

**COUNTY OF TAZEWELL, VIRGINIA**  
**ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2009**

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COUNTY OF TAZEVELL, VIRGINIA  
 ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2009

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## **INTRODUCTORY SECTION**

# COUNTY OF TAZEVELL, VIRGINIA

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## BOARD OF SUPERVISORS

---

William B. Rasnick, Chairman  
Bill Wimmer, Vice Chairman  
D. Michael Hymes  
Seth White  
David Anderson

## COUNTY SCHOOL BOARD

---

Mike Dennis, Chairman  
Randy Conn, Vice Chairman  
Steve Davis  
Estelle Johnson  
David Woodard  
Brenda Lawson, Superintendent of Schools

## SOCIAL SERVICES BOARD

---

Henry Nickels, Chairman  
Earl Griffith  
Charles Thomason  
Bill Stone  
Darrell Addison

## EX-OFFICIO MEMBERS

---

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

## OTHER OFFICIALS

---

Judge of the Circuit Court ..... Teresa Chaffin  
Judge of the Circuit Court ..... Michael L. Moore  
Judge of the Circuit Court ..... Henry A. Vanover  
Judge of the Circuit Court ..... Keary R. Williams  
Clerk of the Circuit Court ..... James E. Blevins  
Judge of the District Court..... Jack S. Hurley  
Judge of the District Court..... Patrick Johnson  
Judge of the Juvenile & Domestic Relations Court..... John Farmer  
Judge of the Juvenile & Domestic Relations Court..... Henry Barringer  
Commonwealth's Attorney ..... Dennis Lee  
Commissioner of the Revenue ..... Emma N. Hagy  
Treasurer ..... Norman L. Cook  
Sheriff ..... H.S. Caudill  
School Board Clerk ..... Jammie Lester

## **FINANCIAL SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

### THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF TAZEWELL TAZEWELL, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Tazewell, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Tazewell, Virginia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Tazewell, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Post-Employment Benefits other than Pensions*, effective July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2010, on our consideration of the County of Tazewell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information and the Schedule of Pension and OPEB Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles

generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Tazewell, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Tazewell, Virginia. The combining and individual fund financial statements, the budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken 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 express no opinion on them.

*Robinson, Frazier, Cox Associates*

Christiansburg, Virginia  
January 31, 2010

# Tazewell County Board of Supervisors

Tazewell County, Virginia  
David R. Anderson, Chairman  
James H. Spencer III- County Administrator

Bill Wimmer, Vice Chairman  
Dr. Thomas Brewster

Seth R. White  
D. Michael Hymes

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Tazewell, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

### Financial Highlights:

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$21,138,218 (net assets). Of this amount, \$9,888,223 was considered unrestricted.
- The assets of the County's business-type activities exceeded its liabilities at the close of the fiscal year by \$5,656,041 (net assets).
- The assets of the School Board component unit exceeded its liabilities at the close of the fiscal year by \$10,867,339 (net assets). Of this amount \$3,822,244 was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$20,459,034.
- During the year, the County had governmental expenses that were \$4,965,258 more than revenues. Included in this amount was \$12,614,983 that was transferred to the school funds for the operation of the school system.
- The County of Tazewell, Virginia's, total debt increased by \$10,296,760 during the current fiscal year (including the Landfill Fund and blended Public Service Authority). This increase was due to the issuance of school bonds, school capital leases, landfill bonds, water and sewer improvement bonds and OPEB obligation.

## Overview of the Financial Statements:

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

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

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

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

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Tazewell, Virginia, like other local governments, uses fund accounting to ensure and

demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County’s near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

Proprietary Funds – The County maintains one proprietary funds; 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 assets. The County excludes these activities from the County’s Government-wide Financial Statements because the County cannot use these assets to finance its operations.

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

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

## Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a County's financial position. In the case of the County, assets exceed liabilities by \$26,794,259 at the close of the most recent fiscal year.

The largest portion of the County's net assets (64%) 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 assets (\$2,123,987 or 8%) are subject to restrictions on how they may be used. The remaining balance of net assets (\$7,415,432 or 28%) may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Assets and Statement of Activities for 2009 and 2008.

### Statement of Net Assets

|   | Governmental and<br>Business-type<br>Activities<br>2009 | Governmental and<br>Business-type<br>Activities<br>2008 |
|---|---|---|
| Current and other assets                              | \$ 48,509,949   | \$ 51,062,931   |
| Capital and other assets                              | 24,097,494  | 19,898,952  |
| Total assets  | <u>\$ 72,607,443</u>                                    | <u>\$ 70,961,883</u>                                    |
| Current and other liabilities                         | \$ 24,970,883   | \$ 27,377,045   |
| Long-term liabilities                                 | 20,842,301  | 13,333,740  |
| Total Liabilities                                     | <u>\$ 45,813,184</u>                                    | <u>\$ 40,710,785</u>                                    |
| Net assets:   |   |   |
| Invested in capital<br>assets,<br>net of related debt | \$ 17,254,840   | \$ 8,433,066  |
| Restricted  | 2,123,987   | 11,032,537  |
| Unrestricted  | 7,415,432   | 10,785,495  |
| Total net assets                                      | <u>\$ 26,794,259</u>                                    | <u>\$ 30,251,098</u>                                    |

Statement of Activities

|   | Governmental and<br>Business-type<br>Activities<br>2009 | Governmental and<br>Business-type<br>Activities<br>2008 |
|---|---|---|
| Program revenues  |   |   |
| Charges for services  | \$ 1,298,603  | \$ 2,730,332  |
| Operating grants and contributions                              | 11,268,684  | 11,818,329  |
| General revenues  |   |   |
| Property taxes  | 21,468,696  | 21,106,417  |
| Other taxes   | 8,855,016   | 9,318,707   |
| Revenue from use of money and<br>property                       | 687,983   | 1,097,914   |
| Miscellaneous   | 1,945,329   | 384,704   |
| Intergovernmental revenues                                      |   |   |
| Grants and contributions not<br>restricted to specific programs | 3,128,364   | 3,030,771   |
| Total revenues  | 48,652,675  | 49,487,174  |
| Expenses  |   |   |
| General government  | 4,170,651   | 3,742,744   |
| Judicial administration   | 2,415,913   | 2,315,448   |
| Public Safety   | 11,793,711  | 11,261,101  |
| Public works  | 5,111,308   | 6,284,050   |
| Health and welfare  | 6,399,621   | 7,121,277   |
| Education   | 15,922,682  | 11,583,443  |
| Parks, recreation and cultural                                  | 1,289,353   | 1,168,824   |
| Community development   | 1,961,006   | 3,516,768   |
| Interest on debt  | 455,413   | 163,250   |
| Landfill  | 1,559,347   | 1,515,866   |
| Total expenses  | 51,079,005  | 48,672,771  |
| Change in net assets  | \$ (2,426,330)  | \$ (814,403)  |

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

Financial Analysis of the County's Funds

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

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

combined ending fund balances of \$20,459,034. Approximately 47% of this total amount, \$9,699,972, constitutes reserved fund balance, which is not available for current spending since it has been reserved for capital projects and \$10,759,063 or 53% is available for spending at the County’s discretion.

The general fund is the operating fund of the County. At the end of the current fiscal year, unreserved and total fund balance of the general fund was \$8,830,642. The special revenue funds, at the end of the fiscal year, had a fund balance of \$1,929,985 of which \$1,928,420 was unrestricted and the County Capital Projects fund had a restricted fund balance of \$9,698,407.

Total governmental fund revenues increased \$1,182,528 and expenses increased \$11,577,755 over prior year amounts. For fiscal year ended June 30, 2009, expenses exceeded revenues by \$4,965,258, a decrease of \$10,395,227 over the prior year. The majority of this change was within the capital projects fund and was the result of an increase in capital projects.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds and business-type activities as of June 30, 2009 amounts to \$21,973,507 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County of Tazewell’s capital assets can be found in Note 6 of this report.

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

|                              |               |
|------------------------------|---------------|
| Primary Government:          |               |
| Accrued leave                | \$ 774,902    |
| OPEB obligation              | 216,485       |
| General obligation bonds     | 10,596,636    |
| Literary Funds               | 1,019,000     |
| Total                        | \$ 12,607,023 |
|                              |               |
| Business-type Activities:    |               |
| Accrued leave                | \$ 70,066     |
| Estimated landfill liability | 4,647,892     |
| Notes and bonds              | 3,517,320     |
| Total                        | \$ 8,235,278  |

During the year, bonds were issued by the Primary Government for school improvement.

