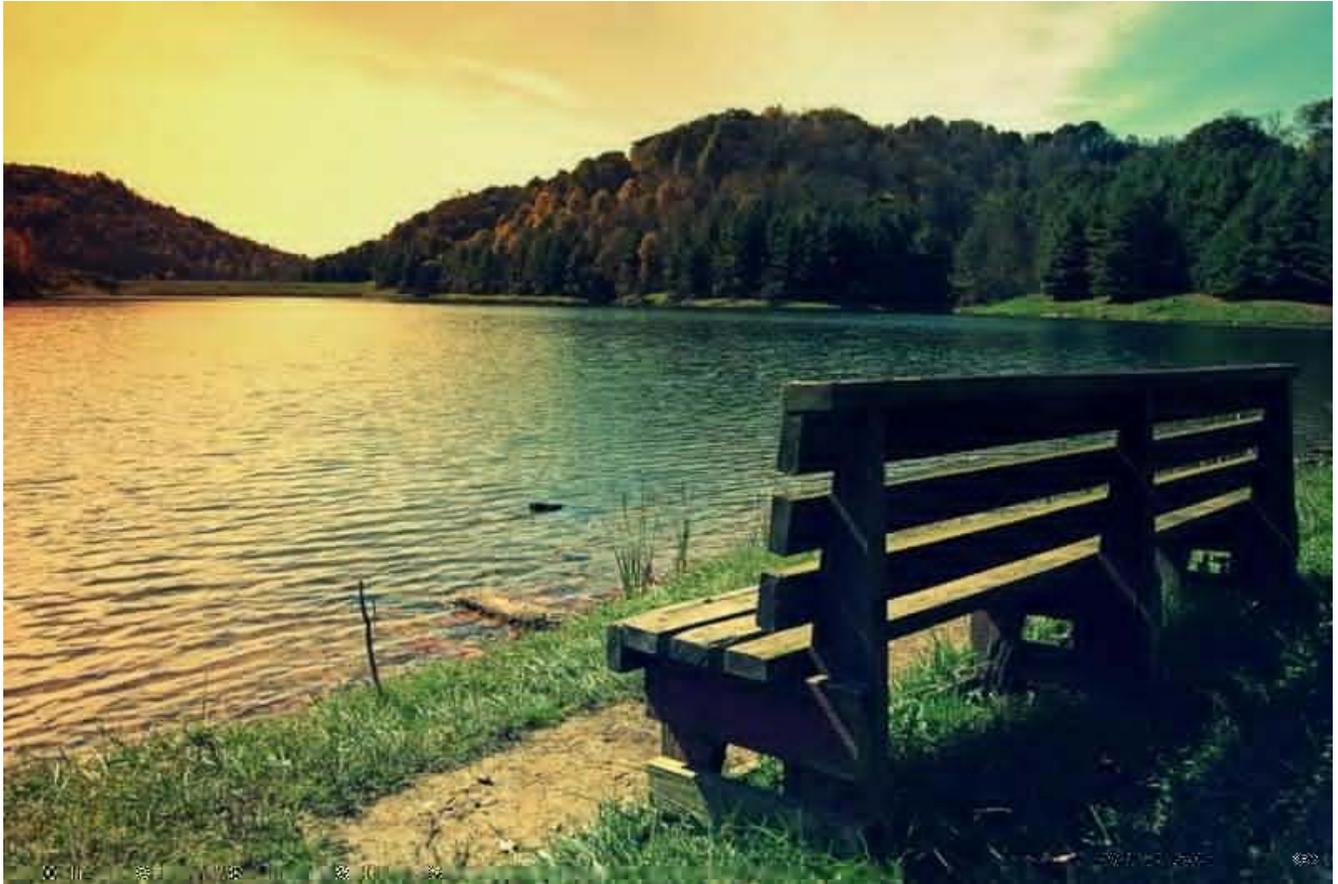


# County of Tazewell, Virginia



## ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

COUNTY OF TAZEWELL, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016

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COUNTY OF TAZEWELL, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016

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## INTRODUCTORY SECTION

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**COUNTY OF TAZEWELL, VIRGINIA**

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**BOARD OF SUPERVISORS**

---

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

**COUNTY SCHOOL BOARD**

---

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

**SOCIAL SERVICES BOARD**

---

|               |                           |               |
|---------------|---------------------------|---------------|
| Karen Rich    | Darrell Addison, Chairman | 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      |

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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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 aggregate 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, 2016, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 19 to the financial statements, in 2016, the County adopted new accounting guidance, Pool Participants, 82 Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 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.

*Other Information (continued)*

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, 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 9, 2016

## 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, 2016. 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 \$12,594,555 (net position). Of this amount, \$1,499,628 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 \$2,788,453 (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 \$32,104,530 (net position).
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$11,190,765. Of this amount \$5,557,673 was considered unassigned, \$1,616,201 was considered committed, and \$151,286 was considered nonspendable.
- During the year, the County had governmental expenses that were \$3,138,005 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 of the County’s Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$15,383,008 at the close of the most recent fiscal year.

The largest portion of the County’s net position \$14,626,949 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. An additional portion of the County’s net position \$6,432,473, are subject to restrictions on how they may be used. The remaining balance of net position \$(5,676,414) 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 2016 and 2015.

Statement of Net Position

|                                     | Governmental and<br>Business-type<br>Activities<br>2016 | Governmental and<br>Business-type<br>Activities<br>2015 |
|-------------------------------------|---|---|
| Current and other assets            | \$ 42,386,235   | \$ 45,069,874   |
| Capital assets                      | 22,969,290  | 22,690,254  |
| Total assets                        | <u>\$ 65,355,525</u>                                    | <u>\$ 67,760,128</u>                                    |
| <br>                                |   |   |
| Deferred outflows                   | <u>\$ 1,348,744</u>                                     | <u>\$ 1,122,599</u>                                     |
| <br>                                |   |   |
| Current and other liabilities       | \$ 1,494,405  | \$ 945,683  |
| Long-term liabilities               | 24,012,856  | 23,217,605  |
| Total liabilities                   | <u>\$ 25,507,261</u>                                    | <u>\$ 24,163,288</u>                                    |
| <br>                                |   |   |
| Deferred inflows                    | <u>\$ 25,814,000</u>                                    | <u>\$ 27,722,561</u>                                    |
| <br>                                |   |   |
| Net position:                       |   |   |
| Net investment in<br>capital assets | \$ 14,626,949   | \$ 13,458,206   |
| Restricted                          | 6,432,473   | 7,559,552   |
| Unrestricted                        | (5,676,414)   | (4,020,850)   |
| Total net position                  | <u>\$ 15,383,008</u>                                    | <u>\$ 16,996,878</u>                                    |

## Statement of Activities

|   | Governmental and<br>Business-type<br>Activities<br>2016 | Governmental and<br>Business-type<br>Activities<br>2015 |
|---|---|---|
| Program revenues  |   |   |
| Charges for services  | \$ 1,071,528  | \$ 1,437,334  |
| Operating grants and contributions                              | 13,190,909  | 12,655,943  |
| General revenues  |   |   |
| Property taxes  | 26,226,424  | 24,806,128  |
| Other taxes   | 6,901,746   | 7,991,869   |
| Revenue from use of money and<br>property                       | 329,816   | 332,444   |
| Miscellaneous   | 447,548   | 1,100,181   |
| Grants and contributions not<br>restricted to specific programs | 3,728,032   | 3,757,650   |
| Total revenues  | \$ 51,896,003   | \$ 52,081,549   |
| Expenses  |   |   |
| General government  | \$ 5,951,692  | \$ 5,341,134  |
| Judicial administration   | 3,173,371   | 3,313,678   |
| Public safety   | 13,873,649  | 15,278,730  |
| Public works  | 4,493,410   | 7,195,353   |
| Health and welfare  | 8,152,624   | 7,914,541   |
| Education   | 13,353,326  | 13,914,784  |
| Parks, recreation and cultural                                  | 1,165,905   | 1,507,870   |
| Community development   | 1,099,152   | 1,067,600   |
| Interest on debt  | 320,679   | 314,193   |
| Landfill  | 1,926,065   | 1,770,276   |
| Total expenses  | \$ 53,509,873   | \$ 57,618,159   |
| Change in net position  | \$ (1,613,870)  | \$ (5,536,610)  |

### 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 \$11,190,765. Approximately 1% or \$151,286 is considered nonspendable, as it is for prepaid expenses, approximately 35% or \$3,865,605 is restricted by external parties, such as grantors, laws, or legislation, and approximately 14% or \$1,616,201 has been committed by action of the Board of Supervisors. The remaining balance, \$5,557,673 or 50% 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 \$7,391,289, of this amount \$7,382,038 was considered unassigned, and \$9,251 was nonspendable. The special revenue funds, at the end of the fiscal year, had a fund balance of \$1,681,092 of which \$64,891 was considered nonspendable and \$1,616,201 was considered committed. The County CIP Fund, at the end of the fiscal year had a nonspendable fund balance of \$77,144, restricted fund balance of \$3,865,605, and unassigned fund balance of \$(1,824,365).

Total governmental fund revenues decreased \$2,016,857 and expenditures decreased \$3,052,172 over prior year amounts. For fiscal year ended June 30, 2016, expenditures exceeded revenues by \$3,138,005, as compared to the fiscal year ended June 30, 2015, expenditures exceeded revenues by \$4,173,320.

### 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, 2016, amounts to \$22,969,290 (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                | \$ 621,754           |
| OPEB obligation              | 2,214,300            |
| Net pension liability        | 6,202,825            |
| General obligation bonds     | 6,984,113            |
| Literary loan                | 375,000              |
| Total                        | <u>\$ 16,397,992</u> |
| Business-type Activities:    |                      |
| Accrued leave                | \$ 31,403            |
| Estimated landfill liability | 6,370,882            |
| Net pension liability        | 229,351              |
| Notes and bonds payable      | 983,228              |
| Total                        | <u>\$ 7,614,864</u>  |

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

### Economic Factors

The June 2016 unemployment rate for the County was 7.6%, which is a decrease from a rate of 8.0% in June 2015. This is above the state's average unemployment rate of 4.0% and also above the national average rate of 5.1%.

### 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, 2016

|   | Primary Government         |                             |                      | Component Units        |                             |
|---|----------------------------|-----------------------------|----------------------|------------------------|-----------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                | School<br>Board        | Other<br>Component<br>Units |
| <b>ASSETS</b>   |                            |                             |                      |                        |                             |
| Cash and Cash Equivalents                             | \$ 7,755,907               | \$ -                        | \$ 7,755,907         | \$ 6,316,602           | \$ 1,938,398                |
| Cash in Custody of Others                             | -                          | -                           | -                    | 13,211                 | -                           |
| Receivables (Net of Allowance for Uncollectibles):    |                            |                             |                      |                        |                             |
| Taxes   | 27,400,428                 | -                           | 27,400,428           | -                      | -                           |
| Accounts Receivable                                   | 164,389                    | 37,610                      | 201,999              | 38,432                 | 682,595                     |
| Note Receivable                                       | -                          | -                           | -                    | -                      | 107,688                     |
| Due from Component Unit School Board                  | 1,367,718                  | -                           | 1,367,718            | -                      | -                           |
| Due from Component Unit PSA                           | 185,215                    | -                           | 185,215              | -                      | -                           |
| Due from Other Governmental Units                     | 2,756,814                  | -                           | 2,756,814            | 2,054,909              | 304,277                     |
| Internal Balances                                     | (33,845)                   | 33,845                      | -                    | -                      | -                           |
| Inventory   | -                          | -                           | -                    | -                      | 129,591                     |
| Prepaid Items   | 151,286                    | -                           | 151,286              | 113,037                | 51,074                      |
| Restricted Assets:                                    |                            |                             |                      |                        |                             |
| Cash and Cash Equivalents                             | -                          | 2,566,868                   | 2,566,868            | -                      | 183,177                     |
| Capital Assets:                                       |                            |                             |                      |                        |                             |
| Land  | 2,293,640                  | 287,598                     | 2,581,238            | 1,908,716              | 4,352,164                   |
| Buildings and Improvements                            | 1,432,948                  | 32,884                      | 1,465,832            | 12,314,317             | 1,133,505                   |
| Tenancy in Common                                     | 5,353,083                  | -                           | 5,353,083            | 8,059,588              | -                           |
| Machinery and Equipment                               | 4,890,938                  | 990,078                     | 5,881,016            | 3,007,487              | 1,041,357                   |
| Improvements Other Than Buildings                     | -                          | 7,070,295                   | 7,070,295            | -                      | 22,964,511                  |
| Infrastructure  | -                          | -                           | -                    | -                      | 72,481,762                  |
| Construction in Progress                              | 617,826                    | -                           | 617,826              | -                      | 15,118,890                  |
| Total Assets  | <u>\$ 54,336,347</u>       | <u>\$ 11,019,178</u>        | <u>\$ 65,355,525</u> | <u>\$ 33,826,299</u>   | <u>\$ 120,488,989</u>       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                            |                             |                      |                        |                             |
| Pension Contributions Subsequent to Measurement Date  | \$ 1,082,284               | \$ 38,200                   | \$ 1,120,484         | \$ 4,334,067           | \$ 162,818                  |
| Items Related to Measurement of Net Pension Liability | 220,121                    | 8,139                       | 228,260              | -                      | 38,076                      |
| Total Deferred Outflows of Resources                  | <u>\$ 1,302,405</u>        | <u>\$ 46,339</u>            | <u>\$ 1,348,744</u>  | <u>\$ 4,334,067</u>    | <u>\$ 200,894</u>           |
| <b>LIABILITIES</b>                                    |                            |                             |                      |                        |                             |
| Accounts Payable                                      | \$ 743,760                 | \$ 16,093                   | \$ 759,853           | \$ 168,668             | \$ 110,657                  |
| Reconciled Overdraft                                  | -                          | 610,969                     | 610,969              | -                      | -                           |
| Accrued Liabilities                                   | -                          | -                           | -                    | -                      | 405,095                     |
| Accrued Wages   | -                          | -                           | -                    | 3,434,695              | 63,228                      |
| Customer Deposits                                     | -                          | -                           | -                    | -                      | 183,133                     |
| Accrued Interest Payable                              | 123,583                    | -                           | 123,583              | -                      | 169,450                     |
| Due to Primary Government                             | -                          | -                           | -                    | 1,374,733              | -                           |
| Amounts Held for Others                               | -                          | -                           | -                    | 13,211                 | -                           |
| Long-term Liabilities:                                |                            |                             |                      |                        |                             |
| Due Within One Year                                   | 718,670                    | 274,246                     | 992,916              | 1,055,089              | 3,394,083                   |
| Due in More Than One Year                             | 15,679,322                 | 7,340,618                   | 23,019,940           | 58,755,924             | 44,006,691                  |
| Bond premium  | -                          | -                           | -                    | -                      | 1,355,688                   |
| Net OPEB Obligation                                   | -                          | -                           | -                    | -                      | 690,200                     |
| Total Liabilities                                     | <u>\$ 17,265,335</u>       | <u>\$ 8,241,926</u>         | <u>\$ 25,507,261</u> | <u>\$ 64,802,320</u>   | <u>\$ 50,378,225</u>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                            |                             |                      |                        |                             |
| Deferred Revenue - Property Taxes                     | \$ 24,828,575              | \$ -                        | \$ 24,828,575        | \$ -                   | \$ -                        |
| Items Related to Measurement of Net Pension Liability | 950,287                    | 35,138                      | 985,425              | 5,462,576              | 144,391                     |
| Total Deferred Inflows of Resources                   | <u>\$ 25,778,862</u>       | <u>\$ 35,138</u>            | <u>\$ 25,814,000</u> | <u>\$ 5,462,576</u>    | <u>\$ 144,391</u>           |
| <b>NET POSITION</b>                                   |                            |                             |                      |                        |                             |
| Net Investment in Capital Assets                      | \$ 7,229,322               | \$ 7,397,627                | \$ 14,626,949        | \$ 18,512,884          | \$ 69,149,712               |
| Restricted  | 3,865,605                  | 2,566,868                   | 6,432,473            | -                      | -                           |
| Unrestricted  | 1,499,628                  | (7,176,042)                 | (5,676,414)          | (50,617,414)           | 1,017,555                   |
| Total Net Position                                    | <u>\$ 12,594,555</u>       | <u>\$ 2,788,453</u>         | <u>\$ 15,383,008</u> | <u>\$ (32,104,530)</u> | <u>\$ 70,167,267</u>        |

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, 2016**

| 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 | Total           | School Board    | Other Component Units |                |
| <b>PRIMARY GOVERNMENT:</b>                                   |                  |                      |                                    |                                  |   |                          |                 |                 |                       |                |
| Governmental Activities:                                     |                  |                      |                                    |                                  |   |                          |                 |                 |                       |                |
| General Government Administration                            | \$ 5,951,692     | \$ 24,613            | \$ 358,029                         | \$ -                             | \$ (5,569,050)                                    | \$ -                     | \$ -            | \$ -            | \$ -                  | \$ -           |
| Judicial Administration                                      | 3,173,371        | 134,129              | 1,334,030                          | -                                | (1,705,212)                                       | -                        | -               | -               | -                     | -              |
| Public Safety  | 13,873,649       | 193,297              | 2,909,672                          | -                                | (10,770,680)                                      | -                        | -               | -               | -                     | -              |
| Public Works   | 4,493,410        | 351,909              | 11,633                             | -                                | (4,129,868)                                       | -                        | -               | -               | -                     | -              |
| Health and Welfare   | 8,152,624        | -                    | 7,034,413                          | -                                | (1,118,211)                                       | -                        | -               | -               | -                     | -              |
| Education  | 13,353,326       | -                    | -                                  | -                                | (13,353,326)                                      | -                        | -               | -               | -                     | -              |
| Parks, Recreation and Cultural                               | 1,165,905        | 37,846               | 163,665                            | -                                | (964,394)   | -                        | -               | -               | -                     | -              |
| Community Development  | 1,099,152        | 17,378               | 1,379,467                          | -                                | 297,693   | -                        | -               | -               | -                     | -              |
| Interest   | 320,679          | -                    | -                                  | -                                | (320,679)   | -                        | -               | -               | -                     | -              |
| Total Governmental Activities                                | \$ 51,583,808    | \$ 759,172           | \$ 13,190,909                      | \$ -                             | \$ (37,633,727)                                   | \$ -                     | \$ -            | \$ -            | \$ -                  | \$ -           |
| Business-type Activities                                     |                  |                      |                                    |                                  |   |                          |                 |                 |                       |                |
| Landfill   | \$ 1,926,065     | \$ 312,356           | \$ -                               | \$ -                             | \$ -  | \$ (1,613,709)           | \$ -            | \$ -            | \$ -                  | \$ -           |
| Total Primary Government                                     | \$ 53,509,873    | \$ 1,071,528         | \$ 13,190,909                      | \$ -                             | \$ (37,633,727)                                   | \$ (1,613,709)           | \$ -            | \$ -            | \$ -                  | \$ -           |
| Component Units:   |                  |                      |                                    |                                  |   |                          |                 |                 |                       |                |
| School Board   | \$ 57,495,874    | \$ 629,679           | \$ 44,370,476                      | \$ -                             | \$ -  | \$ -                     | \$ (12,495,719) | \$ -            | \$ -                  | \$ -           |
| Other component units  | \$ 10,935,036    | \$ 7,822,663         | \$ 1,602,077                       | \$ 273,944                       | \$ -  | \$ -                     | \$ -            | \$ -            | \$ -                  | \$ (1,236,352) |
| Total Component Units  | \$ 68,430,910    | \$ 8,452,342         | \$ 45,972,553                      | \$ 273,944                       | \$ -  | \$ -                     | \$ (12,495,719) | \$ -            | \$ -                  | \$ (1,236,352) |
| General Revenues:  |                  |                      |                                    |                                  |   |                          |                 |                 |                       |                |
| General Property Taxes                                       |                  |                      |                                    |                                  | \$ 26,226,424                                     | \$ -                     | \$ -            | \$ -            | \$ -                  | \$ -           |
| Other Local Taxes  |                  |                      |                                    |                                  |   |                          |                 |                 |                       |                |
| Local Sales and Use Taxes                                    |                  |                      |                                    |                                  | 4,666,514   |                          |                 |                 |                       |                |
| Consumers' Utility Taxes                                     |                  |                      |                                    |                                  | 872,086   |                          |                 |                 |                       |                |
| Utility License Taxes  |                  |                      |                                    |                                  | 70,324  |                          |                 |                 |                       |                |
| Motor Vehicle Licenses                                       |                  |                      |                                    |                                  | 23,854  |                          |                 |                 |                       |                |
| Bank Franchise Taxes   |                  |                      |                                    |                                  | 37,343  |                          |                 |                 |                       |                |
| Taxes on Recordation and Wills                               |                  |                      |                                    |                                  | 153,161   |                          |                 |                 |                       |                |
| Coal Severance Taxes   |                  |                      |                                    |                                  | 801,428   |                          |                 |                 |                       |                |
| Gas Severance Tax  |                  |                      |                                    |                                  | 277,036   |                          |                 |                 |                       |                |
| Unrestricted Revenues from Use of Money and Property         |                  |                      |                                    |                                  | 329,816   |                          |                 | 24,565          | 51,715                |                |
| Miscellaneous  |                  |                      |                                    |                                  | 436,672   |                          |                 | 85,809          | 177,445               |                |
| Payments from Primary Government                             |                  |                      |                                    |                                  | -   |                          |                 | 12,748,992      | 1,255,635             |                |
| Grants and Contributions not Restricted to Specific Programs |                  |                      |                                    |                                  | 3,728,032   |                          |                 | -               | 35,808                |                |
| Transfers  |                  |                      |                                    |                                  | (363,662)   |                          |                 | -               | -                     |                |
| Total General Revenues and transfers                         |                  |                      |                                    |                                  | \$ 37,259,028                                     | \$ 374,538               | \$ 37,633,566   | \$ 12,859,366   | \$ 1,520,603          |                |
| Change in Net Position                                       |                  |                      |                                    |                                  | \$ (374,699)                                      | \$ (1,239,171)           | \$ (1,613,870)  | \$ 363,647      | \$ 284,251            |                |
| Net Position - Beginning, as restated                        |                  |                      |                                    |                                  | 12,969,254  | 4,027,624                | 16,996,878      | (32,468,177)    | 69,883,016            |                |
| Net Position - Ending  |                  |                      |                                    |                                  | 12,594,555  | 2,788,453                | 15,383,008      | (32,104,530)    | 70,167,267            |                |

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

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

|  | <u>General</u>       | <u>County CIP<br/>Fund</u> | <u>Other<br/>Governmental</u> | <u>Total</u>         |
|--|----------------------|----------------------------|-------------------------------|----------------------|
| <b>ASSETS</b>  |                      |                            |                               |                      |
| Cash and Cash Equivalents  | \$ 4,474,733         | \$ 1,755,335               | \$ 1,525,839                  | \$ 7,755,907         |
| Receivables (Net of Allowance for Uncollectibles):                     |                      |                            |                               |                      |
| Property Taxes   | 27,400,428           | -                          | -                             | 27,400,428           |
| Other Receivables  | 163,170              | -                          | 1,219                         | 164,389              |
| Prepaid Items  | 9,251                | 77,144                     | 64,891                        | 151,286              |
| Due from Other Funds   | -                    | 125,000                    | -                             | 125,000              |
| Due from Other Governmental Units                                      | 2,653,001            | -                          | 103,813                       | 2,756,814            |
| Due from Component Units   | 1,374,733            | 178,200                    | -                             | 1,552,933            |
| Total Assets   | <u>\$ 36,075,316</u> | <u>\$ 2,135,679</u>        | <u>\$ 1,695,762</u>           | <u>\$ 39,906,757</u> |
| <b>LIABILITIES</b>   |                      |                            |                               |                      |
| Accounts Payable and Accrued Expenses                                  | \$ 711,795           | \$ 17,295                  | \$ 14,670                     | \$ 743,760           |
| Due to Other Funds   | 158,845              | -                          | -                             | 158,845              |
| Due to Component Unit  | -                    | -                          | -                             | -                    |
| Total Liabilities  | <u>\$ 870,640</u>    | <u>\$ 17,295</u>           | <u>\$ 14,670</u>              | <u>\$ 902,605</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                      |                            |                               |                      |
| Unavailable Revenue - Property Taxes                                   | \$ 27,813,387        | \$ -                       | \$ -                          | \$ 27,813,387        |
| <b>Fund Balances:</b>  |                      |                            |                               |                      |
| Nonspendable   | \$ 9,251             | \$ 77,144                  | \$ 64,891                     | \$ 151,286           |
| Restricted   | -                    | 3,865,605                  | -                             | 3,865,605            |
| Committed  | -                    | -                          | 1,616,201                     | 1,616,201            |
| Unassigned   | 7,382,038            | (1,824,365)                | -                             | 5,557,673            |
| Total Fund Balances  | <u>\$ 7,391,289</u>  | <u>\$ 2,118,384</u>        | <u>\$ 1,681,092</u>           | <u>\$ 11,190,765</u> |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances | <u>\$ 36,075,316</u> | <u>\$ 2,135,679</u>        | <u>\$ 1,695,762</u>           | <u>\$ 39,906,757</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, 2016

