Decrease) in Compensated Absences	(31,403)
Total Adjustments	\$ (247,337)
Net Cash Provided By (Used For) Operating Activities	\$ (1,668,925)
Noncash investing, capital and financing activities:	
Noncash transfer of assets to General Fund	\$ 192,089

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, 2017

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 65,499
Due from Other Governmental Units	991,778
Total Assets	<u>\$ 1,057,277</u>
LIABILITIES	
Current Liabilities:	
Due to Primary Government	\$ 794,711
Due to Other Governmental Units	197,067
Amounts Held for Others	65,499
Total Liabilities	<u>\$ 1,057,277</u>

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017 (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, 2017.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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, 2017, 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, 2017, the County contributed \$260,212.

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, 2017, the County contributed \$4,857,313.

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

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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, 2017 (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 type:

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, 2017 (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, 2017 (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 \$410,520 at June 30, 2017 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, 2017.

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 improvements	40-60
Land Improvements	40-60
Vehicles	5
Office and computer equipment	7
Other equipment	7

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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 two items that qualify for reporting in this category. One is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. The other item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

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

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, 2017 (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 Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. 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.

M. 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.

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

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

M. Fund Equity (Continued)

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.

N. 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.

O. Net Position

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

P. Net Position Flow Assumption

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

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.

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 2 - Deposits and Investments: (Continued)

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.

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 156,247
County CIP Fund	125,000	-
Landfill	31,247	-
Totals	<u>\$ 156,247</u>	<u>\$ 156,247</u>
	<u>Due From</u>	<u>Due to</u>
Primary Government	\$ 2,197,324	\$ -
Component Unit School	-	2,036,712
Component Unit PSA	-	160,612
Totals	<u>\$ 2,197,324</u>	<u>\$ 2,197,324</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 Unit PSA” for the Primary Government and “Due Within One Year” for the Component Unit PSA.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 4 - Due From Other Governmental Units:

At June 30, 2017, 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	\$ 554,211	\$ -
Commonwealth of Virginia:		
State sales taxes	794,711	-
Local sales taxes	-	1,177,553
VPA	401,081	-
CSA	297,413	-
Shared expenses	313,701	-
Categorical aid	313,144	-
Noncategorical aid	143,276	-
Federal Government:		
VPA	575,569	-
Categorical aid	73,055	917,131
Total	<u>\$ 3,466,161</u>	<u>\$ 2,094,684</u>

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 5 - Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

Primary Government:

	Restated Beginning Balance		Increases		Decreases		Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 2,293,640	\$	50,707	\$	-	\$	2,344,347
Construction in progress	617,826		445,292		(50,707)		1,012,411
Tenancy in Common	5,353,083		-		(961,187)		4,391,896
Total capital assets not being depreciated	<u>\$ 8,264,549</u>	<u>\$</u>	<u>495,999</u>	<u>\$</u>	<u>(1,011,894)</u>	<u>\$</u>	<u>7,748,654</u>
Capital assets, being depreciated:							
Buildings	\$ 23,498,742	\$	-	\$	-	\$	23,498,742
Machinery and equipment	17,357,250		848,247		-		18,205,497
Total capital assets being depreciated	<u>\$ 40,855,992</u>	<u>\$</u>	<u>848,247</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>41,704,239</u>
Accumulated depreciation:							
Buildings	\$ (9,792,589)	\$	(601,641)	\$	-	\$	(10,394,230)
Machinery and equipment	(12,466,312)		(1,223,623)		-		(13,689,935)
Total accumulated depreciation	<u>\$ (22,258,901)</u>	<u>\$</u>	<u>(1,825,264)</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>(24,084,165)</u>
Total capital assets being depreciated, net	<u>\$ 18,597,091</u>	<u>\$</u>	<u>(977,017)</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>17,620,074</u>
Governmental activities capital assets, net	<u><u>\$ 26,861,640</u></u>	<u><u>\$</u></u>	<u><u>(481,018)</u></u>	<u><u>\$</u></u>	<u><u>(1,011,894)</u></u>	<u><u>\$</u></u>	<u><u>25,368,728</u></u>

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 5 - Capital Assets: (Continued)

Primary Government: (Continued)

Tazewell County Landfill Fund:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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
Machinery and equipment	3,704,052	-	(3,704,052)	-
Total capital assets being depreciated	\$ 13,475,235	\$ -	\$ (3,704,052)	\$ 9,771,183
Accumulated depreciation:				
Buildings and improvements	\$ (152,719)	\$ (6,187)	\$ -	\$ (158,906)
Land Improvements	(2,515,285)	(180,526)	-	(2,695,811)
Machinery and equipment	(2,713,974)	(119,696)	2,833,670	-
Total accumulated depreciation	\$ (5,381,978)	\$ (306,409)	\$ 2,833,670	\$ (2,854,717)
Total capital assets being depreciated, net	\$ 8,093,257	\$ (306,409)	\$ (870,382)	\$ 6,916,466
Business-type activities capital assets, net	\$ 8,380,855	\$ (306,409)	\$ (870,382)	\$ 7,204,064

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 5 - Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 187,880
Judicial administration	4,123
Public safety	414,991
Public works	996,612
Health and welfare	31,911
Parks, recreation, and culture	29,413
Community development	<u>160,334</u>
Total depreciation expense-governmental activities	\$ <u>1,825,264</u>
Business-type activities:	
Landfill fund	\$ <u>306,409</u>

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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	-	78,037	(59,937)	18,100
Tenancy in Common (1)	8,059,588	-	961,187	9,020,775
Total capital assets not being depreciated	<u>\$ 9,968,304</u>	<u>\$ 78,037</u>	<u>\$ 901,250</u>	<u>\$ 10,947,591</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 36,493,210	\$ 81,908	\$ -	\$ 36,575,118
Machinery and equipment	18,039,878	507,953	(411,608)	18,136,223
Total capital assets being depreciated	<u>\$ 54,533,088</u>	<u>\$ 589,861</u>	<u>\$ (411,608)</u>	<u>\$ 54,711,341</u>
Accumulated depreciation:				
Buildings and improvements	\$ (24,178,893)	\$ (1,346,045)	\$ -	\$ (25,524,938)
Machinery and equipment	(15,032,391)	(543,145)	411,608	(15,163,928)
Total accumulated depreciation	<u>\$ (39,211,284)</u>	<u>\$ (1,889,190)</u>	<u>\$ 411,608</u>	<u>\$ (40,688,866)</u>
Total capital assets being depreciated, net	<u>\$ 15,321,804</u>	<u>\$ (1,299,329)</u>	<u>\$ -</u>	<u>\$ 14,022,475</u>
Governmental activities capital assets, net	<u>\$ 25,290,108</u>	<u>\$ (1,221,292)</u>	<u>\$ 901,250</u>	<u>\$ 24,970,066</u>

(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, 2017, is that assets and debt in the amount of \$4,391,896 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, 2017 (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, 2017:

Governmental Activities:

	Restated Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bonds	\$ 6,862,855	\$ -	\$ (886,187)	\$ 5,976,668
Premium on GO bond	121,258	-	(8,662)	112,596
Lease revenue bond	11,185,000	-	(730,000)	10,455,000
Premium on lease revenue bond	1,355,688	-	(246,659)	1,109,029
Literary loan	375,000	-	(75,000)	300,000
Net OPEB obligation	2,214,300	523,200	(284,800)	2,452,700
Compensated absences	621,754	508,831	(466,316)	664,269
Net pension liability	6,202,825	4,649,914	(2,221,723)	8,631,016
Total	<u>\$ 28,938,680</u>	<u>\$ 5,681,945</u>	<u>\$ (4,919,347)</u>	<u>\$ 29,701,278</u>

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

Year Ending June 30	General Government Obligations					
	General Obligation Bonds		Lease Revenue Bonds		Literary Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 404,033	\$ 286,970	\$ 760,000	\$ 494,793	\$ 75,000	\$ 6,000
2019	512,257	275,308	800,000	454,818	75,000	4,500
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	-	-
2023-2027	2,740,318	477,679	3,770,000	944,997	-	-
2028-2032	711,752	24,457	2,215,000	320,918	-	-
2033	-	-	255,000	6,159	-	-
	<u>\$ 5,976,668</u>	<u>\$ 1,724,537</u>	<u>\$ 10,455,000</u>	<u>\$ 3,334,268</u>	<u>\$ 300,000</u>	<u>\$ 15,000</u>

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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	\$ 570,000	\$ -
GO Bond	4.10-5.10%	5/15/2008	7/15/2028	1,880,000	1,345,000	85,000
GO Bond	3.60-5.35%	12/11/2008	1/15/2029	6,698,941	4,061,668	319,033
Subtotal GO Bond					<u>\$ 5,976,668</u>	<u>\$ 404,033</u>
Add:						
Premium on Bond	n/a	n/a	n/a	n/a	112,596	8,662
Total General Obligation Bonds					<u>\$ 6,089,264</u>	<u>\$ 412,695</u>
Lease Revenue Bonds:						
2014C	3.025-5.125%	11/18/2014	4/1/1933	\$ 11,885,000	\$ 10,455,000	\$ 760,000
Add:						
Premium on Bond	n/a	n/a	n/a	n/a	1,109,029	162,280
Total Lease Revenue Bonds					<u>\$ 11,564,029</u>	<u>\$ 922,280</u>
Literary Loan:						
State Literary Loan	2.00%	8/1/2000	8/1/2020	\$ 1,500,000	\$ 300,000	\$ 75,000
Other Obligations:						
Net OPEB Obligation	n/a	n/a	n/a	n/a	\$ 2,452,700	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	664,269	498,202
Net Pension Liability	n/a	n/a	n/a	n/a	8,631,016	-
Total Other Obligations					<u>\$ 11,747,985</u>	<u>\$ 498,202</u>
Total Long-term Obligations					<u><u>\$ 29,701,278</u></u>	<u><u>\$ 1,908,177</u></u>

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.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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, 2017:

Business-type Activities:

Landfill Fund

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Revenue bonds	\$ 805,000	\$ -	\$ (190,000)	\$ 615,000
Bond premiums	3,548	-	(744)	2,804
Notes payable	174,680	-	(174,680)	-
Landfill closure/ postclosure liability	6,370,882	392,537	-	6,763,419
Net pension liability	229,351	164,122	(88,835)	304,638
Compensated absences	31,403	-	(31,403)	-
	<u>7,614,864</u>	<u>556,659</u>	<u>(485,662)</u>	<u>7,685,861</u>
Total	\$ 7,614,864	\$ 556,659	\$ (485,662)	\$ 7,685,861

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2018	\$ 195,000	\$ 22,439
2019	205,000	13,742
2020	215,000	4,408
	<u>615,000</u>	<u>40,589</u>
Totals	\$ 615,000	\$ 40,589

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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	\$ 615,000	\$ 195,000
Other Obligations:						
Bond Premiums	n/a	n/a	n/a	n/a	2,804	744
Net Pension Liability	n/a	n/a	n/a	n/a	304,638	-
Landfill Closure/ Postclosure Liability	n/a	n/a	n/a	n/a	6,763,419	-
Total Other Obligations					\$ 7,070,861	\$ 744
Total Long-term Obligations					\$ 7,685,861	\$ 195,744

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, 2017:

	Beginning Balance	Issuances/ Increases	Retirements/ Decreases	Ending Balance
Capital leases	\$ 6,777,224	\$ -	\$ (1,299,333)	\$ 5,477,891
Net pension liability	51,111,889	13,203,635	(8,894,367)	55,421,157
Net OPEB Obligation	1,921,900	1,412,800	(1,379,200)	1,955,500
Compensated absences	-	688,687	-	688,687
Total	\$ 59,811,013	\$ 15,305,122	\$ (11,572,900)	\$ 63,543,235

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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	\$ 2,258,186	\$ 353,109
Capital Lease	2.150%	11/5/2015	10/1/2019	1,820,979	1,094,188	356,999
Capital Lease	2.550%	3/10/2015	10/10/2022	3,118,167	2,125,517	376,182
Total Capital Leases					\$ 5,477,891	\$ 1,086,290
Other Obligations:						
Net Pension Liability	n/a	n/a	n/a	n/a	\$ 55,421,157	\$ -
Net OPEB Obligation	n/a	n/a	n/a	n/a	1,955,500	-
Compensated Absences	n/a	n/a	n/a	n/a	688,687	516,515
Total Other Obligations					\$ 58,065,344	\$ 516,515
Total Long-term Obligations					\$ 63,543,235	\$ 1,602,805

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	(520,104)
Net Book Value of Assets	\$ 4,419,042

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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
2018	\$ 1,222,133
2019	1,222,133
2020	1,222,133
2021	841,609
2022	841,610
2023	558,165
Less: amount representing interest	<u>(429,892)</u>
Present value of future minimum lease payments	<u><u>\$ 5,477,891</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 \$664,269 in the general fund.