Additional information on the County of Tazewell's long-term debt can be found in Note 7 of this report.

#### Economic Factors

The June 2009 unemployment rate for the County of Tazewell, Virginia was 9.6%, which is an increase from a rate of 5.2% in June 2008. This is above the state's average unemployment rate of 7.1% and slightly above the national average rate of 9.5%.

#### Request for Information

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

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## **Basic Financial Statements**

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County of Tazewell, Virginia  
Statement of Net Assets  
June 30, 2009

|  | Primary Government         |                             | Component Units |                 |                             |  | County<br>Airport<br>Authority |
|--|----------------------------|-----------------------------|-----------------|-----------------|-----------------------------|--|--------------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total           | School<br>Board | Public Service<br>Authority | Industrial<br>Development<br>Authority |                                |
| <b>ASSETS</b>                                      |                            |                             |                 |                 |                             |  |                                |
| Cash and Cash Equivalents                          | \$ 13,127,263              | \$ 2,067,486                | \$ 15,194,749   | \$ 7,373,158    | \$ 617,878                  | \$ 551,500                             | \$ 125,165                     |
| Cash in Custody of Others                          | -                          | -                           | -               | -               | -                           | 1,261,848                              | -                              |
| Investments  | -                          | 5,677                       | 5,677           | -               | -                           | -                                      | -                              |
| Receivables (Net of Allowance for Uncollectibles): |                            |                             |                 |                 |                             |  |                                |
| Taxes  | 24,334,257                 | -                           | 24,334,257      | -               | -                           | -                                      | -                              |
| Accounts Receivable                                | 57,928                     | 94,046                      | 151,974         | -               | 556,980                     | -                                      | 45,428                         |
| Other Local Taxes and Fees                         | 150,532                    | -                           | 150,532         | -               | -                           | -                                      | -                              |
| Note Receivable                                    | 450,000                    | -                           | 450,000         | -               | -                           | 770,124                                | -                              |
| Interest Receivable                                | -                          | -                           | -               | -               | -                           | 176                                    | -                              |
| Due from Other Funds                               | -                          | 70,166                      | 70,166          | -               | -                           | -                                      | -                              |
| Due from Other Governmental Units                  | 2,937,638                  | -                           | 2,937,638       | 2,867,428       | 157,411                     | -                                      | -                              |
| Due From Component Units                           | 5,095,346                  | -                           | 5,095,346       | -               | -                           | -                                      | -                              |
| Inventory  | -                          | -                           | -               | -               | 28,181                      | -                                      | 21,763                         |
| Prepaid Expenses                                   | 43,800                     | -                           | 43,800          | 422,189         | 35,766                      | -                                      | 1,609                          |
| Deferred Charges                                   | 33,495                     | -                           | 33,495          | -               | -                           | 497,470                                | 4,895                          |
| Other Assets                                       | -                          | 42,315                      | 42,315          | -               | -                           | 367,180                                | -                              |
| Restricted Assets:                                 |                            |                             |                 |                 |                             |  |                                |
| Temporarily Restricted:                            |                            |                             |                 |                 |                             |  |                                |
| Cash and Cash Equivalents                          | -                          | 2,123,987                   | 2,123,987       | -               | 503,221                     | -                                      | -                              |
| Capital Assets:                                    |                            |                             |                 |                 |                             |  |                                |
| Land   | 1,735,460                  | 287,598                     | 2,023,058       | -               | 133,462                     | 4,494,293                              | 482,544                        |
| Building and System                                | 1,890,913                  | 5,733,844                   | 7,624,757       | 6,490,292       | 56,035,255                  | 24,851,877                             | 5,591,529                      |
| Tenancy in Common                                  | 6,643,373                  | -                           | 6,643,373       | 3,448,387       | -                           | -                                      | -                              |
| Machinery and Equipment                            | 2,181,596                  | 1,186,331                   | 3,367,927       | 2,469,226       | 930,083                     | -                                      | 216,061                        |
| Construction in Progress                           | -                          | 2,314,392                   | 2,314,392       | -               | 7,758,625                   | 1,764,062                              | 175,425                        |
| Total Assets                                       | \$ 58,681,601              | \$ 13,925,842               | \$ 72,607,443   | \$ 23,070,680   | \$ 66,766,872               | \$ 34,588,530                          | \$ 6,874,419                   |
| <b>LIABILITIES</b>                                 |                            |                             |                 |                 |                             |  |                                |
| Accounts Payable                                   | \$ 372,748                 | \$ 34,523                   | \$ 407,271      | \$ 238,385      | \$ 285,374                  | \$ 49,734                              | \$ 50,631                      |
| Accrued Wages                                      | -                          | -                           | -               | 3,541,294       | -                           | -                                      | -                              |
| Customer Deposits                                  | -                          | -                           | -               | -               | 158,758                     | -                                      | -                              |
| Interest Payable                                   | 205,407                    | -                           | 205,407         | -               | 6,077                       | 390,508                                | 2,440                          |
| Due to Other Funds                                 | 70,166                     | -                           | 70,166          | -               | -                           | -                                      | -                              |
| Due to Primary Government                          | -                          | -                           | -               | 3,013,972       | -                           | 2,081,374                              | -                              |
| Due to Other Governments                           | -                          | -                           | -               | -               | 85,511                      | -                                      | -                              |
| Amounts Held for Others                            | -                          | -                           | -               | 46,880          | -                           | -                                      | -                              |
| Unearned Revenue                                   | 24,288,039                 | -                           | 24,288,039      | -               | -                           | -                                      | -                              |
| Long-term Liabilities:                             |                            |                             |                 |                 |                             |  |                                |
| Due Within One Year                                | 795,195                    | 567,954                     | 1,363,149       | 479,417         | 2,271,696                   | 822,926                                | 19,802                         |
| Due in More Than One Year                          | 11,811,828                 | 7,667,324                   | 19,479,152      | 4,883,393       | 28,305,556                  | 18,096,026                             | 161,916                        |
| Total Liabilities                                  | \$ 37,543,383              | \$ 8,269,801                | \$ 45,813,184   | \$ 12,203,341   | \$ 31,112,972               | \$ 21,440,568                          | \$ 234,789                     |
| <b>NET ASSETS</b>                                  |                            |                             |                 |                 |                             |  |                                |
| Invested in Capital Assets, Net of Related Debt    | \$ 11,249,995              | 6,004,845                   | 17,254,840      | \$ 7,045,095    | \$ 34,495,113               | \$ 13,014,206                          | \$ 6,293,841                   |
| Restricted for:                                    |                            |                             |                 |                 |                             |  |                                |
| Debt Service                                       | -                          | 2,123,987                   | 2,123,987       | -               | 503,221                     | -                                      | -                              |
| Unrestricted (deficit)                             | 9,888,223                  | (2,472,791)                 | 7,415,432       | 3,822,244       | 655,566                     | 103,756                                | 145,789                        |
| Total Net Assets                                   | \$ 21,138,218              | \$ 5,656,041                | \$ 26,794,259   | \$ 10,867,339   | \$ 35,653,900               | \$ 13,117,962                          | \$ 6,439,630                   |