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

|  |    |             |                   |
|--|----|-------------|-------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds   | \$ |             | 11,190,765        |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.   |    |             |                   |
| Land   | \$ | 2,293,640   |                   |
| Buildings and improvements   |    | 1,432,948   |                   |
| Tenancy in common  |    | 5,353,083   |                   |
| Machinery and equipment  |    | 4,890,938   |                   |
| Construction in progress   |    | 617,826     | 14,588,435        |
| <hr/>  |    |             |                   |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.  |    |             |                   |
| Unavailable revenue  | \$ | 2,984,812   |                   |
| Items related to measurement of net pension liability  |    | (950,287)   | 2,034,525         |
| <hr/>  |    |             |                   |
| 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. |    |             | 1,082,284         |
| 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   | \$ | (123,583)   |                   |
| Compensated absences   |    | (621,754)   |                   |
| Net OPEB obligation  |    | (2,214,300) |                   |
| Net pension liability  |    | (6,202,825) |                   |
| Deferred outflows related to measurement of net pension liability  |    | 220,121     |                   |
| General obligation bonds   |    | (6,984,113) |                   |
| Literary loan  |    | (375,000)   | (16,301,454)      |
| <hr/>  |    |             |                   |
| Net Position of Governmental Activities  |    | \$          | <u>12,594,555</u> |

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, 2016

|  | General<br>Fund      | County<br>CIP Fund    | Other Govern-<br>mental Funds | Total                 |
|--|----------------------|-----------------------|-------------------------------|-----------------------|
| <b>REVENUES</b>  |                      |                       |                               |                       |
| General Property Taxes                                       | \$ 24,474,804        | \$ -                  | \$ -                          | \$ 24,474,804         |
| Other Local Taxes  | 6,362,514            | -                     | 539,232                       | 6,901,746             |
| Permits, Privilege Fees and Regulatory Licenses              | 331,782              | -                     | -                             | 331,782               |
| Fines and Forfeitures  | 52,080               | -                     | -                             | 52,080                |
| Revenue from Use of Money and Property                       | 293,461              | 36,355                | -                             | 329,816               |
| Charges for Services   | 365,133              | -                     | 10,177                        | 375,310               |
| Miscellaneous  | 436,672              | -                     | -                             | 436,672               |
| Recovered Costs  | 856,047              | -                     | -                             | 856,047               |
| Intergovernmental  | 15,877,286           | 45,000                | 996,655                       | 16,918,941            |
| Total Revenues   | <u>\$ 49,049,779</u> | <u>\$ 81,355</u>      | <u>\$ 1,546,064</u>           | <u>\$ 50,677,198</u>  |
| <b>EXPENDITURES:</b>   |                      |                       |                               |                       |
| Current:   |                      |                       |                               |                       |
| General Government Administration                            | \$ 4,929,126         | \$ 1,253,971          | \$ -                          | \$ 6,183,097          |
| Judicial Administration                                      | 2,384,038            | 820,890               | 13,893                        | 3,218,821             |
| Public Safety  | 12,868,944           | -                     | 1,359,926                     | 14,228,870            |
| Public Works   | 3,624,084            | 395,000               | 1,108,712                     | 5,127,796             |
| Health and Welfare   | 8,317,691            | -                     | -                             | 8,317,691             |
| Education  | 12,751,232           | -                     | 57,760                        | 12,808,992            |
| Parks, Recreation and Cultural                               | 1,420,994            | -                     | -                             | 1,420,994             |
| Community Development  | 980,731              | -                     | -                             | 980,731               |
| Nondepartmental  | 619,775              | -                     | -                             | 619,775               |
| Debt Service:  |                      |                       |                               |                       |
| Principal Retirement   | 544,334              | -                     | -                             | 544,334               |
| Interest and Other Fiscal Charges                            | 364,102              | -                     | -                             | 364,102               |
| Total Expenditures   | <u>\$ 48,805,051</u> | <u>\$ 2,469,861</u>   | <u>\$ 2,540,291</u>           | <u>\$ 53,815,203</u>  |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>\$ 244,728</u>    | <u>\$ (2,388,506)</u> | <u>\$ (994,227)</u>           | <u>\$ (3,138,005)</u> |
| Other Financing Sources (Uses)                               |                      |                       |                               |                       |
| Transfers In   | \$ -                 | \$ 450,000            | \$ 305,195                    | \$ 755,195            |
| Transfers Out  | (118,857)            | (1,000,000)           | -                             | (1,118,857)           |
| Total Other Financing Sources (Uses)                         | <u>\$ (118,857)</u>  | <u>\$ (550,000)</u>   | <u>\$ 305,195</u>             | <u>\$ (363,662)</u>   |
| Net Change in Fund Balance                                   | \$ 125,871           | \$ (2,938,506)        | \$ (689,032)                  | \$ (3,501,667)        |
| Fund Balance - Beginning, as restated                        | 7,265,418            | 5,056,890             | 2,370,124                     | 14,692,432            |
| Fund Balance - Ending  | <u>\$ 7,391,289</u>  | <u>\$ 2,118,384</u>   | <u>\$ 1,681,092</u>           | <u>\$ 11,190,765</u>  |

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

County of Tazewell, Virginia  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Changes in Fund Balance of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2016

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

|   |    |                         |
|---|----|-------------------------|
| Net changes in fund balance - total governmental funds  | \$ | (3,501,667)             |
| <p>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 capital outlays exceeded depreciation in the current period.</p>   |    |                         |
| Capital outlays   | \$ | 1,565,531               |
| Depreciation expense  |    | <u>(956,471)</u>        |
|   |    | 609,060                 |
| <p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>   |    |                         |
|   |    | (8,620)                 |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds</p>  |    |                         |
| Change in unavailable revenue-property taxes  | \$ | 1,751,620               |
| Change in deferred inflows of resources related to the measurement of the net pension liability   |    | <u>1,228,583</u>        |
|   |    | 2,980,203               |
| <p>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.</p> |    |                         |
| Principal repayments:   |    |                         |
| General obligation bonds  | \$ | 469,334                 |
| Literary loans  |    | <u>75,000</u>           |
|   |    | 544,334                 |
| <p>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.</p>   |    |                         |
| Change in compensated absences  | \$ | 3,740                   |
| Change in net pension liability   |    | (956,595)               |
| Change in deferred outflows of resources related to pension measurement   |    | 218,723                 |
| Change in accrued interest payable  |    | 34,761                  |
| Change in bond premium amortization   |    | 8,662                   |
| Change in net OPEB obligation   |    | <u>(307,300)</u>        |
|   |    | <u>(998,009)</u>        |
| Change in net position of governmental activities   | \$ | <u><u>(374,699)</u></u> |

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

County of Tazewell, Virginia  
Statement of Net Position  
Proprietary Fund  
June 30, 2016

|   | <u>Tazewell<br/>County<br/>Landfill<br/>Fund</u> |
|---|--|
| <b>ASSETS</b>   |  |
| Current Assets:                                       |  |
| Receivables (Net of Allowance for Uncollectibles)     | \$ 37,610  |
| Due from Other Funds                                  | 33,845   |
| Total Current Assets                                  | <u>\$ 71,455</u>                                 |
| Noncurrent Assets:                                    |  |
| Capital Assets (Net of Accumulated Depreciation):     |  |
| Land  | \$ 287,598                                       |
| Buildings and Improvements                            | 32,884   |
| Land Improvements                                     | 7,070,295  |
| Machinery and Equipment                               | 990,078  |
| Total Capital Assets                                  | <u>\$ 8,380,855</u>                              |
| Other Assets:   |  |
| Restricted Cash                                       | <u>\$ 2,566,868</u>                              |
| Total Assets  | <u>\$ 11,019,178</u>                             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |  |
| Pension Contributions Subsequent to Measurement Date  | \$ 38,200  |
| Pension measurement                                   | 8,139  |
| Total Deferred Outflows of Resources                  | <u>\$ 46,339</u>                                 |
| <b>LIABILITIES</b>                                    |  |
| Current Liabilities:                                  |  |
| Accounts Payable                                      | \$ 16,093  |
| Reconciled Overdraft                                  | 610,969  |
| Compensated Absences-Current Portion                  | 7,851  |
| Notes Payable-Current Portion                         | 75,651   |
| Bonds Payable-Current Portion                         | 190,744  |
| Total Current Liabilities                             | <u>\$ 901,308</u>                                |
| Noncurrent Liabilities                                |  |
| Compensated Absences                                  | \$ 23,552  |
| Net Pension Liability                                 | 229,351  |
| Estimated Landfill Closure Liability                  | 6,370,882  |
| Notes Payable   | 99,029   |
| Bonds Payable   | 617,804  |
| Total Noncurrent Liabilities                          | <u>\$ 7,340,618</u>                              |
| Total Liabilities                                     | <u>\$ 8,241,926</u>                              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |  |
| Items Related to Measurement of Net Pension Liability | <u>\$ 35,138</u>                                 |
| <b>NET POSITION</b>                                   |  |
| Net Investment in Capital Assets                      | \$ 7,397,627                                     |
| Restricted for Other Purposes                         | 2,566,868  |
| Unrestricted  | (7,176,042)                                      |
| Total Net Position                                    | <u><u>\$ 2,788,453</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, 2016

|   | <u>Tazewell<br/>County<br/>Landfill<br/>Fund</u> |
|---|--|
| <b>OPERATING REVENUES</b>               |  |
| Charges for Services                    | \$ <u>312,356</u>                                |
| <b>OPERATING EXPENSES</b>               |  |
| Personal Service                        | \$ 401,749                                       |
| Employee Benefits                       | 225,963  |
| Contractual Services                    | 107,322  |
| Repairs and Maintenance                 | 35,900   |
| Closure Reserve Expense                 | 386,014  |
| Other Charges                           | 260,302  |
| Depreciation and Amortization           | 464,268  |
| Total Operating Expenses                | \$ <u>1,881,518</u>                              |
| Operating Income (Loss)                 | \$ <u>(1,569,162)</u>                            |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |  |
| Miscellaneous Income                    | \$ 10,876  |
| Interest Expense                        | (44,547)   |
| Total Nonoperating Revenues (Expenses)  | \$ <u>(33,671)</u>                               |
| Transfers In                            | \$ <u>363,662</u>                                |
| Increase (Decrease) in Net Position     | \$ (1,239,171)                                   |
| Net Position - Beginning, as restated   | <u>4,027,624</u>                                 |
| Net Position - Ending                   | <u><u>2,788,453</u></u>                          |

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, 2016

|  | Tazewell<br>County<br>Landfill<br>Fund |
|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                |  |
| Receipts from Customers and Users  | \$ 296,687                             |
| Payments to Employees for Services   | (274,624)                              |
| Payments for Operating Expenses  | (182,376)                              |
| Total Cash Provided by (Used for) Operating Activities                     | <u>\$ (160,313)</u>                    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                     |  |
| Transfers from Other Funds   | \$ 361,602                             |
| Miscellaneous Income (Expense)   | 10,876                                 |
| Total Cash Provided by (Used for) Noncapital Financing Activities          | <u>\$ 372,478</u>                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>            |  |
| Purchase of Capital Assets   | \$ (142,864)                           |
| Principal Payments on Debt   | (335,967)                              |
| Interest Payments on Debt  | (45,291)                               |
| Total Cash Provided by (Used for) Capital and Related Financing Activities | <u>\$ (524,122)</u>                    |
| Net Increase (Decrease) in Cash and Cash Equivalents                       | \$ (311,957)                           |
| Cash and Cash Equivalents - Beginning (including restricted, \$2,444,872)  | 2,878,825                              |
| Cash and Cash Equivalents - Ending (including restricted, \$2,566,868)     | <u>\$ 2,566,868</u>                    |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>                        |  |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>               |  |
| Operating Income (Loss)  | \$ (1,569,162)                         |
| Depreciation   | 464,268                                |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash               |  |
| Provided by (used for) Operating Activities:                               |  |
| (Increase) Decrease in Accounts Receivable                                 | (15,669)                               |
| (Increase) Decrease in Deferred Outflows of Resources                      | (7,422)                                |
| Increase (Decrease) in Accounts Payable                                    | (22,673)                               |
| Increase (Decrease) in Reconciled Overdraft                                | 610,969                                |
| Increase (Decrease) in Estimated Landfill Closure Liability                | 386,014                                |
| Increase (Decrease) in Deferred Inflows of Resources                       | (45,427)                               |
| Increase (Decrease) in Net Pension Liability                               | 35,370                                 |
| Increase (Decrease) in Compensated Absences                                | 3,419                                  |
| Total Adjustments  | <u>\$ 944,581</u>                      |
| Net Cash Provided By (Used For) Operating Activities                       | <u>\$ (160,313)</u>                    |

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, 2016

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|                                   | <u>Agency<br/>Funds</u> |
|-----------------------------------|-------------------------|
| <b>ASSETS</b>                     |                         |
| Current Assets:                   |                         |
| Cash and Cash Equivalents         | \$ 77,073               |
| Due from Other Governmental Units | 957,757                 |
| Total Assets                      | <u>\$ 1,034,830</u>     |
| <br><b>LIABILITIES</b>            |                         |
| Current Liabilities:              |                         |
| Due to Primary Government         | \$ 767,930              |
| Due to Other Governmental Units   | 189,827                 |
| Amounts Held for Others           | 77,073                  |
| Total Liabilities                 | <u>\$ 1,034,830</u>     |

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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**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).

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate, in one way or another, in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their government over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, and a comparison of final budget and actual results.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units: None

Discretely Presented Component Units:

Tazewell County School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School 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, 2016.

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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

**B. Individual Component Unit Disclosures (Continued)**

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, 2016, 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, 2016, the County contributed \$328,600.

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, 2016, the County contributed \$4,409,817.

**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, 2016 (Continued)

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**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.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**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.

Capital Projects Fund:

The School Capital Projects Fund accounts for and reports all financial resources used for the acquisition or construction of school facilities and is reported as a nonmajor fund.

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, 2016 (Continued)

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**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 amount within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School 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, 2016 (Continued)

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**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 \$407,932 at June 30, 2016 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 5<sup>th</sup>. 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, 2016.

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, 2016 (Continued)

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**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 these 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.

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.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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

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 statement, 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.

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.

**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 (Continued)**

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

**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.

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

**Custodial Credit Risk (Investments)**

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

**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)**

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

| Fund                  | Interfund<br>Receivable | Interfund<br>Payable |
|-----------------------|-------------------------|----------------------|
| General               | \$ -                    | \$ 33,845            |
| Landfill              | 33,845                  | -                    |
| Totals                | \$ 33,845               | \$ 33,845            |
|                       | Due From                | Due to               |
| Primary Government    | \$ 1,552,933            | \$ -                 |
| Component Unit School | -                       | 1,374,733            |
| Component Unit PSA    | -                       | 178,200              |
| Totals                | \$ 1,552,933            | \$ 1,552,933         |

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.

**Note 4 - Due From Other Governmental Units:**

At June 30, 2016, the County and School Board had receivables from other governments as follows:

|                                  | Primary<br>Government | Discretely<br>Presented<br>Component<br>Unit<br>School Board |
|----------------------------------|-----------------------|--|
| <b>Local Government:</b>         |                       |  |
| Southwest Virginia Regional Jail | \$ 44,766             | \$ -   |
| <b>Commonwealth of Virginia:</b> |                       |  |
| State sales taxes                | 767,930               | -  |
| Local sales taxes                | -                     | 1,153,890  |
| VPA                              | 203,284               | -  |
| CSA                              | 332,779               | -  |
| Shared expenses                  | 285,669               | -  |
| Categorical aid                  | 136,429               | 24,688   |
| Noncategorical aid               | 147,747               | -  |
| <b>Federal Government:</b>       |                       |  |
| VPA                              | 278,758               | -  |
| Categorical aid                  | 559,452               | 876,331  |
| Total                            | \$2,756,814           | \$ 2,054,909   |

**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 (Continued)**

**Note 5 - Capital Assets:**

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

Primary Government:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>      | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|-----------------------|---------------------------|
| Governmental Activities:                    |                              |                     |                       |                           |
| Capital assets, not being depreciated:      |                              |                     |                       |                           |
| Land  | \$ 1,735,460                 | \$ 558,180          | \$ -                  | \$ 2,293,640              |
| Construction in progress                    | 286,003                      | 890,003             | (558,180)             | 617,826                   |
| Tenancy in Common                           | <u>5,897,417</u>             | <u>-</u>            | <u>(544,334)</u>      | <u>5,353,083</u>          |
| Total capital assets not being depreciated  | <u>\$ 7,918,880</u>          | <u>\$ 1,448,183</u> | <u>\$ (1,102,514)</u> | <u>\$ 8,264,549</u>       |
| Capital assets, being depreciated:          |                              |                     |                       |                           |
| Buildings                                   | \$ 3,940,623                 | \$ 8,832            | \$ -                  | \$ 3,949,455              |
| Machinery and equipment                     | <u>16,343,418</u>            | <u>1,211,030</u>    | <u>(217,055)</u>      | <u>17,337,393</u>         |
| Total capital assets being depreciated      | <u>\$ 20,284,041</u>         | <u>\$ 1,219,862</u> | <u>\$ (217,055)</u>   | <u>\$ 21,286,848</u>      |
| Accumulated depreciation:                   |                              |                     |                       |                           |
| Buildings                                   | \$ (2,405,303)               | \$ (111,204)        | \$ -                  | \$ (2,516,507)            |
| Machinery and equipment                     | <u>(11,809,623)</u>          | <u>(845,267)</u>    | <u>208,435</u>        | <u>(12,446,455)</u>       |
| Total accumulated depreciation              | <u>\$ (14,214,926)</u>       | <u>\$ (956,471)</u> | <u>\$ 208,435</u>     | <u>\$ (14,962,962)</u>    |
| Total capital assets being depreciated, net | <u>\$ 6,069,115</u>          | <u>\$ 263,391</u>   | <u>\$ (8,620)</u>     | <u>\$ 6,323,886</u>       |
| Governmental activities capital assets, net | <u>\$ 13,987,995</u>         | <u>\$ 1,711,574</u> | <u>\$ (1,111,134)</u> | <u>\$ 14,588,435</u>      |

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**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)**

**Note 5 - Capital Assets: (Continued)**

Primary Government: (Continued)

Tazewell County Landfill Fund:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>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                            | 9,566,605                    | -                   | -                | 9,566,605                 |
| Machinery and equipment                      | 3,580,163                    | 142,864             | -                | 3,723,027                 |
| Total capital assets being depreciated       | \$ 13,332,371                | \$ 142,864          | \$ -             | \$ 13,475,235             |
| Accumulated depreciation:                    |                              |                     |                  |                           |
| Buildings and improvements                   | \$ (146,532)                 | \$ (6,187)          | \$ -             | \$ (152,719)              |
| Land Improvements                            | (2,315,784)                  | (180,526)           | -                | (2,496,310)               |
| Machinery and equipment                      | (2,455,394)                  | (277,555)           | -                | (2,732,949)               |
| Total accumulated depreciation               | \$ (4,917,710)               | \$ (464,268)        | \$ -             | \$ (5,381,978)            |
| Total capital assets being depreciated, net  | \$ 8,414,661                 | \$ (321,404)        | \$ -             | \$ 8,093,257              |
| Business-type activities capital assets, net | <u>\$ 8,702,259</u>          | <u>\$ (321,404)</u> | <u>\$ -</u>      | <u>\$ 8,380,855</u>       |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**Note 5 - Capital Assets: (Continued)**

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

|  |                              |
|--|------------------------------|
| Governmental activities:                               |                              |
| General government administration                      | \$ 191,301                   |
| Judicial administration                                | 4,123                        |
| Public safety  | 449,347                      |
| Public works   | 137,681                      |
| Health and welfare                                     | 27,142                       |
| Parks, recreation, and culture                         | 24,413                       |
| Community development                                  | <u>122,464</u>               |
| <br>Total depreciation expense-governmental activities | <br>\$ <u><u>956,471</u></u> |
| <br>Business-type activities:                          |                              |
| Landfill fund  | <br>\$ <u><u>464,268</u></u> |

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**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)**

**Note 5 - Capital Assets: (Continued)**

Component Unit School Board:

|   | Beginning<br>Balance   | Increases             | Decreases             | Ending<br>Balance      |
|---|------------------------|-----------------------|-----------------------|------------------------|
| Governmental Activities:                    |                        |                       |                       |                        |
| Capital assets, not being depreciated:      |                        |                       |                       |                        |
| Land  | \$ 1,908,716           | \$ -                  | \$ -                  | \$ 1,908,716           |
| Construction in Progress                    | 1,691,819              | 1,426,348             | (3,118,167)           | -                      |
| Tenancy in Common (1)                       | 7,515,254              | 544,334               | -                     | 8,059,588              |
| Total capital assets not being depreciated  | <u>\$ 11,115,789</u>   | <u>\$ 1,970,682</u>   | <u>\$ (3,118,167)</u> | <u>\$ 9,968,304</u>    |
| Capital assets, being depreciated:          |                        |                       |                       |                        |
| Buildings and improvements                  | \$ 33,428,340          | \$ 3,064,870          | \$ -                  | \$ 36,493,210          |
| Machinery and equipment                     | 16,026,553             | 2,285,951             | (272,626)             | 18,039,878             |
| Total capital assets being depreciated      | <u>\$ 49,454,893</u>   | <u>\$ 5,350,821</u>   | <u>\$ (272,626)</u>   | <u>\$ 54,533,088</u>   |
| Accumulated depreciation:                   |                        |                       |                       |                        |
| Buildings and improvements                  | \$ (22,919,101)        | \$ (1,259,792)        | \$ -                  | \$ (24,178,893)        |
| Machinery and equipment                     | (14,650,400)           | (654,617)             | 272,626               | (15,032,391)           |
| Total accumulated depreciation              | <u>\$ (37,569,501)</u> | <u>\$ (1,914,409)</u> | <u>\$ 272,626</u>     | <u>\$ (39,211,284)</u> |
| Total capital assets being depreciated, net | <u>\$ 11,885,392</u>   | <u>\$ 3,436,412</u>   | <u>\$ -</u>           | <u>\$ 15,321,804</u>   |
| Governmental activities capital assets, net | <u>\$ 23,001,181</u>   | <u>\$ 5,407,094</u>   | <u>\$ (3,118,167)</u> | <u>\$ 25,290,108</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, 2016, is that assets and debt in the amount of \$5,353,083 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, 2016 (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, 2016:

**Governmental Activities:**

|                          | <u>Balance</u><br><u>July 1, 2015</u> | <u>Increases/</u><br><u>Issuances</u> | <u>Decreases/</u><br><u>Retirements</u> | <u>Balance</u><br><u>June 30, 2016</u> |
|--------------------------|---------------------------------------|---------------------------------------|---|--|
| General obligation bonds | \$ 7,332,189                          | \$ -                                  | \$ (469,334)                            | \$ 6,862,855                           |
| Premium on bond          | 129,920                               | -                                     | (8,662)                                 | 121,258                                |
| Literary loan            | 450,000                               | -                                     | (75,000)                                | 375,000                                |
| Net OPEB obligation      | 1,907,000                             | 604,200                               | (296,900)                               | 2,214,300                              |
| Compensated absences     | 625,494                               | 152,633                               | (156,373)                               | 621,754                                |
| Net pension liability    | <u>5,246,230</u>                      | <u>4,168,818</u>                      | <u>(3,212,223)</u>                      | <u>6,202,825</u>                       |
| <br>Total                | <br><u>\$ 15,690,833</u>              | <br><u>\$ 4,925,651</u>               | <br><u>\$ (4,218,492)</u>               | <br><u>\$ 16,397,992</u>               |

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

| <u>Year Ending</u><br><u>June 30</u> | <u>General Government Obligations</u> |                         |                       |                      |
|--------------------------------------|---------------------------------------|-------------------------|-----------------------|----------------------|
|                                      | <u>General Obligation Bonds</u>       |                         | <u>Literary Loan</u>  |                      |
|                                      | <u>Principal</u>                      | <u>Interest</u>         | <u>Principal</u>      | <u>Interest</u>      |
| 2017                                 | \$ 479,570                            | \$ 341,402              | \$ 75,000             | \$ 7,500             |
| 2018                                 | 491,617                               | 317,112                 | 75,000                | 6,000                |
| 2019                                 | 504,033                               | 292,198                 | 75,000                | 4,500                |
| 2020                                 | 512,257                               | 265,872                 | 75,000                | 3,000                |
| 2021                                 | 526,342                               | 238,559                 | 75,000                | 1,500                |
| 2021-2025                            | 2,691,464                             | 766,190                 | -                     | -                    |
| 2026-2029                            | <u>1,657,572</u>                      | <u>127,028</u>          | <u>-</u>              | <u>-</u>             |
|                                      | <br><u>\$ 6,862,855</u>               | <br><u>\$ 2,348,361</u> | <br><u>\$ 375,000</u> | <br><u>\$ 22,500</u> |

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**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 (Continued)**