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • 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, 2017 (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.) <ul style="list-style-type: none"> In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* School division employees Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p>	<p>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.</p>	<p>*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.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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, 2017 (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: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	225	228
Inactive members:		
Vested inactive members	36	10
Non-vested inactive members	45	52
Inactive members active elsewhere in VRS	<u>122</u>	<u>25</u>
Total inactive members	203	87
Active members	<u>306</u>	<u>210</u>
Total covered employees	<u><u>734</u></u>	<u><u>525</u></u>

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 contribution rate for the year ended June 30, 2017 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.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,016,717 and \$1,120,484 for the years ended June 30, 2017 and June 30, 2016, respectively. Contributions to the pension plan from the Component Units were \$157,456 and \$167,379 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 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 \$511,880 and \$638,441 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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, 2015, 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, 2016.

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Largest 10 - Non-LEOS: (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

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

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COUNTY OF TAZEWell, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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, 2018, 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, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 44,695,925	\$ 38,263,749	\$ 6,432,176
Changes for the year:			
Service cost	\$ 1,095,549	\$ -	\$ 1,095,549
Interest	3,043,467	-	3,043,467
Differences between expected and actual experience	651,020	-	651,020
Impact in change in proportion	(111,024)	(95,046)	
Contributions - employer	-	1,110,489	(1,110,489)
Contributions - employee	-	527,074	(527,074)
Net investment income	-	657,018	(657,018)
Benefit payments, including refunds of employee contributions	(2,213,605)	(2,213,605)	-
Administrative expenses	-	(23,721)	23,721
Other changes	-	(280)	280
Net changes	\$ 2,465,407	\$ (38,071)	\$ 2,503,478
Balances at June 30, 2016	\$ 47,161,332	\$ 38,225,678	\$ 8,935,654

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Changes in Net Pension Liability (Continued)

	Component Units		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 6,549,112	\$ 5,606,630	\$ 942,482
Changes for the year:			
Service cost	\$ 163,654	\$ -	\$ 163,654
Interest	454,636	-	454,636
Differences between expected and actual experience	97,250	-	97,250
Impact in change of proportion	111,024	95,046	15,978
Contributions - employer	-	165,886	(165,886)
Contributions - employee	-	78,735	(78,735)
Net investment income	-	98,146	(98,146)
Benefit payments, including refunds of employee contributions	(330,671)	(330,671)	-
Administrative expenses	-	(3,543)	3,543
Other changes	-	(42)	42
Net changes	\$ 495,893	\$ 103,557	\$ 392,336
Balances at June 30, 2016	\$ 7,045,005	\$ 5,710,187	\$ 1,334,818

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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, 2015	\$ 25,834,035	\$ 19,717,146	\$ 6,116,889
Changes for the year:			
Service cost	\$ 359,182	\$ -	\$ 359,182
Interest	1,752,811	-	1,752,811
Differences between expected and actual experience	(243,199)	-	(243,199)
Contributions - employer	-	637,931	(637,931)
Contributions - employee	-	191,556	(191,556)
Net investment income	-	328,681	(328,681)
Benefit payments, including refunds of employee contributions	(1,587,749)	(1,587,749)	-
Administrative expenses	-	(12,500)	12,500
Other changes	-	(142)	142
Net changes	\$ 281,045	\$ (442,223)	\$ 723,268
Balances at June 30, 2016	\$ 26,115,080	\$ 19,274,923	\$ 6,840,157

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COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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 and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County - Primary Government Net Pension Liability	\$ 14,944,813	\$ 8,935,654	\$ 3,938,843
Component Units Net Pension Liability	\$ 2,232,462	\$ 1,334,818	\$ 588,386
Component Unit School Board (nonprofessional) Net Pension Liability	\$ 9,645,580	\$ 6,840,157	\$ 4,460,798

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

For the year ended June 30, 2017, the County, Component Units, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,256,971, \$188,631, and \$414,926, respectively. At June 30, 2017, 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	\$ 618,630	\$ -	\$ 92,004	\$ -	-	\$ 226,797
Net difference between projected and actual earnings on pension plan investments	997,178	-	150,666	-	496,494	-
Impact of change in proportion	-	12,782	12,806	24	-	-
Employer contributions subsequent to the measurement date	1,016,717	-	157,456	-	511,880	-
Total	\$ 2,632,525	\$ 12,782	\$ 412,932	\$ 24	\$ 1,008,374	\$ 226,797

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

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

\$1,016,717, \$157,456 and \$511,880 reported as deferred outflows of resources related to pensions resulting from the County's, 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 ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Units	Component Unit School Board (nonprofessional)
2018	\$ 272,588	\$ 40,719	\$ (154,856)
2019	245,398	36,658	(79,007)
2020	700,196	104,595	298,651
2021	384,845	73,479	204,909

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 options provided to school divisions 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.

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% 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 actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017.

COUNTY OF TAZEVELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Contributions (Continued)

Contributions to the pension plan from the School Board were \$3,831,210 and \$3,695,626 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$48,581,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.34666% as compared to 0.35749% at June 30, 2016.

For the year ended June 30, 2017, the school division recognized pension expense of \$3,518,000. 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, 2017, 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	\$ -	\$ 1,574,000
Net difference between projected and actual earnings on pension plan investments	2,775,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,235,000
Employer contributions subsequent to the measurement date	<u>3,831,210</u>	<u>-</u>
Total	<u>\$ 6,606,210</u>	<u>\$ 3,809,000</u>

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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)

\$3,831,210 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, 2018. 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>	
2018	\$ (985,000)
2019	(985,000)
2020	692,000
2021	464,000
Thereafter	(220,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

Mortality rates:

Pre-Retirement:

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (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>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

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

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COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (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, 2018, 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, 2018 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	\$	69,253,000	\$	48,581,000	\$	31,553,000
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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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, 2017 (Continued)

Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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, 2016, 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	\$ 44,182,326
Plan Fiduciary Net Position	30,168,211
Employers' Net Pension Liability (Asset)	\$ <u>14,014,115</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%

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.

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

County:

A. Plan Description

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

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

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

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

County: (Continued)

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2017 was 0.14%, of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2017, the County's contribution of \$6,587, was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and preceding two years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
County:			
June 30, 2017	\$ 6,587	100%	-
June 30, 2016	4,861	100%	-
June 30, 2015	4,962	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

	<u>County</u>
Actuarial accrued liability (AAL)	\$ 279,328
Actuarial value of plan assets	\$ 261,637
Unfunded actuarial accrued liability (UAAL)	\$ 17,691
Funded ratio (actuarial value of plan assets/AAL)	93.67%
Covered payroll (active plan members)	\$ 4,960,543
UAAL as a percentage of covered payroll	0.36%

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

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

County: (Continued)

D. Funded Status and Funding Progress (Continued)

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2016 was 18-27 years.

Professional Employees - Discretely Presented Component Unit School Board:

A. Plan Description

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

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% and 1.06% of annual covered payroll for the years ending June 30, 2017 and 2016, respectively. The School Board's contributions to VRS for the year ended June 30, 2017 and 2016 were \$293,361 and \$280,173, respectively and equaled the required contributions.

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

A. Plan Description

The Tazewell Post-Retirement Medical Plan (TPRMP) is a single-employer defined benefit healthcare plan administer by the County. TPRMP provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee be (1) age 50 with 10 years of service; (2) age 55 with 5 years of service; or (3) age 65 with 5 years of service. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement. Coverage continues for the earlier of a period of ten years or reaching Medicare eligibility (age 65). The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The TPRMP does not issue a publicly available financial report.

B. Funding Policy

The Tazewell County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will be partially funded or fully funded in the upcoming fiscal year. For fiscal year 2018, the County will continue on a pay-as-you-go basis and leave the plan unfunded.

For retirees of the County and School Board, the following premiums and retiree responsibilities were effective at July 1, 2016, the most recent actuarial valuation date:

	County					
	KeyCare 10		KeyCare 20		Key Advantage Expanded	
	Retiree		Retiree		Retiree	
	Monthly Contribution	Share of Premiums	Monthly Contribution	Share of Premiums	Monthly Contribution	Share of Premiums
Retiree	814.00	155.80	726.00	67.80	867.00	86.70
Retiree and Spouse	1,493.00	391.60	1,342.00	240.60	1,604.00	381.50
Retiree and Child	1,493.00	391.60	1,342.00	240.60	1,604.00	381.50

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

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

B. Funding Policy (Continued)

	School Board			
	KeyCare 500		KeyCare 1000	
	Monthly Contribution	Retiree Share of Premiums	Monthly Contribution	Retiree Share of Premiums
Retiree	744.54	173.96	702.63	105.07
Retiree and Spouse	1,377.63	450.63	1,300.05	328.05
Retiree and Child	1,377.63	450.63	1,300.05	328.05
Family	2,010.71	751.67	1,897.47	514.27

C. Annual OPEB Cost and Net OPEB Obligation

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

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

	County	School Board	Total
Annual required contribution	\$ 526,800	\$ 1,415,900	\$ 1,942,700
Interest on net OPEB obligation	88,600	76,900	165,500
Adjustment to annual required contribution	(92,200)	(80,000)	(172,200)
Annual OPEB cost (expense)	\$ 523,200	\$ 1,412,800	\$ 1,936,000
Contributions made	284,800	1,379,200	1,664,000
Increase in net OPEB obligation	\$ 238,400	\$ 33,600	\$ 272,000
Net OPEB obligation - beginning of year	2,214,300	1,921,900	4,136,200
Net OPEB obligation - end of year	\$ 2,452,700	\$ 1,955,500	\$ 4,408,200

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 1,936,000	86%	\$ 4,408,200
6/30/2016	2,273,600	85%	4,136,200
6/30/2015	2,232,800	81%	3,792,800

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

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

D. Funded Status and Funding Progress

Primary Government:

As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$11,928,154, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$9,859,374 and ratio of the UAAL to the covered payroll was 120.98%.

Component Unit - School Board:

As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$9,510,134, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$30,011,426, and ratio of the UAAL to the covered payroll was 31.69%.

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2016, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return per annum. An annual healthcare cost trend rate of 7.0 percent initially, reduced by decrements of 0.5 percent until an ultimate rate of 5.0 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at July 1, 2016, was 30 years.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 11 - Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit 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.

Note 12 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Of the \$15,877,895 reported as landfill closure and post closure care liability at June 30, 2017, \$6,763,419 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 \$9,114,476 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 2017.