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



**County of Tazewell, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

|  | <u>General</u>       | <u>County CIP<br/>Fund</u> | <u>Other<br/>Governmental</u> | <u>Total</u>         |
|--|----------------------|----------------------------|-------------------------------|----------------------|
| <b>ASSETS</b>                                      |                      |                            |                               |                      |
| Cash and Cash Equivalents                          | \$ 4,284,761         | \$ 7,042,033               | \$ 1,800,469                  | \$ 13,127,263        |
| Receivables (Net of Allowance for Uncollectibles): |                      |                            |                               |                      |
| Property Taxes                                     | 24,274,205           | -                          | 60,052                        | 24,334,257           |
| Other Taxes  | 150,532              | -                          | -                             | 150,532              |
| Notes Receivable                                   | -                    | 450,000                    | -                             | 450,000              |
| Other Receivables                                  | 57,928               | -                          | -                             | 57,928               |
| Due from Other Funds                               | -                    | 125,000                    | -                             | 125,000              |
| Due from Other Governmental Units                  | 2,867,321            | 2,081,374                  | 70,317                        | 5,019,012            |
| Due from Component Units                           | 3,013,972            | -                          | -                             | 3,013,972            |
| Prepays  | 43,800               | -                          | -                             | 43,800               |
| <b>Total Assets</b>                                | <b>\$ 34,692,519</b> | <b>\$ 9,698,407</b>        | <b>\$ 1,930,838</b>           | <b>\$ 46,321,764</b> |
| <b>LIABILITIES AND FUND BALANCES</b>               |                      |                            |                               |                      |
| <b>Liabilities</b>                                 |                      |                            |                               |                      |
| Accounts Payable and Accrued Expenses              | \$ 371,895           | \$ -                       | \$ 853                        | \$ 372,748           |
| Due to Other Funds                                 | 195,166              | -                          | -                             | 195,166              |
| Unearned Revenue                                   | 25,294,816           | -                          | -                             | 25,294,816           |
| <b>Total Liabilities</b>                           | <b>\$ 25,861,877</b> | <b>\$ -</b>                | <b>\$ 853</b>                 | <b>\$ 25,862,730</b> |
| <b>Fund Balances:</b>                              |                      |                            |                               |                      |
| <b>Unreserved:</b>                                 |                      |                            |                               |                      |
| Designated   | \$ -                 | \$ 9,698,407               | \$ 1,565                      | \$ 9,699,972         |
| Undesignated (deficit)                             | 8,830,642            | -                          | 1,928,420                     | 10,759,062           |
| <b>Total Fund Balances</b>                         | <b>\$ 8,830,642</b>  | <b>\$ 9,698,407</b>        | <b>\$ 1,929,985</b>           | <b>\$ 20,459,034</b> |
| <b>Total Liabilities and Fund Balances</b>         | <b>\$ 34,692,519</b> | <b>\$ 9,698,407</b>        | <b>\$ 1,930,838</b>           | <b>\$ 46,321,764</b> |

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 Assets**  
**June 30, 2009**

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

|  |    |                     |
|--|----|---------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds   | \$ | 20,459,034          |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.                     |    | 12,451,342          |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.                   |    | 1,006,777           |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. |    | <u>(12,778,935)</u> |
| Net Assets of Governmental Activities  | \$ | <u>21,138,218</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 Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

|  | <u>General<br/>Fund</u> | <u>County<br/>CIP Fund</u> | <u>Other Govern-<br/>mental Funds</u> | <u>Total</u>          |
|--|-------------------------|----------------------------|---------------------------------------|-----------------------|
| <b>REVENUES</b>  |                         |                            |                                       |                       |
| General Property Taxes                                       | \$ 21,466,436           | \$ -                       | \$ -                                  | \$ 21,466,436         |
| Other Local Taxes  | 7,251,521               | -                          | 1,603,495                             | 8,855,016             |
| Permits, Privilege Fees and Regulatory Licenses              | 359,727                 | -                          | -                                     | 359,727               |
| Fines and Forfeitures  | 77,003                  | -                          | -                                     | 77,003                |
| Revenue from Use of Money and Property                       | 543,929                 | 113,714                    | 5,770                                 | 663,413               |
| Charges for Services   | 367,609                 | -                          | 16,223                                | 383,832               |
| Miscellaneous  | 1,931,935               | -                          | -                                     | 1,931,935             |
| Recovered Costs  | 336,235                 | -                          | -                                     | 336,235               |
| Intergovernmental Revenues:                                  |                         |                            |                                       |                       |
| Tazewell County School Board                                 | -                       | -                          | 1,520,898                             | 1,520,898             |
| Commonwealth   | 11,026,163              | 72,532                     | -                                     | 11,098,695            |
| Federal Government   | 3,065,432               | 232,921                    | -                                     | 3,298,353             |
| Total Revenues   | <u>\$ 46,425,990</u>    | <u>\$ 419,167</u>          | <u>\$ 3,146,386</u>                   | <u>\$ 49,991,543</u>  |
| <b>EXPENDITURES:</b>   |                         |                            |                                       |                       |
| Current:   |                         |                            |                                       |                       |
| General Government Administration                            | \$ 3,791,274            | \$ -                       | \$ -                                  | \$ 3,791,274          |
| Judicial Administration                                      | 2,408,447               | -                          | 8,299                                 | 2,416,746             |
| Public Safety  | 11,171,903              | -                          | 550,466                               | 11,722,369            |
| Public Works   | 3,598,057               | 787,671                    | 743,309                               | 5,129,037             |
| Health and Welfare   | 6,548,043               | -                          | -                                     | 6,548,043             |
| Education  | 12,614,983              | -                          | -                                     | 12,614,983            |
| Parks, Recreation and Cultural                               | 1,293,482               | -                          | -                                     | 1,293,482             |
| Community Development  | 641,936                 | 1,274,088                  | -                                     | 1,916,024             |
| Non-Departmental   | 585,953                 | -                          | -                                     | 585,953               |
| Capital Projects   | 2,800                   | 8,058,763                  | 16,229                                | 8,077,792             |
| Debt Service:  |                         |                            |                                       |                       |
| Principal Retirement   | 577,597                 | -                          | -                                     | 577,597               |
| Interest and Other Fiscal Charges                            | 250,006                 | -                          | -                                     | 250,006               |
| Bond Issuance Costs  | -                       | 33,495                     | -                                     | 33,495                |
| Total Expenditures   | <u>\$ 43,484,481</u>    | <u>\$ 10,154,017</u>       | <u>\$ 1,318,303</u>                   | <u>\$ 54,956,801</u>  |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>\$ 2,941,509</u>     | <u>\$ (9,734,850)</u>      | <u>\$ 1,828,083</u>                   | <u>\$ (4,965,258)</u> |
| <b>Other Financing Sources (Uses)</b>                        |                         |                            |                                       |                       |
| Transfers In   | \$ -                    | \$ 3,520,898               | \$ 217,620                            | \$ 3,738,518          |
| Transfers Out  | (3,040,399)             | -                          | (1,770,898)                           | (4,811,297)           |
| Issuance of Debt   | -                       | 6,698,941                  | -                                     | 6,698,941             |
| Premium on bond issuance                                     | -                       | 182,347                    | -                                     | 182,347               |
| Total Other Financing Sources (Uses)                         | <u>\$ (3,040,399)</u>   | <u>\$ 10,402,186</u>       | <u>\$ (1,553,278)</u>                 | <u>\$ 5,808,509</u>   |
| Net Change in Fund Balance                                   | \$ (98,890)             | \$ 667,336                 | \$ 274,805                            | \$ 843,251            |
| Fund Balance - Beginning, as restated                        | 8,929,532               | 9,031,071                  | 1,655,180                             | 19,615,783            |
| Fund Balance - Ending  | <u>\$ 8,830,642</u>     | <u>\$ 9,698,407</u>        | <u>\$ 1,929,985</u>                   | <u>\$ 20,459,034</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, 2009**

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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  | \$ | 843,251                   |
| <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 the capital outlays exceeded depreciation in the current period.</p>   |    |                           |
|   |    | 3,383,675                 |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds</p>  |    |                           |
|   |    | 2,260                     |
| <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 assets. Also, governmental funds report the effect of issuance costs, 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> |    |                           |
|   |    | (6,270,196)               |
| <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>   |    |                           |
|   |    | <u>(414,757)</u>          |
| Change in net assets of governmental activities   | \$ | <u><u>(2,455,767)</u></u> |