**Note 6 - Long-term Obligations: (Continued)**

**Primary Government: (Continued)**

**Governmental Activities: (Continued)**

|                                       | Interest<br>Rates | Issue<br>Dates | Final<br>Maturity<br>Date | Amount of<br>Original<br>Issue | Balance<br>Governmental<br>Activities | Amount<br>Due Within<br>One Year |
|---------------------------------------|-------------------|----------------|---------------------------|--------------------------------|---------------------------------------|----------------------------------|
| <b>General Obligation Bonds:</b>      |                   |                |                           |                                |                                       |                                  |
| GO Bond                               | 3.10-5.10%        | 5/15/2002      | 7/15/2023                 | 1,900,000                      | \$ 760,000                            | \$ 95,000                        |
| GO Bond                               | 4.10-5.10%        | 5/15/2008      | 7/15/2028                 | 1,880,000                      | 1,425,000                             | 80,000                           |
| GO Bond                               | 3.60-5.35%        | 12/11/2008     | 1/15/2029                 | 6,698,941                      | 4,677,855                             | 304,570                          |
| Subtotal GO Bond                      |                   |                |                           |                                | <u>\$ 6,862,855</u>                   | <u>\$ 479,570</u>                |
| Add:                                  |                   |                |                           |                                |                                       |                                  |
| Premium on Bond                       | n/a               | n/a            | n/a                       | n/a                            | 121,258                               | 8,662                            |
| <b>Total General Obligation Bonds</b> |                   |                |                           |                                | <u>\$ 6,984,113</u>                   | <u>\$ 488,232</u>                |
| <b>Literary Loan:</b>                 |                   |                |                           |                                |                                       |                                  |
| State Literary Loan                   | 2.00%             | 8/1/2000       | 8/1/2020                  | \$ 1,500,000                   | \$ 375,000                            | \$ 75,000                        |
| <b>Total Literary Loan</b>            |                   |                |                           |                                | <u>\$ 375,000</u>                     | <u>\$ 75,000</u>                 |
| <b>Other Obligations:</b>             |                   |                |                           |                                |                                       |                                  |
| Net OPEB Obligation                   | n/a               | n/a            | n/a                       | n/a                            | \$ 2,214,300                          | \$ -                             |
| Compensated Absences                  | n/a               | n/a            | n/a                       | n/a                            | 621,754                               | 155,438                          |
| Net Pension Liability                 | n/a               | n/a            | n/a                       | n/a                            | 6,202,825                             | -                                |
| <b>Total Other Obligations</b>        |                   |                |                           |                                | <u>\$ 9,038,879</u>                   | <u>\$ 155,438</u>                |
| <b>Total Long-term Obligations</b>    |                   |                |                           |                                | <u>\$ 16,397,992</u>                  | <u>\$ 718,670</u>                |

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**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 (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, 2016:

**Business-type Activities:**

**Landfill Fund**

|  | <u>Balance</u><br><u>July 1, 2015</u> | <u>Increases/</u><br><u>Issuances</u> | <u>Decreases/</u><br><u>Retirements</u> | <u>Balance</u><br><u>June 30, 2016</u> |
|--|---------------------------------------|---------------------------------------|---|--|
| Revenue bonds                              | \$ 1,070,000                          | \$ -                                  | \$ (265,000)                            | \$ 805,000                             |
| Bond premiums                              | 4,292                                 | -                                     | (744)                                   | 3,548                                  |
| Notes payable                              | 245,647                               | -                                     | (70,967)                                | 174,680                                |
| Landfill closure/<br>postclosure liability | 5,984,868                             | 386,014                               | -                                       | 6,370,882                              |
| Net pension liability                      | 193,981                               | 154,143                               | (118,773)                               | 229,351                                |
| Compensated absences                       | 27,984                                | 10,415                                | (6,996)                                 | 31,403                                 |
|  | <u>                    </u>           | <u>                    </u>           | <u>                    </u>             | <u>                    </u>            |
| Total                                      | \$ <u>7,526,772</u>                   | \$ <u>550,572</u>                     | \$ <u>(462,480)</u>                     | \$ <u>7,614,864</u>                    |

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

| Year Ending<br>June 30, | <u>Revenue Bonds</u>        |                             | <u>Notes Payable</u>        |                             |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                         | <u>Principal</u>            | <u>Interest</u>             | <u>Principal</u>            | <u>Interest</u>             |
| 2017                    | \$ 190,000                  | \$ 29,865                   | \$ 75,651                   | \$ 4,521                    |
| 2018                    | 195,000                     | 22,439                      | 75,651                      | 2,142                       |
| 2019                    | 205,000                     | 13,742                      | 23,378                      | 172                         |
| 2020                    | 215,000                     | 4,408                       | -                           | -                           |
|                         | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Totals                  | \$ <u>805,000</u>           | \$ <u>70,454</u>            | \$ <u>174,680</u>           | \$ <u>6,835</u>             |

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**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)**

**Note 6 - Long-term Obligations: (Continued)**

**Primary Government: (Continued)**

**Business-type Activities: (Continued)**

**Details of Long-Term Obligations:**

|  | Interest<br>Rates | Issue<br>Dates | Final<br>Maturity<br>Date | Amount of<br>Original<br>Issue | Balance<br>Business-type<br>Activities | Amount<br>Due Within<br>One Year |
|--|-------------------|----------------|---------------------------|--------------------------------|--|----------------------------------|
| Revenue Bonds                              |                   |                |                           |                                |  |                                  |
| Revenue Bonds                              | 3.4-4.81%         | 11/27/2007     | 10/1/2019                 | \$ 2,675,000                   | \$ 805,000                             | \$ 190,000                       |
| Notes Payable                              |                   |                |                           |                                |  |                                  |
| Equipment Loan                             | 3.20%             | 10/1/2013      | 10/1/2018                 | \$ 359,000                     | \$ 174,680                             | \$ 75,651                        |
| Other Obligations:                         |                   |                |                           |                                |  |                                  |
| Compensated Absences                       | n/a               | n/a            | n/a                       | n/a                            | \$ 31,403                              | \$ 7,851                         |
| Bond Premiums                              | n/a               | n/a            | n/a                       | n/a                            | 3,548                                  | 744                              |
| Net Pension Liability                      | n/a               | n/a            | n/a                       | n/a                            | 229,351                                | -                                |
| Landfill Closure/<br>Postclosure Liability | n/a               | n/a            | n/a                       | n/a                            | 6,370,882                              | -                                |
| Total Other Obligations                    |                   |                |                           |                                | \$ 6,635,184                           | \$ 8,595                         |
| Total Long-term Obligations                |                   |                |                           |                                | \$ 7,614,864                           | \$ 274,246                       |

**Component Unit - School Board**

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

|                       | Balance<br>July 1, 2015,<br>as restated | Issuances/<br>Increases | Retirements/<br>Decreases | Balance<br>June 30, 2016 |
|-----------------------|---|-------------------------|---------------------------|--------------------------|
| Capital leases        | \$ 3,230,283                            | \$ 4,637,996            | \$ (1,091,055)            | \$ 6,777,224             |
| Net pension liability | 49,631,694                              | 12,714,478              | (11,234,283)              | 51,111,889               |
| Net OPEB Obligation   | 1,885,800                               | 1,669,400               | (1,633,300)               | 1,921,900                |
| Total                 | \$ 54,747,777                           | \$ 19,021,874           | \$ (13,958,638)           | \$ 59,811,013            |

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**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)**

**Note 6 - Long-term Obligations: (Continued)**

**Component Unit - School Board (Continued)**

Details of Long-Term Obligations:

|                                    | Interest<br>Rates | Issue<br>Dates | Final<br>Maturity<br>Date | Amount of<br>Original<br>Issue | Balance<br>Governmental<br>Activities | Amount<br>Due Within<br>One Year |
|------------------------------------|-------------------|----------------|---------------------------|--------------------------------|---------------------------------------|----------------------------------|
| <b>Capital Leases</b>              |                   |                |                           |                                |                                       |                                  |
| Capital Lease                      | 4.195%            | 10/5/2007      | 10/5/2022                 | 4,792,700                      | \$ 2,602,727                          | \$ 344,329                       |
| Capital Lease                      | 2.150%            | 11/5/2015      | 10/1/2019                 | 1,820,979                      | 1,443,672                             | 349,485                          |
| Capital Lease                      | 2.550%            | 3/10/2015      | 10/10/2022                | 3,118,167                      | 2,730,825                             | 361,275                          |
| <b>Total Capital Leases</b>        |                   |                |                           |                                | <b>\$ 6,777,224</b>                   | <b>\$ 1,055,089</b>              |
| <b>Other Obligations:</b>          |                   |                |                           |                                |                                       |                                  |
| Net Pension Liability              | n/a               | n/a            | n/a                       | n/a                            | \$ 51,111,889                         | \$ -                             |
| Net OPEB Obligation                | n/a               | n/a            | n/a                       | n/a                            | 1,921,900                             | -                                |
| <b>Total Other Obligations</b>     |                   |                |                           |                                | <b>\$ 53,033,789</b>                  | <b>\$ -</b>                      |
| <b>Total Long-term Obligations</b> |                   |                |                           |                                | <b>\$ 59,811,013</b>                  | <b>\$ 1,055,089</b>              |

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           |
| <b>Total Assets</b>             | <b>\$ 4,939,146</b> |
| Accumulated Depreciation        | (260,052)           |
| <b>Net Book Value of Assets</b> | <b>\$ 4,679,094</b> |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**Note 6 - Long-term Obligations: (Continued)**

**Component Unit - School Board (Continued)**

Present value of future minimum lease payments:

| Year Ending<br>June 30,                           | Capital<br>Leases |
|---|-------------------|
| 2017  | \$ 1,222,134      |
| 2018  | 1,222,134         |
| 2019  | 1,222,133         |
| 2020  | 1,222,134         |
| 2021  | 841,609           |
| 2020-2023   | 1,683,219         |
| Total minimum lease<br>payments                   | \$ 7,413,363      |
| Less: amount representing<br>interest             | (636,139)         |
| Present value of future<br>minimum lease payments | \$ 6,777,224      |

**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 \$621,754 and \$31,403 in the general and landfill fund, respectively.

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**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (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:

| <b>RETIREMENT PLAN PROVISIONS</b>   |   |  |
|---|---|--|
| <b>PLAN 1</b>   | <b>PLAN 2</b>   | <b>HYBRID RETIREMENT PLAN</b>  |
| <p><b>About Plan 1</b><br/>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><b>About Plan 2</b><br/>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><b>About the Hybrid Retirement Plan</b><br/>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"> <li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> </ul> |

COUNTY OF TAZEWELL, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016 (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"> <li>• 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.</li> </ul>  |
| <p><b>Eligible Members</b><br/>         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><b>Hybrid Opt-In Election</b><br/>         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><b>Eligible Members</b><br/>         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><b>Hybrid Opt-In Election</b><br/>         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><b>Eligible Members</b><br/>         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"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• 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.</li> </ul> <p><b>*Non-Eligible Members</b><br/>         Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |  |
|---|--|--|
| PLAN 1  | PLAN 2   | HYBRID RETIREMENT PLAN   |
| <p><b>Hybrid Opt-In Election (Cont.)</b><br/> 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><b>Hybrid Opt-In Election (Cont.)</b><br/> 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><b>*Non-Eligible Members (Cont.)</b><br/> 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><b>Retirement Contributions</b><br/> 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 will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p> | <p><b>Retirement Contributions</b><br/> 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 will be paying the full 5% by July 1, 2016.</p> | <p><b>Retirement Contributions</b><br/> 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, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)   |   |   |
|--|---|---|
| PLAN 1   | PLAN 2  | HYBRID RETIREMENT PLAN  |
| <p><b>Creditable Service</b><br/>           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><b>Creditable Service</b><br/>           Same as Plan 1.</p> | <p><b>Creditable Service</b><br/> <u><b>Defined Benefit Component:</b></u><br/>           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><b>Defined Contributions Component:</b></u><br/>           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, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |  |
|---|--|--|
| PLAN 1  | PLAN 2                                     | HYBRID RETIREMENT PLAN   |
| <p><b>Vesting</b><br/> 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><b>Vesting</b><br/> Same as Plan 1.</p> | <p><b>Vesting</b><br/> <u><b>Defined Benefit Component:</b></u><br/> 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><b>Defined Contributions Component:</b></u><br/> 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 TAZEWELL, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |   |   |
|---|---|---|
| PLAN 1  | PLAN 2  | HYBRID RETIREMENT PLAN  |
| <p><b>Vesting (Cont.)</b></p>   | <p><b>Vesting (Cont.)</b></p>   | <p><b>Vesting (Cont.)</b><br/> <u><b>Defined Contributions Component: (Cont.)</b></u><br/>           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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p> |
| <p><b>Calculating the Benefit</b><br/>           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><b>Calculating the Benefit</b><br/>           See definition under Plan 1.</p> | <p><b>Calculating the Benefit</b><br/> <u><b>Defined Benefit Component:</b></u><br/>           See definition under Plan 1.</p>   |

COUNTY OF TAZEWell, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)   |   |   |
|--|---|---|
| PLAN 1   | PLAN 2  | HYBRID RETIREMENT PLAN  |
| <p><b>Calculating the Benefit (Cont.)</b><br/>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.</p>  | <p><b>Calculating the Benefit (Cont.)</b></p>   | <p><b>Calculating the Benefit (Cont.)</b><br/><b><u>Defined Contribution Component:</u></b><br/>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.</p>  |
| <p><b>Average Final Compensation</b><br/>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>  | <p><b>Average Final Compensation</b><br/>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>   | <p><b>Average Final Compensation</b><br/>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>  |
| <p><b>Service Retirement Multiplier VRS:</b> 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%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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.</p> | <p><b>Service Retirement Multiplier VRS:</b> 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.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p> | <p><b>Service Retirement Multiplier <u>Defined Benefit Component:</u></b><br/><b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |  |
|---|--|--|
| PLAN 1  | PLAN 2   | HYBRID RETIREMENT PLAN   |
| <p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>  | <p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>  | <p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b><br/>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>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><b><u>Eligibility:</u></b><br/>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><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>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><b><u>Eligibility:</u></b><br/>Same as Plan 1.</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/><b><u>Defined Benefit Component:</u></b><br/>Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b><br/>Not applicable.</p> <p><b><u>Eligibility:</u></b><br/>Same as Plan 1 and Plan 2.</p>                        |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |  |   |
|---|--|---|
| PLAN 1  | PLAN 2   | HYBRID RETIREMENT PLAN  |
| <p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/> 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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/> Same as Plan 1.</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/> Same as Plan 1 and Plan 2.</p> |

COUNTY OF TAZEWELL, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

| RETIREMENT PLAN PROVISIONS (CONTINUED)  |   |  |
|---|---|--|
| PLAN 1  | PLAN 2  | HYBRID RETIREMENT PLAN   |
| <p><b>Disability Coverage</b><br/>           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><b>Disability Coverage</b><br/>           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><b>Disability Coverage</b><br/>           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><b>Purchase of Prior Service</b><br/>           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><b>Purchase of Prior Service</b><br/>           Same as Plan 1.</p>  | <p><b>Purchase of Prior Service</b><br/> <b>Defined Benefit Component:</b><br/>           Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• 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.</li> </ul> <p><b>Defined Contribution Component:</b><br/>           Not applicable.</p> |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Plan Description (Continued)*

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*Employees Covered by Benefit Terms*

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | Primary<br>Government | Component Unit<br>School Board<br>Nonprofessional |
|--|-----------------------|---|
| Inactive members or their beneficiaries currently receiving benefits | 218                   | 227   |
| Inactive members:  |                       |   |
| Vested inactive members  | 34                    | 10  |
| Non-vested inactive members  | 59                    | 64  |
| Inactive members active elsewhere in VRS                             | 126                   | 22  |
| Total inactive members   | 219                   | 96  |
| Active members   | 303                   | 212   |
| Total covered employees  | 740                   | 535   |

*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, 2016 was 11.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**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 \$1,120,484 and \$1,127,067 for the years ended June 30, 2016 and June 30, 2015, respectively. Contributions to the pension plan from the Component Units were \$167,379 and \$165,145 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 16.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$638,441 and \$629,864 for the years ended June 30, 2016 and June 30, 2015, respectively.

*Net Pension Liability*

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

*Actuarial Assumptions - 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, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**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, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**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, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

|                                       |  |
|---------------------------------------|--|
| Inflation                             | 2.50%  |
| 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

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**Note 8—Pension Plan:** (Continued)

*Actuarial Assumptions - Public Safety Employees (Continued)*

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

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**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 (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 TAZEVELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 (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*

|  | <b>Primary Government</b>                      |  |  |
|--|--|--|--|
|  | <b>Increase (Decrease)</b>                     |  |  |
|  | <b>Total<br/>Pension<br/>Liability<br/>(a)</b> | <b>Plan<br/>Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net<br/>Pension<br/>Liability<br/>(a) - (b)</b> |
| Balances at June 30, 2014  | \$ 42,436,187                                  | \$ 36,995,976                                      | \$ 5,440,211                                       |
| Changes for the year:  |  |  |  |
| Service cost   | \$ 1,086,879                                   | \$ -   | \$ 1,086,879                                       |
| Interest   | 2,899,143                                      | -  | 2,899,143  |
| Differences between expected<br>and actual experience            | 313,432  | -  | 313,432  |
| Contributions - employer   | -  | 1,127,068  | (1,127,068)  |
| Contributions - employee   | -  | 515,377  | (515,377)  |
| Net investment income  | -  | 1,688,551  | (1,688,551)  |
| Benefit payments, including refunds<br>of employee contributions | (2,039,716)                                    | (2,039,716)  | -  |
| Administrative expenses  | -  | (23,151)   | 23,151   |
| Other changes  | -  | (356)  | 356  |
| Net changes  | \$ 2,259,738                                   | \$ 1,267,773                                       | \$ 991,965   |
| Balances at June 30, 2015  | \$ 44,695,925                                  | \$ 38,263,749                                      | \$ 6,432,176                                       |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Changes in Net Pension Liability (Continued)*

|  | Component Units                      |  |  |
|--|--------------------------------------|--|--|
|  | Increase (Decrease)                  |  |  |
|  | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2014  | \$ 6,218,005                         | \$ 5,420,873                             | \$ 797,132                               |
| Changes for the year:  |                                      |  |  |
| Service cost   | \$ 159,256                           | \$ -                                     | \$ 159,256                               |
| Interest   | 424,800                              | -  | 424,800                                  |
| Differences between expected<br>and actual experience            | 45,926                               | -  | 45,926                                   |
| Contributions - employer   | -                                    | 165,145                                  | (165,145)                                |
| Contributions - employee   | -                                    | 75,516                                   | (75,516)                                 |
| Net investment income  | -                                    | 247,416                                  | (247,416)                                |
| Benefit payments, including refunds<br>of employee contributions | (298,872)                            | (298,872)                                | -  |
| Administrative expenses  | -                                    | (3,393)                                  | 3,393                                    |
| Other changes  | -                                    | (52)                                     | 52                                       |
| Net changes  | \$ 331,110                           | \$ 185,760                               | \$ 145,350                               |
| Balances at June 30, 2015  | \$ 6,549,115                         | \$ 5,606,633                             | \$ 942,482                               |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Changes in Net Pension Liability (Continued)*

|  | Component Unit School Board (nonprofessional) |  |  |
|--|---|--|--|
|  | Increase (Decrease)                           |  |  |
|  | Total<br>Pension<br>Liability<br>(a)          | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2014  | \$ 25,474,595                                 | \$ 19,557,901                            | \$ 5,916,694                             |
| Changes for the year:  |   |  |  |
| Service cost   | \$ 375,904                                    | \$ -                                     | \$ 375,904                               |
| Interest   | 1,729,888                                     | -  | 1,729,888                                |
| Differences between expected<br>and actual experience            | (222,538)                                     | -  | (222,538)                                |
| Contributions - employer   | -   | 629,864                                  | (629,864)                                |
| Contributions - employee   | -   | 190,601                                  | (190,601)                                |
| Net investment income  | -   | 875,280                                  | (875,280)                                |
| Benefit payments, including refunds<br>of employee contributions | (1,523,814)                                   | (1,523,814)                              | -  |
| Administrative expenses  | -   | (12,501)                                 | 12,501                                   |
| Other changes  | -   | (185)                                    | 185                                      |
| Net changes  | \$ 359,440                                    | \$ 159,245                               | \$ 200,195                               |
| Balances at June 30, 2015  | \$ 25,834,035                                 | \$ 19,717,146                            | \$ 6,116,889                             |

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**COUNTY OF TAZEVELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (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          |              |              |
|---|---------------|--------------|--------------|
|   | (6.00%)       | (7.00%)      | (8.00%)      |
| County - Primary Government                   |               |              |              |
| Net Pension Liability                         | \$ 12,187,416 | \$ 6,432,176 | \$ 1,648,448 |
| Component Units                               |               |              |              |
| Net Pension Liability                         | \$ 1,785,774  | \$ 942,481   | \$ 241,541   |
| Component Unit School Board (nonprofessional) |               |              |              |
| Net Pension Liability                         | \$ 8,922,257  | \$ 6,116,889 | \$ 3,739,726 |

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

For the year ended June 30, 2016, the County, Component Units, and Component Unit School Board (nonprofessional) recognized pension expense of \$612,294, \$99,854, and \$297,905, respectively. At June 30, 2016, 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<br>Tazewell County   |                                     | Component Unit School<br>Board (nonprofessional) |                                     |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources             | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual experience                               | \$ 228,260                           | \$ -                                | \$ 33,446                            | \$ -                                | \$ -   | \$ 144,999                          |
| Net difference between projected and actual earnings on pension plan investments | -                                    | 985,425                             | -                                    | 144,390                             | -  | 531,577                             |
| Employer contributions subsequent to the measurement date                        | 1,120,484                            | -                                   | 167,379                              | -                                   | 638,441  | -                                   |
| Total  | \$ 1,348,744                         | \$ 985,425                          | \$ 200,825                           | \$ 144,390                          | \$ 638,441                                       | \$ 676,576                          |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

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

\$1,120,484, \$167,379 and \$638,441 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended<br>June 30 | Primary<br>Government | Component Units | Component Unit<br>School Board<br>(nonprofessional) |
|-----------------------|-----------------------|-----------------|---|
| 2017                  | \$ (302,398)          | \$ (44,310)     | \$ (285,980)  |
| 2018                  | (302,398)             | (44,310)        | (275,901)   |
| 2019                  | (329,657)             | (48,301)        | (208,349)   |
| 2020                  | 177,288               | 25,978          | 93,744  |

**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 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.

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

**Note 8—Pension Plan: (Continued)**

*Contributions (Continued)*

Contributions to the pension plan from the School Board were \$3,695,626 and \$3,853,957 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the school division reported a liability of \$44,995,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.35749% as compared to 0.36174% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$2,916,000. 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, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ -                              | \$ 620,000                       |
| Net difference between projected and actual earnings on pension plan investments                              | -                                 | 2,755,000                        |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -                                 | 1,411,000                        |
| Employer contributions subsequent to the measurement date   | 3,695,626                         | -                                |
| Total   | \$ 3,695,626                      | \$ 4,786,000                     |

COUNTY OF TAZEWELL, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016 (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)*

\$3,695,626 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended June 30</u> |                |
|---------------------------|----------------|
| 2017                      | \$ (1,599,000) |
| 2018                      | (1,599,000)    |
| 2019                      | (1,599,000)    |
| 2020                      | 127,000        |
| Thereafter                | (116,000)      |

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**Note 8—Pension Plan: (Continued)**

**Component Unit School Board (professional) (Continued)**

Mortality rates: (Continued)

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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COUNTY OF TAZEVELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (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%.

COUNTY OF TAZEWELL, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016 (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          |               |               |
|---|---------------|---------------|---------------|
|   | (6.00%)       | (7.00%)       | (8.00%)       |
| School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability | \$ 65,846,000 | \$ 44,995,000 | \$ 27,830,000 |

*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**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.

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 2016 was 0.10%, of annual covered payroll.

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**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)**

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

County: (Continued)

**C. Annual OPEB Cost and Net OPEB Obligation**

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

For 2016, the County's contribution of \$4,861, 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 2016 and preceding two years are as follows:

| <u>Fiscal Year Ending</u> | <u>Annual<br/>OPEB Cost<br/>(ARC)</u> | <u>Percentage<br/>of ARC<br/>Contributed</u> | <u>Net<br/>OPEB<br/>Obligation</u> |
|---------------------------|---------------------------------------|--|------------------------------------|
| County:                   |                                       |  |                                    |
| June 30, 2016             | \$ 4,861                              | 100%   | -                                  |
| June 30, 2015             | 4,962                                 | 100%   | -                                  |
| June 30, 2014             | 4,947                                 | 100%   | -                                  |

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

|   | <u>County</u> |
|---|---------------|
| Actuarial accrued liability (AAL)                 | \$ 280,421    |
| Actuarial value of plan assets                    | \$ 271,806    |
| Unfunded actuarial accrued liability (UAAL)       | \$ 8,615      |
| Funded ratio (actuarial value of plan assets/AAL) | 96.93%        |
| Covered payroll (active plan members)             | \$ 4,976,814  |
| UAAL as a percentage of covered payroll           | 0.17%         |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**Note 9-VRS Health Insurance Credit - Other Postemployment Benefits: (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 an open basis. The remaining open amortization period at June 30, 2015 was 30 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, 2016 (Continued)**

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**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 1.06% and 1.06% of annual covered payroll for the years ending June 30, 2016 and 2015, respectively. The School Board's contributions to VRS for the year ended June 30, 2016 and 2015 were \$280,173 and \$281,738, 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 administered by the County. TPRMP provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee be (1) age 50 with 10 years of service; (2) age 55 with 5 years of service; or (3) age 65 with 5 years of service. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement. Coverage continues for the earlier of a period of ten years or reaching Medicare eligibility (age 65). The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The TPRMP does not issue a publicly available financial report.