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

Note 13 - Risk Management:

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

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 14 - 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. 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)	\$ -	\$ 3,285,960
Property taxes due in December 2017	23,596,916	23,596,916
Prepaid property taxes due in December 2017 but paid in advance by the taxpayers	959,186	959,186
Total deferred/unavailable revenue	<u>\$ 24,556,102</u>	<u>\$ 27,842,062</u>

Note 15 - Interfund Transfers:

Interfund transfers for the year ended June 30, 2017, consisted of the following:

Fund	Transfer In	Transfer Out
Primary Government:		
General Fund	\$ 382,927	\$ 1,027,572
Coal Road Improvement	41,743	-
E-911 Fund	65,000	-
County CIP Fund	352,380	-
Landfill Enterprise Fund	378,331	192,809
Total	<u>\$ 1,220,381</u>	<u>\$ 1,220,381</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, 2017 (Continued)

Note 16 - Surety Bonds:

Commonwealth of America, Division of Risk Management	Amount
Tammy Allison, Clerk of the Circuit Court	\$ 710,000
David Larimer, Treasurer	500,000
David Anderson, Commissioner of the Revenue	3,000
Brian Hieatt, Sheriff	30,000
The above constitutional officers' employees	
Blanket bond	50,000
Landfill employees	20,000
VACO Insurance Program:	
All School Board employees - blanket	250,000
Fidelity and Deposit Company of Maryland Surety:	
Patricia Green, 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 17 - Nonspendable, Restricted, and Committed Fund Balances by Fund:

	Governmental Funds							Total
	General Fund	County CIP Fund	Law Library Fund	Coal Road Improvement Fund	Coal Road Economic Development Fund	E-911 Fund	Damage Stamp Fund	
Nonspendable:								
Prepaid items	\$ 69,290	\$ 51,429	\$ -	\$ -	\$ -	\$ 121,888	\$ -	\$ 242,607
Committed funds:								
Capital projects	\$ -	\$ 1,400,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400,798
Law library	-	-	75,225	-	-	-	-	75,225
Coal road improvements	-	-	-	829,137	-	-	-	829,137
Coal road economic development	-	-	-	-	42,605	-	-	42,605
E-911	-	-	-	-	-	168,389	-	168,389
Damage stamp	-	-	-	-	-	-	42	42
Total committed balances	\$ -	\$ 1,400,798	\$ 75,225	\$ 829,137	\$ 42,605	\$ 168,389	\$ 42	\$ 2,516,196

Note 18- Litigation:

At June 30, 2017, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 19 - Restatement of Beginning Balances:

Beginning balances have been restated for the current fiscal year as detailed below:

	General Fund	Component Unit School Board
Fund Balance, July 1, 2016, as previously stated	\$ 7,391,289	\$ 3,544,884
Adjustment for cash not previously reported	-	244,033
Adjustment for CSA accounts payable	155,731	-
Fund Balance, July 1, 2016, as restated	<u>\$ 7,547,020</u>	<u>\$ 3,788,917</u>

	Governmental Activities	Component Unit School Board
Net Position, July 1, 2016, as previously stated	\$ 12,594,555	\$ (32,104,530)
Fund balance statement from above	155,731	244,033
Adjustment for capital assets not previously reported	12,273,205	-
Adjustment for bonds payable not previously reported	(12,540,688)	-
Adjustment for prior year interest payable	(134,095)	-
Net Position, July 1, 2016, as restated	<u>\$ 12,348,708</u>	<u>\$ (31,860,497)</u>

Note 20 - Upcoming Pronouncements:

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

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

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.

COUNTY OF TAZEWELL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 (Continued)

Note 20 - Upcoming Pronouncements: (Continued)

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.

Statement No. 86, *Certain Debt Extinguishment Issues*, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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.

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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
General Property Taxes	\$ 24,277,450	\$ 24,277,450	\$ 24,605,026	\$ 327,576
Other Local Taxes	6,946,000	6,946,000	6,741,557	(204,443)
Permits, Privilege Fees and Regulatory Licenses	131,550	131,550	175,550	44,000
Fines and Forfeitures	45,000	45,000	63,875	18,875
Revenue from Use of Money and Property	296,020	296,020	296,273	253
Charges for Services	311,500	311,500	412,874	101,374
Miscellaneous	508,000	356,353	252,891	(103,462)
Recovered Costs	884,444	984,096	1,413,915	429,819
Intergovernmental:				
Commonwealth	11,221,374	11,268,658	10,621,832	(646,826)
Federal Government	5,227,039	5,227,039	4,782,480	(444,559)
Total Revenues	\$ 49,848,377	\$ 49,843,666	\$ 49,366,273	\$ (477,393)
EXPENDITURES:				
Current:				
General Government Administration	\$ 5,548,812	\$ 5,539,760	\$ 5,061,742	\$ 478,018
Judicial Administration	2,306,717	2,374,532	2,292,573	81,959
Public Safety	13,979,960	14,152,964	13,260,724	892,240
Public Works	2,540,478	2,482,332	1,863,375	618,957
Health and Welfare	8,944,521	8,944,521	8,362,506	582,015
Education	14,358,738	14,358,738	12,312,775	2,045,963
Parks, Recreation and Cultural	1,375,640	1,388,977	1,342,090	46,887
Community Development	981,896	1,028,384	973,789	54,595
Non-Departmental	1,602,948	1,227,559	338,815	888,744
Debt Service:				
Principal Retirement	732,719	732,719	1,691,187	(958,468)
Interest and Other Fiscal Charges	527,281	527,281	1,004,878	(477,597)
Total Expenditures	\$ 52,899,710	\$ 52,757,767	\$ 48,504,454	\$ 4,253,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,051,333)	\$ (2,914,101)	\$ 861,819	\$ 3,775,920
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 382,927	\$ 382,927
Transfers Out	-	-	(1,027,572)	(1,027,572)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (644,645)	\$ (644,645)
Net Change in Fund Balance	\$ (3,051,333)	\$ (2,914,101)	\$ 217,174	\$ 3,131,275
Fund Balance - Beginning, as restated	3,051,333	2,914,101	7,547,020	4,632,919
Fund Balance - Ending	\$ -	\$ -	\$ 7,764,194	\$ 7,764,194

County of Tazewell, Virginia
Schedule of OPEB Funding Progress
For the Fiscal Year Ended June 30, 2017

Primary Government:

County Postretirement Health Insurance

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2016	-	11,928,154	11,928,154	0.00%	9,859,374	120.98%
July 1, 2014	-	12,035,922	12,035,922	0.00%	10,048,315	119.78%
July 1, 2012	-	10,853,577	10,853,577	0.00%	10,794,146	100.55%

County Health Insurance Credit Program

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2016 \$	261,637 \$	279,328 \$	17,691	93.67% \$	4,960,543	0.36%
June 30, 2015	271,806	280,421	8,615	96.93%	4,976,814	0.17%
June 30, 2014	272,370	267,476	(4,894)	101.83%	5,012,281	-0.10%

Discretely Presented Component Unit:

School Board Postretirement Health Insurance

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2016	-	9,510,134	9,510,134	0.00%	30,011,426	31.69%
July 1, 2014	-	11,902,119	11,902,119	0.00%	30,470,349	39.06%
July 1, 2012	-	12,398,253	12,398,253	0.00%	33,539,749	36.97%

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, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 1,095,549	\$ 1,086,879	\$ 1,078,495
Interest	3,043,467	2,899,146	2,767,693
Differences between expected and actual experience	651,020	313,432	-
Impact in change in proportion	(111,024)	-	-
Benefit payments, including refunds of employee contributions	(2,213,605)	(2,039,716)	(1,896,954)
Net change in total pension liability	\$ 2,465,407	\$ 2,259,741	\$ 1,949,234
Total pension liability - beginning	44,695,925	42,436,184	40,486,950
Total pension liability - ending (a)	<u>\$ 47,161,332</u>	<u>\$ 44,695,925</u>	<u>\$ 42,436,184</u>
Plan fiduciary net position			
Impact in change in proportion	\$ (95,046)	\$ -	\$ -
Contributions - employer	1,110,489	1,127,068	1,109,531
Contributions - employee	527,074	515,377	495,039
Net investment income	657,018	1,688,554	5,070,273
Benefit payments, including refunds of employee contributions	(2,213,605)	(2,039,716)	(1,896,954)
Administrative expense	(23,721)	(23,151)	(27,328)
Other	(280)	(356)	268
Net change in plan fiduciary net position	\$ (38,071)	\$ 1,267,776	\$ 4,750,829
Plan fiduciary net position - beginning	38,263,749	36,995,973	32,245,144
Plan fiduciary net position - ending (b)	<u>\$ 38,225,678</u>	<u>\$ 38,263,749</u>	<u>\$ 36,995,973</u>
County's net pension liability - ending (a) - (b)	\$ 8,935,654	\$ 6,432,176	\$ 5,440,211
Plan fiduciary net position as a percentage of the total pension liability	81.05%	85.61%	87.18%
Covered payroll	\$ 9,964,213	\$ 10,048,316	\$ 9,720,135
County's net pension liability as a percentage of covered payroll	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
Component Units
For the Years Ended June 30, 2015 through June 30, 2017

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

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

	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.34666%	0.35749%	0.36174%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 48,581,000	\$ 44,995,000	\$ 43,715,000
Employer's Covered Payroll	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	183.80%	169.29%	165.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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
For the Years Ended June 30, 2015 through June 30, 2017

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*					
2017	\$ 1,016,717	\$ 1,016,717	\$ -	\$ 9,964,213	10.54%
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*					
2017	\$ 157,456	\$ 157,456	\$ -	\$ 1,460,017	10.78%
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)					
2017	\$ 511,880	\$ 511,880	\$ -	\$ 3,958,254	12.93%
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%
2008	443,685	443,685	-	4,029,834	11.01%
Component Unit School Board (professional)					
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%
2008	4,486,336	4,486,336	-	29,322,458	15.30%

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
For the Years Ended June 30, 2015 through June 30, 2017

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, 2016 is not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

Other Supplementary Information

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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Revenue from Use of Money and Property	\$ 36,355	\$ 36,355	\$ 33,326	\$ (3,029)
Miscellaneous	400,000	400,000	-	(400,000)
Intergovernmental:				
Tazewell Industrial Development Authority	500,000	500,000	500,000	-
Commonwealth	1,775,000	1,775,000	147,412	(1,627,588)
Federal Government	356,859	356,859	-	(356,859)
Total Revenues	\$ 3,068,214	\$ 3,068,214	\$ 680,738	\$ (2,387,476)
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,673,847	\$ 3,773,847	\$ 578,385	\$ 3,195,462
Public Works	820,890	820,890	820,890	-
Community Development	300,000	300,000	300,000	-
Total Expenditures	\$ 4,794,737	\$ 4,894,737	\$ 1,699,275	\$ 3,195,462
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,726,523)	\$ (1,826,523)	\$ (1,018,537)	\$ 807,986
Other Financing Sources (Uses)				
Transfers In	-	-	\$ 352,380	\$ 352,380
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 352,380	\$ 352,380
Net Change in Fund Balance	\$ (1,726,523)	\$ (1,826,523)	\$ (666,157)	\$ 1,160,366
Fund Balance - Beginning	1,726,523	1,826,523	2,118,384	291,861
Fund Balance - Ending	\$ -	\$ -	\$ 1,452,227	\$ 1,452,227

County of Tazewell, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds		
	Special Welfare Funds	Local Sales Tax Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 65,499	\$ -	\$ 65,499
Due from Other Governmental Units	-	991,778	991,778
Total Assets	<u>\$ 65,499</u>	<u>\$ 991,778</u>	<u>\$ 1,057,277</u>
LIABILITIES			
Current Liabilities:			
Due to Primary Government	\$ -	\$ 794,711	\$ 794,711
Due to Other Governmental Units	-	197,067	197,067
Amounts Held for Others	65,499	-	65,499
Total Liabilities	<u>\$ 65,499</u>	<u>\$ 991,778</u>	<u>\$ 1,057,277</u>