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

**County of Tazewell, Virginia**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2009**

|   | Tazewell<br>County<br>Landfill<br>Fund | Tazewell<br>County<br>Public Service<br>Authority | Totals               |
|---|--|---|----------------------|
| <b>ASSETS</b>                                     |  |   |                      |
| Current Assets:                                   |  |   |                      |
| Cash and Cash Equivalents                         | \$ 2,067,486                           | \$ 617,878  | \$ 2,685,364         |
| Investments                                       | 5,677                                  | -   | 5,677                |
| Receivables (Net of Allowance for Uncollectibles) | 94,046                                 | 556,990   | 651,036              |
| Inventory   | -                                      | 28,181  | 28,181               |
| Prepaid Expenses                                  | -                                      | 35,766  | 35,766               |
| Due from Other Governments                        | -                                      | 157,411   | 157,411              |
| Due from Other Funds                              | 70,166                                 | -   | 70,166               |
| Other Assets                                      | -                                      | 7,780   | 7,780                |
| <b>Total Current Assets</b>                       | <b>\$ 2,237,375</b>                    | <b>\$ 1,404,006</b>                               | <b>\$ 3,641,381</b>  |
| Noncurrent Assets:                                |  |   |                      |
| Capital Assets:                                   |  |   |                      |
| Land  | \$ 287,598                             | \$ 133,462  | \$ 421,060           |
| Construction in Progress                          | 2,314,392                              | 7,768,625   | 10,083,017           |
| Capital Assets (Net of Depreciation)              | 6,920,175                              | 56,965,338  | 63,885,513           |
| <b>Total Capital Assets</b>                       | <b>\$ 9,522,165</b>                    | <b>\$ 64,867,425</b>                              | <b>\$ 74,389,590</b> |
| Other Assets:                                     |  |   |                      |
| Restricted Cash                                   | \$ 2,123,987                           | \$ 503,221  | \$ 2,627,208         |
| Loan Costs (Net of Amortization)                  | 42,315                                 | -   | 42,315               |
| <b>Total Other Assets</b>                         | <b>\$ 2,166,302</b>                    | <b>\$ 503,221</b>                                 | <b>\$ 2,669,523</b>  |
| <b>Total Assets</b>                               | <b>\$ 13,925,842</b>                   | <b>\$ 66,774,652</b>                              | <b>\$ 80,700,494</b> |
| <b>LIABILITIES</b>                                |  |   |                      |
| Current Liabilities:                              |  |   |                      |
| Accounts Payable and Accrued Expenses             | \$ 34,523                              | \$ 291,451  | \$ 325,974           |
| Due to Other Governments                          | -                                      | 13,569  | 13,569               |
| Current Portion of Long-Term Debt                 | 567,954                                | 2,271,696   | 2,839,650            |
| <b>Total Current Liabilities</b>                  | <b>\$ 602,477</b>                      | <b>\$ 2,576,716</b>                               | <b>\$ 3,179,193</b>  |
| Noncurrent Liabilities                            |  |   |                      |
| Accrued Leave                                     | \$ 70,066                              | \$ 168,000  | \$ 238,066           |
| Due to Other Governments                          | -                                      | 71,942  | 71,942               |
| Meter Deposits                                    | -                                      | 158,758   | 158,758              |
| Estimated Landfill Closure Liability              | 4,647,892                              | -   | 4,647,892            |
| Noncurrent Portion of Long-Term Debt              | 2,949,366                              | 28,145,336  | 31,094,702           |
| <b>Total Noncurrent Liabilities</b>               | <b>\$ 7,667,324</b>                    | <b>\$ 28,544,036</b>                              | <b>\$ 36,211,360</b> |
| <b>Total Liabilities</b>                          | <b>\$ 8,269,801</b>                    | <b>\$ 31,120,752</b>                              | <b>\$ 39,390,553</b> |
| <b>NET ASSETS</b>                                 |  |   |                      |
| Invested in Capital Assets, Net of Related Debt   | \$ 6,004,845                           | \$ 34,495,113                                     | \$ 40,499,958        |
| Restricted for Other Purposes                     | 2,123,987                              | 503,221   | 2,627,208            |
| Unrestricted                                      | (2,472,791)                            | 655,566   | (1,817,225)          |
| <b>Total Net Assets</b>                           | <b>\$ 5,656,041</b>                    | <b>\$ 35,653,900</b>                              | <b>\$ 41,309,941</b> |

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 Assets**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2009**

|   | Tazewell<br>County<br>Landfill<br>Fund | Tazewell<br>County<br>Public Service<br>Authority | Totals                |
|---|--|---|-----------------------|
| <b>OPERATING REVENUES</b>               |  |   |                       |
| Charges for Services                    | \$ 478,041                             | \$ 4,911,270                                      | \$ 5,389,311          |
| Total Operating Revenues                | <u>\$ 478,041</u>                      | <u>\$ 4,911,270</u>                               | <u>\$ 5,389,311</u>   |
| <b>OPERATING EXPENSES</b>               |  |   |                       |
| Personal Service                        | \$ 248,554                             | 234,742   | 483,296               |
| Employee Benefits                       | 136,343                                | 600,652   | 736,995               |
| Contractual Services                    | 95,365                                 | 1,016,265   | 1,111,630             |
| Repairs and Maintenance                 | 188,486                                | 1,477,977   | 1,666,463             |
| Closure Reserve Expense                 | 466,695                                | -   | 466,695               |
| Other Charges                           | 54,574                                 | 846,808   | 901,382               |
| Depreciation and Amortization           | 297,777                                | 1,995,005   | 2,292,782             |
| Total Operating Expenses                | <u>\$ 1,487,794</u>                    | <u>\$ 6,171,449</u>                               | <u>\$ 7,659,243</u>   |
| Operating Income (Loss)                 | <u>\$ (1,009,753)</u>                  | <u>\$ (1,260,179)</u>                             | <u>\$ (2,269,932)</u> |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |  |   |                       |
| Interest Earned                         | 24,570                                 | 20,288  | 44,858                |
| Interest Expense                        | (68,271)                               | (432,309)   | (500,580)             |
| Connection Fees                         | -                                      | 128,229   | 128,229               |
| Miscellaneous Income                    | 13,394                                 | 101,790   | 115,184               |
| Miscellaneous Expense                   | (3,282)                                | (2,222)   | (5,504)               |
| Total Nonoperating Revenues (Expenses)  | <u>\$ (33,589)</u>                     | <u>\$ (184,224)</u>                               | <u>\$ (217,813)</u>   |
| Net Transfers                           | \$ 1,072,779                           | \$ -  | \$ 1,072,779          |
| Capital Contributions                   | <u>-</u>                               | <u>1,206,010</u>                                  | <u>1,206,010</u>      |
| Increase (Decrease) in Net Assets       | <u>\$ 29,437</u>                       | <u>\$ (238,393)</u>                               | <u>\$ (208,956)</u>   |
| Net Assets - Beginning                  | 5,626,604                              | 35,892,293  | 41,518,897            |
| Net Assets - Ending                     | <u>\$ 5,656,041</u>                    | <u>\$ 35,653,900</u>                              | <u>\$ 41,309,941</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, 2009**

|   | Tazewell<br>County<br>Landfill<br>Fund | Tazewell<br>County<br>Public Service<br>Authority | Totals                |
|---|--|---|-----------------------|
| <b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>   |  |   |                       |
| Receipts from customers and users   | \$ 435,077                             | \$ 5,142,155                                      | \$ 5,577,232          |
| Payments to employees for services  | (374,649)                              | (768,432)   | (1,143,081)           |
| Payments for operating expenses   | (329,549)                              | (3,384,738)                                       | (3,714,287)           |
| Total cash provided (used) by operating activities  | <u>\$ (269,121)</u>                    | <u>\$ 988,985</u>                                 | <u>\$ 719,864</u>     |
| <b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>   |  |   |                       |
| Interest Income   | \$ 24,570                              | \$ 20,288   | \$ 44,858             |
| Purchase investment securities  | (5,677)                                | -   | (5,677)               |
| Total cash provided (used) by investing activities  | <u>\$ 18,893</u>                       | <u>\$ 20,288</u>                                  | <u>\$ 39,181</u>      |
| <b>CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>                                 |  |   |                       |
| Transfers from Other Funds  | \$ 1,072,779                           | \$ -  | \$ 1,072,779          |
| Other Income (Expense)  | 10,112                                 | -   | 10,112                |
| Total cash provided (used) by non-capital financing activities  | <u>\$ 1,082,891</u>                    | <u>\$ -</u>                                       | <u>\$ 1,082,891</u>   |
| <b>CASH FLOWS PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES</b>                                     |  |   |                       |
| Purchase of Capital Assets  | \$ (2,065,243)                         | \$ (858,567)                                      | \$ (2,923,810)        |
| Principal Payments on Debt  | (581,812)                              | (1,117,994)                                       | (1,699,806)           |
| Proceeds from Indebtedness  | -                                      | 450,000   | 450,000               |
| Interest Payments on Debt   | (63,515)                               | (432,309)   | (495,824)             |
| Capital Contributions   | -                                      | 1,206,010   | 1,206,010             |
| Other Income (Expense)  | -                                      | 216,450   | 216,450               |
| Total cash provided (used) by capital financing activities  | <u>\$ (2,710,570)</u>                  | <u>\$ (536,410)</u>                               | <u>\$ (3,246,980)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents  | <u>\$ (1,877,907)</u>                  | <u>\$ 472,863</u>                                 | <u>\$ (1,405,044)</u> |
| Cash and Cash Equivalents - Beginning   | \$ 6,069,380                           | \$ 648,236  | \$ 3,944,201          |
| Cash and Cash Equivalents - Ending (including restricted)   | <u>\$ 4,191,473</u>                    | <u>\$ 1,121,099</u>                               | <u>\$ 2,539,157</u>   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |  |   |                       |
| Operating Income (Loss)   | \$ (1,009,753)                         | \$ (1,260,179)                                    | \$ (2,269,932)        |
| Depreciation  | 297,777                                | 1,995,005   | 2,292,782             |
| Estimated Landfill Closure Costs  | 466,695                                | -   | 466,695               |
| Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:        |  |   |                       |
| (Increase) Decrease in Accounts Receivable  | (5,846)                                | 220,467   | 214,621               |
| (Increase) Decrease in Inventory and Prepaids   | -                                      | 18,721  | 18,721                |
| (Increase) Decrease in Other Assets   | -                                      | (7,780)   | (7,780)               |
| (Increase) Decrease in Due from Other Funds   | (37,118)                               | -   | (37,118)              |
| Increase (Decrease) in Accounts Payable   | 8,876                                  | (54,629)  | (45,753)              |
| Increase (Decrease) in Meter Deposits   | -                                      | 10,418  | 10,418                |
| Increase (Decrease) in OPEB Liability   | -                                      | 44,720  | 44,720                |
| Increase (Decrease) in Accrued Leave  | 10,248                                 | 22,242  | 32,490                |
| Total Adjustments   | <u>\$ (23,840)</u>                     | <u>\$ 254,159</u>                                 | <u>\$ 230,319</u>     |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ (269,121)</u>                    | <u>\$ 988,985</u>                                 | <u>\$ 719,864</u>     |