**B. Funding Policy**

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

For retirees of the County and School Board, the following premiums and retiree responsibilities were effective at July 1, 2014, the most recent actuarial valuation date:

|                    | Monthly<br>Contribution | Retiree Share<br>of Premiums | Monthly<br>Contribution | Retiree Share<br>of Premiums | Monthly<br>Contribution | Retiree Share<br>of Premiums |
|--------------------|-------------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| Retiree            | 700.00                  | 70.00                        | 725.00                  | 72.50                        | 676.00                  | 108.16                       |
| Retiree and Spouse | 1,295.00                | 248.50                       | 1,341.00                | 318.90                       | 1,251.00                | 337.77                       |
| Retiree and Child  | 1,295.00                | 248.50                       | 1,341.00                | 318.90                       | 1,251.00                | 337.77                       |
| Family             | 1,890.00                | 427.00                       | 1,958.00                | 565.70                       | 1,825.00                | 547.50                       |

**COUNTY OF TAZEWell, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 (Continued)**

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

**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               | \$ 607,300          | \$ 1,672,500        | \$ 2,279,800        |
| Interest on net OPEB obligation            | 76,300              | 75,400              | 151,700             |
| Adjustment to annual required contribution | (79,400)            | (78,500)            | (157,900)           |
| Annual OPEB cost (expense)                 | 604,200             | 1,669,400           | 2,273,600           |
| Contributions made                         | 296,900             | 1,633,300           | 1,930,200           |
| Increase in net OPEB obligation            | 307,300             | 36,100              | 343,400             |
| Net OPEB obligation - beginning of year    | 1,907,000           | 1,885,800           | 3,792,800           |
| Net OPEB obligation - end of year          | <u>\$ 2,214,300</u> | <u>\$ 1,921,900</u> | <u>\$ 4,136,200</u> |

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

| Fiscal<br>Year Ended | Annual<br>OPEB Cost | Percentage of<br>Annual OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|----------------------|---------------------|--|------------------------|
| 6/30/2016            | \$ 2,273,600        | 85%  | \$ 4,136,200           |
| 6/30/2015            | 2,232,800           | 81%  | 3,792,800              |
| 6/30/2014            | 2,244,000           | 74%  | 3,423,500              |

**D. Funded Status and Funding Progress**

**Primary Government:**

As of July 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$12,035,922, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10,048,315 and ratio of the UAAL to the covered payroll was 119.78%.

**Component Unit - School Board:**

As of July 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$11,902,119, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$30,470,349, and ratio of the UAAL to the covered payroll was 39.06%.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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

D. Funded Status and Funding Progress (Continued)

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2014, 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 8.0 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, 2014, was 30 years.

**Note 11 - Contingent Liabilities:**

Federal programs in which the County and its component units participate were audited in accordance with the provisions of 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. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

**Note 12 - Landfill Closure and Postclosure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Of the \$14,587,203 reported as landfill closure and post closure care liability at June 30, 2016, \$6,370,882 represents the cumulative amount reported to date based on use of 44 percent of the estimate capacity of the landfill.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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

The County will recognize the remaining estimated cost of closure and postclosure care of \$8,086,207 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 2016.

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.

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (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-<br>wide Statements | Balance Sheet         |
|---|--------------------------------|-----------------------|
|   | Governmental<br>Activities     | Governmental<br>Funds |
| <b>Primary Government</b>   |                                |                       |
| Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures (amount due but not collected at 6/30) | \$ -                           | \$ 2,984,812          |
| Property taxes due in December 2015   | 23,884,816                     | 23,884,816            |
| Prepaid property taxes due in December 2015 but paid in advance by the taxpayers  | 943,759                        | 943,759               |
| Total deferred/unavailable revenue  | \$ 24,828,575                  | \$ 27,813,387         |

**Note 15 - Interfund Transfers:**

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

| Fund                       | Transfer In  | Transfer Out |
|----------------------------|--------------|--------------|
| <b>Primary Government:</b> |              |              |
| General Fund               | \$ -         | \$ 118,857   |
| Coal Road Improvement      | 30,195       | -            |
| E-911 Fund                 | 275,000      | -            |
| County CIP Fund            | 450,000      | 1,000,000    |
| Landfill Enterprise Fund   | 363,662      | -            |
| Total                      | \$ 1,118,857 | \$ 1,118,857 |

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, 2016 (Continued)

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Note 16 - Surety Bonds:

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

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**COUNTY OF TAZEVELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)**

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

|                                   | Governmental Funds/Activities |                    |                        |                                  |  |            |                         | Business-Type<br>Activities |                                     |
|-----------------------------------|-------------------------------|--------------------|------------------------|----------------------------------|--|------------|-------------------------|-----------------------------|-------------------------------------|
|                                   | General<br>Fund               | County CIP<br>Fund | Law<br>Library<br>Fund | Coal Road<br>Improvement<br>Fund | Coal Road<br>Economic<br>Development<br>Fund | E-911 Fund | Damage<br>Stamp<br>Fund | Total                       | Tazewell<br>County Landfill<br>Fund |
| Nonspendable:                     |                               |                    |                        |                                  |  |            |                         |                             |                                     |
| Prepaid items                     | \$ 9,251                      | \$ 77,144          | \$ -                   | \$ -                             | \$ -   | \$ 64,891  | \$ -                    | \$ 151,286                  | \$ -                                |
| Restricted:                       |                               |                    |                        |                                  |  |            |                         |                             |                                     |
| Capital projects                  | \$ -                          | \$ 3,865,605       | \$ -                   | \$ -                             | \$ -   | \$ -       | \$ -                    | \$ 3,865,605                | \$ -                                |
| Landfill closure and improvements | -                             | -                  | -                      | -                                | -  | -          | -                       | -                           | 2,566,868                           |
| Total restricted balances         | \$ -                          | \$ 3,865,605       | \$ -                   | \$ -                             | \$ -   | \$ -       | \$ -                    | \$ 3,865,605                | \$ 2,566,868                        |
| Committed funds:                  |                               |                    |                        |                                  |  |            |                         |                             |                                     |
| Law library                       | \$ -                          | \$ -               | \$ 83,898              | \$ -                             | \$ -   | \$ -       | \$ -                    | \$ 83,898                   | \$ -                                |
| Coal road improvements            | -                             | -                  | -                      | 1,108,397                        | -  | -          | -                       | 1,108,397                   | -                                   |
| Coal road economic development    | -                             | -                  | -                      | -                                | 8,674  | -          | -                       | 8,674                       | -                                   |
| E-911                             | -                             | -                  | -                      | -                                | -  | 415,190    | -                       | 415,190                     | -                                   |
| Damage stamp                      | -                             | -                  | -                      | -                                | -  | -          | 42                      | 42                          | -                                   |
| Grants fund                       | -                             | -                  | -                      | -                                | -  | -          | -                       | -                           | -                                   |
| Total committed balances          | \$ -                          | \$ -               | \$ 83,898              | \$ 1,108,397                     | \$ 8,674                                     | \$ 415,190 | \$ 42                   | \$ 1,616,201                | \$ -                                |

**Note 18 - Restatement of Beginning Balances:**

|  | County CIP Fund                                       | Component Unit<br>School Board |
|--|---|--------------------------------|
| Fund Balance, July 1, 2015, as previously stated | \$ 1,741,285  | \$ 2,890,838                   |
| Unrecorded accounts receivable                   | -   | 392,931                        |
| Overstated due to component unit                 | 3,315,605   | -                              |
| Fund Balance, July 1, 2015, as restated          | \$ 5,056,890  | \$ 3,283,769                   |
|  | Primary<br>Government -<br>Governmental<br>Activities | Component Unit<br>School Board |
| Net Position, July 1, 2015, as previously stated | \$ 9,653,649  | \$ (35,678,125)                |
| Fund balance statement from above                | -   | 392,931                        |
| Remove capital lease from prior year             | -   | 2,817,017                      |
| Net Position, July 1, 2015, as restated          | \$ 9,653,649  | \$ (32,468,177)                |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**Note 19 - Adoption of Accounting Principle:**

**Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73***

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

**Note 20- Litigation:**

At June 30, 2016, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

**Note 21 - Upcoming Pronouncements:**

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

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. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 (Continued)

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**Note 21 - Upcoming Pronouncements: (Continued)**

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

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.

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, 2016

|  | Budget Amounts        |                       | Actual<br>Amounts    | Variance with<br>Final Budget<br>Pos (Neg) |
|--|-----------------------|-----------------------|----------------------|--|
|  | Original              | Final                 |                      |  |
| <b>REVENUES</b>  |                       |                       |                      |  |
| General Property Taxes                                       | \$ 27,105,907         | \$ 27,105,907         | \$ 24,474,804        | \$ (2,631,103)                             |
| Other Local Taxes  | 7,325,000             | 7,325,000             | 6,362,514            | (962,486)                                  |
| Permits, Privilege Fees and Regulatory Licenses              | 309,950               | 309,950               | 331,782              | 21,832                                     |
| Fines and Forfeitures  | 40,000                | 40,000                | 52,080               | 12,080                                     |
| Revenue from Use of Money and Property                       | 309,768               | 309,768               | 293,461              | (16,307)                                   |
| Charges for Services   | 429,000               | 429,000               | 365,133              | (63,867)                                   |
| Miscellaneous  | 508,000               | 414,905               | 436,672              | 21,767                                     |
| Recovered Costs  | 942,444               | 1,019,426             | 856,047              | (163,379)                                  |
| Intergovernmental:   |                       |                       |                      |  |
| Commonwealth   | 12,906,559            | 12,921,364            | 10,800,080           | (2,121,284)                                |
| Federal Government   | 1,314,900             | 1,314,900             | 5,077,206            | 3,762,306                                  |
| Total Revenues   | <u>\$ 51,191,528</u>  | <u>\$ 51,190,220</u>  | <u>\$ 49,049,779</u> | <u>\$ (2,140,441)</u>                      |
| <b>EXPENDITURES:</b>   |                       |                       |                      |  |
| Current:   |                       |                       |                      |  |
| General Government Administration                            | \$ 6,293,388          | \$ 6,261,595          | \$ 4,929,126         | \$ 1,332,469                               |
| Judicial Administration                                      | 2,483,291             | 2,498,096             | 2,384,038            | 114,058                                    |
| Public Safety  | 13,553,442            | 13,654,165            | 12,868,944           | 785,221                                    |
| Public Works   | 4,578,119             | 4,547,160             | 3,624,084            | 923,076                                    |
| Health and Welfare   | 9,209,599             | 9,209,599             | 8,317,691            | 891,908                                    |
| Education  | 13,974,675            | 13,974,675            | 12,751,232           | 1,223,443                                  |
| Parks, Recreation and Cultural                               | 1,401,908             | 1,407,608             | 1,420,994            | (13,386)                                   |
| Community Development  | 924,297               | 971,853               | 980,731              | (8,878)                                    |
| Non-Departmental   | 1,375,467             | 1,252,831             | 619,775              | 633,056                                    |
| Debt Service:  |                       |                       |                      |  |
| Principal Retirement   | -                     | -                     | 544,334              | (544,334)                                  |
| Interest and Other Fiscal Charges                            | -                     | -                     | 364,102              | (364,102)                                  |
| Total Expenditures   | <u>\$ 53,794,186</u>  | <u>\$ 53,777,582</u>  | <u>\$ 48,805,051</u> | <u>\$ 4,972,531</u>                        |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>\$ (2,602,658)</u> | <u>\$ (2,587,362)</u> | <u>\$ 244,728</u>    | <u>\$ 2,832,090</u>                        |
| Other Financing Sources (Uses)<br>Transfers Out              | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ (118,857)</u>  | <u>\$ (118,857)</u>                        |
| Net Change in Fund Balance                                   | <u>\$ (2,602,658)</u> | <u>\$ (2,587,362)</u> | <u>\$ 125,871</u>    | <u>\$ 2,713,233</u>                        |
| Fund Balance - Beginning                                     | 2,415,276             | 2,436,860             | 7,265,418            | 4,828,558                                  |
| Fund Balance - Ending  | <u>\$ (187,382)</u>   | <u>\$ (150,502)</u>   | <u>\$ 7,391,289</u>  | <u>\$ 7,541,791</u>                        |

County of Tazewell, Virginia  
 Schedule of OPEB Funding Progress  
 For the Fiscal Year Ended June 30, 2016

## Primary Government:

## County Postretirement Health Insurance

| Actuarial<br>Valuation<br>as of | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability (AAL) | Unfunded<br>AAL (UAAL)<br>(3)-(2) | Funded Ratio<br>(2)/(3) | Covered<br>Payroll | UAAL as a<br>% of Covered<br>Payroll (4)/(6) |
|---------------------------------|---------------------------------|---|-----------------------------------|-------------------------|--------------------|--|
| (1)                             | (2)                             | (3)                                     | (4)                               | (5)                     | (6)                | (7)  |
| July 1, 2014                    | -                               | 12,035,922                              | 12,035,922                        | 0.00%                   | 10,048,315         | 119.78%                                      |
| July 1, 2012                    | -                               | 5,924,700                               | 5,924,700                         | 0.00%                   | 10,794,146         | 54.89%                                       |
| March 1, 2010                   | -                               | 6,509,460                               | 6,509,460                         | 0.00%                   | 12,516,483         | 52.01%                                       |

## County Health Insurance Credit Program

| Actuarial<br>Valuation<br>as of | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability (AAL) | Unfunded<br>AAL (UAAL)<br>(3)-(2) | Funded Ratio<br>(2)/(3) | Covered<br>Payroll | UAAL as a<br>% of Covered<br>Payroll (4)/(6) |
|---------------------------------|---------------------------------|---|-----------------------------------|-------------------------|--------------------|--|
| (1)                             | (2)                             | (3)                                     | (4)                               | (5)                     | (6)                | (7)  |
| 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%                                       |
| June 30, 2013                   | 248,996                         | 243,795                                 | (5,201)                           | 102.13%                 | 4,826,502          | -0.11%                                       |

## Discretely Presented Component Unit:

## School Board Postretirement Health Insurance

| Actuarial<br>Valuation<br>as of | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability (AAL) | Unfunded<br>AAL (UAAL)<br>(3)-(2) | Funded Ratio<br>(2)/(3) | Covered<br>Payroll | UAAL as a<br>% of Covered<br>Payroll (4)/(6) |
|---------------------------------|---------------------------------|---|-----------------------------------|-------------------------|--------------------|--|
| (1)                             | (2)                             | (3)                                     | (4)                               | (5)                     | (6)                | (7)  |
| July 1, 2014                    | -                               | 11,902,119                              | 11,902,119                        | 0.00%                   | 30,470,349         | 39.06%                                       |
| July 1, 2012                    | -                               | 20,298,100                              | 20,298,100                        | 0.00%                   | 33,539,749         | 60.52%                                       |
| March 1, 2010                   | -                               | 15,188,740                              | 15,188,740                        | 0.00%                   | 29,205,126         | 52.01%                                       |

County of Tazewell, Virginia  
 Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Primary Government  
 For the Year Ended June 30, 2016

|  | 2015          | 2014          |
|--|---------------|---------------|
| Total pension liability  |               |               |
| Service cost   | \$ 1,086,879  | \$ 1,078,495  |
| Interest   | 2,899,143     | 2,767,693     |
| Differences between expected and actual experience                         | 313,432       | -             |
| Benefit payments, including refunds of employee contributions              | (2,039,716)   | (1,896,954)   |
| Net change in total pension liability                                      | \$ 2,259,738  | \$ 1,949,234  |
| Total pension liability - beginning  | 42,436,187    | 40,486,950    |
| Total pension liability - ending (a)                                       | \$ 44,695,925 | \$ 42,436,184 |
| <br>   |               |               |
| Plan fiduciary net position  |               |               |
| Contributions - employer   | \$ 1,127,068  | \$ 1,109,531  |
| Contributions - employee   | 515,377       | 495,039       |
| Net investment income  | 1,688,551     | 5,070,273     |
| Benefit payments, including refunds of employee contributions              | (2,039,716)   | (1,896,954)   |
| Administrative expense   | (23,151)      | (27,328)      |
| Other  | (356)         | 268           |
| Net change in plan fiduciary net position                                  | \$ 1,267,773  | \$ 4,750,829  |
| Plan fiduciary net position - beginning                                    | 36,995,976    | 32,245,144    |
| Plan fiduciary net position - ending (b)                                   | \$ 38,263,749 | \$ 36,995,973 |
| <br>   |               |               |
| County's net pension liability - ending (a) - (b)                          | \$ 6,432,176  | \$ 5,440,211  |
| <br>   |               |               |
| Plan fiduciary net position as a percentage of the total pension liability | 85.61%        | 87.18%        |
| <br>   |               |               |
| Covered payroll  | \$ 10,048,316 | \$ 9,720,135  |
| <br>   |               |               |
| County's net pension liability as a percentage of covered payroll          | 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 Components of and Changes in Net Pension Liability and Related Ratios  
 Component Units  
 For the Year Ended June 30, 2016

|  | 2015                | 2014                |
|--|---------------------|---------------------|
| Total pension liability  |                     |                     |
| Service cost   | \$ 159,256          | \$ 158,027          |
| Interest   | 424,800             | 405,539             |
| Differences between expected and actual experience                         | 45,926              | -                   |
| Benefit payments, including refunds of employee contributions              | (298,872)           | (277,953)           |
| Net change in total pension liability                                      | \$ 331,110          | \$ 285,613          |
| Total pension liability - beginning  | 6,218,002           | 5,932,392           |
| Total pension liability - ending (a)                                       | <u>\$ 6,549,112</u> | <u>\$ 6,218,005</u> |
| Plan fiduciary net position  |                     |                     |
| Contributions - employer   | \$ 165,145          | \$ 162,576          |
| Contributions - employee   | 75,516              | 72,536              |
| Net investment income  | 247,416             | 742,927             |
| Benefit payments, including refunds of employee contributions              | (298,872)           | (277,953)           |
| Administrative expense   | (3,393)             | (4,004)             |
| Other  | (52)                | 38                  |
| Net change in plan fiduciary net position                                  | \$ 185,760          | \$ 696,120          |
| Plan fiduciary net position - beginning                                    | 5,420,870           | 4,724,753           |
| Plan fiduciary net position - ending (b)                                   | <u>\$ 5,606,630</u> | <u>\$ 5,420,873</u> |
| Component Units' net pension liability - ending (a) - (b)                  | \$ 942,482          | \$ 797,132          |
| Plan fiduciary net position as a percentage of the total pension liability | 85.61%              | 87.18%              |
| Covered payroll  | \$ 1,472,340        | \$ 1,424,253        |
| Component Units' net pension liability as a percentage of covered payroll  | 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 Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Year Ended June 30, 2016

|  | 2015                 | 2014                 |
|--|----------------------|----------------------|
| Total pension liability  |                      |                      |
| Service cost   | \$ 375,904           | \$ 389,969           |
| Interest   | 1,729,888            | 1,688,775            |
| Changes of benefit terms   | -                    | -                    |
| Differences between expected and actual experience                         | (222,538)            | -                    |
| Changes in assumptions   | -                    | -                    |
| Benefit payments, including refunds of employee contributions              | (1,523,814)          | (1,459,018)          |
| Net change in total pension liability                                      | \$ 359,440           | \$ 619,726           |
| Total pension liability - beginning  | 25,474,595           | 24,854,869           |
| Total pension liability - ending (a)                                       | <u>\$ 25,834,035</u> | <u>\$ 25,474,595</u> |
| Plan fiduciary net position  |                      |                      |
| Contributions - employer   | \$ 629,864           | \$ 589,541           |
| Contributions - employee   | 190,601              | 190,618              |
| Net investment income  | 875,280              | 2,714,251            |
| Benefit payments, including refunds of employee contributions              | (1,523,814)          | (1,459,018)          |
| Administrative expense   | (12,501)             | (15,068)             |
| Other  | (185)                | 143                  |
| Net change in plan fiduciary net position                                  | \$ 159,245           | \$ 2,020,467         |
| Plan fiduciary net position - beginning                                    | 19,557,901           | 17,537,434           |
| Plan fiduciary net position - ending (b)                                   | <u>\$ 19,717,146</u> | <u>\$ 19,557,901</u> |
| School Division's net pension liability - ending (a) - (b)                 | \$ 6,116,889         | \$ 5,916,694         |
| Plan fiduciary net position as a percentage of the total pension liability | 76.32%               | 76.77%               |
| Covered payroll  | \$ 3,891,558         | \$ 3,824,515         |
| School Division's net pension liability as a percentage of covered payroll | 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 Year Ended June 30, 2016

|  | 2015          | 2014          |
|--|---------------|---------------|
| Employer's Proportion of the Net Pension Liability (Asset)   | 0.35749%      | 0.36174%      |
| Employer's Proportionate Share of the Net Pension Liability (Asset)  | \$ 44,995,000 | \$ 43,715,000 |
| Employer's Covered Payroll   | 26,579,014    | 26,452,530    |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 169.29%       | 165.26%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                 | 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 Year Ended June 30, 2016

| Date   | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|--|--|---|---|---|---|
| <b>Primary Government*</b>                           |  |   |   |   |   |
| 2016   | \$ 1,120,484                                     | \$ 1,120,484  | \$ -  | \$ 9,964,213                            | 11.25%  |
| 2015   | 1,127,068  | 1,127,068   | -   | 10,048,316                              | 11.22%  |
| <b>Component Units*</b>                              |  |   |   |   |   |
| 2016   | \$ 167,379                                       | \$ 167,379  | \$ -  | \$ 1,460,017                            | 11.46%  |
| 2015   | 165,145  | 165,145   | -   | 1,472,340                               | 11.22%  |
| <b>Component Unit School Board (nonprofessional)</b> |  |   |   |   |   |
| 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%  |
| 2007   | 404,286  | 404,286   | -   | 3,671,992                               | 11.01%  |
| <b>Component Unit School Board (professional)</b>    |  |   |   |   |   |
| 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%  |
| 2007   | 4,086,818  | 4,086,818   | -   | 28,780,408                              | 14.20%  |

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 Year Ended June 30, 2016

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In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

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 was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Changes of assumptions - 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, 2016

|  | <u>Budget Amounts</u> |                       | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Pos (Neg)</u> |
|--|-----------------------|-----------------------|---------------------------|---|
|  | <u>Original</u>       | <u>Final</u>          |                           |   |
| <b>REVENUES</b>  |                       |                       |                           |   |
| Revenue from Use of Money and Property                       | \$ 36,355             | \$ 36,355             | \$ 36,355                 | \$ -  |
| Miscellaneous  | 950,000               | 950,000               | -                         | (950,000)   |
| Intergovernmental:   |                       |                       |                           |   |
| Commonwealth   | 1,083,219             | 1,083,219             | 45,000                    | (1,038,219)   |
| Federal Government   | 356,859               | 356,859               | -                         | (356,859)   |
| Total Revenues   | <u>\$ 2,426,433</u>   | <u>\$ 2,426,433</u>   | <u>\$ 81,355</u>          | <u>\$ (2,345,078)</u>                               |
| <b>EXPENDITURES:</b>   |                       |                       |                           |   |
| Current:   |                       |                       |                           |   |
| General Government Administration                            | \$ 7,010,404          | \$ 7,010,404          | \$ 1,253,971              | \$ 5,756,433  |
| Public Works   | -                     | -                     | 820,890                   | (820,890)   |
| Community Development  | -                     | -                     | 395,000                   | (395,000)   |
| Total Expenditures   | <u>\$ 7,010,404</u>   | <u>\$ 7,010,404</u>   | <u>\$ 2,469,861</u>       | <u>\$ 4,540,543</u>                                 |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>\$ (4,583,971)</u> | <u>\$ (4,583,971)</u> | <u>\$ (2,388,506)</u>     | <u>\$ 2,195,465</u>                                 |
| Other Financing Sources (Uses)                               |                       |                       |                           |   |
| Transfers In   | \$ -                  | \$ -                  | \$ 450,000                | \$ 450,000  |
| Transfers Out  | -                     | -                     | (1,000,000)               | (1,000,000)   |
| Total Other Financing Sources (Uses)                         | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ (550,000)</u>       | <u>\$ (550,000)</u>                                 |
| Net Change in Fund Balance                                   | <u>\$ (4,583,971)</u> | <u>\$ (4,583,971)</u> | <u>\$ (2,938,506)</u>     | <u>\$ 1,645,465</u>                                 |
| Fund Balance - Beginning                                     | 4,583,971             | 4,583,971             | 5,056,890                 | 472,919   |
| Fund Balance - Ending  | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 2,118,384</u>       | <u>\$ 2,118,384</u>                                 |

County of Tazewell, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

|                                   | Agency Funds                |                            |                     |
|-----------------------------------|-----------------------------|----------------------------|---------------------|
|                                   | Special<br>Welfare<br>Funds | Local<br>Sales Tax<br>Fund | Total               |
| <b>ASSETS</b>                     |                             |                            |                     |
| Current Assets:                   |                             |                            |                     |
| Cash and Cash Equivalents         | \$ 77,073                   | \$ -                       | \$ 77,073           |
| Due from Other Governmental Units | -                           | 957,757                    | 957,757             |
| Total Assets                      | <u>\$ 77,073</u>            | <u>\$ 957,757</u>          | <u>\$ 1,034,830</u> |
| <b>LIABILITIES</b>                |                             |                            |                     |
| Current Liabilities:              |                             |                            |                     |
| Due to Primary Government         | \$ -                        | \$ 767,930                 | \$ 767,930          |
| Due to Other Governmental Units   | -                           | 189,827                    | 189,827             |
| Amounts Held for Others           | 77,073                      | -                          | 77,073              |
| Total Liabilities                 | <u>\$ 77,073</u>            | <u>\$ 957,757</u>          | <u>\$ 1,034,830</u> |

County of Tazewell, Virginia  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2016

|  | <u>Special<br/>Revenue Funds</u> |
|--|----------------------------------|
| <b>ASSETS</b>                                      |                                  |
| Cash and Cash Equivalents                          | \$ 1,525,839                     |
| Receivables (Net of Allowance for Uncollectibles): |                                  |
| Taxes  | 1,219                            |
| Prepaid items                                      | 64,891                           |
| Due from Other Governmental Units                  | 103,813                          |
| Total Assets                                       | <u>\$ 1,695,762</u>              |
| <br><b>LIABILITIES AND FUND BALANCES</b>           |                                  |
| Liabilities  |                                  |
| Accounts Payable                                   | \$ 14,670                        |
| Total Liabilities                                  | <u>\$ 14,670</u>                 |
| <br>Fund Balances:                                 |                                  |
| Nonspendable                                       | \$ 64,891                        |
| Committed  | 1,616,201                        |
| Total Fund Balances                                | <u>\$ 1,681,092</u>              |
| Total Liabilities and Fund Balances                | <u>\$ 1,695,762</u>              |