County of Tazewell, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 77,073	\$ 116,934	\$ (128,508)	\$ 65,499
Liabilities:				
Amounts held for social services clients	\$ 77,073	\$ 116,934	\$ (128,508)	\$ 65,499
Local Sales Tax Fund:				
Assets:				
Due from other governmental units	\$ 957,757	\$ 5,692,206	\$ (5,658,185)	\$ 991,778
Liabilities:				
Due to Primary Government	\$ 767,930	\$ 4,561,165	\$ (4,534,384)	\$ 794,711
Due to Other Governmental Units	189,827	1,131,041	(1,123,801)	197,067
Total liabilities	\$ 957,757	\$ 5,692,206	\$ (5,658,185)	\$ 991,778
Totals				
Total Assets:				
Cash and cash equivalents	\$ 77,073	\$ 116,934	\$ (128,508)	\$ 65,499
Due from other governmental units	957,757	5,692,206	(5,658,185)	991,778
Total assets	\$ 1,034,830	\$ 5,809,140	\$ (5,786,693)	\$ 1,057,277
Total Liabilities:				
Amounts held for social services clients	\$ 77,073	\$ 116,934	\$ (128,508)	\$ 65,499
Due to Primary Government	767,930	4,561,165	(4,534,384)	794,711
Due to Other Governmental Units	189,827	1,131,041	(1,123,801)	197,067
Total liabilities	\$ 1,034,830	\$ 5,809,140	\$ (5,786,693)	\$ 1,057,277

County of Tazewell, Virginia
Nonmajor Funds
Combining Balance Sheet
June 30, 2017

	<u>Special Revenue Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,196,281
Receivables (Net of Allowance for Uncollectibles):	
Taxes	45,533
Prepaid items	121,888
Due from Other Governmental Units	108,967
Total Assets	<u>\$ 1,472,669</u>
LIABILITIES	
Liabilities	
Accounts Payable	\$ 235,383
Total Liabilities	<u>\$ 235,383</u>
FUND BALANCES	
Nonspendable	\$ 121,888
Committed	1,115,398
Total Fund Balances	<u>\$ 1,237,286</u>
Total Liabilities and Fund Balances	<u>\$ 1,472,669</u>

County of Tazewell, Virginia
Nonmajor Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	<u>Special Revenue Funds</u>
REVENUES	
Other Local Taxes	\$ 863,716
Charges for Services	9,494
Miscellaneous	6,711
Intergovernmental:	
Commonwealth	1,134,876
Federal Government	122,182
Total Revenues	<u>\$ 2,136,979</u>
EXPENDITURES:	
Current:	
Judicial Administration	\$ 18,642
Public Safety	1,518,098
Public Works	1,150,788
Total Expenditures	<u>\$ 2,687,528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (550,549)</u>
Other Financing Sources (Uses)	
Transfers In	<u>\$ 106,743</u>
Net Change in Fund Balance	\$ (443,806)
Fund Balance - Beginning	1,681,092
Fund Balance - Ending	<u><u>\$ 1,237,286</u></u>

County of Tazewell, Virginia
Nonmajor Special Revenue Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2017

	<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>	<u>Fund</u>	
ASSETS						
Cash and Cash Equivalents	\$ 76,727	\$ 804,480	\$ 21,729	\$ 293,303	\$ 42	\$ 1,196,281
Receivables (Net of Allowance for Uncollectibles):						
Taxes	-	24,657	20,876	-	-	45,533
Prepaid items	-	-	-	121,888	-	121,888
Due from Other Governmental Units	-	-	-	108,967	-	108,967
Total Assets	\$ 76,727	\$ 829,137	\$ 42,605	\$ 524,158	\$ 42	\$ 1,472,669
LIABILITIES						
Liabilities						
Accounts Payable	\$ 1,502	\$ -	\$ -	\$ 233,881	\$ -	\$ 235,383
Total Liabilities	\$ 1,502	\$ -	\$ -	\$ 233,881	\$ -	\$ 235,383
FUND BALANCES						
Nonspendable	\$ -	\$ -	\$ -	\$ 121,888	\$ -	\$ 121,888
Committed	75,225	829,137	42,605	168,389	42	1,115,398
Total Fund Balances	\$ 75,225	\$ 829,137	\$ 42,605	\$ 290,277	\$ 42	\$ 1,237,286
Total Liabilities and Fund Balances	\$ 76,727	\$ 829,137	\$ 42,605	\$ 524,158	\$ 42	\$ 1,472,669

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, 2017

	<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	\$ - \$	532,999 \$	330,717 \$	- \$	- \$	863,716
Charges for Services	9,494	-	-	-	-	9,494
Miscellaneous	475	-	-	6,236	-	6,711
Intergovernmental:						
Commonwealth	-	-	-	1,134,876	-	1,134,876
Federal Government	-	-	-	122,182	-	122,182
Total Revenues	\$ 9,969 \$	532,999 \$	330,717 \$	1,263,294 \$	- \$	2,136,979
EXPENDITURES						
Current:						
Judicial Administration	\$ 18,642 \$	- \$	- \$	- \$	- \$	18,642
Public Safety	-	-	-	1,518,098	-	1,518,098
Public Works	-	854,002	296,786	-	-	1,150,788
Total Expenditures	\$ 18,642 \$	854,002 \$	296,786 \$	1,518,098 \$	- \$	2,687,528
Excess (Deficiency) of Revenues Over (Under)	\$ (8,673) \$	(321,003) \$	33,931 \$	(254,804) \$	- \$	(550,549)
Other Financing Sources (Uses)						
Transfers In	\$ - \$	41,743 \$	- \$	65,000 \$	- \$	106,743
Net Change in Fund Balance	\$ (8,673) \$	(279,260) \$	33,931 \$	(189,804) \$	- \$	(443,806)
Fund Balance - Beginning	83,898	1,108,397	8,674	480,081	42	1,681,092
Fund Balance - Ending	\$ 75,225 \$	829,137 \$	42,605 \$	290,277 \$	42 \$	1,237,286

Exhibit 25

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, 2017

	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	\$ - \$	- \$	- \$	-	\$ 366,712 \$	366,712 \$	532,999 \$	166,287
Charges for Services	10,435	10,435	9,494	(941)	-	-	-	-
Miscellaneous	-	-	475	475	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	200,798	200,798	-	(200,798)
Federal Government	-	-	-	-	-	-	-	-
Total Revenues	\$ 10,435 \$	10,435 \$	9,969 \$	(466)	\$ 567,510 \$	567,510 \$	532,999 \$	(34,511)
EXPENDITURES:								
Current:								
Judicial Administration	\$ 17,508 \$	17,508 \$	18,642 \$	(1,134)	\$ - \$	- \$	- \$	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	1,433,764	1,433,764	854,002	579,762
Total Expenditures	\$ 17,508 \$	17,508 \$	18,642 \$	(1,134)	\$ 1,433,764 \$	1,433,764 \$	854,002 \$	579,762
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	\$ (7,073) \$	(7,073) \$	(8,673) \$	(1,600)	\$ (866,254) \$	(866,254) \$	(321,003) \$	545,251
Other Financing Sources (Uses)								
Transfers In	\$ - \$	- \$	- \$	-	\$ - \$	- \$	41,743 \$	41,743
Total Other Financing Sources (Uses)	\$ - \$	- \$	- \$	-	\$ - \$	- \$	41,743 \$	41,743
Net Change in Fund Balance	\$ (7,073) \$	(7,073) \$	(8,673) \$	(1,600)	\$ (866,254) \$	(866,254) \$	(279,260) \$	586,994
Fund Balance - Beginning	7,073	7,073	83,898	76,825	866,254	866,254	1,108,397	242,143
Fund Balance - Ending	\$ - \$	- \$	75,225 \$	75,225	\$ - \$	- \$	829,137 \$	829,137

Exhibit 25

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, 2017

	Coal Road Economic Development Fund				E-911 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	\$ 150,000	\$ 150,000	\$ 330,717	\$ 180,717	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	4,712	6,236	1,524
Intergovernmental:								
Commonwealth	-	-	-	-	1,833,685	1,833,685	1,134,876	(698,809)
Federal Government	-	-	-	-	-	-	122,182	122,182
Total Revenues	\$ 150,000	\$ 150,000	\$ 330,717	\$ 180,717	\$ 1,833,685	\$ 1,838,397	\$ 1,263,294	\$ (575,103)
EXPENDITURES:								
Current:								
Judicial Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-	2,175,129	2,240,329	1,518,098	722,231
Public Works	150,000	150,000	296,786	(146,786)	-	-	-	-
Total Expenditures	\$ 150,000	\$ 150,000	\$ 296,786	\$ (146,786)	\$ 2,175,129	\$ 2,240,329	\$ 1,518,098	\$ 722,231
Excess (Deficiency) of Revenues Over (Under)	\$ -	\$ -	\$ 33,931	\$ 33,931	\$ (341,444)	\$ (401,932)	\$ (254,804)	\$ 147,128
Expenditures								
Other Financing Sources (Uses)								
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,000	\$ 65,000
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,000	\$ -
Net Change in Fund Balance	\$ -	\$ -	\$ 33,931	\$ 33,931	\$ (341,444)	\$ (401,932)	\$ (189,804)	\$ 212,128
Fund Balance - Beginning	-	-	8,674	8,674	341,444	401,932	480,081	78,149
Fund Balance - Ending	\$ -	\$ -	\$ 42,605	\$ 42,605	\$ -	\$ -	\$ 290,277	\$ 290,277

Exhibit 25

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, 2017

	Damaged Stamp Fund				Total
	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)	
	Original	Final			
REVENUES					
Other Local Taxes	\$ -	\$ -	\$ -	-	
Charges for Services	-	-	-	-	
Miscellaneous	-	-	-	-	
Intergovernmental:					
Commonwealth	-	-	-	-	
Federal Government	-	-	-	-	
Total Revenues	\$ -	\$ -	\$ -	\$ -	
EXPENDITURES:					
Current:					
Judicial Administration	\$ -	\$ -	\$ -	-	
Public Safety	-	-	-	-	
Public Works	-	-	-	-	
Total Expenditures	\$ -	\$ -	\$ -	\$ -	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	
Other Financing Sources (Uses)					
Transfers In	\$ -	\$ -	\$ -	-	
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	
Fund Balance - Beginning	-	-	42	42	
Fund Balance - Ending	\$ -	\$ -	\$ 42	\$ 42	

County of Tazewell, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2017

		School Operating <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$	9,252,368
Cash Held for Others		13,213
Accounts Receivable		327,022
Due from Other Governmental Units		2,094,684
Prepaid items		241,176
Total Assets	\$	<u>11,928,463</u>
LIABILITIES		
Accounts Payable	\$	3,543,112
Accrued Health Claims		1,854,356
Due to Primary Government		2,036,712
Amounts held for others		13,213
Total Liabilities	\$	<u>7,447,393</u>
FUND BALANCES:		
Nonspendable	\$	241,176
Committed		4,239,894
Total Fund Balances	\$	<u>4,481,070</u>
Total Liabilities and Fund Balances	\$	<u>11,928,463</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances - per above	\$	4,481,070
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	1,908,716
Building and system		11,050,180
Tenancy in common		9,020,775
Machinery and equipment		2,972,295
Construction in progress		<u>18,100</u>
		24,970,066
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Items related to measurement of net pension liability		(4,035,797)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		4,343,090
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	\$	(95,524)
Net OPEB obligation		(1,955,500)
Compensated absences		(688,687)
Net pension liability		(55,421,157)
Deferred outflows related to measurement of net pension liability		3,271,494
Capital lease		<u>(5,477,891)</u>
		(60,367,265)
Net Position of governmental activities - component unit school board	\$	<u>(30,608,836)</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, 2017