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

**County of Tazewell, Virginia**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**

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|                                   | <b><u>Agency<br/>Funds</u></b> |
|-----------------------------------|--------------------------------|
| <b>ASSETS</b>                     |                                |
| Current Assets:                   |                                |
| Cash and Cash Equivalents         | \$ 41,967                      |
| Investments                       | 1,894,927                      |
| Due from Other Governmental Units | 1,015,449                      |
| Total Assets                      | <u>\$ 2,952,343</u>            |
| <br>                              |                                |
| <b>LIABILITIES</b>                |                                |
| Current Liabilities:              |                                |
| Due to Primary Government         | \$ 851,657                     |
| Due to Other Governmental Units   | 163,792                        |
| Amounts Held for Others           | 1,936,894                      |
| Total Liabilities                 | <u>\$ 2,952,343</u>            |

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

COUNTY OF TAZEWell, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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Note 1 – Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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

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*.

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:

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.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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

B. Individual Component Unit Disclosures (Continued)

Discretely Presented Component Units:

Tazewell County School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2009.

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

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

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

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

None

Jointly Governed Organizations

The County of Tazewell and the Counties of Buchanan and Russell participate in supporting the Cumberland Mountain Community Services Board. For the year ended June 30, 2009, the County contributed \$60,000.

The County of Tazewell and the Counties of Russell, Buchanan, Wise, Scott, Lee, Washington, Smyth and Dickenson and the Cities of Norton and Bristol participate in supporting the Appalachian Juvenile Commission. For the year ended June 30, 2009, the County contributed \$268,700.

The County of Tazewell and the Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan and Dickenson along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2008, the County contributed \$3,055,589.

**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before December 1, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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 assets (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 assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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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.

a. General Fund

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

b. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) accounts for all financial resources used for the acquisition or construction of major capital facilities.

Additionally, Tazewell County reports the following fund types:

c. Proprietary Funds

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

d. School Construction Fund

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

e. Special Revenue Funds

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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

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

f. Fiduciary Funds (Trust and Agency Funds)

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

D. Budget and Budgetary Accounting

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

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

E. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool. The local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

F. Investments

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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

G. Receivable and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$802,428 at June 30, 2008 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, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an estimated useful life in excess of one year and a cost of over \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

I. Compensated Absences

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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

J. Long-term Obligations

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

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Retirement Plan

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

M. Use of Estimates

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

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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Note 2 – Reconciliation of Government-Wide and Fund Financial Statements (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$3,383,675 and (\$387,017) differences for the primary government and discretely presented component unit, respectively, are as follows:

|   | Primary<br>Government       | Component<br>Unit<br>School Board |
|---|-----------------------------|-----------------------------------|
|   | <u>                    </u> | <u>                    </u>       |
| Capital outlays   | \$ 4,348,104                | \$ 929,569                        |
| Disposal of assets  | (183,250)                   | (204,838)                         |
| Depreciation expenses   | <u>(781,179)</u>            | <u>(1,111,748)</u>                |
| <br>  |                             |                                   |
| Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | \$ <u>3,383,675</u>         | \$ <u>(387,017)</u>               |

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**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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Note 2 – Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: (continued)

Another element of that reconciliation states, "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." The details of these (\$414,757) and (\$485,295) differences in the primary government and discretely presented component unit, respectively, are as follows:

|   | <u>Primary<br/>Government</u> | <u>Component<br/>Unit School<br/>Board</u> |
|---|-------------------------------|--|
| (Increase) decrease in compensated absences   | \$ 7,135                      | \$ -                                       |
| (Increase) decrease in accrued interest   | (205,407)                     | -  |
| (Increase) decrease in OPEB obligation  | <u>(216,485)</u>              | <u>(485,295)</u>                           |
| <br>Net adjustment to increase (decrease) <i>net changes in fund<br/>balances-total governmental funds</i> to arrive at <i>changes in net<br/>assets of governmental activities</i> | <br><u>\$ (414,757)</u>       | <br><u>\$ (485,295)</u>                    |

Note 3 – Deposits and Investments:

Deposits – All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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) and Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component units have an investment policy for custodial credit risk. The County's only investments consisted of the State's Non-Arbitrage Pool (SNAP), which is an open-end management investment company registered with the Securities and Exchange Commission (SEC) and is not exposed to custodial credit risk.

COUNTY OF TAZEWELL, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

Note 3 – Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2009, were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

County's Rated Debt Investments' Values

| Rated Debt Investments | Fair Quality Ratings |
|------------------------|----------------------|
|                        | AAA <sub>m</sub>     |
| SNAP                   | \$ 2,004,371         |

Concentration of Credit Risk

At June 30, 2009, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

At June 30, 2009, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

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

Note 4 – Due To/From Primary Government/Component Units:

| Fund                 | Interfund<br>Receivable | Interfund<br>Payable |
|----------------------|-------------------------|----------------------|
| General              | \$ 3,013,972            | \$ 70,166            |
| Enterprise Fund      | 70,166                  | -                    |
| Capital Project Fund | 2,081,374               | -                    |
| School               | -                       | 3,013,972            |
| Component Unit IDA   | -                       | 2,081,374            |
| Totals               | \$ 5,165,512            | \$ 5,165,512         |

**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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Note 5 – Due From Other Governmental Units:

At June 30, 2009, the County, School Board and component units had receivables from other governments as follows:

|                                  | <u>Primary<br/>Government</u> | <u>Public<br/>Service<br/>Authority</u> | <u>Discretely<br/>Presented<br/>Component Unit<br/>School Board</u> |
|----------------------------------|-------------------------------|---|---|
| Local Government:                |                               |   |   |
| Southwest Virginia Regional Jail | \$ 835,487                    | \$ -                                    | \$ -  |
| Commonwealth of Virginia:        |                               |   |   |
| State sales taxes                | -                             | -                                       | 803,659   |
| Local sales taxes                | 851,657                       | -                                       | -   |
| VPA                              | 192,415                       | -                                       | -   |
| CSA                              | 264,567                       | -                                       | -   |
| Shared expenses                  | 321,512                       | -                                       | -   |
| Categorical aid                  | 94,554                        | 157,411                                 | -   |
| Noncategorical aid               | 157,111                       | -                                       | -   |
| Federal Government:              |                               |   |   |
| VPA                              | 220,335                       | -                                       | -   |
| Categorical aid                  | -                             | -                                       | 2,063,769   |
| Total                            | <u>\$ 2,937,638</u>           | <u>\$ 157,411</u>                       | <u>\$ 2,867,428</u>   |

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**COUNTY OF TAZEVELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Note 6 – Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009