County of Tazewell, Virginia  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2016

|  | <u>Special<br/>Revenue Funds</u> | <u>School Construction<br/>Fund</u> | <u>Total</u>               |
|--|----------------------------------|-------------------------------------|----------------------------|
| <b>REVENUES</b>                              |                                  |                                     |                            |
| Other Local Taxes                            | \$ 539,232                       | \$ -                                | \$ 539,232                 |
| Charges for Services                         | 10,177                           | -                                   | 10,177                     |
| Intergovernmental:                           |                                  |                                     |                            |
| Commonwealth                                 | 996,655                          | -                                   | 996,655                    |
| Total Revenues                               | <u>\$ 1,546,064</u>              | <u>\$ -</u>                         | <u>\$ 1,546,064</u>        |
| <b>EXPENDITURES:</b>                         |                                  |                                     |                            |
| Current:                                     |                                  |                                     |                            |
| Judicial Administration                      | \$ 13,893                        | \$ -                                | \$ 13,893                  |
| Public Safety                                | 1,359,926                        | -                                   | 1,359,926                  |
| Public Works                                 | 1,108,712                        | -                                   | 1,108,712                  |
| Education                                    | -                                | 57,760                              | 57,760                     |
| Total Expenditures                           | <u>\$ 2,482,531</u>              | <u>\$ 57,760</u>                    | <u>\$ 2,540,291</u>        |
| Excess (Deficiency) of Revenues Over (Under) |                                  |                                     |                            |
| Expenditures                                 | <u>\$ (936,467)</u>              | <u>\$ (57,760)</u>                  | <u>\$ (994,227)</u>        |
| Other Financing Sources (Uses)               |                                  |                                     |                            |
| Transfers In                                 | <u>\$ 305,195</u>                | <u>\$ -</u>                         | <u>\$ 305,195</u>          |
| Net Change in Fund Balance                   | \$ (631,272)                     | \$ (57,760)                         | \$ (689,032)               |
| Fund Balance - Beginning                     | 2,312,364                        | 57,760                              | 2,370,124                  |
| Fund Balance - Ending                        | <u><u>\$ 1,681,092</u></u>       | <u><u>\$ -</u></u>                  | <u><u>\$ 1,681,092</u></u> |

County of Tazewell, Virginia  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 For the Fiscal Year Ended June 30, 2016

|  | <u>Law Library</u><br>Fund | <u>Coal Road</u><br><u>Improvement</u><br>Fund | <u>Coal Road</u><br><u>Economic</u><br><u>Development</u><br>Fund | <u>E-911</u><br><u>Fund</u> | <u>Damage Stamp</u><br><u>Fund</u> | <u>Total</u>        |
|--|----------------------------|--|---|-----------------------------|------------------------------------|---------------------|
| <b>ASSETS</b>                                      |                            |  |   |                             |                                    |                     |
| Cash and Cash Equivalents                          | \$ 84,631                  | \$ 1,111,386                                   | \$ 8,158  | \$ 321,622                  | \$ 42                              | \$ 1,525,839        |
| Receivables (Net of Allowance for Uncollectibles): |                            |  |   |                             |                                    |                     |
| Taxes  | -                          | 703  | 516   | -                           | -                                  | 1,219               |
| Prepaid items                                      | -                          | -  | -   | 64,891                      | -                                  | 64,891              |
| Due from Other Governmental Units                  | -                          | -  | -   | 103,813                     | -                                  | 103,813             |
| Total Assets                                       | <u>\$ 84,631</u>           | <u>\$ 1,112,089</u>                            | <u>\$ 8,674</u>   | <u>\$ 490,326</u>           | <u>\$ 42</u>                       | <u>\$ 1,695,762</u> |

**LIABILITIES AND FUND BALANCES**

|                   |               |                 |             |                  |             |                  |
|-------------------|---------------|-----------------|-------------|------------------|-------------|------------------|
| Liabilities       |               |                 |             |                  |             |                  |
| Accounts Payable  | \$ 733        | \$ 3,692        | \$ -        | \$ 10,245        | \$ -        | \$ 14,670        |
| Total Liabilities | <u>\$ 733</u> | <u>\$ 3,692</u> | <u>\$ -</u> | <u>\$ 10,245</u> | <u>\$ -</u> | <u>\$ 14,670</u> |

**Fund Balances:**

|                                     |                  |                     |                 |                   |              |                     |
|-------------------------------------|------------------|---------------------|-----------------|-------------------|--------------|---------------------|
| Nonspendable                        | \$ -             | \$ -                | \$ -            | \$ 64,891         | \$ -         | \$ 64,891           |
| Committed                           | 83,898           | 1,108,397           | 8,674           | 415,190           | 42           | 1,616,201           |
| Total Fund Balances                 | <u>\$ 83,898</u> | <u>\$ 1,108,397</u> | <u>\$ 8,674</u> | <u>\$ 480,081</u> | <u>\$ 42</u> | <u>\$ 1,681,092</u> |
| Total Liabilities and Fund Balances | <u>\$ 84,631</u> | <u>\$ 1,112,089</u> | <u>\$ 8,674</u> | <u>\$ 490,326</u> | <u>\$ 42</u> | <u>\$ 1,695,762</u> |

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, 2016

|  | <u>Law Library</u><br>Fund | <u>Coal Road</u><br><u>Improvement</u><br>Fund | <u>Coal Road</u><br><u>Economic</u><br><u>Development</u><br>Fund | <u>E-911 Fund</u>   | <u>Damage</u><br><u>Stamp Fund</u> | <u>Total</u>        |
|--|----------------------------|--|---|---------------------|------------------------------------|---------------------|
| <b>REVENUES</b>                              |                            |  |   |                     |                                    |                     |
| Other Local Taxes                            | -                          | 342,008  | 197,224   | -                   | -                                  | 539,232             |
| Charges for Services                         | 10,177                     | -  | -   | -                   | -                                  | 10,177              |
| Intergovernmental:                           |                            |  |   |                     |                                    |                     |
| Tazewell County School Board                 | -                          | -  | -   | 996,655             | -                                  | 996,655             |
| Total Revenues                               | <u>\$ 10,177</u>           | <u>\$ 342,008</u>                              | <u>\$ 197,224</u>   | <u>\$ 996,655</u>   | <u>\$ -</u>                        | <u>\$ 1,546,064</u> |
| <b>EXPENDITURES</b>                          |                            |  |   |                     |                                    |                     |
| Current:                                     |                            |  |   |                     |                                    |                     |
| Judicial Administration                      | 13,893                     | -  | -   | -                   | -                                  | 13,893              |
| Public Safety                                | -                          | -  | -   | 1,359,926           | -                                  | 1,359,926           |
| Public Works                                 | -                          | 889,793  | 218,919   | -                   | -                                  | 1,108,712           |
| Total Expenditures                           | <u>\$ 13,893</u>           | <u>\$ 889,793</u>                              | <u>\$ 218,919</u>   | <u>\$ 1,359,926</u> | <u>\$ -</u>                        | <u>\$ 2,482,531</u> |
| Excess (Deficiency) of Revenues Over (Under) | <u>\$ (3,716)</u>          | <u>\$ (547,785)</u>                            | <u>\$ (21,695)</u>  | <u>\$ (363,271)</u> | <u>\$ -</u>                        | <u>\$ (936,467)</u> |
| Other Financing Sources (Uses)               |                            |  |   |                     |                                    |                     |
| Transfers In                                 | -                          | 30,195   | -   | 275,000             | -                                  | 305,195             |
| Net Change in Fund Balance                   | <u>\$ (3,716)</u>          | <u>\$ (517,590)</u>                            | <u>\$ (21,695)</u>  | <u>\$ (88,271)</u>  | <u>\$ -</u>                        | <u>\$ (631,272)</u> |
| Fund Balance - Beginning                     | 87,614                     | 1,625,987                                      | 30,369  | 568,352             | 42                                 | 2,312,364           |
| Fund Balance - Ending                        | <u>\$ 83,898</u>           | <u>\$ 1,108,397</u>                            | <u>\$ 8,674</u>   | <u>\$ 480,081</u>   | <u>\$ 42</u>                       | <u>\$ 1,681,092</u> |

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, 2016

|   | 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        |                |                                      |
| <b>REVENUES</b>   |                  |            |                |                                      |                            |              |                |                                      |
| Other Local Taxes   | \$ -             | \$ -       | \$ -           | \$ -                                 | \$ 793,087                 | \$ 342,008   | \$ (451,079)   |                                      |
| Charges for Services                                      | 7,960            | 7,960      | 10,177         | 2,217                                | -                          | -            | -              |                                      |
| Recovered Costs   | -                | -          | -              | -                                    | 200,798                    | -            | -              |                                      |
| Intergovernmental:  |                  |            |                |                                      |                            |              |                |                                      |
| Commonwealth  | -                | -          | -              | -                                    | -                          | -            | -              |                                      |
| Total Revenues  | \$ 7,960         | \$ 7,960   | \$ 10,177      | \$ 2,217                             | \$ 993,885                 | \$ 342,008   | \$ (451,079)   |                                      |
| <b>EXPENDITURES:</b>                                      |                  |            |                |                                      |                            |              |                |                                      |
| Current:  |                  |            |                |                                      |                            |              |                |                                      |
| Judicial Administration                                   | \$ 17,500        | \$ 17,500  | \$ 13,893      | \$ 3,607                             | \$ -                       | \$ -         | \$ -           |                                      |
| Public Safety   | -                | -          | -              | -                                    | -                          | -            | -              |                                      |
| Public Works  | -                | -          | -              | -                                    | 1,900,405                  | 889,793      | 1,010,612      |                                      |
| Total Expenditures  | \$ 17,500        | \$ 17,500  | \$ 13,893      | \$ 3,607                             | \$ 1,900,405               | \$ 889,793   | \$ 1,010,612   |                                      |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (9,540)       | \$ (9,540) | \$ (3,716)     | \$ 5,824                             | \$ (906,520)               | \$ (547,785) | \$ 358,735     |                                      |
| Other Financing Sources (Uses)                            |                  |            |                |                                      |                            |              |                |                                      |
| Transfers In  | \$ -             | \$ -       | \$ -           | \$ -                                 | \$ -                       | \$ 30,195    | \$ -           |                                      |
| Net Change in Fund Balance                                | \$ (9,540)       | \$ (9,540) | \$ (3,716)     | \$ 5,824                             | \$ (906,520)               | \$ (517,590) | \$ 388,930     |                                      |
| Fund Balance - Beginning                                  | 87,418           | 87,418     | 87,614         | 196                                  | 1,755,819                  | 1,625,987    | (129,832)      |                                      |
| Fund Balance - Ending                                     | \$ 77,878        | \$ 77,878  | \$ 83,898      | \$ 6,020                             | \$ 849,299                 | \$ 1,108,397 | \$ 259,098     |                                      |

Exhibit 24

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, 2015

|   | 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        |              |                |                                       |              |              |      |
| <b>REVENUES</b>   |                                     |             |             |                |                                       |                |              |              |                |                                       |              |              |      |
| Other Local Taxes   | \$ 466,116                          | \$ 466,116  | \$ 197,224  | \$ (268,892)   | \$ -                                  | \$ -           | \$ -         | \$ -         | \$ -           | \$ -                                  | \$ -         | \$ -         | \$ - |
| Charges for Services                                      | -                                   | -           | -           | -              | -                                     | -              | -            | -            | -              | -                                     | -            | -            | -    |
| Recovered Costs   | -                                   | -           | -           | -              | -                                     | -              | -            | -            | -              | -                                     | -            | -            | -    |
| Intergovernmental:  |                                     |             |             |                |                                       |                |              |              |                |                                       |              |              |      |
| Commonwealth  | -                                   | -           | -           | -              | -                                     | -              | -            | -            | -              | -                                     | -            | -            | -    |
| Total Revenues  | \$ 466,116                          | \$ 466,116  | \$ 197,224  | \$ (268,892)   | \$ 1,180,516                          | \$ 1,180,516   | \$ 996,655   | \$ (183,861) | \$ 1,180,516   | \$ 1,180,516                          | \$ 996,655   | \$ (183,861) |      |
| <b>EXPENDITURES:</b>                                      |                                     |             |             |                |                                       |                |              |              |                |                                       |              |              |      |
| Current:  |                                     |             |             |                |                                       |                |              |              |                |                                       |              |              |      |
| Judicial Administration                                   | \$ -                                | \$ -        | \$ -        | \$ -           | \$ -                                  | \$ -           | \$ -         | \$ -         | \$ -           | \$ -                                  | \$ -         | \$ -         | \$ - |
| Public Safety   | -                                   | -           | -           | -              | -                                     | -              | -            | -            | -              | -                                     | -            | -            | -    |
| Public Works  | 481,408                             | 481,408     | 218,919     | 262,489        | 1,583,017                             | 1,583,017      | 1,359,926    | 223,091      | 1,583,017      | 1,583,017                             | 1,359,926    | 223,091      |      |
| Total Expenditures  | \$ 481,408                          | \$ 481,408  | \$ 218,919  | \$ 262,489     | \$ 1,583,017                          | \$ 1,583,017   | \$ 1,359,926 | \$ 223,091   | \$ 1,583,017   | \$ 1,583,017                          | \$ 1,359,926 | \$ 223,091   |      |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (15,292)                         | \$ (15,292) | \$ (21,695) | \$ (6,403)     | \$ (402,501)                          | \$ (402,501)   | \$ (363,271) | \$ 39,230    | \$ (402,501)   | \$ (402,501)                          | \$ (363,271) | \$ 39,230    |      |
| Other Financing Sources (Uses)                            |                                     |             |             |                |                                       |                |              |              |                |                                       |              |              |      |
| Transfers In  | \$ -                                | \$ -        | \$ -        | \$ -           | \$ -                                  | \$ -           | \$ 275,000   | \$ 275,000   | \$ -           | \$ -                                  | \$ 275,000   | \$ 275,000   |      |
| Net Change in Fund Balance                                | \$ (15,292)                         | \$ (15,292) | \$ (21,695) | \$ (6,403)     | \$ (402,501)                          | \$ (402,501)   | \$ (88,271)  | \$ 314,230   | \$ (402,501)   | \$ (402,501)                          | \$ (88,271)  | \$ 314,230   |      |
| Fund Balance - Beginning                                  | 41,425                              | 41,425      | 30,369      | (11,056)       | 450,000                               | 450,000        | 568,352      | 118,352      | 450,000        | 450,000                               | 568,352      | 118,352      |      |
| Fund Balance - Ending                                     | \$ 26,133                           | \$ 26,133   | \$ 8,674    | \$ (17,459)    | \$ 47,499                             | \$ 47,499      | \$ 480,081   | \$ 432,582   | \$ 47,499      | \$ 47,499                             | \$ 480,081   | \$ 432,582   |      |

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, 2015

|   | Damaged Stamp Fund |       |                |                                      |                |              | Total          |                                      |
|---|--------------------|-------|----------------|--------------------------------------|----------------|--------------|----------------|--------------------------------------|
|   | Budget Amounts     |       | Actual Amounts | Variance with Final Budget Pos (Neg) | Budget Amounts |              | Actual Amounts | Variance with Final Budget Pos (Neg) |
|   | Original           | Final |                |                                      | Original       | Final        |                |                                      |
| <b>REVENUES</b>   |                    |       |                |                                      |                |              |                |                                      |
| Other Local Taxes   | \$ -               | \$ -  | \$ -           | -                                    | \$ 1,259,203   | \$ 539,232   | \$ (719,971)   |                                      |
| Charges for Services                                      | -                  | -     | -              | -                                    | 7,960          | 10,177       | 2,217          |                                      |
| Recovered Costs   | -                  | -     | -              | -                                    | 200,798        | -            | (200,798)      |                                      |
| Intergovernmental:  |                    |       |                |                                      |                |              |                |                                      |
| Commonwealth  | -                  | -     | -              | -                                    | 1,180,516      | 996,655      | (183,861)      |                                      |
| Total Revenues  | \$ -               | \$ -  | \$ -           | -                                    | \$ 2,648,477   | \$ 1,546,064 | \$ (1,102,413) |                                      |
| <b>EXPENDITURES:</b>                                      |                    |       |                |                                      |                |              |                |                                      |
| Current:  |                    |       |                |                                      |                |              |                |                                      |
| Judicial Administration                                   | \$ -               | \$ -  | \$ -           | -                                    | \$ 17,500      | \$ 13,893    | \$ 3,607       |                                      |
| Public Safety   | -                  | -     | -              | -                                    | 1,583,017      | 1,359,926    | 223,091        |                                      |
| Public Works  | -                  | -     | -              | -                                    | 2,381,813      | 1,108,712    | 1,273,101      |                                      |
| Total Expenditures  | \$ -               | \$ -  | \$ -           | -                                    | \$ 3,982,330   | \$ 2,482,531 | \$ 1,499,799   |                                      |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ -               | \$ -  | \$ -           | -                                    | \$ (1,333,853) | \$ (936,467) | \$ 397,386     |                                      |
| <b>Other Financing Sources (Uses)</b>                     |                    |       |                |                                      |                |              |                |                                      |
| Transfers In  | \$ -               | \$ -  | \$ -           | -                                    | \$ -           | \$ 305,195   | \$ 305,195     |                                      |
| Net Change in Fund Balance                                | \$ -               | \$ -  | \$ -           | -                                    | \$ (1,333,853) | \$ (631,272) | \$ 702,581     |                                      |
| Fund Balance - Beginning                                  | 42                 | 42    | 42             | 42                                   | 2,334,704      | 2,312,364    | (22,340)       |                                      |
| Fund Balance - Ending                                     | \$ 42              | \$ 42 | \$ 42          | 42                                   | \$ 1,000,851   | \$ 1,681,092 | \$ 680,241     |                                      |

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

|   |    | <u>School Operating<br/>Fund</u> |
|---|----|----------------------------------|
| <b>ASSETS</b>   |    |                                  |
| Cash and Cash Equivalents   | \$ | 6,316,602                        |
| Cash Held for Others  |    | 13,211                           |
| Accounts Receivable   |    | 38,432                           |
| Due from Other Governmental Units   |    | 2,054,909                        |
| Prepaid items   |    | 113,037                          |
| Total Assets  | \$ | <u>8,536,191</u>                 |
| <b>LIABILITIES</b>  |    |                                  |
| Accounts Payable  | \$ | 168,668                          |
| Accrued Wages Payable   |    | 3,434,695                        |
| Due to Primary Government   |    | 1,374,733                        |
| Amounts held for others   |    | 13,211                           |
| Total Liabilities   | \$ | <u>4,991,307</u>                 |
| <b>FUND BALANCES:</b>   |    |                                  |
| Nonspendable  | \$ | 113,037                          |
| Committed   |    | 3,431,847                        |
| Total Fund Balances   | \$ | <u>3,544,884</u>                 |
| Total Liabilities and Fund Balances   | \$ | <u>8,536,191</u>                 |
| Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1)<br>are different because:   |    |                                  |
| Total fund balances - per above   | \$ | 3,544,884                        |
| Capital assets used in governmental activities are not financial resources and, therefore, are<br>not reported in the funds.  |    |                                  |
| Land  | \$ | 1,908,716                        |
| Building and system   |    | 12,314,317                       |
| Tenancy in common   |    | 8,059,588                        |
| Machinery and equipment   |    | 3,007,487                        |
|   |    | <u>25,290,108</u>                |
| Other long-term assets are not available to pay for current-period expenditures and,<br>therefore, are deferred in the funds.   |    |                                  |
| Items related to measurement of net pension liability   |    | (5,462,576)                      |
| Pension contributions subsequent to the measurement date will be a reduction to the net<br>pension liability in the next fiscal year and, therefore, are not reported in the funds. |    |                                  |
|   |    | 4,334,067                        |
| Long-term liabilities, including bonds payable, are not due and payable in the current period<br>and therefore, are not reported in the funds                                       |    |                                  |
| Net OPEB obligation   | \$ | (1,921,900)                      |
| Net pension liability   |    | (51,111,889)                     |
| Capital lease   |    | (6,777,224)                      |
|   |    | <u>(59,811,013)</u>              |
| Net Position of governmental activities - component unit school board   | \$ | <u>(32,104,530)</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, 2016

|   |    | School Operating<br><u>Fund</u> |
|---|----|---------------------------------|
| <b>REVENUES</b>   |    |                                 |
| Revenue from Use of Money and Property  | \$ | 24,565                          |
| Charges for Services  |    | 629,679                         |
| Miscellaneous   |    | 85,809                          |
| Recovered Costs   |    | 348,847                         |
| Intergovernmental:  |    |                                 |
| Local Government  |    | 12,748,992                      |
| Commonwealth  |    | 38,482,238                      |
| Federal Government  |    | 5,198,238                       |
| Total Revenues  | \$ | <u>57,518,368</u>               |
| <b>EXPENDITURES:</b>  |    |                                 |
| Current:  |    |                                 |
| Education   | \$ | 60,663,862                      |
| Debt Service:   |    |                                 |
| Principal Retirement  |    | 1,091,055                       |
| Interest and Other Fiscal Charges   |    | 140,332                         |
| Total Expenditures  | \$ | <u>61,895,249</u>               |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures  | \$ | <u>(4,376,881)</u>              |
| Other Financing Sources (Uses)  |    |                                 |
| Issuance of Capital Lease   | \$ | 4,637,996                       |
| Total Other Financing Sources (Uses)  | \$ | <u>4,637,996</u>                |
| Net Change in Fund Balance  | \$ | 261,115                         |
| Fund Balance - Beginning, as restated   |    | 3,283,769                       |
| Fund Balance - Ending   | \$ | <u><u>3,544,884</u></u>         |
| Amounts reported for governmental activities in the Statement of Activities (Exhibit 2)<br>are different because:   |    |                                 |
| Net change in fund balance - total governmental funds - per above   | \$ | 261,115                         |
| Governmental funds report capital outlays as expenditures. However, in the Statement of<br>Activities the cost of those assets are allocated over their estimated useful lives and reported as<br>depreciation expense. This is the amount by which capital outlays exceeded the depreciation in<br>the current period.   |    |                                 |
| Capital outlay  | \$ | 4,203,336                       |
| Depreciation expense  |    | <u>(1,914,409)</u>              |
|   |    | 2,288,927                       |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to<br>governmental funds, while the repayment of the principal of long-term debt consumes the<br>current financial resources of governmental funds. Neither transaction, however, has any effect<br>on net position. Also, governmental funds report the effect of premiums, discounts, and similar<br>items when debt is first issued, whereas these amounts are deferred and amortized in the<br>Statement of Activities. This amount is the effect of these differences in the treatment of long-<br>term debt and related items. |    |                                 |
| Principal repayments:   |    |                                 |
| Capital lease   | \$ | 1,091,055                       |
| Proceeds from issuance:   |    |                                 |
| Capital lease   |    | <u>(4,637,996)</u>              |
|   |    | (3,546,941)                     |
| Revenues in the statement of activities that do not provide current financial resources are not<br>reported as revenues in the funds.   |    |                                 |
| Change in deferred inflows related to the measurement of the net pension liability  | \$ | 3,426,154                       |
| One-time payment to VRS Teacher Plan from Virginia Literary Fund  |    | 690,000                         |
|   |    | 4,116,154                       |
| Some expenses reported in the Statement of Activities do not require the use of current financial<br>resources and, therefore are not reported as expenditure in governmental funds.  |    |                                 |
| Change in net OPEB obligation   | \$ | (36,100)                        |
| Change in net pension liability   |    | (2,170,195)                     |
| Change in deferred outflows related to pensions   |    | <u>(549,313)</u>                |
|   |    | (2,755,608)                     |
| Change in net position of governmental funds - component unit school board  | \$ | <u><u>363,647</u></u>           |

County of Tazewell, Virginia  
Discretely Presented Component Unit-School Board  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2016

|  | Budget Amounts |                | Actual<br>Amounts | Variance with<br>Final Budget<br>Pos (Neg) |
|--|----------------|----------------|-------------------|--|
|  | Original       | Final          |                   |  |
| <b>REVENUES</b>  |                |                |                   |  |
| Revenue from Use of Money and Property                       | \$ 7,000       | \$ 7,000       | \$ 24,565         | \$ 17,565                                  |
| Charges for Services   | 963,244        | 963,244        | 629,679           | (333,565)                                  |
| Miscellaneous  | 140,000        | 140,000        | 85,809            | (54,191)                                   |
| Recovered Costs  | 570,000        | 570,000        | 348,847           | (221,153)                                  |
| Intergovernmental:   |                |                |                   |  |
| Local Government   | 13,914,675     | 13,914,675     | 12,748,992        | (1,165,683)                                |
| Commonwealth   | 36,798,242     | 36,798,242     | 38,482,238        | 1,683,996                                  |
| Federal Government   | 5,744,747      | 5,744,747      | 5,198,238         | (546,509)                                  |
| Total Revenues   | \$ 58,137,908  | \$ 58,137,908  | \$ 57,518,368     | \$ (619,540)                               |
| <b>EXPENDITURES:</b>   |                |                |                   |  |
| Current:   |                |                |                   |  |
| Education  | \$ 60,938,817  | \$ 60,938,817  | \$ 60,663,862     | \$ 274,955                                 |
| Debt Service:  |                |                |                   |  |
| Principal Retirement   | 1,728,537      | 1,728,537      | 1,091,055         | 637,482                                    |
| Interest and Other Fiscal Charges                            | 535,883        | 535,883        | 140,332           | 395,551                                    |
| Total Expenditures   | \$ 63,203,237  | \$ 63,203,237  | \$ 61,895,249     | \$ 1,307,988                               |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | \$ (5,065,329) | \$ (5,065,329) | \$ (4,376,881)    | \$ 688,448                                 |
| Other Financing Sources (Uses)                               |                |                |                   |  |
| Issuance of Capital Lease                                    | \$ 1,559,084   | \$ 1,559,084   | \$ 4,637,996      | \$ 3,078,912                               |
| Total Other Financing Sources (Uses)                         | \$ 1,559,084   | \$ 1,559,084   | \$ 4,637,996      | \$ 3,078,912                               |
| Net Change in Fund Balance                                   | \$ (3,506,245) | \$ (3,506,245) | \$ 261,115        | \$ 3,767,360                               |
| Fund Balance - Beginning                                     | 3,506,245      | 3,506,245      | 3,283,769         | (222,476)                                  |
| Fund Balance - Ending  | \$ -           | \$ -           | \$ 3,544,884      | \$ 3,544,884                               |