	School Operating Fund
REVENUES	
Revenue from Use of Money and Property	\$ 7,700
Charges for Services	1,098,985
Miscellaneous	43,196
Recovered Costs	744,820
Intergovernmental:	
Local Government	12,252,775
Commonwealth	38,910,990
Federal Government	6,187,072
Total Revenues	<u>\$ 59,245,538</u>
EXPENDITURES:	
Current:	
Education	\$ 57,085,016
Debt Service:	
Principal Retirement	1,299,333
Interest and Other Fiscal Charges	169,036
Total Expenditures	<u>\$ 58,553,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 692,153</u>
Net Change in Fund Balance	\$ 692,153
Fund Balance - Beginning, as restated	3,788,917
Fund Balance - Ending	<u>\$ 4,481,070</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	\$ 692,153
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	\$ 607,961
Tenancy in common	961,187
Depreciation expense	<u>(1,889,190)</u>
	(320,042)
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	1,299,333
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred inflows related to the measurement of the net pension liability	1,426,779
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	\$ (95,524)
Change in net OPEB obligation	(33,600)
Change in compensated absences	(688,687)
Change in net pension liability	(4,309,268)
Change in deferred outflows related to pensions	<u>3,280,517</u>
	<u>(1,846,562)</u>
Change in net position of governmental funds - component unit school board	<u>\$ 1,251,661</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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 50,000	\$ 50,000	\$ 7,700	\$ (42,300)
Charges for Services	1,075,902	1,075,902	1,098,985	23,083
Miscellaneous	85,000	85,000	43,196	(41,804)
Recovered Costs	847,000	847,000	744,820	(102,180)
Intergovernmental:				
Local Government	14,298,738	14,298,738	12,252,775	(2,045,963)
Commonwealth	38,799,224	38,799,224	38,910,990	111,766
Federal Government	6,538,847	6,538,847	6,187,072	(351,775)
Total Revenues	<u>\$ 61,694,711</u>	<u>\$ 61,694,711</u>	<u>\$ 59,245,538</u>	<u>\$ (2,449,173)</u>
EXPENDITURES:				
Current:				
Education	\$ 63,834,822	\$ 63,834,822	\$ 57,085,016	\$ 6,749,806
Debt Service:				
Principal Retirement	106,636	106,636	1,299,333	(1,192,697)
Interest and Other Fiscal Charges	-	-	169,036	(169,036)
Total Expenditures	<u>\$ 63,941,458</u>	<u>\$ 63,941,458</u>	<u>\$ 58,553,385</u>	<u>\$ 5,388,073</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>\$ (2,246,747)</u>	<u>\$ (2,246,747)</u>	<u>\$ 692,153</u>	<u>\$ 2,938,900</u>
Net Change in Fund Balance	<u>\$ (2,246,747)</u>	<u>\$ (2,246,747)</u>	<u>\$ 692,153</u>	<u>\$ 2,938,900</u>
Fund Balance - Beginning, as restated	2,246,747	2,246,747	3,788,917	1,542,170
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,481,070</u>	<u>\$ 4,481,070</u>

County of Tazewell, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2017

	Public Service Authority	Industrial Develop- ment Authority	Airport Authority	Total
ASSETS				
Cash and cash equivalents	\$ 1,282,631	\$ 805,722	\$ 29,661	\$ 2,118,014
Receivables (net of allowance for uncollectibles):				
Accounts receivable	730,268	-	15,804	746,072
Notes receivable	-	10,000	-	10,000
Due from other governmental units	46,810	-	-	46,810
Inventories	107,151	-	27,764	134,915
Prepaid items	52,376	-	2,601	54,977
Restricted assets:				
Cash and cash equivalents	185,408	-	-	185,408
Capital assets (net of accumulated depreciation):				
Land	252,962	3,594,331	629,871	4,477,164
Buildings and improvements	145,450	-	715,536	860,986
Improvements other than buildings	-	7,224,379	3,866,686	11,091,065
Machinery and equipment	666,500	-	316,989	983,489
Infrastructure	71,758,783	-	-	71,758,783
Construction in progress	2,339,483	12,720,528	-	15,060,011
Total assets	<u>\$ 77,567,822</u>	<u>\$ 24,354,960</u>	<u>\$ 5,604,912</u>	<u>\$ 107,527,694</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 151,187	\$ -	\$ 6,269	\$ 157,456
Items related to measurement of net pension liability	248,795	-	6,681	255,476
	<u>\$ 399,982</u>	<u>\$ -</u>	<u>\$ 12,950</u>	<u>\$ 412,932</u>
LIABILITIES				
Accounts payable	\$ 134,373	\$ 26,459	\$ 18,039	\$ 178,871
Accounts payable - construction projects	488,718	-	-	488,718
Accrued wages	67,065	-	3,515	70,580
Customers' deposits	185,408	-	-	185,408
Accrued interest payable	43,947	-	690	44,637
Long-term liabilities:				
Due within one year	2,212,832	-	22,643	2,235,475
Due in more than one year	34,619,470	245,639	283,574	35,148,683
Total liabilities	<u>\$ 37,751,813</u>	<u>\$ 272,098</u>	<u>\$ 328,461</u>	<u>\$ 38,352,372</u>
DEFERRED INFLOWS OF RESOURCES				
Items related to measurement of net pension liability	\$ -	\$ -	\$ 24	\$ 24
NET POSITION				
Net investment in capital assets	\$ 40,110,465	\$ 23,293,599	\$ 5,264,469	\$ 68,668,533
Unrestricted	105,526	789,263	24,908	919,697
Total Net Position	<u>\$ 40,215,991</u>	<u>\$ 24,082,862</u>	<u>\$ 5,289,377</u>	<u>\$ 69,588,230</u>

County of Tazewell, Virginia
Combining Statement of Activities
Other Component Units
For the Fiscal Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Component Unit</u>			<u>Total</u>
				<u>Public Service Authority</u>	<u>Industrial Development Authority</u>	<u>Airport Authority</u>	
OTHER COMPONENT UNITS:							
Public Service Authority	\$ 8,090,176	\$ 6,801,533	\$ -	\$ (793,344)	\$ -	\$ -	\$ (793,344)
Industrial Development Authority	1,610,435	390,833	240,000	-	(979,602)	-	(979,602)
Airport Authority	778,423	15,260	128,255	-	-	(612,649)	(612,649)
Total other component units	\$ 10,479,034	\$ 7,207,626	\$ 368,255	\$ (793,344)	\$ (979,602)	\$ (612,649)	\$ (2,385,595)
General revenues:							
Unrestricted revenues from use of money and property				\$ 2,133	\$ 1	\$ 34,080	\$ 36,214
Miscellaneous				48,978	47,072	283	96,333
Payments from Tazewell County				820,895	332,037	-	1,152,932
Grants and contributions not restricted to specific programs				35,808	-	-	35,808
Total general revenues				\$ 907,814	\$ 379,110	\$ 34,363	\$ 1,321,287
Change in net position				\$ 114,470	\$ (600,492)	\$ (578,286)	\$ (1,064,308)
Net position - beginning, as restated				40,101,521	24,683,354	5,867,663	70,652,538
Net position - ending				\$ 40,215,991	\$ 24,082,862	\$ 5,289,377	\$ 69,588,230

Supporting Schedules

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 14,415,696	\$ 14,415,696	\$ 13,993,805	\$ (421,891)
Real and personal public service corporation taxes	959,336	959,336	1,030,484	71,148
Personal property taxes	5,271,259	5,271,259	5,544,198	272,939
Mobile home taxes	183,623	183,623	157,017	(26,606)
Machinery and tools taxes	2,082,607	2,082,607	2,420,991	338,384
Merchant's capital taxes	864,929	864,929	838,640	(26,289)
Penalties	315,000	315,000	342,326	27,326
Interest	185,000	185,000	277,565	92,565
Total General Property Taxes	\$ 24,277,450	\$ 24,277,450	\$ 24,605,026	\$ 327,576
Other Local Taxes:				
Local sales and use taxes	\$ 4,850,000	\$ 4,850,000	\$ 4,561,165	\$ (288,835)
Consumers' utility taxes	850,000	850,000	849,422	(578)
Utility license taxes	100,000	100,000	36,136	(63,864)
Motor vehicle licenses	26,000	26,000	22,683	(3,317)
Bank franchise taxes	50,000	50,000	50,939	939
Taxes on recordation and wills	250,000	250,000	197,163	(52,837)
Transient fee	170,000	170,000	160,883	(9,117)
Coal severance taxes	390,000	390,000	441,139	51,139
Gas severance taxes	260,000	260,000	422,027	162,027
Total Other Local Taxes	\$ 6,946,000	\$ 6,946,000	\$ 6,741,557	\$ (204,443)
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 11,777	\$ 5,777
Land use application fees	300	300	167	(133)
Transfer fees	1,750	1,750	20,558	18,808
Legal service fees	35,000	35,000	50,679	15,679
Cavitts Creek camping fee	18,000	18,000	25,327	7,327
Collection fees	500	500	-	(500)
Building permits	60,000	60,000	53,649	(6,351)
Installment service fees	7,500	7,500	7,235	(265)
Return check fees	750	750	373	(377)
Junk dealers license	1,250	1,250	1,100	(150)
Erosion and sediment control permit	500	500	114	(386)
Other permits and licenses	-	-	4,571	4,571
Total Permits, Privilege Fees and Regulatory Licenses	\$ 131,550	\$ 131,550	\$ 175,550	\$ 44,000
Fines and Forfeitures:				
Court fines and forfeitures	\$ 45,000	\$ 45,000	\$ 63,875	\$ 18,875
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 30,000	\$ 30,000	\$ 28,893	\$ (1,107)
Revenue from use of property	266,020	266,020	267,380	1,360
Total Revenue from Use of Money and Property	\$ 296,020	\$ 296,020	\$ 296,273	\$ 253
Charges for Services:				
Commonwealth attorney fees	\$ 8,000	\$ 8,000	\$ 15,789	\$ 7,789
Courthouse maintenance fees	12,500	12,500	12,321	(179)
Courthouse security fees	75,000	75,000	70,575	(4,425)
Courthouse admission fee	6,000	6,000	50,881	44,881
Library fees	25,000	25,000	25,000	-
Court appointed attorney	-	-	5,972	5,972
Gun permit fees	-	-	34,077	34,077
County garage service fees	175,000	175,000	159,379	(15,621)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Charges for animal pound	\$ 10,000	\$ 10,000	\$ 16,666	\$ 6,666
Miscellaneous jail and inmate fees	-	-	17,440	17,440
Sheriff special project fees	-	-	3,743	3,743
Other charges for service	-	-	1,031	1,031
Total Charges for Services	\$ 311,500	\$ 311,500	\$ 412,874	\$ 101,374
Miscellaneous:				
Miscellaneous	\$ 500,000	\$ 348,353	\$ 248,176	\$ (100,177)
Expenditure refunds	8,000	8,000	4,715	(3,285)
Total Miscellaneous	\$ 508,000	\$ 356,353	\$ 252,891	\$ (103,462)
Recovered Costs:				
Library	\$ 15,000	\$ 15,000	\$ 15,008	\$ 8
Health department	-	-	21,914	21,914
Welfare recoveries	22,444	22,444	19,048	(3,396)
Sheriff	-	9,141	30,663	21,522
Insurance recoveries	87,000	117,910	84,446	(33,464)
Southwest Virginia Regional Jail Authority	-	5,115	509,445	504,330
VRS refund	660,000	660,000	639,452	(20,548)
Other recoveries	100,000	154,486	93,939	(60,547)
Total Recovered Costs	\$ 884,444	\$ 984,096	\$ 1,413,915	\$ 429,819
Total Revenue from Local Sources	\$ 33,399,964	\$ 33,347,969	\$ 33,961,961	\$ 613,992
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
Mobile home titling tax	\$ 85,000	\$ 85,000	\$ 74,181	\$ (10,819)
Motor vehicle rental tax	35,000	35,000	35,161	161
Rolling stock tax	115,000	115,000	103,409	(11,591)
State recordation tax	-	-	50,081	50,081
Personal property tax relief funds	2,758,262	2,758,262	2,758,262	-
Total Noncategorical Aid	\$ 2,993,262	\$ 2,993,262	\$ 3,021,094	\$ 27,832
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 700,279	\$ 700,279	\$ 691,063	\$ (9,216)
Sheriff	1,847,163	1,849,413	1,825,488	(23,925)
Commissioner of the Revenue	142,919	142,919	141,087	(1,832)
Treasurer	162,104	162,104	160,263	(1,841)
Registrar/Electoral Board	41,000	41,000	41,897	897
Clerk of the Circuit Court	449,957	449,957	488,311	38,354
Total Shared Expenses	\$ 3,343,422	\$ 3,345,672	\$ 3,348,109	\$ 2,437
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,515,790	\$ 2,515,790	\$ 2,456,242	\$ (59,548)
Comprehensive Services Act	1,487,500	1,487,500	1,053,319	(434,181)
Fire programs	85,759	85,759	100,754	14,995
At risk youth and family	9,412	9,412	73,419	64,007
Litter control	11,516	11,516	11,201	(315)
Emergency preparedness	7,500	7,500	-	(7,500)
Corrective service grant	128,297	128,297	129,882	1,585
Victim witness grant	149,299	149,299	37,325	(111,974)
School resource officer	34,660	34,660	34,660	-