General Government:

|   | Beginning<br>Balance | Increases    | Decreases    | Ending<br>Balance |
|---|----------------------|--------------|--------------|-------------------|
| Governmental Activities:                    |                      |              |              |                   |
| Capital assets, not being depreciated:      |                      |              |              |                   |
| Land  | \$ 1,735,460         | \$ -         | \$ -         | \$ 1,735,460      |
| Tenancy in Common                           | 3,448,593            | 3,378,030    | (183,250)    | 6,643,373         |
| Total capital assets not being depreciated  | \$ 5,184,053         | \$ 3,378,030 | \$ (183,250) | \$ 8,378,833      |
| Capital assets, being depreciated:          |                      |              |              |                   |
| Buildings                                   | \$ 3,457,726         | \$ 59,675    | \$ -         | \$ 3,517,401      |
| Machinery and equipment                     | 9,115,341            | 910,399      | (15,871)     | 10,009,869        |
| Total capital assets being depreciated      | \$ 12,573,067        | \$ 970,074   | \$ (15,871)  | \$ 13,527,270     |
| Less: accumulated depreciation for:         |                      |              |              |                   |
| Buildings                                   | \$ (1,558,201)       | \$ (68,287)  | \$ -         | \$ (1,626,488)    |
| Machinery and equipment                     | (7,131,252)          | (712,892)    | 15,871       | (7,828,273)       |
| Total accumulated depreciation              | \$ (8,689,453)       | \$ (781,179) | \$ 15,871    | \$ (9,454,761)    |
| Total capital assets being depreciated, net | \$ 3,883,614         | \$ 188,895   | \$ -         | \$ 4,072,509      |
| Governmental activities capital assets, net | \$ 9,067,667         | \$ 3,566,925 | \$ (183,250) | \$ 12,451,342     |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 6 – Capital Assets: (Continued)

Proprietary Funds:

Tazewell County Public Service Authority:

|  | Beginning<br>Balance | Increases      | Decreases      | Ending<br>Balance |
|--|----------------------|----------------|----------------|-------------------|
| Business-type Activities:                    |                      |                |                |                   |
| Capital assets, not being depreciated:       |                      |                |                |                   |
| Land and land rights                         | \$ 133,462           | \$ -           | \$ -           | \$ 133,462        |
| Construction in progress                     | 8,225,574            | 1,022,585      | (1,479,534)    | 7,768,625         |
| Total capital assets not being depreciated   | \$ 8,359,036         | \$ 1,022,585   | \$ (1,479,534) | \$ 7,902,087      |
| Capital assets, being depreciated:           |                      |                |                |                   |
| Infrastructure                               | \$ 74,376,958        | \$ 1,269,923   | \$ -           | \$ 75,646,881     |
| Machinery and equipment                      | 3,021,932            | 45,592         | (26,053)       | 3,041,471         |
| Total capital assets being depreciated       | \$ 77,398,890        | \$ 1,315,515   | \$ (26,053)    | \$ 78,688,352     |
| Less: accumulated depreciation for:          |                      |                |                |                   |
| Infrastructure                               | \$ (17,748,817)      | \$ (1,862,809) | \$ -           | \$ (19,611,626)   |
| Machinery and equipment                      | (2,005,246)          | (106,142)      | -              | (2,111,388)       |
| Total accumulated depreciation               | \$ (19,754,063)      | \$ (1,968,951) | \$ -           | \$ (21,723,014)   |
| Total capital assets being depreciated, net  | \$ 57,644,827        | \$ (653,436)   | \$ (26,053)    | \$ 56,965,338     |
| Business-type activities capital assets, net | \$ 66,003,863        | \$ 369,149     | \$ (1,505,587) | \$ 64,867,425     |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 6 – Capital Assets: (Continued)

Tazewell County Landfill Fund:

|  | <u>Beginning</u><br>Balance | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending</u><br>Balance |
|--|-----------------------------|---------------------|---------------------|--------------------------|
| Business-type Activities:                    |                             |                     |                     |                          |
| Capital assets, not being depreciated:       |                             |                     |                     |                          |
| Land   | \$ 277,598                  | \$ 10,000           | \$ -                | \$ 287,598               |
| Construction in progress                     | <u>826,046</u>              | <u>1,488,346</u>    | <u>-</u>            | <u>2,314,392</u>         |
| Total capital assets not being depreciated   | <u>\$ 1,103,644</u>         | <u>\$ 1,498,346</u> | <u>\$ -</u>         | <u>\$ 2,601,990</u>      |
| Capital assets, being depreciated:           |                             |                     |                     |                          |
| Buildings                                    | \$ 185,603                  | \$ -                | \$ -                | \$ 185,603               |
| Land improvements                            | 7,004,666                   | -                   | -                   | 7,004,666                |
| Machinery and equipment                      | <u>2,424,600</u>            | <u>566,897</u>      | <u>(225,561)</u>    | <u>2,765,936</u>         |
| Total capital assets being depreciated       | <u>\$ 9,614,869</u>         | <u>\$ 566,897</u>   | <u>\$ (225,561)</u> | <u>\$ 9,956,205</u>      |
| Less: accumulated depreciation for:          |                             |                     |                     |                          |
| Buildings                                    | \$ (225,017)                | \$ (127,981)        | \$ -                | \$ (352,998)             |
| Land Improvements                            | (1,097,240)                 | (6,187)             | -                   | (1,103,427)              |
| Machinery and equipment                      | <u>(1,641,557)</u>          | <u>(163,609)</u>    | <u>225,561</u>      | <u>(1,579,605)</u>       |
| Total accumulated depreciation               | <u>\$ (2,963,814)</u>       | <u>\$ (297,777)</u> | <u>\$ 225,561</u>   | <u>\$ (3,036,030)</u>    |
| Total capital assets being depreciated, net  | <u>\$ 6,651,055</u>         | <u>\$ 269,120</u>   | <u>\$ -</u>         | <u>\$ 6,920,175</u>      |
| Business-type activities capital assets, net | <u>\$ 7,754,699</u>         | <u>\$ 1,767,466</u> | <u>\$ -</u>         | <u>\$ 9,522,165</u>      |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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Note 6 – Capital Assets: (Continued)

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

|   |                     |
|---|---------------------|
| Governmental activities:                              |                     |
| General government administration                     | \$ 100,062          |
| Judicial administration                               | 12,174              |
| Public safety   | 469,443             |
| Public works  | 100,543             |
| Health and welfare                                    | 22,226              |
| Parks, recreation, and culture                        | 23,909              |
| Community development                                 | <u>52,822</u>       |
| Total depreciation expense-governmental activities    | <u>\$ 781,179</u>   |
| Business-type activities:                             |                     |
| Utility fund  | \$ 1,968,951        |
| Landfill fund   | <u>297,777</u>      |
| Total depreciation expense - business-type activities | <u>\$ 2,266,728</u> |

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**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Note 6 – Capital Assets: (Continued)

Component Unit School Board:

|   | Beginning<br>Balance | Increases      | Decreases    | Ending<br>Balance |
|---|----------------------|----------------|--------------|-------------------|
| Governmental Activities:                    |                      |                |              |                   |
| Capital assets, not being depreciated:      |                      |                |              |                   |
| Tenancy in Common (1)                       | \$ 3,265,137         | \$ 183,250     | \$ -         | \$ 3,448,387      |
| Total capital assets not being depreciated  | \$ 3,265,137         | \$ 183,250     | \$ -         | \$ 3,448,387      |
| Capital assets, being depreciated:          |                      |                |              |                   |
| Buildings                                   | \$ 21,258,470        | \$ 326,817     | \$ (630,270) | \$ 20,955,017     |
| Machinery and equipment                     | 3,994,485            | 419,502        | -            | 4,413,987         |
| Total capital assets being depreciated      | \$ 25,252,955        | \$ 746,319     | \$ (630,270) | \$ 25,369,004     |
| Less: accumulated depreciation for:         |                      |                |              |                   |
| Buildings                                   | \$ (14,335,400)      | \$ (554,757)   | \$ 425,432   | \$ (14,464,725)   |
| Machinery and equipment                     | (1,387,770)          | (556,991)      | -            | (1,944,761)       |
| Total accumulated depreciation              | \$ (15,723,170)      | \$ (1,111,748) | \$ 425,432   | \$ (16,409,486)   |
| Total capital assets being depreciated, net | \$ 9,529,785         | \$ (365,429)   | \$ (204,838) | \$ 8,959,518      |
| Governmental activities capital assets, net | \$ 12,794,922        | \$ (182,179)   | \$ (204,838) | \$ 12,407,905     |

(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, 2008, is that assets and debt in the amount of \$3,265,137 have been transferred to the primary Government from the Component Unit School Board for financial reporting purposes.