County of Tazewell, Virginia  
Combining Statement of Net Position  
Other Component Units  
June 30, 2016

|   | Public Service<br>Authority | Industrial Develop-<br>ment Authority | Airport Authority   | Total                 |
|---|-----------------------------|---------------------------------------|---------------------|-----------------------|
| <b>ASSETS</b>   |                             |                                       |                     |                       |
| Cash and cash equivalents                             | \$ 721,871                  | \$ 1,168,483                          | \$ 48,044           | \$ 1,938,398          |
| Receivables (net of allowance for uncollectibles):    |                             |                                       |                     |                       |
| Accounts receivable                                   | 668,299                     | -                                     | 14,296              | 682,595               |
| Notes receivable                                      | -                           | 107,688                               | -                   | 107,688               |
| Due from other governmental units                     | 269,114                     | -                                     | 35,163              | 304,277               |
| Inventories   | 109,255                     | -                                     | 20,336              | 129,591               |
| Prepaid items   | 49,311                      | -                                     | 1,763               | 51,074                |
| Restricted assets:                                    |                             |                                       |                     |                       |
| Cash and cash equivalents                             | 183,177                     | -                                     | -                   | 183,177               |
| Capital assets (net of accumulated depreciation):     |                             |                                       |                     |                       |
| Land  | 127,962                     | 3,594,331                             | 629,871             | 4,352,164             |
| Buildings and improvements                            | 135,493                     | -                                     | 998,012             | 1,133,505             |
| Improvements other than buildings                     | -                           | 19,648,583                            | 3,315,928           | 22,964,511            |
| Machinery and equipment                               | 693,984                     | -                                     | 347,373             | 1,041,357             |
| Infrastructure  | 72,481,762                  | -                                     | -                   | 72,481,762            |
| Construction in progress                              | 1,822,550                   | 12,474,889                            | 821,451             | 15,118,890            |
| Total assets  | <u>\$ 77,262,778</u>        | <u>\$ 36,993,974</u>                  | <u>\$ 6,232,237</u> | <u>\$ 120,488,989</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                             |                                       |                     |                       |
| Pension contributions subsequent to measurement date  | \$ 162,818                  | \$ -                                  | \$ -                | \$ 162,818            |
| Items related to measurement of net pension liability | 32,434                      | -                                     | 5,642               | 38,076                |
|   | <u>\$ 195,252</u>           | <u>\$ -</u>                           | <u>\$ 5,642</u>     | <u>\$ 200,894</u>     |
| <b>LIABILITIES</b>                                    |                             |                                       |                     |                       |
| Accounts payable                                      | \$ 84,582                   | \$ 23,546                             | \$ 2,529            | \$ 110,657            |
| Accounts payable - construction projects              | 372,122                     | -                                     | 32,973              | 405,095               |
| Accrued wages   | 59,738                      | -                                     | 3,490               | 63,228                |
| Customers' deposits                                   | 183,133                     | -                                     | -                   | 183,133               |
| Accrued interest payable                              | 34,620                      | 134,095                               | 735                 | 169,450               |
| Long-term liabilities:                                |                             |                                       |                     |                       |
| Due within one year                                   | 2,531,253                   | 827,562                               | 35,268              | 3,394,083             |
| Due in more than one year                             | 32,344,606                  | 10,455,000                            | 291,153             | 43,090,759            |
| Bond premium  | -                           | 1,355,688                             | -                   | 1,355,688             |
| Net pension liability                                 | 915,932                     | -                                     | -                   | 915,932               |
| Net OPEB obligation                                   | 690,200                     | -                                     | -                   | 690,200               |
| Total liabilities                                     | <u>\$ 37,216,186</u>        | <u>\$ 12,795,891</u>                  | <u>\$ 366,148</u>   | <u>\$ 50,378,225</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                             |                                       |                     |                       |
| Items related to measurement of net pension liability | \$ 140,323                  | \$ -                                  | \$ 4,068            | \$ 144,391            |
| <b>NET POSITION</b>                                   |                             |                                       |                     |                       |
| Net investment in capital assets                      | \$ 40,252,724               | \$ 23,079,552                         | \$ 5,817,436        | \$ 69,149,712         |
| Unrestricted  | (151,203)                   | 1,118,531                             | 50,227              | 1,017,555             |
| Total Net Position                                    | <u>\$ 40,101,521</u>        | <u>\$ 24,198,083</u>                  | <u>\$ 5,867,663</u> | <u>\$ 70,167,267</u>  |

County of Tazewell, Virginia  
 Combining Statement of Activities  
 Other Component Units  
 For the Fiscal Year Ended June 30, 2016

| Functions/Programs   | Program Revenues |                      |                                    | Net (Expense) Revenue and Changes in Net Position |                          |                                  |                   |                |
|--|------------------|----------------------|------------------------------------|---|--------------------------|----------------------------------|-------------------|----------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                  | Public Service Authority | Industrial Development Authority | Airport Authority | Total          |
| OTHER COMPONENT UNITS:                                       |                  |                      |                                    |   |                          |                                  |                   |                |
| Public Service Authority                                     | \$ 7,755,872     | \$ 6,086,976         | \$ 1,048,822                       | \$ -  | \$ (620,074)             | \$ -                             | \$ -              | \$ (620,074)   |
| Industrial Development Authority                             | 2,398,489        | 1,705,648            | 410,000                            | -   | -                        | (282,841)                        | -                 | (282,841)      |
| Airport Authority  | 780,675          | 30,039               | 143,255                            | 273,944   | -                        | -                                | (333,437)         | (333,437)      |
| Total other component units                                  | \$ 10,935,036    | \$ 7,822,663         | \$ 1,602,077                       | \$ 273,944  | \$ (620,074)             | \$ (282,841)                     | \$ (333,437)      | \$ (1,236,352) |
| General revenues:  |                  |                      |                                    |   |                          |                                  |                   |                |
| Unrestricted revenues from use of money and property         |                  |                      |                                    |   | \$ 1,652                 | \$ 15,983                        | \$ 34,080         | \$ 51,715      |
| Miscellaneous  |                  |                      |                                    |   | 51,181                   | 121,694                          | 4,570             | 177,445        |
| Payments from Tazewell County                                |                  |                      |                                    |   | 820,990                  | 434,645                          | -                 | 1,255,635      |
| Grants and contributions not restricted to specific programs |                  |                      |                                    |   | 35,808                   | -                                | -                 | 35,808         |
| Total general revenues                                       |                  |                      |                                    |   | \$ 909,631               | \$ 572,322                       | \$ 38,650         | \$ 1,520,603   |
| Change in net position                                       |                  |                      |                                    |   | \$ 289,557               | \$ 289,481                       | \$ (294,787)      | \$ 284,251     |
| Net position - beginning, as restated                        |                  |                      |                                    |   | 39,811,964               | 23,908,602                       | 6,162,450         | 69,883,016     |
| Net position - ending  |                  |                      |                                    |   | \$ 40,101,521            | \$ 24,198,083                    | \$ 5,867,663      | \$ 70,167,267  |

## Supporting Schedules

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| Fund, Major and Minor Revenue Source                  | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget-<br>Pos (Neg) |
|---|----------------------|----------------------|----------------------|---|
| Primary Government:                                   |                      |                      |                      |   |
| General Fund:   |                      |                      |                      |   |
| Revenue from Local Sources:                           |                      |                      |                      |   |
| General Property Taxes:                               |                      |                      |                      |   |
| Real property taxes                                   | \$ 14,373,244        | \$ 14,373,244        | \$ 14,407,751        | \$ 34,507                                   |
| Real and personal public service corporation taxes    | 962,550              | 962,550              | 1,005,503            | 42,953                                      |
| Personal property taxes                               | 8,000,223            | 8,000,223            | 5,582,240            | (2,417,983)                                 |
| Mobile home taxes                                     | 179,751              | 179,751              | 161,709              | (18,042)                                    |
| Machinery and tools taxes                             | 2,204,281            | 2,204,281            | 1,836,119            | (368,162)                                   |
| Merchant's capital taxes                              | 885,858              | 885,858              | 880,923              | (4,935)                                     |
| Penalties   | 315,000              | 315,000              | 366,548              | 51,548                                      |
| Interest  | 185,000              | 185,000              | 234,011              | 49,011                                      |
| Total General Property Taxes                          | <u>\$ 27,105,907</u> | <u>\$ 27,105,907</u> | <u>\$ 24,474,804</u> | <u>\$ (2,631,103)</u>                       |
| Other Local Taxes:                                    |                      |                      |                      |   |
| Local sales and use taxes                             | \$ 4,800,000         | \$ 4,800,000         | \$ 4,666,514         | \$ (133,486)                                |
| Consumers' utility taxes                              | 870,000              | 870,000              | 872,086              | 2,086                                       |
| Utility license taxes                                 | 55,000               | 55,000               | 70,324               | 15,324                                      |
| Motor vehicle licenses                                | 25,000               | 25,000               | 23,854               | (1,146)                                     |
| Bank franchise taxes                                  | 50,000               | 50,000               | 37,343               | (12,657)                                    |
| Taxes on recordation and wills                        | 275,000              | 275,000              | 153,161              | (121,839)                                   |
| Coal severance taxes                                  | 620,000              | 620,000              | 262,196              | (357,804)                                   |
| Gas severance taxes                                   | 630,000              | 630,000              | 277,036              | (352,964)                                   |
| Total Other Local Taxes                               | <u>\$ 7,325,000</u>  | <u>\$ 7,325,000</u>  | <u>\$ 6,362,514</u>  | <u>\$ (962,486)</u>                         |
| Permits, Privilege Fees and Regulatory Licenses:      |                      |                      |                      |   |
| Animal licenses                                       | \$ 6,000             | \$ 6,000             | \$ 10,501            | \$ 4,501                                    |
| Land use application fees                             | 300                  | 300                  | 199                  | (101)                                       |
| Transfer fees   | 2,000                | 2,000                | 2,415                | 415   |
| Legal service fees                                    | 35,000               | 35,000               | 49,768               | 14,768                                      |
| Transient fee   | 180,000              | 180,000              | 177,040              | (2,960)                                     |
| Cavitts Creek camping fee                             | 15,000               | 15,000               | 12,846               | (2,154)                                     |
| Collection fees                                       | -                    | -                    | -                    | -   |
| Building permits                                      | 60,000               | 60,000               | 51,037               | (8,963)                                     |
| Installment service fees                              | 9,000                | 9,000                | 7,517                | (1,483)                                     |
| Return check fees                                     | 1,000                | 1,000                | 452                  | (548)                                       |
| Junk dealers license                                  | 1,650                | 1,650                | -                    | (1,650)                                     |
| Erosion and sediment control permit                   | -                    | -                    | 17,378               | 17,378                                      |
| Other permits and licenses                            | -                    | -                    | 2,629                | 2,629                                       |
| Total Permits, Privilege Fees and Regulatory Licenses | <u>\$ 309,950</u>    | <u>\$ 309,950</u>    | <u>\$ 331,782</u>    | <u>\$ 21,832</u>                            |
| Fines and Forfeitures:                                |                      |                      |                      |   |
| Court fines and forfeitures                           | <u>\$ 40,000</u>     | <u>\$ 40,000</u>     | <u>\$ 52,080</u>     | <u>\$ 12,080</u>                            |
| Revenue from Use of Money and Property:               |                      |                      |                      |   |
| Revenue from use of money                             | \$ 40,000            | \$ 40,000            | \$ 33,200            | \$ (6,800)                                  |
| Revenue from use of property                          | 269,768              | 269,768              | 260,261              | (9,507)                                     |
| Total Revenue from Use of Money and Property          | <u>\$ 309,768</u>    | <u>\$ 309,768</u>    | <u>\$ 293,461</u>    | <u>\$ (16,307)</u>                          |
| Charges for Services:                                 |                      |                      |                      |   |
| Commonwealth attorney fees                            | \$ 8,000             | \$ 8,000             | \$ 8,335             | \$ 335                                      |
| Courthouse maintenance fees                           | 12,500               | 12,500               | 12,344               | (156)                                       |
| Courthouse security fees                              | 75,000               | 75,000               | 70,703               | (4,297)                                     |
| Courthouse admission fee                              | 6,000                | 6,000                | 7,076                | 1,076                                       |
| Library fees  | 25,000               | 25,000               | 25,000               | -   |
| Court appointed attorney                              | -                    | -                    | 6,693                | 6,693                                       |
| Gun permit fees                                       | -                    | -                    | 39,069               | 39,069                                      |
| County garage service fees                            | 300,000              | 300,000              | 162,525              | (137,475)                                   |

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| Fund, Major and Minor Revenue Source         | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget-<br>Pos (Neg) |
|--|----------------------|----------------------|----------------------|---|
| General Fund: (continued)                    |                      |                      |                      |   |
| Revenue from Local Sources: (continued)      |                      |                      |                      |   |
| Charges for Services: (continued)            |                      |                      |                      |   |
| Charges for animal pound                     | \$ 2,500             | \$ 2,500             | \$ 11,219            | \$ 8,719                                    |
| Miscellaneous jail and inmate fees           | -                    | -                    | 17,526               | 17,526                                      |
| Sheriff special project fees                 | -                    | -                    | 3,743                | 3,743                                       |
| Other charges for service                    | -                    | -                    | 900                  | 900   |
| Total Charges for Services                   | <u>\$ 429,000</u>    | <u>\$ 429,000</u>    | <u>\$ 365,133</u>    | <u>\$ (63,867)</u>                          |
| Miscellaneous:                               |                      |                      |                      |   |
| Miscellaneous                                | \$ 500,000           | \$ 377,482           | \$ 78,386            | \$ (299,096)                                |
| Expenditure refunds                          | 8,000                | 37,423               | 358,286              | 320,863                                     |
| Total Miscellaneous                          | <u>\$ 508,000</u>    | <u>\$ 414,905</u>    | <u>\$ 436,672</u>    | <u>\$ 21,767</u>                            |
| Recovered Costs:                             |                      |                      |                      |   |
| Library                                      | \$ 15,000            | \$ 15,000            | \$ 15,008            | \$ 8  |
| Health department                            | -                    | -                    | 29,441               | 29,441                                      |
| Welfare recoveries                           | 22,444               | 22,444               | 9,075                | (13,369)                                    |
| Sheriff                                      | -                    | 11,219               | 34,779               | 23,560                                      |
| Insurance recoveries                         | 87,000               | 96,766               | 99,359               | 2,593                                       |
| Southwest Virginia Regional Jail Authority   | 58,000               | 58,000               | -                    | (58,000)                                    |
| VRS refund                                   | 660,000              | 660,000              | 674,276              | 14,276                                      |
| Other recoveries                             | 100,000              | 155,997              | (5,891)              | (161,888)                                   |
| Total Recovered Costs                        | <u>\$ 942,444</u>    | <u>\$ 1,019,426</u>  | <u>\$ 856,047</u>    | <u>\$ (163,379)</u>                         |
| Total Revenue from Local Sources             | <u>\$ 36,970,069</u> | <u>\$ 36,953,956</u> | <u>\$ 33,172,493</u> | <u>\$ (3,781,463)</u>                       |
| Intergovernmental:                           |                      |                      |                      |   |
| Revenue from the Commonwealth:               |                      |                      |                      |   |
| Noncategorical Aid:                          |                      |                      |                      |   |
| Mobile home titling tax                      | \$ 85,000            | \$ 85,000            | \$ 85,407            | \$ 407                                      |
| Motor vehicle rental tax                     | 42,000               | 42,000               | 34,968               | (7,032)                                     |
| Rolling stock tax                            | 113,000              | 113,000              | 103,833              | (9,167)                                     |
| Grantor's tax                                | -                    | -                    | 42,409               | 42,409                                      |
| State recordation tax                        | -                    | -                    | 51,878               | 51,878                                      |
| Personal property tax relief funds           | -                    | -                    | 2,758,262            | 2,758,262                                   |
| Total Noncategorical Aid                     | <u>\$ 240,000</u>    | <u>\$ 240,000</u>    | <u>\$ 3,076,757</u>  | <u>\$ 2,836,757</u>                         |
| Categorical Aid:                             |                      |                      |                      |   |
| Shared Expenses:                             |                      |                      |                      |   |
| Commonwealth's Attorney                      | \$ 706,857           | \$ 706,857           | \$ 692,714           | \$ (14,143)                                 |
| Sheriff                                      | 1,835,870            | 1,835,870            | 1,832,754            | (3,116)                                     |
| Commissioner of the Revenue                  | 142,259              | 142,259              | 141,082              | (1,177)                                     |
| Treasurer                                    | 159,929              | 159,929              | 159,651              | (278)                                       |
| Registrar/Electoral Board                    | 41,000               | 41,000               | 57,296               | 16,296                                      |
| Clerk of the Circuit Court                   | 444,933              | 444,933              | 454,822              | 9,889                                       |
| Total Shared Expenses                        | <u>\$ 3,330,848</u>  | <u>\$ 3,330,848</u>  | <u>\$ 3,338,319</u>  | <u>\$ 7,471</u>                             |
| Other Categorical Aid:                       |                      |                      |                      |   |
| Public assistance and welfare administration | \$ 6,215,067         | \$ 6,215,067         | \$ 2,387,705         | \$ (3,827,362)                              |
| Comprehensive Services Act                   | 1,487,500            | 1,487,500            | 1,293,261            | (194,239)                                   |
| Fire programs                                | 74,759               | 74,759               | 87,659               | 12,900                                      |
| At risk youth and family                     | 9,412                | 9,412                | 72,987               | 63,575                                      |
| Litter control                               | 11,516               | 11,516               | 11,633               | 117   |
| Emergency preparedness                       | 7,192                | 7,192                | -                    | (7,192)                                     |
| Corrective service grant                     | 128,297              | 128,297              | 129,618              | 1,321                                       |
| Community connect grant                      | 557,011              | 557,011              | -                    | (557,011)                                   |
| Victim witness grant                         | 95,827               | 110,632              | 24,675               | (85,957)                                    |
| 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, 2016

| Fund, Major and Minor Revenue Source           | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget-<br>Pos (Neg) |
|--|----------------------|----------------------|----------------------|---|
| General Fund: (continued)                      |                      |                      |                      |   |
| Intergovernmental: (continued)                 |                      |                      |                      |   |
| Revenue from the Commonwealth: (continued)     |                      |                      |                      |   |
| Other Categorical Aid: (continued)             |                      |                      |                      |   |
| Library of VA - record preservation grant      | \$ 148,951           | \$ 148,951           | \$ 163,665           | \$ 14,714                                   |
| Substance abuse task force in rural appalachia | 98,885               | 98,885               | 81,324               | (17,561)                                    |
| Emergency services grant                       | 36,457               | 36,457               | 39,051               | 2,594                                       |
| Bulletproof vest grant                         | 112,593              | 112,593              | 13,766               | (98,827)                                    |
| Domestic violence DCJS grant                   | 40,000               | 40,000               | 45,000               | 5,000                                       |
| DMV grants                                     | 27,584               | 27,584               | -                    | (27,584)                                    |
| Other grants                                   | 250,000              | 250,000              | -                    | (250,000)                                   |
| Total Other Categorical Aid                    | <u>\$ 9,335,711</u>  | <u>\$ 9,350,516</u>  | <u>\$ 4,385,004</u>  | <u>\$ (4,965,512)</u>                       |
| Total Revenue from the Commonwealth            | <u>\$ 12,906,559</u> | <u>\$ 12,921,364</u> | <u>\$ 10,800,080</u> | <u>\$ (2,121,284)</u>                       |
| Revenue from the Federal Government:           |                      |                      |                      |   |
| Noncategorical Aid:                            |                      |                      |                      |   |
| Payment in lieu of taxes                       | \$ 15,000            | \$ 15,000            | \$ 16,558            | \$ 1,558                                    |
| Categorical Aid:                               |                      |                      |                      |   |
| Public assistance and welfare administration   | \$ -                 | \$ -                 | \$ 3,353,447         | \$ 3,353,447                                |
| Emergency preparedness                         | -                    | -                    | 78,212               | 78,212                                      |
| Victim witness                                 | -                    | -                    | 88,832               | 88,832                                      |
| Domestic violence victim                       | -                    | -                    | 13,792               | 13,792                                      |
| Tea 21 transportation enhancements             | -                    | -                    | 309,563              | 309,563                                     |
| Commission on the arts                         | 5,000                | 5,000                | 5,000                | -   |
| Work force investment                          | 1,294,900            | 1,294,900            | 1,199,849            | (95,051)                                    |
| Motor vehicle grant                            | -                    | -                    | 11,953               | 11,953                                      |
| Total Categorical Aid                          | <u>\$ 1,299,900</u>  | <u>\$ 1,299,900</u>  | <u>\$ 5,060,648</u>  | <u>\$ 3,760,748</u>                         |
| Total Revenue from the Federal Government      | <u>\$ 1,314,900</u>  | <u>\$ 1,314,900</u>  | <u>\$ 5,077,206</u>  | <u>\$ 3,762,306</u>                         |
| Total General Fund                             | <u>\$ 51,191,528</u> | <u>\$ 51,190,220</u> | <u>\$ 49,049,779</u> | <u>\$ (2,140,441)</u>                       |
| Law Library Fund                               |                      |                      |                      |   |
| Charges for Services:                          |                      |                      |                      |   |
| Law library fees                               | \$ 7,960             | \$ 7,960             | \$ 10,177            | \$ 2,217                                    |
| Total Revenue from Local Sources               | <u>\$ 7,960</u>      | <u>\$ 7,960</u>      | <u>\$ 10,177</u>     | <u>\$ 2,217</u>                             |
| Total Law Library Fund                         | <u>\$ 7,960</u>      | <u>\$ 7,960</u>      | <u>\$ 10,177</u>     | <u>\$ 2,217</u>                             |
| Coal Road Improvement Fund                     |                      |                      |                      |   |
| Revenue from Local Sources:                    |                      |                      |                      |   |
| Other Local Taxes:                             |                      |                      |                      |   |
| Coal road tax                                  | \$ 793,087           | \$ 793,087           | \$ 342,008           | \$ (451,079)                                |
| Recovered Costs:                               |                      |                      |                      |   |
| Road projects reimbursements                   | \$ 200,798           | \$ 200,798           | -                    | \$ (200,798)                                |
| Total Coal Road Improvement Fund               | <u>\$ 993,885</u>    | <u>\$ 993,885</u>    | <u>\$ 342,008</u>    | <u>\$ (651,877)</u>                         |