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Other Categorical Aid: (continued)				
Library of VA - record preservation grant	\$ 153,437	\$ 198,471	\$ 183,908	\$ (14,563)
Commission on the arts	5,000	5,000	5,000	-
Substance abuse task force in rural appalachia	98,885	98,885	69,274	(29,611)
Emergency services grant	39,051	39,051	34,305	(4,746)
Bulletproof vest grant	86,000	86,000	18,340	(67,660)
Domestic violence DCJS grant	45,000	45,000	45,000	-
DMV grants	27,584	27,584	-	(27,584)
Total Other Categorical Aid	\$ 4,884,690	\$ 4,929,724	\$ 4,252,629	\$ (677,095)
Total Revenue from the Commonwealth	\$ 11,221,374	\$ 11,268,658	\$ 10,621,832	\$ (646,826)
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ 15,000	\$ 15,000	\$ 16,252	\$ 1,252
Categorical Aid:				
Public assistance and welfare administration	\$ 3,567,139	\$ 3,567,139	\$ 3,482,705	\$ (84,434)
Emergency preparedness	-	-	7,500	7,500
Victim witness	-	-	111,974	111,974
Violence against women	-	-	41,375	41,375
HIDTA grant	-	-	38,488	38,488
Work force investment	1,294,900	1,294,900	1,032,494	(262,406)
Motor vehicle grant	-	-	21,550	21,550
Other grants	350,000	350,000	30,142	(319,858)
Total Categorical Aid	\$ 5,212,039	\$ 5,212,039	\$ 4,766,228	\$ (445,811)
Total Revenue from the Federal Government	\$ 5,227,039	\$ 5,227,039	\$ 4,782,480	\$ (444,559)
Total General Fund	\$ 49,848,377	\$ 49,843,666	\$ 49,366,273	\$ (477,393)
Law Library Fund				
Charges for Services:				
Law library fees	\$ 10,435	\$ 10,435	\$ 9,494	\$ (941)
Total Charges for Services	\$ 10,435	\$ 10,435	\$ 9,494	\$ (941)
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 475	\$ 475
Total Law Library Fund	\$ 10,435	\$ 10,435	\$ 9,969	\$ (466)
Coal Road Improvement Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	\$ 366,712	\$ 366,712	\$ 532,999	\$ 166,287
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical Aid:				
Clinic Rd Lap - VDOT	\$ 200,798	\$ 200,798	\$ -	\$ (200,798)
Total Coal Road Improvement Fund	\$ 567,510	\$ 567,510	\$ 532,999	\$ (34,511)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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>
Coal Road Economic Development Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	\$ 150,000	\$ 150,000	\$ 330,717	\$ 180,717
Total Coal Road Economic Development Fund	\$ 150,000	\$ 150,000	\$ 330,717	\$ 180,717
E-911 Fund				
Revenue from Local Sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 4,712	\$ 6,236	\$ 1,524
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical Aid:				
PSAP, VITA, and RSAF grants	\$ 1,196,690	\$ 1,196,690	\$ 512,717	\$ (683,973)
Noncategorical Aid:				
E-911 communications tax	\$ 636,995	\$ 636,995	\$ 622,159	\$ (14,836)
Total Revenue from the Commonwealth	\$ 1,833,685	\$ 1,833,685	\$ 1,134,876	\$ (698,809)
Revenue from the Federal Government:				
Categorical Aid:				
Department of Emergency Management	\$ -	\$ -	\$ 122,182	\$ 122,182
Total E-911 Fund	\$ 1,833,685	\$ 1,838,397	\$ 1,263,294	\$ (575,103)
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	\$ 33,326	\$ (3,029)
Miscellaneous:				
Miscellaneous	\$ 400,000	\$ 400,000	\$ -	\$ (400,000)
Total Revenue from Local Sources	\$ 436,355	\$ 436,355	\$ 33,326	\$ (403,029)
Intergovernmental:				
Revenue from Local Governments:				
Contribution from the Tazewell County Industrial Development Authority	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Revenue from the Commonwealth:				
Other Categorical Aid:				
Other grant revenues	\$ 1,775,000	\$ 1,775,000	\$ 147,412	\$ (1,627,588)
Total Revenue from the Commonwealth	\$ 1,775,000	\$ 1,775,000	\$ 147,412	\$ (1,627,588)
Revenue from the Federal Government:				
Categorical Aid:				
Other grant revenues	\$ 356,859	\$ 356,859	\$ -	\$ (356,859)
Total Revenue from the Federal Government	\$ 356,859	\$ 356,859	\$ -	\$ (356,859)
Total County CIP Fund	\$ 3,068,214	\$ 3,068,214	\$ 680,738	\$ (2,387,476)
Total Primary Government	\$ 55,478,221	\$ 55,478,222	\$ 52,183,990	\$ (3,294,707)

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 50,000	\$ 50,000	\$ 7,700	\$ (42,300)
Charges for Services:				
Tuition	\$ 475,902	\$ 475,902	\$ 461,923	\$ (13,979)
Cafeteria sales	550,000	550,000	603,554	53,554
Charges for transportation	50,000	50,000	33,508	(16,492)
Total Charges for Services	\$ 1,075,902	\$ 1,075,902	\$ 1,098,985	\$ 23,083
Miscellaneous:				
Miscellaneous	\$ 85,000	\$ 85,000	\$ 43,196	\$ (41,804)
Recovered Costs:				
Rebates and refunds	\$ 535,000	\$ 535,000	\$ 607,035	\$ 72,035
Insurance recoveries	250,000	250,000	100,000	(150,000)
JROTC	62,000	62,000	37,785	(24,215)
Total Recovered Costs	\$ 847,000	\$ 847,000	\$ 744,820	\$ (102,180)
Total Revenue from Local Sources	\$ 2,057,902	\$ 2,057,902	\$ 1,894,701	\$ (163,201)
Intergovernmental:				
Revenue from Local Governments:				
Contribution from the County of Tazewell	\$ 14,298,738	\$ 14,298,738	\$ 12,252,775	\$ (2,045,963)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 502,137	\$ 502,137	\$ 502,137	\$ -
At risk payments	784,580	784,580	778,869	(5,711)
Basic school aid	18,575,471	18,575,471	18,512,543	(62,928)
Dual enrollment	420,000	420,000	364,520.00	(55,480)
ESL	33,312	33,312	26,065	(7,247)
E-rate funding	305,000	305,000	378,206	73,206
Foster care	24,110	24,110	9,895	(14,215)
GED funding	23,576	23,576	25,254	1,678
Gifted and talented children	206,187	206,187	204,630	(1,557)
GLI instructional	84,158	84,158	83,522	(636)
Mentor teaching program	3,840	3,840	5,055	1,215
Reading intervention	106,601	106,601	104,232	(2,369)
Reduced K-3 classroom	921,370	921,370	935,252	13,882
Remedial education	770,046	770,046	764,231	(5,815)
Remedial summer education	16,356	16,356	42,527	26,171
Retirement	2,537,364	2,537,364	2,518,202	(19,162)
Salary supplement	597,572	597,572	-	(597,572)
School food	29,421	29,421	25,323	(4,098)
Share of state sales tax	6,713,919	6,713,919	6,562,335	(151,584)
Social security	1,228,707	1,228,707	1,219,428	(9,279)
SOL algebra readiness	99,955	99,955	99,697	(258)
Special education - SOQ	2,617,314	2,617,314	2,597,549	(19,765)
Special education - foster care	-	-	18,891	18,891

County of Tazewell, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 142,823	\$ 142,823	\$ 90,744	\$ (52,079)
State textbook payments	78,836	78,836	324,119	245,283
State lottery payments	385,107	385,107	343,658	(41,449)
Technology assistance	508,000	508,000	1,005,800	497,800
Vocational education - SOQ	639,601	639,601	634,771	(4,830)
Vocational education - equipment	42,346	42,346	19,690	(22,656)
Vocational education - adult	-	-	6,039	6,039
Vocational occupational preparedness	-	-	16,400	16,400
Other state payments	401,515	401,515	691,406	289,891
Total Categorical Aid	<u>\$ 38,799,224</u>	<u>\$ 38,799,224</u>	<u>\$ 38,910,990</u>	<u>\$ 111,766</u>
Total Revenue from the Commonwealth	<u>\$ 38,799,224</u>	<u>\$ 38,799,224</u>	<u>\$ 38,910,990</u>	<u>\$ 111,766</u>
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 1,440	\$ 1,440
Title I	1,836,963	1,836,963	1,537,891	(299,072)
Title II, A Staff training	791,256	791,256	391,941	(399,315)
Vocational education	113,466	113,466	95,149	(18,317)
Title VI-B	1,845,078	1,845,078	1,864,513	19,435
Title VI-B Preschool	68,826	68,826	48,802	(20,024)
Title V-B-2	234,258	234,258	116,830	(117,428)
School food-Summer program	14,000	14,000	-	(14,000)
School food commodities	-	-	193,287	193,287
School breakfast	310,000	310,000	533,822	223,822
School lunch	1,300,000	1,300,000	1,394,547	94,547
Fresh fruit and vegetable program	25,000	25,000	8,850	(16,150)
Total Categorical Aid	<u>\$ 6,538,847</u>	<u>\$ 6,538,847</u>	<u>\$ 6,187,072</u>	<u>\$ (351,775)</u>
Total Revenue from the Federal Government	<u>\$ 6,538,847</u>	<u>\$ 6,538,847</u>	<u>\$ 6,187,072</u>	<u>\$ (351,775)</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 61,694,711</u>	<u>\$ 61,694,711</u>	<u>\$ 59,245,538</u>	<u>\$ (2,449,173)</u>