COUNTY OF TAZEVELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 6 – Capital Assets: (Continued)

Other Component Units:

Tazewell County Airport:

|  | Beginning<br>Balance | Increases    | Decreases    | Ending<br>Balance |
|--|----------------------|--------------|--------------|-------------------|
| Business-type Activities:                    |                      |              |              |                   |
| Capital assets, not being depreciated:       |                      |              |              |                   |
| Land   | \$ 364,476           | \$ 133,586   | \$ (5,518)   | \$ 492,544        |
| Construction in progress                     | 221,024              | 87,987       | (133,586)    | 175,425           |
| Total capital assets not being depreciated   | \$ 585,500           | \$ 221,573   | \$ (139,104) | \$ 667,969        |
| Capital assets, being depreciated:           |                      |              |              |                   |
| Buildings                                    | \$ 796,061           | \$ -         | \$ -         | \$ 796,061        |
| Land improvements                            | 9,933,914            | -            | -            | 9,933,914         |
| Machinery and equipment                      | 450,365              | 6,672        | (1,049)      | 455,988           |
| Total capital assets being depreciated       | \$ 11,180,340        | \$ 6,672     | \$ (1,049)   | \$ 11,185,963     |
| Less: accumulated depreciation for:          |                      |              |              |                   |
| Buildings                                    | \$ (501,865)         | \$ (28,056)  | \$ -         | \$ (529,921)      |
| Land Improvements                            | (4,256,108)          | (352,417)    | -            | (4,608,525)       |
| Machinery and equipment                      | (217,035)            | (23,941)     | 1,049        | (239,927)         |
| Total accumulated depreciation               | \$ (4,975,008)       | \$ (404,414) | \$ 1,049     | \$ (5,378,373)    |
| Total capital assets being depreciated, net  | \$ 6,205,332         | \$ (397,742) | \$ -         | \$ 5,807,590      |
| Business-type activities capital assets, net | \$ 6,790,832         | \$ (176,169) | \$ (139,104) | \$ 6,475,559      |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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Note 6 – Capital Assets: (Continued)

Other Component Units: (Continued)

Industrial Development Authority:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>     | <u>Decreases</u>       | <u>Ending<br/>Balance</u> |
|---|------------------------------|----------------------|------------------------|---------------------------|
| <b>Business-type Activities:</b>                        |                              |                      |                        |                           |
| <b>Capital assets, not being depreciated:</b>           |                              |                      |                        |                           |
| Land  | \$ 1,875,987                 | \$ 2,618,306         | \$ -                   | \$ 4,494,293              |
| Construction in progress                                | 12,645,918                   | 1,370,697            | (12,252,553)           | 1,764,062                 |
| <b>Total capital assets not being<br/>depreciated</b>   | <u>\$ 14,521,905</u>         | <u>\$ 3,989,003</u>  | <u>\$ (12,252,553)</u> | <u>\$ 6,258,355</u>       |
| <b>Capital assets, being depreciated:</b>               |                              |                      |                        |                           |
| Land improvements                                       | \$ 19,235,571                | \$ 9,716,980         | \$ -                   | \$ 28,952,551             |
| <b>Total capital assets being<br/>depreciated</b>       | <u>\$ 19,235,571</u>         | <u>\$ 9,716,980</u>  | <u>\$ -</u>            | <u>\$ 28,952,551</u>      |
| <b>Less: accumulated depreciation for:</b>              |                              |                      |                        |                           |
| Land Improvements                                       | \$ (3,366,224)               | \$ (734,450)         | \$ -                   | \$ (4,100,674)            |
| <b>Total accumulated depreciation</b>                   | <u>\$ (3,366,224)</u>        | <u>\$ (734,450)</u>  | <u>\$ -</u>            | <u>\$ (4,100,674)</u>     |
| <b>Total capital assets being<br/>depreciated, net</b>  | <u>\$ 15,869,347</u>         | <u>\$ 8,982,530</u>  | <u>\$ -</u>            | <u>\$ 24,851,877</u>      |
| <b>Business-type activities capital<br/>assets, net</b> | <u>\$ 30,391,252</u>         | <u>\$ 12,971,533</u> | <u>\$ (12,252,553)</u> | <u>\$ 31,110,232</u>      |

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**COUNTY OF TAZEWell, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 7 – Long-term Obligations:

Primary Government:

The following is a summary of long-term obligations of the County for the year ended June 30, 2009:

General Long-Term Obligations:

|                      | Balance<br>July 1, 2008 | Issuances           | Retirements         | Balance<br>June 30, 2009 |
|----------------------|-------------------------|---------------------|---------------------|--------------------------|
| General Obligation   |                         |                     |                     |                          |
| Bonds                | \$ 4,109,695            | \$ 6,698,941        | \$ (394,347)        | \$ 10,414,289            |
| Premium on bond      | -                       | 182,347             | -                   | 182,347                  |
| Literary loans       | 1,202,250               | -                   | (183,250)           | 1,019,000                |
| OPEB Obligation      | -                       | 216,485             | -                   | 216,485                  |
| Compensated absences | 782,037                 | -                   | (7,135)             | 774,902                  |
| <br>                 |                         |                     |                     |                          |
| Total                | <u>\$ 6,093,982</u>     | <u>\$ 7,097,773</u> | <u>\$ (584,732)</u> | <u>\$ 12,607,023</u>     |

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

| Year Ending<br>June 30 | General Government Debt  |                     |                     |                   |
|------------------------|--------------------------|---------------------|---------------------|-------------------|
|                        | General Obligation Bonds |                     | Literary Fund Loans |                   |
|                        | Principal                | Interest            | Principal           | Interest          |
| 2010                   | \$ 653,195               | \$ 545,787          | \$ 142,000          | \$ 20,380         |
| 2011                   | 642,534                  | 480,882             | 127,000             | 17,540            |
| 2012                   | 558,304                  | 447,884             | 75,000              | 15,000            |
| 2013                   | 464,862                  | 421,489             | 75,000              | 13,500            |
| 2014                   | 467,407                  | 401,360             | 75,000              | 12,000            |
| 2015-2019              | 2,425,352                | 1,643,726           | 375,000             | 37,500            |
| 2020-2024              | 2,652,272                | 1,065,342           | 150,000             | 4,500             |
| 2025-2029              | 2,550,363                | 332,200             | -                   | -                 |
|                        | <u>\$ 10,414,289</u>     | <u>\$ 5,338,670</u> | <u>\$ 1,019,000</u> | <u>\$ 120,420</u> |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 7 – Long-term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Indebtedness:

|                                  | Interest Rates | Issue Dates | Final Maturity Date | Amount of Original Issue | Balance Governmental Activities | Amount Due Within One Year |
|----------------------------------|----------------|-------------|---------------------|--------------------------|---------------------------------|----------------------------|
| <b>General Obligation Bonds:</b> |                |             |                     |                          |                                 |                            |
| GO Bond                          | 4.90-6.35%     | 8/20/1992   | 7/15/2012           | \$ 575,066               | \$ 85,348                       | \$ 35,769                  |
| GO Bond                          | 6.10%          | 11/1/1993   | 12/15/2013          | 2,100,000                | 140,000                         | 55,000                     |
| GO Bond                          | 5.64-7.09%     | 12/15/1994  | 12/15/2011          | 2,555,000                | 335,000                         | 130,000                    |
| GO Bond                          | 3.10-5.10%     | 5/15/2002   | 7/15/2023           | 1,900,000                | 1,330,000                       | 95,000                     |
| GO Bond                          | 4.10-5.10%     | 5/15/2008   | 7/15/2028           | 1,880,000                | 1,825,000                       | 60,000                     |
| GO Bond                          | 3.60-5.35%     | 12/11/2008  | 1/15/2029           | 6,698,941                | 6,698,941                       | 277,426                    |
| <b>Add:</b>                      |                |             |                     |                          |                                 |                            |
| Premium on Bond                  | n/a            | n/a         | n/a                 | n/a                      | 182,347                         | -                          |
| <b>Total GO Bonds</b>            |                |             |                     |                          | <b>\$ 10,596,636</b>            | <b>\$ 653,195</b>          |
| <b>Literary Loans:</b>           |                |             |                     |                          |                                 |                            |
| State Literary Loan              | 2.00%          | 3/15/1991   | 3/15/2011           | \$ 1,325,000             | \$ 119,000                      | \$ 67,000                  |
| State Literary Loan              | 2.00%          | 8/1/2000    | 8/1/2020            | 1,500,000                | 900,000                         | 75,000                     |
| <b>Total Literary Loans</b>      |                |             |                     |                          | <b>\$ 1,019,000</b>             | <b>\$ 142,000</b>          |
| <b>Other Obligations:</b>        |                |             |                     |                          |                                 |                            |
| OPEB Obligation                  | n/a            | n/a         | n/a                 | n/a                      | \$ 216,485                      | \$ -                       |
| Compensated Absences             | n/a            | n/a         | n/a                 | n/a                      | 774,902                         | -                          |
| <b>Total Other Obligations</b>   |                |             |                     |                          | <b>\$ 991,387</b>               | <b>\$ -</b>                |
| <b>Total Long-term debt</b>      |                |             |                     |                          | <b>\$ 12,607,023</b>            | <b>\$ 795,195</b>          |