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| Fund, Major and Minor Revenue Source              | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget-<br>Pos (Neg) |
|---|----------------------|----------------------|----------------------|---|
| Coal Road Economic Development Fund               |                      |                      |                      |   |
| Revenue from Local Sources:                       |                      |                      |                      |   |
| Other Local Taxes:                                |                      |                      |                      |   |
| Coal road tax                                     | \$ 466,116           | \$ 466,116           | \$ 197,224           | \$ (268,892)                                |
| Total Coal Road Economic Development Fund         | <u>\$ 466,116</u>    | <u>\$ 466,116</u>    | <u>\$ 197,224</u>    | <u>\$ (268,892)</u>                         |
| E-911 Fund  |                      |                      |                      |   |
| Intergovernmental:                                |                      |                      |                      |   |
| Revenue from the Commonwealth:                    |                      |                      |                      |   |
| Categorical Aid:                                  |                      |                      |                      |   |
| PSAP, VITA, and RSAF grants                       | \$ 526,314           | \$ 526,314           | \$ 360,015           | \$ (166,299)                                |
| Noncategorical Aid:                               |                      |                      |                      |   |
| E-911 communications tax                          | \$ 654,202           | \$ 654,202           | \$ 634,717           | \$ (19,485)                                 |
| Other Categorical Aid:                            |                      |                      |                      |   |
| Other grant revenues                              | \$ -                 | \$ -                 | \$ 1,923             | \$ 1,923                                    |
| Total Revenue from the Commonwealth               | <u>\$ 1,180,516</u>  | <u>\$ 1,180,516</u>  | <u>\$ 996,655</u>    | <u>\$ (183,861)</u>                         |
| Total E-911 Fund                                  | <u>\$ 1,180,516</u>  | <u>\$ 1,180,516</u>  | <u>\$ 996,655</u>    | <u>\$ (183,861)</u>                         |
| Major Capital Projects Fund:                      |                      |                      |                      |   |
| County CIP Fund:                                  |                      |                      |                      |   |
| Revenue from Use of Money and Property:           |                      |                      |                      |   |
| Revenue from use of property                      | \$ 36,355            | \$ 36,355            | \$ 36,355            | \$ -  |
| Miscellaneous:                                    |                      |                      |                      |   |
| Miscellaneous                                     | \$ 950,000           | \$ 950,000           | \$ -                 | \$ (950,000)                                |
| Intergovernmental:                                |                      |                      |                      |   |
| Revenue from the Commonwealth:                    |                      |                      |                      |   |
| Other Categorical Aid:                            |                      |                      |                      |   |
| Other grant revenues                              | \$ 1,083,219         | \$ 1,083,219         | \$ 45,000            | \$ (1,038,219)                              |
| Total Revenue from the Commonwealth               | <u>\$ 1,083,219</u>  | <u>\$ 1,083,219</u>  | <u>\$ 45,000</u>     | <u>\$ (1,038,219)</u>                       |
| Revenue from the Federal Government:              |                      |                      |                      |   |
| Categorical Aid:                                  |                      |                      |                      |   |
| Other grant revenues                              | \$ 356,859           | \$ 356,859           | \$ -                 | \$ (356,859)                                |
| Total County CIP Fund                             | <u>\$ 2,426,433</u>  | <u>\$ 2,426,433</u>  | <u>\$ 81,355</u>     | <u>\$ (2,345,078)</u>                       |
| Total Primary Government                          | <u>\$ 56,266,438</u> | <u>\$ 56,265,130</u> | <u>\$ 50,677,198</u> | <u>\$ (5,587,932)</u>                       |
| Discretely Presented Component Unit-School Board: |                      |                      |                      |   |
| School Operating Fund:                            |                      |                      |                      |   |
| Revenue from Local Sources:                       |                      |                      |                      |   |
| Revenue from Use of Money and Property:           |                      |                      |                      |   |
| Revenue from use of property                      | \$ 7,000             | \$ 7,000             | \$ 24,565            | \$ 17,565                                   |
| Charges for Services:                             |                      |                      |                      |   |
| Tuition   | \$ 17,000            | \$ 17,000            | \$ 15,717            | \$ (1,283)                                  |
| Cafeteria sales                                   | 921,244              | 921,244              | 558,817              | (362,427)                                   |
| Charges for damaged books                         | -                    | -                    | 1,160                | 1,160                                       |
| Charges for transportation                        | 25,000               | 25,000               | 53,985               | 28,985                                      |
| Total Charges for Services                        | <u>\$ 963,244</u>    | <u>\$ 963,244</u>    | <u>\$ 629,679</u>    | <u>\$ (333,565)</u>                         |

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| Fund, Major and Minor Revenue Source                          | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget-<br>Pos (Neg) |
|---|--------------------|-----------------|---------------|---|
| Discretely Presented Component Unit-School Board: (continued) |                    |                 |               |   |
| School Operating Fund: (continued)                            |                    |                 |               |   |
| Revenue from Local Sources: (continued)                       |                    |                 |               |   |
| Miscellaneous:  |                    |                 |               |   |
| Miscellaneous   | \$ 140,000         | \$ 140,000      | \$ 85,809     | \$ (54,191)                                 |
| Recovered Costs:  |                    |                 |               |   |
| Rebates and refunds   | \$ 535,000         | \$ 535,000      | \$ 293,487    | \$ (241,513)                                |
| JROTC   | 35,000             | 35,000          | 55,360        | 20,360                                      |
| Total Recovered Costs   | \$ 570,000         | \$ 570,000      | \$ 348,847    | \$ (221,153)                                |
| Total Revenue from Local Sources                              | \$ 1,680,244       | \$ 1,680,244    | \$ 1,088,900  | \$ (591,344)                                |
| Intergovernmental:  |                    |                 |               |   |
| Revenue from Local Governments:                               |                    |                 |               |   |
| Contribution from the County of Tazewell                      | \$ 13,914,675      | \$ 13,914,675   | \$ 12,748,992 | \$ (1,165,683)                              |
| Revenue from the Commonwealth:                                |                    |                 |               |   |
| Categorical Aid:  |                    |                 |               |   |
| Alternative Education   | \$ -               | \$ -            | \$ 412,554    | \$ 412,554                                  |
| Assistive technology grant                                    | 5,524              | 5,524           | 5,803         | 279   |
| At risk four-year olds  | 295,707            | 295,707         | 588,265       | 292,558                                     |
| At risk payments  | 699,170            | 699,170         | 709,726       | 10,556                                      |
| Basic school aid  | 18,026,681         | 18,026,681      | 18,380,563    | 353,882                                     |
| Dual enrollment   | 200,000            | 200,000         | 419,818       | 219,818                                     |
| ESL   | 28,333             | 28,333          | 31,481        | 3,148                                       |
| E-rate funding  | 365,134            | 365,134         | 526,144       | 161,010                                     |
| Foster care   | -                  | -               | 13,042        | 13,042                                      |
| GED funding   | 23,576             | 23,576          | 25,643        | 2,067                                       |
| Gifted and talented children                                  | 199,174            | 199,174         | 202,139       | 2,965                                       |
| GLI instructional   | 76,279             | 76,279          | 77,415        | 1,136                                       |
| Mentor teaching program                                       | 3,992              | 3,992           | 3,992         | -   |
| Reading intervention  | 107,952            | 107,952         | 105,655       | (2,297)                                     |
| Reduced K-3 classroom   | 891,092            | 891,092         | 854,022       | (37,070)                                    |
| Remedial education  | 689,486            | 689,486         | 713,939       | 24,453                                      |
| Remedial summer education                                     | 31,140             | 31,140          | 34,623        | 3,483                                       |
| Retirement  | 2,398,561          | 2,398,561       | 2,434,273     | 35,712                                      |
| Salary supplement   | 327,432            | 327,432         | 332,343       | 4,911                                       |
| School food   | 35,877             | 35,877          | 26,799        | (9,078)                                     |
| Share of state sales tax                                      | 6,511,969          | 6,511,969       | 6,531,039     | 19,070                                      |
| Social security   | 1,211,994          | 1,211,994       | 1,230,039     | 18,045                                      |
| SOL algebra readiness   | 96,363             | 96,363          | 96,710        | 347   |
| Special education - SOQ                                       | 2,678,252          | 2,678,252       | 2,718,128     | 39,876                                      |
| Special education - foster care                               | 21,629             | 21,629          | 14,947        | (6,682)                                     |
| Special education - homebound                                 | 113,572            | 113,572         | 139,810       | 26,238                                      |
| State textbook payments                                       | 407,755            | 407,755         | 413,826       | 6,071                                       |
| Technology assistance   | 630,100            | 630,100         | 703,838       | 73,738                                      |
| Vocational education - SOQ                                    | 665,325            | 665,325         | 675,231       | 9,906                                       |
| Vocational education - equipment                              | -                  | -               | 9,603         | 9,603                                       |
| Vocational education - adult                                  | -                  | -               | 1,724         | 1,724                                       |
| Vocational occupational preparedness                          | 46,173             | 46,173          | 16,393        | (29,780)                                    |
| Other state payments  | 10,000             | 10,000          | 32,711        | 22,711                                      |
| Total Categorical Aid   | \$ 36,798,242      | \$ 36,798,242   | \$ 38,482,238 | \$ 1,683,996                                |
| Total Revenue from the Commonwealth                           | \$ 36,798,242      | \$ 36,798,242   | \$ 38,482,238 | \$ 1,683,996                                |

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| <u>Fund, Major and Minor Revenue Source</u>                   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget-<br/>Pos (Neg)</u> |
|---|----------------------------|-------------------------|----------------------|--|
| Discretely Presented Component Unit-School Board: (continued) |                            |                         |                      |  |
| School Operating Fund: (continued)                            |                            |                         |                      |  |
| Intergovernmental: (continued)                                |                            |                         |                      |  |
| Revenue from the Federal Government:                          |                            |                         |                      |  |
| Categorical Aid:  |                            |                         |                      |  |
| Forest reserve funds  | \$ -                       | \$ -                    | \$ 12,229            | \$ 12,229  |
| Title I   | 2,134,249                  | 2,134,249               | 1,703,389            | (430,860)  |
| Title II, A Staff training                                    | 788,357                    | 788,357                 | 395,426              | (392,931)  |
| Vocational education  | 123,831                    | 123,831                 | 167,073              | 43,242   |
| Title VI-B  | 1,155,491                  | 1,155,491               | 982,482              | (173,009)  |
| Title VI-B Preschool  | 132,115                    | 132,115                 | 47,159               | (84,956)   |
| Title VI-B-2  | 230,549                    | 230,549                 | 108,068              | (122,481)  |
| School food-Summer program                                    | 25,000                     | 25,000                  | 15,389               | (9,611)  |
| School food commodities                                       | -                          | -                       | 176,009              | 176,009  |
| School breakfast  | 3,072                      | 3,072                   | 310,702              | 307,630  |
| School lunch  | 1,152,083                  | 1,152,083               | 1,249,693            | 97,610   |
| Fresh fruit and vegetable program                             | -                          | -                       | 30,127               | 30,127   |
| Other federal categorical aid                                 | -                          | -                       | 492                  | 492  |
| Total Categorical Aid   | <u>\$ 5,744,747</u>        | <u>\$ 5,744,747</u>     | <u>\$ 5,198,238</u>  | <u>\$ (546,509)</u>                                  |
| Total Revenue from the Federal Government                     | <u>\$ 5,744,747</u>        | <u>\$ 5,744,747</u>     | <u>\$ 5,198,238</u>  | <u>\$ (546,509)</u>                                  |
| Total Discretely Presented Component Unit-School Board        | <u>\$ 58,137,908</u>       | <u>\$ 58,137,908</u>    | <u>\$ 57,518,368</u> | <u>\$ (619,540)</u>                                  |

County of Tazewell, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| Fund, Function, Activity and Element       | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget-<br>Pos (Neg) |
|--|--------------------|-----------------|--------------|---|
| Primary Government:                        |                    |                 |              |   |
| General Fund:                              |                    |                 |              |   |
| General Government Administration:         |                    |                 |              |   |
| Legislative:                               |                    |                 |              |   |
| Board of supervisors                       | \$ 155,663         | \$ 155,663      | \$ 145,720   | \$ 9,943                                    |
| General and Financial Administration:      |                    |                 |              |   |
| County administrator                       | \$ 280,775         | \$ 280,775      | \$ 170,612   | \$ 110,163                                  |
| Legal services                             | 340,114            | 340,114         | 337,770      | 2,344                                       |
| Economic development                       | 317,314            | 285,471         | 247,250      | 38,221                                      |
| Commissioner of revenue                    | 609,627            | 601,867         | 565,581      | 36,286                                      |
| Treasurer                                  | 643,291            | 651,101         | 661,551      | (10,450)                                    |
| Finance office                             | 240,411            | 243,275         | 244,175      | (900)                                       |
| Administration services                    | 248,624            | 245,760         | 180,107      | 65,653                                      |
| County garage                              | 365,149            | 365,149         | 324,180      | 40,969                                      |
| Information technology                     | 1,339,541          | 1,339,541       | 524,367      | 815,174                                     |
| Workforce consortium                       | 1,386,301          | 1,386,301       | 1,211,391    | 174,910                                     |
| Transit system                             | 84,654             | 84,654          | 91,000       | (6,346)                                     |
| Total General and Financial Administration | \$ 5,855,801       | \$ 5,824,008    | \$ 4,557,984 | \$ 1,266,024                                |
| Board of Elections:                        |                    |                 |              |   |
| Registrar                                  | \$ 281,924         | \$ 281,924      | \$ 225,422   | \$ 56,502                                   |
| Total General Government Administration    | \$ 6,293,388       | \$ 6,261,595    | \$ 4,929,126 | \$ 1,332,469                                |
| Judicial Administration:                   |                    |                 |              |   |
| Courts:                                    |                    |                 |              |   |
| Clerk of the Circuit Court                 | \$ 874,682         | \$ 874,682      | \$ 802,124   | \$ 72,558                                   |
| Circuit court                              | 122,625            | 122,625         | 121,899      | 726   |
| District court                             | 19,706             | 19,706          | 14,769       | 4,937                                       |
| Magistrate                                 | 6,575              | 6,575           | 4,002        | 2,573                                       |
| Victim's witness assistance                | 143,973            | 158,778         | 152,442      | 6,336                                       |
| V - stop                                   | 45,403             | 45,403          | 27,482       | 17,921                                      |
| Juvenile and domestic relations court      | 6,550              | 6,550           | 6,886        | (336)                                       |
| Total Courts                               | \$ 1,219,514       | \$ 1,234,319    | \$ 1,129,604 | \$ 104,715                                  |
| Commonwealth's Attorney:                   |                    |                 |              |   |
| Commonwealth's attorney                    | \$ 1,263,777       | \$ 1,263,777    | \$ 1,254,434 | \$ 9,343                                    |
| Total Judicial Administration              | \$ 2,483,291       | \$ 2,498,096    | \$ 2,384,038 | \$ 114,058                                  |
| Public Safety                              |                    |                 |              |   |
| Law Enforcement and Traffic Control:       |                    |                 |              |   |
| Sheriff                                    | \$ 4,855,966       | \$ 4,953,179    | \$ 4,469,683 | \$ 483,496                                  |
| DARE program                               | 10,046             | 11,756          | 11,555       | 201   |
| Total Law Enforcement and Traffic Control  | \$ 4,866,012       | \$ 4,964,935    | \$ 4,481,238 | \$ 483,697                                  |
| Fire and Rescue Services:                  |                    |                 |              |   |
| Volunteer fire departments                 | \$ 681,025         | \$ 681,025      | \$ 573,455   | \$ 107,570                                  |
| Volunteer rescue squads                    | 149,832            | 149,832         | 109,695      | 40,137                                      |
| Total Fire and Rescue Services             | \$ 830,857         | \$ 830,857      | \$ 683,150   | \$ 147,707                                  |
| Correction and Detention:                  |                    |                 |              |   |
| Jail                                       | \$ 4,409,817       | \$ 4,409,817    | \$ 4,409,817 | -   |
| Probation office                           | 358,300            | 358,300         | 356,420      | 1,880                                       |
| Youth and family services                  | 2,020,250          | 2,020,250       | 1,928,946    | 91,304                                      |
| Special police                             | 10,500             | 38,568          | 38,568       | -   |
| Total Correction and Detention             | \$ 6,798,867       | \$ 6,826,935    | \$ 6,733,751 | \$ 93,184                                   |

County of Tazewell, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| Fund, Function, Activity and Element               | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget-<br>Pos (Neg) |
|--|--------------------|-----------------|---------------|---|
| General Fund: (continued)                          |                    |                 |               |   |
| Public Safety (continued)                          |                    |                 |               |   |
| Inspections:                                       |                    |                 |               |   |
| Building Inspections                               | \$ 207,302         | \$ 207,302      | \$ 190,186    | \$ 17,116                                   |
| Other Protection:                                  |                    |                 |               |   |
| Human services                                     | \$ 326,461         | \$ 327,782      | \$ 317,092    | \$ 10,690                                   |
| Emergency services                                 | 251,609            | 251,608         | 217,282       | 34,326                                      |
| Animal control                                     | 197,334            | 197,814         | 194,052       | 3,762                                       |
| Property maintenance                               | 55,000             | 26,932          | 32,497        | (5,565)                                     |
| Forestry service                                   | 20,000             | 20,000          | 19,696        | 304   |
| Total Other Protection                             | \$ 850,404         | \$ 824,136      | \$ 780,619    | \$ 43,517                                   |
| Total Public Safety                                | \$ 13,553,442      | \$ 13,654,165   | \$ 12,868,944 | \$ 785,221                                  |
| Public Works:                                      |                    |                 |               |   |
| Maintenance of Streets, Highways, and Bridges:     |                    |                 |               |   |
| Orphan Road upgrading                              | \$ 474,467         | \$ 443,508      | \$ 69,391     | \$ 374,117                                  |
| Sanitation and Waste Removal:                      |                    |                 |               |   |
| Transfer station                                   | \$ 1,366,865       | \$ 1,366,865    | \$ 908,784    | \$ 458,081                                  |
| Maintenance of General Building and Grounds:       |                    |                 |               |   |
| General properties                                 | \$ 2,651,087       | \$ 2,651,087    | \$ 2,594,400  | \$ 56,687                                   |
| Fairgrounds operations                             | 85,700             | 85,700          | 51,509        | 34,191                                      |
| Total Maintenance of General Buildings and Grounds | \$ 2,736,787       | \$ 2,736,787    | \$ 2,645,909  | \$ 90,878                                   |
| Total Public Works                                 | \$ 4,578,119       | \$ 4,547,160    | \$ 3,624,084  | \$ 923,076                                  |
| Health and Welfare:                                |                    |                 |               |   |
| Health:  |                    |                 |               |   |
| Supplement of Local Health Department              | \$ 460,058         | \$ 460,058      | \$ 460,058    | \$ -  |
| Mental health and mental Retardation:              |                    |                 |               |   |
| Cumberland Mountain Community Services Board       | \$ 60,000          | \$ 60,000       | \$ 60,000     | \$ -  |
| Welfare:   |                    |                 |               |   |
| Public Assistance                                  | \$ 7,557,541       | \$ 7,557,541    | \$ 3,007,178  | \$ 4,550,363                                |
| Welfare Administration                             | 1,132,000          | 1,132,000       | 4,790,455     | (3,658,455)                                 |
| Total Welfare                                      | \$ 8,689,541       | \$ 8,689,541    | \$ 7,797,633  | \$ 891,908                                  |
| Total Health and Welfare                           | \$ 9,209,599       | \$ 9,209,599    | \$ 8,317,691  | \$ 891,908                                  |
| Education:   |                    |                 |               |   |
| Other Instructional Costs:                         |                    |                 |               |   |
| Contribution to community colleges                 | \$ 60,000          | \$ 60,000       | \$ 60,000     | \$ -  |
| Contribution to Tazewell County School Board       | 13,914,675         | 13,914,675      | 12,691,232    | 1,223,443                                   |
| Total Education                                    | \$ 13,974,675      | \$ 13,974,675   | \$ 12,751,232 | \$ 1,223,443                                |
| Parks, Recreational and Cultural:                  |                    |                 |               |   |
| Parks and Recreation:                              |                    |                 |               |   |
| Cavitt's Creek Park                                | \$ 223,928         | \$ 223,928      | \$ 243,962    | \$ (20,034)                                 |
| Museums  | 76,500             | 76,500          | 74,534        | 1,966                                       |
| Total Parks and Recreation                         | \$ 300,428         | \$ 300,428      | \$ 318,496    | \$ (18,068)                                 |
| Library:   |                    |                 |               |   |
| Library Administration                             | \$ 1,101,480       | \$ 1,107,180    | \$ 1,102,498  | \$ 4,682                                    |
| Total Parks, Recreation and Cultural               | \$ 1,401,908       | \$ 1,407,608    | \$ 1,420,994  | \$ (13,386)                                 |

County of Tazewell, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| Fund, Function, Activity and Element                     | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget-<br>Pos (Neg) |
|--|----------------------|----------------------|----------------------|---|
| General Fund: (continued)                                |                      |                      |                      |   |
| Community Development:                                   |                      |                      |                      |   |
| Planning and Community Development:                      |                      |                      |                      |   |
| Community Development                                    | \$ 53,200            | \$ 53,200            | \$ 52,500            | \$ 700                                      |
| Tourism  | 159,194              | 200,450              | 198,942              | 1,508                                       |
| Planning and engineering                                 | 287,112              | 287,112              | 260,410              | 26,702                                      |
| Contribution to Airport                                  | 129,455              | 135,755              | 143,255              | (7,500)                                     |
| Contribution to Tazewell County PSA                      | 174,922              | 174,922              | 214,567              | (39,645)                                    |
| Total Planning and Community Development                 | <u>\$ 803,883</u>    | <u>\$ 851,439</u>    | <u>\$ 869,674</u>    | <u>\$ (18,235)</u>                          |
| Cooperative Extension Program:                           |                      |                      |                      |   |
| VPI extension  | \$ 120,414           | \$ 120,414           | \$ 111,057           | \$ 9,357                                    |
| Total Community Development                              | <u>\$ 924,297</u>    | <u>\$ 971,853</u>    | <u>\$ 980,731</u>    | <u>\$ (8,878)</u>                           |
| Non-departmental:  |                      |                      |                      |   |
| District funds   | \$ 552,262           | \$ 564,117           | \$ 477,114           | \$ 87,003                                   |
| Contingent expenditures                                  | 823,205              | 688,714              | 142,661              | 546,053                                     |
| Total Non-departmental                                   | <u>\$ 1,375,467</u>  | <u>\$ 1,252,831</u>  | <u>\$ 619,775</u>    | <u>\$ 633,056</u>                           |
| Debt Service:  |                      |                      |                      |   |
| Principal retirement                                     | \$ -                 | \$ -                 | \$ 544,334           | \$ (544,334)                                |
| Interest   | -                    | -                    | 364,102              | (364,102)                                   |
| Total Debt Service                                       | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 908,436</u>    | <u>\$ (908,436)</u>                         |
| Total General Fund                                       | <u>\$ 53,794,186</u> | <u>\$ 53,777,582</u> | <u>\$ 48,805,051</u> | <u>\$ 4,972,531</u>                         |
| Nonmajor Special Revenue Funds:                          |                      |                      |                      |   |
| Law Library Fund:  |                      |                      |                      |   |
| Judicial Administration:                                 |                      |                      |                      |   |
| Courts:  |                      |                      |                      |   |
| Law library  | \$ 17,500            | \$ 17,500            | \$ 13,893            | \$ 3,607                                    |
| Coal Road Improvement Fund:                              |                      |                      |                      |   |
| Public Works:  |                      |                      |                      |   |
| Maintenance of Highways, streets, bridges, and sidewalks | \$ 1,900,405         | \$ 1,900,405         | \$ 889,793           | \$ 1,010,612                                |
| Coal Road Economic Development Fund:                     |                      |                      |                      |   |
| Public Works:  |                      |                      |                      |   |
| Economic development                                     | \$ 481,408           | \$ 481,408           | \$ 218,919           | \$ 262,489                                  |
| E-911 Fund:  |                      |                      |                      |   |
| Other Protection:  |                      |                      |                      |   |
| Public safety  | \$ 1,583,017         | \$ 1,583,017         | \$ 1,359,926         | \$ 223,091                                  |
| Total Nonmajor Special Revenue Funds                     | <u>\$ 3,982,330</u>  | <u>\$ 3,982,330</u>  | <u>\$ 2,482,531</u>  | <u>\$ 1,499,799</u>                         |

County of Tazewell, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

| Fund, Function, Activity and Element                   | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget-<br>Pos (Neg) |
|--|----------------------|----------------------|----------------------|---|
| Major Capital Project Fund:                            |                      |                      |                      |   |
| County CIP Fund:                                       |                      |                      |                      |   |
| Public Works:  |                      |                      |                      |   |
| Contributions to the Public Service Authority          | \$ -                 | \$ -                 | \$ 820,890           | \$ (820,890)                                |
| Community Development:                                 |                      |                      |                      |   |
| Contributions to the Industrial Development Authority  | \$ -                 | \$ -                 | \$ 395,000           | \$ (395,000)                                |
| Capital Projects:                                      |                      |                      |                      |   |
| County capital project                                 | \$ 7,010,404         | \$ 7,010,404         | \$ 1,253,971         | \$ 5,756,433                                |
| Total County CIP Fund                                  | <u>\$ 7,010,404</u>  | <u>\$ 7,010,404</u>  | <u>\$ 2,469,861</u>  | <u>\$ 4,540,543</u>                         |
| Nonmajor Capital Project Fund:                         |                      |                      |                      |   |
| School Construction Fund:                              |                      |                      |                      |   |
| Education:   |                      |                      |                      |   |
| Contribution to School Board                           | \$ -                 | \$ -                 | \$ 57,760            | \$ (57,760)                                 |
| Total School Construction Fund                         | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 57,760</u>     | <u>\$ (57,760)</u>                          |
| Total Primary Government                               | <u>\$ 64,786,920</u> | <u>\$ 64,770,316</u> | <u>\$ 53,815,203</u> | <u>\$ 10,955,113</u>                        |
| Discretely Presented Component Unit-School Board:      |                      |                      |                      |   |
| School Operating Fund:                                 |                      |                      |                      |   |
| Education:   |                      |                      |                      |   |
| Administration of schools:                             |                      |                      |                      |   |
| Administration, health and attendance                  | \$ 2,462,656         | \$ 2,462,656         | \$ 2,360,099         | \$ 102,557                                  |
| Cafeteria operation                                    | 2,728,615            | 2,728,615            | 2,936,791            | (208,176)                                   |
| Total Administration of school                         | <u>\$ 5,191,271</u>  | <u>\$ 5,191,271</u>  | <u>\$ 5,296,890</u>  | <u>\$ (105,619)</u>                         |
| Instructional:   |                      |                      |                      |   |
| Instruction  | \$ 42,355,269        | \$ 42,355,269        | \$ 40,698,571        | \$ 1,656,698                                |
| Other operating costs                                  |                      |                      |                      |   |
| Pupil transportation                                   | \$ 3,774,934         | \$ 3,774,934         | \$ 5,141,830         | \$ (1,366,896)                              |
| Operation and maintenance of school plant              | 5,323,104            | 5,323,104            | 5,450,503            | (127,399)                                   |
| Technical resources                                    | 2,601,155            | 2,601,155            | 2,827,194            | (226,039)                                   |
| Facilities   | 1,693,084            | 1,693,084            | 1,248,874            | 444,210                                     |
| Total other operating costs                            | <u>\$ 13,392,277</u> | <u>\$ 13,392,277</u> | <u>\$ 14,668,401</u> | <u>\$ (1,276,124)</u>                       |
| Total Education  | <u>\$ 60,938,817</u> | <u>\$ 60,938,817</u> | <u>\$ 60,663,862</u> | <u>\$ 274,955</u>                           |
| Debt Service:  |                      |                      |                      |   |
| Principal retirement                                   | \$ 1,728,537         | \$ 1,728,537         | \$ 1,091,055         | \$ 637,482                                  |
| Interest and fiscal charges                            | 535,883              | 535,883              | 140,332              | 395,551                                     |
| Total Debt Service                                     | <u>\$ 2,264,420</u>  | <u>\$ 2,264,420</u>  | <u>\$ 1,231,387</u>  | <u>\$ 1,033,033</u>                         |
| Total School Operating Fund                            | <u>\$ 63,203,237</u> | <u>\$ 63,203,237</u> | <u>\$ 61,895,249</u> | <u>\$ 1,307,988</u>                         |
| Total Discretely Presented Component Unit-School Board | <u>\$ 63,203,237</u> | <u>\$ 63,203,237</u> | <u>\$ 61,895,249</u> | <u>\$ 1,307,988</u>                         |