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 154,538	\$ 154,538	\$ 129,174	\$ 25,364
General and Financial Administration:				
County administrator	\$ 252,871	\$ 249,493	\$ 244,682	\$ 4,811
Legal services	330,825	330,825	310,558	20,267
Economic development	317,069	303,835	270,273	33,562
Commissioner of revenue	566,668	567,218	536,102	31,116
Reassessment	250,000	250,000	286,062	(36,062)
Treasurer	651,763	651,763	631,732	20,031
Finance office	293,937	296,469	291,199	5,270
Administration services	123,609	126,987	126,754	233
County garage	340,542	340,384	323,788	16,596
Information technology	570,639	570,639	546,978	23,661
Workforce consortium	1,384,571	1,384,571	1,076,333	308,238
Transit system	80,842	81,000	74,000	7,000
Total General and Financial Administration	\$ 5,163,336	\$ 5,153,184	\$ 4,718,461	\$ 434,723
Board of Elections:				
Registrar	\$ 230,938	\$ 232,038	\$ 214,107	\$ 17,931
Total General Government Administration	\$ 5,548,812	\$ 5,539,760	\$ 5,061,742	\$ 478,018
Judicial Administration:				
Courts:				
Clerk of the Circuit Court	\$ 803,274	\$ 859,493	\$ 821,200	\$ 38,293
Circuit court	130,960	130,960	125,389	5,571
District court	15,862	15,862	15,344	518
Magistrate	6,425	6,425	4,728	1,697
Victim's witness assistance	199,468	200,592	186,070	14,522
V - stop	44,606	44,606	37,306	7,300
Juvenile and domestic relations court	9,887	9,887	10,369	(482)
Total Courts	\$ 1,210,482	\$ 1,267,825	\$ 1,200,406	\$ 67,419
Commonwealth's Attorney:				
Commonwealth's attorney	\$ 1,096,235	\$ 1,106,707	\$ 1,092,167	\$ 14,540
Total Judicial Administration	\$ 2,306,717	\$ 2,374,532	\$ 2,292,573	\$ 81,959
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 4,959,351	\$ 5,090,975	\$ 4,785,703	\$ 305,272
DARE program	9,596	9,596	8,394	1,202
Total Law Enforcement and Traffic Control	\$ 4,968,947	\$ 5,100,571	\$ 4,794,097	\$ 306,474
Fire and Rescue Services:				
Volunteer fire departments	\$ 528,022	\$ 525,243	\$ 522,063	\$ 3,180
Volunteer rescue squads	171,926	170,361	168,925	1,436
Total Fire and Rescue Services	\$ 699,948	\$ 695,604	\$ 690,988	\$ 4,616
Correction and Detention:				
Jail	\$ 4,854,324	\$ 4,857,314	\$ 4,857,313	\$ 1
Probation office	289,912	291,735	291,698	37
Youth and family services	2,020,250	2,020,250	1,506,918	513,332
Special police	2,500	2,500	2,450	50
Total Correction and Detention	\$ 7,166,986	\$ 7,171,799	\$ 6,658,379	\$ 513,420

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Public Safety (continued)				
Inspections:				
Building Inspections	\$ 237,299	\$ 237,299	\$ 231,183	\$ 6,116
Other Protection:				
Human services	\$ 321,461	\$ 325,211	\$ 324,922	\$ 289
Emergency services	205,140	238,491	231,414	7,077
Animal control	223,451	224,111	199,660	24,451
Property maintenance	54,737	57,887	43,881	14,006
Forestry service	20,000	20,000	19,696	304
Substance Abuse Force in Rural Appalachia	81,991	81,991	66,504	15,487
Total Other Protection	\$ 906,780	\$ 947,691	\$ 886,077	\$ 61,614
Total Public Safety	\$ 13,979,960	\$ 14,152,964	\$ 13,260,724	\$ 892,240
Public Works:				
Maintenance of Streets, Highways, and Bridges:				
Orphan Road upgrading	\$ 251,659	\$ 222,452	\$ 10,600	\$ 211,852
Sanitation and Waste Removal:				
Transfer station	\$ 993,672	\$ 953,836	\$ 580,601	\$ 373,235
Maintenance of General Building and Grounds:				
General properties	\$ 1,239,477	\$ 1,250,374	\$ 1,216,193	\$ 34,181
Fairgrounds operations	55,670	55,670	55,981	(311)
Total Maintenance of General Buildings and Grounds	\$ 1,295,147	\$ 1,306,044	\$ 1,272,174	\$ 33,870
Total Public Works	\$ 2,540,478	\$ 2,482,332	\$ 1,863,375	\$ 618,957
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 473,116	\$ 473,116	\$ 473,116	\$ -
Mental health and mental Retardation:				
Cumberland Mountain Community Services Board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Public Assistance	\$ 3,368,097	\$ 3,368,097	\$ 3,135,046	\$ 233,051
Welfare Administration	5,043,308	5,043,308	4,694,344	348,964
Total Welfare	\$ 8,411,405	\$ 8,411,405	\$ 7,829,390	\$ 582,015
Total Health and Welfare	\$ 8,944,521	\$ 8,944,521	\$ 8,362,506	\$ 582,015
Education:				
Other Instructional Costs:				
Contribution to community colleges	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Contribution to Tazewell County School Board	14,298,738	14,298,738	12,252,775	2,045,963
Total Education	\$ 14,358,738	\$ 14,358,738	\$ 12,312,775	\$ 2,045,963
Parks, Recreational and Cultural:				
Parks and Recreation:				
Cavitt's Creek Park	\$ 204,853	\$ 203,853	\$ 193,984	\$ 9,869
Museums	76,500	76,500	74,741	1,759
Total Parks and Recreation	\$ 281,353	\$ 280,353	\$ 268,725	\$ 11,628
Library:				
Library Administration	\$ 1,094,287	\$ 1,108,624	\$ 1,073,365	\$ 35,259
Total Parks, Recreation and Cultural	\$ 1,375,640	\$ 1,388,977	\$ 1,342,090	\$ 46,887

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Community Development:				
Planning and Community Development:				
Community Development	\$ 53,200	\$ 53,200	\$ 53,200	\$ -
Tourism	193,013	239,501	221,938	17,563
Planning and engineering	282,110	282,110	251,227	30,883
Contribution to Airport	126,793	126,793	128,255	(1,462)
Contribution to IDA	32,037	32,037	32,037	-
Contribution to Tazewell County PSA	174,922	174,922	174,922	-
Total Planning and Community Development	<u>\$ 862,075</u>	<u>\$ 908,563</u>	<u>\$ 861,579</u>	<u>\$ 46,984</u>
Cooperative Extension Program:				
VPI extension	\$ 119,821	\$ 119,821	\$ 112,210	\$ 7,611
Total Community Development	<u>\$ 981,896</u>	<u>\$ 1,028,384</u>	<u>\$ 973,789</u>	<u>\$ 54,595</u>
Non-departmental:				
District funds	\$ 354,485	\$ 369,677	\$ 244,129	\$ 125,548
Contingent expenditures	1,248,463	857,882	94,686	763,196
Total Non-departmental	<u>\$ 1,602,948</u>	<u>\$ 1,227,559</u>	<u>\$ 338,815</u>	<u>\$ 888,744</u>
Debt Service:				
Principal retirement	\$ 732,719	\$ 732,719	\$ 1,691,187	\$ (958,468)
Interest	527,281	527,281	1,004,878	(477,597)
Total Debt Service	<u>\$ 1,260,000</u>	<u>\$ 1,260,000</u>	<u>\$ 2,696,065</u>	<u>\$ (1,436,065)</u>
Total General Fund	<u>\$ 52,899,710</u>	<u>\$ 52,757,767</u>	<u>\$ 48,504,454</u>	<u>\$ 4,253,313</u>
Nonmajor Special Revenue Funds:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law library	\$ 17,508	\$ 17,508	\$ 18,642	\$ (1,134)
Coal Road Improvement Fund:				
Public Works:				
Maintenance of Highways, streets, bridges, and sidewalks	\$ 1,433,764	\$ 1,433,764	\$ 854,002	\$ 579,762
Coal Road Economic Development Fund:				
Public Works:				
Economic development	\$ 150,000	\$ 150,000	\$ 296,786	\$ (146,786)
E-911 Fund:				
Other Protection:				
Public safety	\$ 2,175,129	\$ 2,240,329	\$ 1,518,098	\$ 722,231
Total Nonmajor Special Revenue Funds	<u>\$ 3,776,401</u>	<u>\$ 3,841,601</u>	<u>\$ 2,687,528</u>	<u>\$ 1,154,073</u>

County of Tazewell, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Major Capital Project Fund:				
County CIP Fund:				
Public Works:				
Contributions to the Public Service Authority	\$ 820,890	\$ 820,890	\$ 820,890	\$ -
Community Development:				
Contributions to the Industrial Development Authority	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Capital Projects:				
County capital project	\$ 3,673,847	\$ 3,773,847	\$ 578,385	\$ 3,195,462
Total County CIP Fund	\$ 4,794,737	\$ 4,894,737	\$ 1,699,275	\$ 3,195,462
Total Primary Government	\$ 61,470,848	\$ 61,494,105	\$ 52,891,257	\$ 8,602,848
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 3,477,458	\$ 3,477,458	\$ 3,175,998	\$ 301,460
Cafeteria operation	2,577,421	2,577,421	3,160,578	(583,157)
Total Administration of school	\$ 6,054,879	\$ 6,054,879	\$ 6,336,576	\$ (281,697)
Instructional:				
Instruction	\$ 43,286,492	\$ 43,286,492	\$ 39,751,189	\$ 3,535,303
Other operating costs				
Pupil transportation	\$ 3,720,873	\$ 3,720,873	\$ 3,180,226	\$ 540,647
Operation and maintenance of school plant	5,614,006	5,614,006	5,307,508	306,498
Technical resources	2,782,910	2,782,910	2,449,580	333,330
Facilities	2,375,662	2,375,662	59,937	2,315,725
Total other operating costs	\$ 14,493,451	\$ 14,493,451	\$ 10,997,251	\$ 3,496,200
Total Education	\$ 63,834,822	\$ 63,834,822	\$ 57,085,016	\$ 6,749,806
Debt Service:				
Principal retirement	\$ 106,636	\$ 106,636	\$ 1,299,333	\$ (1,192,697)
Interest and fiscal charges	-	-	169,036	(169,036)
Total Debt Service	\$ 106,636	\$ 106,636	\$ 1,468,369	\$ (1,361,733)
Total School Operating Fund	\$ 63,941,458	\$ 63,941,458	\$ 58,553,385	\$ 5,388,073
Total Discretely Presented Component Unit-School Board	\$ 63,941,458	\$ 63,941,458	\$ 58,553,385	\$ 5,388,073

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
2007-08	\$ 4,493,767	\$ 2,315,448	\$ 11,261,101	\$ 3,691,063	\$ 7,133,235	\$ 12,009,617	\$ 1,168,824	\$ 3,799,582	\$ 163,250	\$ 1,515,866	\$ 47,551,753
2008-09	4,170,651	2,415,913	11,793,711	5,111,308	6,399,621	15,922,682	1,289,353	1,961,006	455,413	1,559,347	51,079,005
2009-10	4,464,306	2,293,078	12,199,744	5,327,605	6,568,843	10,333,375	1,278,302	2,176,532	462,972	1,701,481	46,806,238
2010-11	5,765,264	2,384,875	12,226,338	5,170,568	7,935,398	12,498,174	913,958	6,706,909	397,317	1,359,364	55,358,165
2011-12	5,862,984	2,217,971	12,095,017	6,260,014	7,096,754	10,528,952	1,399,357	3,731,899	584,285	1,744,014	51,521,247
2012-13	4,722,345	2,402,694	12,141,514	5,840,389	7,792,968	12,789,766	2,107,259	928,051	420,155	1,729,821	50,874,962
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

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	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2007-08	\$ 6,826,918	\$ 11,818,329	\$ 1,736,610	\$ 21,106,417	\$ 9,318,707	\$ 1,126,950	\$ 574,869	\$ 3,041,728	\$ 55,550,528
2008-09	1,298,603	11,268,684	-	21,468,696	8,855,016	687,983	1,945,329	3,128,364	48,652,675
2009-10	1,220,845	12,203,375	-	22,339,123	9,201,493	496,920	742,233	2,539,185	48,743,174
2010-11	1,350,543	14,470,285	-	22,434,132	10,109,122	566,080	572,960	3,015,566	52,518,688
2011-12	1,448,420	12,554,188	-	22,432,569	9,840,383	508,368	106,179	3,682,169	50,572,276
2012-13	1,419,806	12,342,470	-	25,063,467	9,384,120	503,608	302,813	3,911,447	52,927,731
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