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## STATISTICAL INFORMATION

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Table 1

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare | Education     | Parks, Recreation, and Cultural | Community Development | Non-Departmental | Capital Projects | Interest on Long-Term Debt | Landfill  | Total         |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|------------------|------------------|----------------------------|-----------|---------------|
| 2006-07     | \$ 2,994,361                      | \$ 1,864,223            | \$ 10,409,443 | \$ 5,113,766 | \$ 6,710,708       | \$ 11,161,639 | \$ 1,197,136                    | \$ 1,793,435          | \$ 250,501       | \$ 235,624       | \$ 189,366                 | \$ -      | \$ 41,920,202 |
| 2007-08     | 4,493,767                         | 2,315,448               | 11,261,101    | 3,691,063    | 7,133,235          | 12,009,617    | 1,168,824                       | 3,799,582             | -                | -                | 163,250                    | 1,515,866 | 47,551,753    |
| 2008-09     | 4,170,651                         | 2,415,913               | 11,793,711    | 5,111,308    | 6,399,621          | 15,922,682    | 1,289,353                       | 1,961,006             | -                | -                | 455,413                    | 1,559,347 | 51,079,005    |
| 2009-10     | 4,464,306                         | 2,293,078               | 12,199,744    | 5,327,605    | 6,568,843          | 10,333,375    | 1,278,302                       | 2,176,532             | -                | -                | 462,972                    | 1,701,481 | 46,806,238    |
| 2010-11     | 5,765,264                         | 2,384,875               | 12,226,338    | 5,170,568    | 7,935,398          | 12,498,174    | 913,958                         | 6,706,909             | -                | -                | 397,317                    | 1,359,364 | 55,358,165    |
| 2011-12     | 5,862,984                         | 2,217,971               | 12,095,017    | 6,260,014    | 7,096,754          | 10,528,952    | 1,399,357                       | 3,731,899             | -                | -                | 584,285                    | 1,744,014 | 51,521,247    |
| 2012-13     | 4,722,345                         | 2,402,694               | 12,141,514    | 5,840,389    | 7,792,968          | 12,789,766    | 2,107,259                       | 928,051               | -                | -                | 420,155                    | 1,729,821 | 50,874,962    |
| 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    |

Table 2

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

| Fiscal Year | Program Revenues     |                                    |                                  |  | General Revenues       |                   |                                  |               | Grants and Contributions Not Restricted to Specific Programs | Total         |
|-------------|----------------------|------------------------------------|----------------------------------|--|------------------------|-------------------|----------------------------------|---------------|--|---------------|
|             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |  | General Property Taxes | Other Local Taxes | Unrestricted Investment Earnings | Miscellaneous |  |               |
| 2006-07     | \$ 758,253           | \$ 11,266,369                      | \$ 512,000                       |  | \$ 19,310,939          | \$ 8,568,301      | \$ 1,027,776                     | \$ 282,294    | \$ 3,111,473   | \$ 44,837,405 |
| 2007-08     | 6,826,918            | 11,818,329                         | 1,736,610                        |  | 21,106,417             | 9,318,707         | 1,126,950                        | 574,869       | 3,041,728  | 55,550,528    |
| 2008-09     | 1,298,603            | 11,268,684                         | -                                |  | 21,468,696             | 8,855,016         | 687,983                          | 1,945,329     | 3,128,364  | 48,652,675    |
| 2009-10     | 1,220,845            | 12,203,375                         | -                                |  | 22,339,123             | 9,201,493         | 496,920                          | 742,233       | 2,539,185  | 48,743,174    |
| 2010-11     | 1,350,543            | 14,470,285                         | -                                |  | 22,434,132             | 10,109,122        | 566,080                          | 572,960       | 3,015,566  | 52,518,688    |
| 2011-12     | 1,448,420            | 12,554,188                         | -                                |  | 22,432,569             | 9,840,383         | 508,368                          | 106,179       | 3,682,169  | 50,572,276    |
| 2012-13     | 1,419,806            | 12,342,470                         | -                                |  | 25,063,467             | 9,384,120         | 503,608                          | 302,813       | 3,911,447  | 52,927,731    |
| 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    |

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         |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|------------------|------------------|--------------|---------------|
| 2006-07     | \$ 3,097,314                      | \$ 1,830,751            | \$ 10,290,184 | \$ 3,098,064 | \$ 6,709,986       | \$ 59,925,486 | \$ 1,210,973                    | \$ 735,022            | \$ 304,440       | \$ 439,729       | \$ 966,987   | \$ 88,608,936 |
| 2007-08     | 3,935,603                         | 2,522,491               | 11,218,109    | 3,574,391    | 7,034,792          | 59,847,265    | 1,279,918                       | 877,894               | 504,462          | 1,035,830        | 1,020,678    | 92,851,433    |
| 2008-09     | 3,791,274                         | 2,416,746               | 11,722,369    | 5,129,037    | 6,548,043          | 65,487,685    | 1,293,482                       | 1,916,024             | 585,953          | 8,077,792        | 1,709,701    | 108,678,106   |
| 2009-10     | 4,090,059                         | 2,226,553               | 11,968,126    | 5,214,198    | 6,560,999          | 59,043,332    | 1,264,793                       | 2,254,077             | 417,479          | 4,178,516        | 1,731,903    | 98,950,035    |
| 2010-11     | 5,079,097                         | 2,334,056               | 12,529,527    | 5,179,935    | 7,902,900          | 56,082,561    | 1,227,381                       | 6,659,999             | 728,594          | 772,843          | 1,859,615    | 100,356,508   |
| 2011-12     | 5,496,926                         | 2,203,860               | 12,568,436    | 6,182,381    | 7,198,253          | 57,386,788    | 1,400,476                       | 3,670,296             | 491,276          | 176,812          | 1,121,767    | 97,897,271    |
| 2012-13     | 5,368,601                         | 2,377,683               | 13,044,332    | 5,848,948    | 7,824,599          | 58,437,244    | 2,184,724                       | 822,526               | 365,434          | -                | 1,518,912    | 97,793,003    |
| 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          | 63,003,021    | 1,552,509                       | 956,162               | 497,324          | -                | 617,695      | 106,251,410   |
| 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          | -                | 908,436      | 101,730,073   |

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

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

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

| Fiscal Year | General Property Taxes | Other Local Taxes | Permits, Privilege Fees, Regulatory Licenses | Fines and Forfeitures | Revenue from the Use of Money and Property | Charges for Services | Miscellaneous | Recovered Costs | Inter-governmental (2) | Total         |
|-------------|------------------------|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|------------------------|---------------|
| 2006-07     | \$ 20,072,264          | \$ 8,376,273      | \$ 324,028                                   | \$ 89,050             | \$ 1,033,506                               | \$ 1,350,564         | \$ 674,595    | \$ 354,759      | \$ 61,972,005          | \$ 94,247,044 |
| 2007-08     | 20,918,920             | 9,123,793         | 327,368                                      | 1,494,872 *           | 1,094,394                                  | 1,426,764            | 709,530       | 394,124         | 67,001,280             | 102,491,045   |
| 2008-09     | 21,466,436             | 8,855,016         | 359,727                                      | 77,003                | 676,358                                    | 1,440,408            | 2,453,702     | 605,399         | 64,353,320             | 100,287,369   |
| 2009-10     | 22,057,379             | 9,201,493         | 312,169                                      | 102,915               | 503,900                                    | 1,313,279            | 1,381,478     | 785,421         | 61,658,458             | 97,316,492    |
| 2010-11     | 22,580,736             | 10,109,122        | 387,173                                      | 36,612                | 586,281                                    | 1,339,581            | 1,042,051     | 626,623         | 60,743,793             | 97,451,972    |
| 2011-12     | 22,382,573             | 10,508,771        | 460,872                                      | 31,625                | 1,101,745                                  | 1,432,285            | 326,166       | 1,441,199       | 61,848,057             | 99,533,293    |
| 2012-13     | 25,302,730             | 10,094,133        | 354,257                                      | 42,935                | 519,624                                    | 1,306,595            | 856,992       | 2,093,588       | 59,382,794             | 99,953,648    |
| 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       | 43,680,476             | 78,527,633    |

(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 |
|-------------|--------------------|-----------------------------|---------------------------|----------------------------------|-----------------------|--|----------------------------------|---|
| 2006-07     | \$ 19,610,189      | \$ 18,571,110               | 94.70%                    | \$ 779,634                       | \$ 19,350,744         | 98.68%                                       | \$ 1,039,501                     | 5.30%                                   |
| 2007-08     | 20,588,946         | 19,619,232                  | 95.29%                    | 747,150                          | 20,366,382            | 98.92%                                       | 969,714                          | 4.71%                                   |
| 2008-09     | 24,385,205         | 23,160,618                  | 94.98%                    | 783,128                          | 23,943,746            | 98.19%                                       | 1,057,084                        | 4.33%                                   |
| 2009-10     | 23,808,926         | 23,109,101                  | 97.06%                    | 700,797                          | 23,809,898            | 100.00%                                      | 1,133,717                        | 4.76%                                   |
| 2010-11     | 23,879,022         | 22,772,442                  | 95.37%                    | 757,589                          | 23,530,031            | 98.54%                                       | 1,106,580                        | 4.63%                                   |
| 2011-12     | 24,466,827         | 23,137,609                  | 94.57%                    | 834,004                          | 23,971,613            | 97.98%                                       | 1,111,033                        | 4.54%                                   |
| 2012-13     | 25,766,294         | 23,684,505                  | 91.92%                    | 1,020,716                        | 24,705,221            | 95.88%                                       | 1,164,736                        | 4.52%                                   |
| 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%                                   |

(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            |
|-------------|------------------|-----------------------------------|---------------------|--------------------|--------------------|------------------|
| 2006-07     | \$ 2,211,465,970 | \$ 363,540,973                    | \$ 43,516,700       | \$ 23,738,800      | \$ 116,846,412     | \$ 2,759,108,855 |
| 2007-08     | 2,228,173,720    | 378,565,936                       | 50,524,500          | 25,181,600         | 153,633,681        | 2,836,079,437    |
| 2008-09     | 2,242,848,000    | 433,721,052                       | 63,194,200          | 26,242,900         | 134,364,627        | 2,900,370,779    |
| 2009-10     | 2,344,151,900    | 385,307,872                       | 52,822,200          | 24,935,700         | 145,812,842        | 2,953,030,514    |
| 2010-11     | 2,287,048,300    | 410,218,953                       | 60,574,600          | 21,779,750         | 151,502,180        | 2,931,123,783    |
| 2011-12     | 2,260,086,800    | 419,792,327                       | 57,412,500          | 24,180,008         | 151,353,638        | 2,912,825,273    |
| 2012-13     | 2,840,597,700    | 431,193,109                       | 85,826,200          | 25,299,900         | 173,166,368        | 3,556,083,277    |
| 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    |

(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 |      |
|-------------|-------------|------|-------------------|---------------------|------|-------------------|----------------------------|------|----------------------------------|------|
|             | \$          | Rate |                   | \$                  | Rate |                   | \$                         | Rate |                                  |      |
| 2006-07     | \$          | 0.58 | 2.00              | \$                  | 2.00 | \$                | 4.30                       | \$   | 0.58                             | 2.00 |
| 2007-08     |             | 0.58 | 2.00              |                     | 2.00 |                   | 4.30                       |      | 0.58                             | 2.00 |
| 2008-09     |             | 0.58 | 2.00              |                     | 2.00 |                   | 4.30                       |      | 0.58                             | 2.00 |
| 2009-10     |             | 0.58 | 2.00              |                     | 2.00 |                   | 4.30                       |      | 0.58                             | 2.00 |
| 2010-11     |             | 0.58 | 2.00              |                     | 2.00 |                   | 4.30                       |      | 0.58                             | 2.00 |
| 2011-12     |             | 0.58 | 2.00              |                     | 2.00 |                   | 4.30                       |      | 0.58                             | 2.00 |
| 2012-13     |             | 0.57 | 2.00              |                     | 2.00 |                   | 4.30                       |      | 0.58                             | 2.00 |
| 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 |

(1) Per \$100 of assessed value.

Table 8

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

| Fiscal Year | Population (1) | Assessed Value   | Gross Bonded Debt (2) | Ratio of Net General Obligation Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|-------------|----------------|------------------|-----------------------|---|----------------------------|
| 2006-07     | 44,600         | \$ 2,759,108,855 | \$ 3,963,233          | 0.14%   | \$ 89                      |
| 2007-08     | 44,600         | 2,836,079,437    | 5,311,945             | 0.19%   | 119                        |
| 2008-09     | 44,600         | 2,900,370,779    | 11,433,289            | 0.39%   | 256                        |
| 2009-10     | 44,600         | 2,953,030,514    | 10,793,095            | 0.37%   | 242                        |
| 2010-11     | 45,078         | 2,931,123,783    | 10,028,765            | 0.34%   | 222                        |
| 2011-12     | 45,078         | 2,912,825,273    | 9,395,256             | 0.32%   | 208                        |
| 2012-13     | 45,078         | 3,556,083,277    | 8,860,394             | 0.25%   | 197                        |
| 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                        |

(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<br>Year | Principal  | Interest   | Total<br>Debt<br>Service (2) | Total<br>General<br>Governmental<br>Expenditures | Ratio of<br>Debt Service<br>to General<br>Governmental<br>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        | 544,334    | 364,102    | 908,436                      | 101,730,073                                      | 0.89%  |

(1) Includes General Fund of the Primary Government

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## 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*

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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 aggregate 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, 2016, 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 9, 2016.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 weaknesses. (Reference 2016-001).

## Compliance and Other Matters

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

## County of Tazewell, Virginia's Response to Findings

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

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
December 9, 2016

# 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, 2016. 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 \$2,579,520 in federal awards which is not included in the schedule during the year ended Financial Statement Date, 2016. 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, 2016.

### *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 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

County of Tazewell, Virginia's response to the noncompliance 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 2016-002 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 9, 2016

County of Tazewell, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended June 30, 2016

| Federal Grantor/State Pass-Through Grantor/<br>Program or Cluster Title                   | Federal<br>CFDA<br>Number | Pass-through Entity<br>Identifying<br>Number   | Federal<br>Expenditures     |
|---|---------------------------|--|-----------------------------|
| Department of Health and Human Services:  |                           |  |                             |
| Pass-through Payments:  |                           |  |                             |
| Department of Social Services:  |                           |  |                             |
| Promoting Safe and Stable Families  | 93.556                    | 90359, 90360, 90361  | \$ 33,927                   |
| Temporary Assistance for Needy Families (TANF)  | 93.558                    | 90109, 90110, 90111, 90112<br>90127, 90229, 90230, 90231<br>90232, 90247, 90365, 90366<br>90367, 90377, 90390, 90391<br>90409, 90410, 90411, 90412<br>90601, 90603   | 565,496                     |
| Refugee and Entrant Assistance - State Administered Programs                              | 93.566                    | 90113, 90233, 90413, 90713   | 579                         |
| Low-Income Home Energy Assistance   | 93.568                    | 90114, 90115, 90234, 90235   | 61,523                      |
| Child Care Mandatory and Matching Funds of the Child<br>Care and Development Fund         | 93.596                    | 90116, 90117, 90118, 90119<br>90236, 90237, 90238, 90239<br>90378, 90517, 90540, 90529   | 82,157                      |
| Chafee Education and Training Vouchers Program  | 93.599                    | 90353  | 430                         |
| Stephanie Tubbs Jones Child Welfare Services Program                                      | 93.645                    | 90251  | 3,067                       |
| Foster Care - Title IV-E  | 93.658                    | 90105, 90106, 90107, 90147<br>90209, 90225, 90226, 90227<br>90253, 90258, 90267, 90268<br>90405, 90406, 90407, 90447<br>90636, 90637, 90639, 90657<br>90658, 90705, 90706, 90707<br>90733, 90738, 90747, 90748 | 305,965                     |
| Adoption Assistance   | 93.659                    | 90108, 90214, 90228, 90408<br>90606, 90607, 90627, 90708   | 625,723                     |
| Social Services Block Grant   | 93.667                    | 90122, 90123, 90124, 90125<br>90126, 90240, 90242, 90243<br>90244, 90245, 90246, 90262<br>90340, 90351, 90358, 90379<br>90648  | 388,890                     |
| Chafee Foster Care Independence Program   | 93.674                    | 90254, 90356   | 11,119                      |
| Children's Health Insurance Program   | 93.767                    | 90102, 90222, 90402, 90702   | 22,646                      |
| Medical Assistance Program  | 93.778                    | 90101, 90146, 90213, 90221<br>90266, 90401, 90446, 90701<br>90746  | 688,830                     |
| Total Department of Health and Human Services   |                           |  | <u>\$ 2,790,352</u>         |
| Department of Agriculture:  |                           |  |                             |
| Pass-through Payments:  |                           |  |                             |
| Child Nutrition Cluster:  |                           |  |                             |
| Department of Education:  |                           |  |                             |
| School Breakfast Program  | 10.553                    | 40591  | \$ 310,702                  |
| National School Lunch Program   | 10.555                    | 40623  | \$ 1,249,693                |
| Department of Agriculture:  |                           |  |                             |
| Food Distribution   | 10.555                    | Unknown  | 176,009                     |
| Summer Food Service Program for Children  | 10.559                    | Not applicable   | 1,425,702                   |
| Fresh Fruit and Vegetable Program   | 10.582                    |  | <u>15,389</u> \$ 1,751,793  |
| Department of Education:  |                           |  |                             |
| Schools and Roads - Grants to States  | 10.665                    | 43841  | 12,229                      |
| Department of Social Services:  |                           |  |                             |
| State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program | 10.561                    | 90103, 90104, 90212, 90223<br>90224, 90303, 90304, 90403<br>90404, 90703, 90704  | <u>563,095</u>              |
| Total Department of Agriculture   |                           |  | <u>\$ 2,357,244</u>         |
| Department of Labor:  |                           |  |                             |
| Pass-through Payments:  |                           |  |                             |
| Russell County:   |                           |  |                             |
| Workforce Investment Act Cluster:   |                           |  |                             |
| WIA/WIOA Adult Program  | 17.258                    | 53427  | \$ 397,834                  |
| WIA/WIOA Youth Activities   | 17.259                    | 53427  | 237,291                     |
| WIA/WIOA Dislocated Worker Formula Grants   | 17.278                    | 53427  | <u>564,724</u> \$ 1,199,849 |

County of Tazewell, Virginia  
 Schedule of Expenditures of Federal Awards (continued)  
 For the Fiscal Year Ended June 30, 2016

| Federal Grantor/State Pass-Through Grantor/<br>Program or Cluster Title   | Federal<br>CFDA<br>Number | Pass-through Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|---|---------------------------|--|-------------------------|
| Department of Justice:  |                           |  |                         |
| Pass-through Payments:  |                           |  |                         |
| Department of Criminal Justice Services:  |                           |  |                         |
| Crime Victim Assistance   | 16.575                    | 11VAGX0001                                   | \$ 88,832               |
| Violence Against Women Formula Grants   | 16.588                    | 10WFA00041                                   | <u>13,792</u>           |
| Total Department of Justice   |                           |  | <u>\$ 102,624</u>       |
| Department of Homeland Security:  |                           |  |                         |
| Pass-through Payments:  |                           |  |                         |
| Department of Emergency Management:   |                           |  |                         |
| Emergency Management Preparedness Grant   | 97.042                    | Unknown                                      | \$ 76,891               |
| Homeland Security Grant Program   | 97.067                    | Unknown                                      | <u>1,321</u>            |
| Total Department of Homeland Security   |                           |  | <u>\$ 78,212</u>        |
| Department of Transportation:   |                           |  |                         |
| Pass-through Payments:  |                           |  |                         |
| Department of Motor Vehicles:   |                           |  |                         |
| Alcohol Impaired Driving Countermeasures Incentive Grants I   | 20.601                    | K8-2011-51206-4148                           | \$ 11,953               |
| Highway Planning and Construction   | 20.205                    | Unknown                                      | <u>309,563</u>          |
| Total Department of Transportation  |                           |  | <u>\$ 321,516</u>       |
| National Endowment for the Arts:  |                           |  |                         |
| Pass-through Payments:  |                           |  |                         |
| Virginia Commission on the Arts   |                           |  |                         |
| Promotion of the Arts Partnership Agreements  | 45.025                    | Unknown                                      | <u>\$ 5,000</u>         |
| Department of Education:  |                           |  |                         |
| Pass-through Payments:  |                           |  |                         |
| Department of Education:  |                           |  |                         |
| Title I: Grants to Local Educational Agencies   | 84.010                    | 42901  | \$ 1,703,389            |
| Special Education Cluster:  |                           |  |                         |
| Special Education - Grants to States  | 84.027                    | 43071  | 982,482                 |
| Special Education Preschool Grants  | 84.173                    | 62521  | <u>47,159</u>           |
| Career and Technical Education: Basic Grants to States  | 84.048                    | 61095  | 167,073                 |
| Advanced Placement Program  | 84.330                    | Unknown                                      | 492                     |
| Rural Education   | 84.358                    | 43481  | 108,068                 |
| Supporting Effective Instruction State Grant  | 84.367                    | 61480  | <u>395,426</u>          |
| Total Department of Education:  |                           |  | <u>\$ 3,404,089</u>     |
| Total Expenditures of Federal Awards  |                           |  | <u>\$ 10,258,886</u>    |
| Notes to Schedule of Expenditures of Federal Awards   |                           |  |                         |
| Note 1 -- Basis of Presentation   |                           |  |                         |
| The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Tazewell, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance) and OMB Circular A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i> . 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, <i>Cost Principles for State, Local, and Indian Tribal Governments</i> , wherein certain types of expenditures are not allowable or are limited as to reimbursement.  |                           |  |                         |
| (2) Pass-through entity identifying numbers are presented where available.  |                           |  |                         |
| Note 3 -- Food Distribution   |                           |  |                         |
| Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.  |                           |  |                         |
| Note 4 -- 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  |                           |  | \$ 5,077,206            |
| Less: Payment in lieu of taxes  |                           |  | (16,558)                |
| Total Primary Government  |                           |  | <u>\$ 5,060,648</u>     |
| Component Unit School Board:  |                           |  |                         |
| School Operating Fund   |                           |  | <u>\$ 5,198,238</u>     |
| Total expenditures of federal awards per basic financial statements   |                           |  | <u>\$ 10,258,886</u>    |
| Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards   |                           |  | <u>\$ 10,258,886</u>    |

## County of Tazewell, Virginia

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

## Section I - Summary of Auditors' Results

Financial Statements

|   |               |
|---|---------------|
| Type of auditors' report issued:  | Unmodified    |
| Internal control over financial reporting:<br>Material weakness(es) identified? | Yes           |
| Significant deficiency(ies) identified?   | None reported |
| Noncompliance material to financial statements noted?                           | No            |

Federal Awards

|   |            |
|---|------------|
| Internal control over major programs:<br>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>     |
|---------------|---|
| 84.010        | Title I, Grants to Local Educational Agencies |
| 84.367        | Supporting Effective Instruction State Grant  |

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee?                                   | Yes       |

## County of Tazewell, Virginia

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

## Section II - Financial Statement Findings

2016-001

|                        |   |
|------------------------|---|
| 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  |
| 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.   |

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## County of Tazewell, Virginia

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

## Section III - Federal Award Findings and Questioned Costs

2016-002

|  |  |
|--|--|
| Program Titles:                                      | Supporting Effective Instruction State Grant   |
| CFDA Numbers:  | 84.367   |
| Compliance Requirement:                              | Cash Management  |
| Finding Type:  | Noncompliance and Significant Deficiency   |
| Criteria:  | Per single audit cash management requirements, reimbursement requests should be submitted in a timely manner, at a minimum quarterly.  |
| Condition:   | A review of reimbursement requests disclosed requests that were not being made in a timely manner.   |
| Questioned Costs:                                    | None   |
| Context:   | All reimbursement requests that related to the year under audit were reviewed for the above. Of the reimbursement requests reviewed, it was noted that numerous requests covered a time period of greater than three months. |
| Effect:  | Reimbursements of local funds expended for Federal programs are not being received in a timely manner and could potentially result in a loss of funding.   |
| Cause:   | Lack of appropriate procedures over cash management to ensure that reimbursement requests are submitted at least quarterly.  |
| Recommendation:                                      | Management should establish a policy requiring reimbursement requests for Federal programs to be submitted at a minimum of quarterly.  |
| Management's Response and Planned Corrective Action: | Management of the School Board has acknowledged that a cash management policy is necessary and is working to have this implemented in the next year.   |

## Section IV - Status of Prior Audit Findings and Questioned Costs

No findings in prior period.