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
2007-08	\$ 3,935,603	\$ 2,522,491	\$ 11,218,109	\$ 3,574,391	\$ 7,034,792	\$ 59,847,265	\$ 1,279,918	\$ 877,894	\$ 504,462	\$ 1,035,830	\$ 1,020,678	\$ 92,851,433
2008-09	3,791,274	2,416,746	11,722,369	5,129,037	6,548,043	65,487,685	1,293,482	1,916,024	585,953	8,077,792	1,709,701	108,678,106
2009-10	4,090,059	2,226,553	11,968,126	5,214,198	6,560,999	59,043,332	1,264,793	2,254,077	417,479	4,178,516	1,731,903	98,950,035
2010-11	5,079,097	2,334,056	12,529,527	5,179,935	7,902,900	56,082,561	1,227,381	6,659,999	728,594	772,843	1,859,615	100,356,508
2011-12	5,496,926	2,203,860	12,568,436	6,182,381	7,198,253	57,386,788	1,400,476	3,670,296	491,276	176,812	1,121,767	97,897,271
2012-13	5,368,601	2,377,683	13,044,332	5,848,948	7,824,599	58,437,244	2,184,724	822,526	365,434	-	1,518,912	97,793,003
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

(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
2007-08	\$ 20,918,920	\$ 9,123,793	\$ 327,368	\$ 1,494,872	* \$ 1,094,394	\$ 1,426,764	\$ 709,530	\$ 394,124	\$ 67,001,280	\$ 102,491,045
2008-09	21,466,436	8,855,016	359,727	77,003	676,358	1,440,408	2,453,702	605,399	64,353,320	100,287,369
2009-10	22,057,379	9,201,493	312,169	102,915	503,900	1,313,279	1,381,478	785,421	61,658,458	97,316,492
2010-11	22,580,736	10,109,122	387,173	36,612	586,281	1,339,581	1,042,051	626,623	60,743,793	97,451,972
2011-12	22,382,573	10,508,771	460,872	31,625	1,101,745	1,432,285	326,166	1,441,199	61,848,057	99,533,293
2012-13	25,302,730	10,094,133	354,257	42,935	519,624	1,306,595	856,992	2,093,588	59,382,794	99,953,648
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

(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
2007-08	\$ 20,588,946	\$ 19,619,232	95.29%	\$ 747,150	\$ 20,366,382	98.92%	\$ 969,714	4.71%
2008-09	24,385,205	23,160,618	94.98%	783,128	23,943,746	98.19%	1,057,084	4.33%
2009-10	23,808,926	23,109,101	97.06%	700,797	23,809,898	100.00%	1,133,717	4.76%
2010-11	23,879,022	22,772,442	95.37%	757,589	23,530,031	98.54%	1,106,580	4.63%
2011-12	24,466,827	23,137,609	94.57%	834,004	23,971,613	97.98%	1,111,033	4.54%
2012-13	25,766,294	23,684,505	91.92%	1,020,716	24,705,221	95.88%	1,164,736	4.52%
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%

(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
2007-08	\$ 2,228,173,720	\$ 378,565,936	\$ 50,524,500	\$ 25,181,600	\$ 153,633,681	\$ 2,836,079,437
2008-09	2,242,848,000	433,721,052	63,194,200	26,242,900	134,364,627	2,900,370,779
2009-10	2,344,151,900	385,307,872	52,822,200	24,935,700	145,812,842	2,953,030,514
2010-11	2,287,048,300	410,218,953	60,574,600	21,779,750	151,502,180	2,931,123,783
2011-12	2,260,086,800	419,792,327	57,412,500	24,180,008	151,353,638	2,912,825,273
2012-13	2,840,597,700	431,193,109	85,826,200	25,299,900	173,166,368	3,556,083,277
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

(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
2007-08	\$ 0.58	\$ 2.00	\$ 2.00	\$ 4.30	\$ 0.58	\$ 2.00
2008-09	0.58	2.00	2.00	4.30	0.58	2.00
2009-10	0.58	2.00	2.00	4.30	0.58	2.00
2010-11	0.58	2.00	2.00	4.30	0.58	2.00
2011-12	0.58	2.00	2.00	4.30	0.58	2.00
2012-13	0.57	2.00	2.00	4.30	0.58	2.00
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

(1) Per \$100 of assessed value.

Table 8

County of Tazewell, Virginia
 Ratio 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
2007-08	44,600	\$ 2,836,079,437	\$ 5,311,945	0.19%	\$ 119
2008-09	44,600	2,900,370,779	11,433,289	0.39%	256
2009-10	44,600	2,953,030,514	10,793,095	0.37%	242
2010-11	45,078	2,931,123,783	10,028,765	0.34%	222
2011-12	45,078	2,912,825,273	9,395,256	0.32%	208
2012-13	45,078	3,556,083,277	8,860,394	0.25%	197
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

(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
2006-07	\$ 544,186	\$ 189,366	\$ 733,552	\$ 88,608,936	0.83%
2007-08	822,508	198,170	1,020,678	92,851,433	1.10%
2008-09	577,597	250,006	827,603	108,678,106	0.76%
2009-10	640,194	487,207	1,127,401	98,950,035	1.14%
2010-11	764,330	469,109	1,233,439	100,356,508	1.23%
2011-12	633,509	488,258	1,121,767	97,897,271	1.15%
2012-13	534,862	439,067	973,929	97,793,003	1.00%
2013-14	782,407	467,741	1,250,148	97,820,389	1.28%
2014-15	295,798	321,897	617,695	107,431,077	0.57%
2015-16	1,691,187	1,004,878	2,696,065	99,191,867	2.72%

(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, 2017, 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 18, 2017.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weakness and significant deficiencies. (Reference 2017-001).

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

Internal Control over Financial Reporting (continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. (Reference 2017-002).

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 18, 2017

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the 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, 2017. 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 \$2,408,850 in federal awards which is not included in the schedule during the year ended June 30, 2017. 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, 2017.

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 items 2017-003. Our opinion on each major federal program is not modified with respect to these matters.

County of Tazewell, Virginia's response to the noncompliance 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 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a significant deficiency.

Report on Internal Control over Compliance (continued)

County of Tazewell, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 18, 2017

County of Tazewell, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

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	\$ 28,124
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	542,213
Refugee and Entrant Assistance - State Administered Programs	93.566	91113	1,809
Low-Income Home Energy Assistance	93.568	91114	61,586
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	89,030
Chafee Education and Training Vouchers Program	93.599	90353	1,009
Stephanie Tubbs Jones Child Welfare Services Program	93.645	91131	919
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	355,812
Adoption Assistance	93.659	90606, 90627, 90607, 91108 91408, 90606, 90627, 90607	668,577
Social Services Block Grant	93.667	90340, 91120, 91122, 91123 91124, 91125, 91126, 91142 90351, 90379, 90648, 90358 90340, 91120, 91122, 91123 91124, 91125, 91126, 91142	364,911
Chafee Foster Care Independence Program	93.674	91134, 90356, 91134, 90356	7,924
Children's Health Insurance Program	93.767	91102, 91402, 90668, 90173	23,050
Medical Assistance Program	93.778	90213, 90667, 90174, 91101 91146, 91150, 91401, 91446 91450, 91101, 91146, 91150	734,285
Total Department of Health and Human Services			\$ 2,879,249
Department of Agriculture:			
Pass-through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	40591	\$ 533,822
National School Lunch Program	10.555	40623	\$ 1,375,871
Department of Agriculture:			
Food Distribution	10.555	Unknown	192,601 1,568,472
Summer Food Service Program for Children	10.559	Not applicable	686 \$ 2,102,980
Fresh Fruit and Vegetable Program	10.582	Unknown	8,850
Child Nutrition Discretionary Grants Limited Availability	10.579	Unknown	18,676
Department of Education:			
Schools and Roads - Grants to States	10.665	43841	1,440
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	603,456
Total Department of Agriculture			\$ 2,735,402
Department of Labor:			
Pass-through Payments:			
Russell County:			
WIOA Cluster:			
WIOA Adult Program	17.258	53427	\$ 482,723
WIOA Youth Activities	17.259	53427	206,148
WIOA Dislocated Worker Formula Grants	17.278	53427	343,623 \$ 1,032,494

County of Tazewell, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2017

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	10WFA0041	41,375
Total Department of Justice			\$ 153,349
Executive Office of the President			
Pass-through Payments:			
Appalachia HIDTA			
High Intensity Drug Trafficking Areas Program	95.001	G17AP0001A	\$ 38,488
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	152,324
Total Department of Homeland Security			\$ 159,824
Department of Transportation:			
Pass-through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	AL-2012-52037-4415	\$ 6,872
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2011-51206-4148	14,678
			\$ 21,550
Department of Education:			
Pass-through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 1,537,442
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	\$ 1,864,513
Special Education Preschool Grants	84.173	62521	48,802
Career and Technical Education: Basic Grants to States	84.048	61095	95,149
Advanced Placement Program	84.330	Unknown	449
Rural Education	84.358	43481	116,830
Supporting Effective Instruction State Grant	84.367	61480	391,941
Total Department of Education:			\$ 4,055,126
Total Expenditures of Federal Awards			\$ 11,075,482

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 grant activity of the County of Tazewell, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of 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 and OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (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 -- 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

\$ 4,904,662

 Less: Payment in lieu of taxes

(16,252)

 Total Primary Government

\$ 4,888,410

 Component Unit School Board:

 School Operating Fund

\$ 6,187,072

Total expenditures of federal awards per basic financial statements

\$ 11,075,482

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards

\$ 11,075,482

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	Yes
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>
10.553/10.555/10.559	Child Nutrition Cluster
84.367	Supporting Effective Instruction State Grant
93.778	Medical Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
17.258/17.259/17.278	WIOA Cluster

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, 2017

Section II - Financial Statement Findings

2017-001

Criteria:	Per Statement on Auditing Standards 115, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. Furthermore, reliance on the auditor to propose adjustments necessary to comply with reporting standards is not a component of such
Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Effect of Condition:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal controls over financial reporting.
Cause of Condition:	The County does not have proper controls in place to detect and correct adjustments in closing their year end financial statements.
Recommendation:	The County should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Management's Response:	The County will review the auditors' proposed audit adjustments for the fiscal year and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section II - Financial Statement Findings (Continued)

2017-002

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 more than a remote likelihood 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, 2017

Section III - Federal Award Findings and Questioned Costs

2017-003

Program Titles:	Child Nutrition Cluster
CFDA Numbers:	10.553/10.555/10.559
Pass-through Entities:	Departments of Agriculture and Education
Compliance Requirement:	Eligibility
Finding Type:	Noncompliance and Significant Deficiency
Criteria:	Free and reduced lunch applications should be entered in the system exactly as the amounts are shown on the application.
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.
Questioned Costs:	Unknown
Context:	Amounts per free and reduced lunch applications are keyed into a system that determines whether individual's qualify for assistance based on income levels and family size information provided.
Effect:	Applications were not appropriately keyed in the system and free, reduced, and denied applications were not accurate.
Cause:	Amounts keyed in the system for income amounts did not agree to the underlying applications due to clerical errors.
Recommendation:	Management should establish a system to review amounts keyed in the system to ensure that totals agree to underlying applications.
Views of Responsible Officials and Planned Corrective Action:	Management acknowledges that there were errors in the input of information on the applications and is working to establish a process to ensure that this is corrected going forward.

Section IV - Status of Prior Audit Findings and Questioned Costs

The prior year finding is no longer reported.