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**COUNTY OF TAZEVELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Note 7 – Long-term Obligations: (Continued)

Business-type Activities:

Landfill Fund

|  | Balance             |                   |                     | Balance             |
|--|---------------------|-------------------|---------------------|---------------------|
|  | July 1, 2008        | Issuances         | Retirements         | June 30, 2009       |
| General Obligation                         |                     |                   |                     |                     |
| Bonds                                      | \$ 3,805,000        | \$ -              | \$ (460,000)        | \$ 3,345,000        |
| Loan premiums                              | 19,627              | -                 | (5,467)             | 14,160              |
| Loss on redemption                         | (13,986)            | -                 | 2,331               | (11,655)            |
| Notes payable                              | 291,627             | -                 | (121,812)           | 169,815             |
| Landfill closure/<br>postclosure liability | 4,181,197           | 466,695           | -                   | 4,647,892           |
| Compensated absences                       | 59,818              | 10,248            | -                   | 70,066              |
|  | <u>8,343,283</u>    | <u>476,943</u>    | <u>(584,948)</u>    | <u>8,235,278</u>    |
| <b>Total</b>                               | <b>\$ 8,343,283</b> | <b>\$ 476,943</b> | <b>\$ (584,948)</b> | <b>\$ 8,235,278</b> |

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

| Year Ending | Revenue Bonds       |                   | Notes Payable     |                  |
|-------------|---------------------|-------------------|-------------------|------------------|
|             | Principal           | Interest          | Principal         | Interest         |
| June 30,    |                     |                   |                   |                  |
| 2010        | \$ 485,000          | \$ 121,805        | \$ 82,954         | \$ 6,708         |
| 2011        | 495,000             | 102,848           | 64,773            | 3,079            |
| 2012        | 385,000             | 86,244            | 22,088            | 247              |
| 2013        | 410,000             | 71,908            | -                 | -                |
| 2014        | 245,000             | 56,985            | -                 | -                |
| 2015-2019   | 1,110,000           | 152,547           | -                 | -                |
| 2020-2024   | 215,000             | 4,408             | -                 | -                |
| Totals      | <u>\$ 3,345,000</u> | <u>\$ 596,745</u> | <u>\$ 169,815</u> | <u>\$ 10,034</u> |

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 7 – Long-term Obligations: (Continued)

Business-type Activities: (Continued)

Details of Long-Term Debt:

|  | Interest Rates | Issue Dates | Final Maturity Date | Amount of Original Issue | Balance Business-type Activities | Amount Due Within One Year |
|--|----------------|-------------|---------------------|--------------------------|----------------------------------|----------------------------|
| <b>Revenue Bonds</b>                       |                |             |                     |                          |                                  |                            |
| Revenue Bonds                              | 3.50%          | 11/13/2002  | 5/1/2013            | \$ 1,385,000             | \$ 610,000                       | \$ 140,000                 |
| Revenue Bonds                              | 2.1-4.51%      | 12/4/2003   | 10/10/2010          | 865,000                  | 255,000                          | 130,000                    |
| Revenue Bonds                              | 3.4-4.81%      | 11/27/2007  | 10/1/2019           | 2,675,000                | 2,480,000                        | 215,000                    |
| <b>Total Revenue Bonds</b>                 |                |             |                     |                          | <b>\$ 3,345,000</b>              | <b>\$ 485,000</b>          |
| <b>Notes Payable</b>                       |                |             |                     |                          |                                  |                            |
| Equipment Loan                             | 5.85%          | 10/1/2006   | 10/1/2009           | \$ 179,986               | \$ 21,558                        | \$ 21,558                  |
| Equipment Loan                             | 5.35%          | 9/1/2006    | 9/1/2011            | 296,901                  | 148,257                          | 61,396                     |
| <b>Total Notes Payable</b>                 |                |             |                     |                          | <b>\$ 169,815</b>                | <b>\$ 82,954</b>           |
| <b>Other Obligations:</b>                  |                |             |                     |                          |                                  |                            |
| Compensated Absences                       | n/a            | n/a         | n/a                 | n/a                      | \$ 70,066                        | \$ -                       |
| Loan Premiums                              | n/a            | n/a         | n/a                 | n/a                      | 14,160                           | -                          |
| Loss on Redemption                         | n/a            | n/a         | n/a                 | n/a                      | (11,655)                         | -                          |
| Landfill closure/<br>postclosure liability | n/a            | n/a         | n/a                 | n/a                      | 4,647,892                        | -                          |
| <b>Total Other Obligations</b>             |                |             |                     |                          | <b>\$ 4,720,463</b>              | <b>\$ -</b>                |
| <b>Total Long-term Debt</b>                |                |             |                     |                          | <b>\$ 8,235,278</b>              | <b>\$ 567,954</b>          |

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**COUNTY OF TAZEVELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 7 – Long-term Obligations: (Continued)

Business-type Activities: (Continued)

Tazewell County Public Service Authority

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

| Year Ending<br>June 30, | General Obligation Bonds, Revenue Bonds, Notes<br>Payable, and Deferred Loss |              |
|-------------------------|--|--------------|
|                         | Principal  | Interest     |
| 2010                    | \$ 2,271,696   | \$ 399,773   |
| 2011                    | 1,075,344  | 395,334      |
| 2012                    | 1,084,647  | 384,336      |
| 2013                    | 1,095,312  | 373,080      |
| 2014                    | 1,108,099  | 361,407      |
| 2015-2019               | 5,717,847  | 1,612,041    |
| 2020-2024               | 5,960,416  | 1,253,982    |
| 2025-2029               | 5,912,394  | 852,602      |
| 2030-2034               | 4,545,754  | 463,689      |
| 2035-2039               | 1,600,803  | 107,141      |
| Totals                  | \$ 30,372,312  | \$ 6,203,385 |

Changes in Long-Term Debt:

|                                   | Balance<br>July 1, 2008 | Issuances  | Retirements    | Balance<br>June 30, 2009 |
|-----------------------------------|-------------------------|------------|----------------|--------------------------|
| General Obligation                |                         |            |                |                          |
| Bonds                             | \$ 30,298,084           | \$ -       | \$ (1,125,772) | \$ 29,172,312            |
| Deferred loss on early retirement | (10,002)                | -          | 2,222          | (7,780)                  |
| Notes payable                     | 750,000                 | 450,000    | -              | 1,200,000                |
| OPEB liability                    | -                       | 44,720     | -              | 44,720                   |
| Compensated absences              | 145,758                 | 22,242     | -              | 168,000                  |
| Total                             | \$ 31,183,840           | \$ 516,962 | \$ (1,123,550) | \$ 30,577,252            |

**COUNTY OF TAZEVELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Note 7 – Long-term Obligations: (Continued)

Business-type Activities: (Continued)

Tazewell County Public Service Authority (Continued)

Details of Long-term Debt:

|   | 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 |
|---|-------------------|----------------|---------------------------|--------------------------------|--|----------------------------------|
| FHA Series A                                  | 5.156%            | 3/5/1993       | 12/1/2034                 | \$ 433,000                     | \$ 349,125                             | \$ 9,461                         |
| FHA Series B                                  | 5.156%            | 3/5/1993       | 12/31/2034                | 293,000                        | 236,245                                | 6,502                            |
| Refunding 1998                                | 4.50%             | 5/29/1998      | 6/28/2040                 | 6,640,000                      | 5,889,129                              | 104,705                          |
| Revenue Bond Series 1999A                     | 2.50%             | 7/2/1999       | 2/1/2030                  | 187,000                        | 127,087                                | 4,620                            |
| Revenue Bond Series 1999B                     | 0.00%             | 7/12/1999      | 12/1/2029                 | 90,024                         | 54,230                                 | 2,570                            |
| Revenue Bond Series 1999C                     | 2.50%             | 10/22/1999     | 10/1/2029                 | 387,415                        | 304,762                                | 11,473                           |
| Revenue Bond Series 1999D                     | 1.50%             | 11/5/1999      | 3/1/2025                  | 411,320                        | 249,380                                | 13,833                           |
| Revenue Bond Series 2000A                     | 0.00%             | 3/13/2001      | 9/1/2023                  | 1,877,590                      | 1,290,106                              | 58,645                           |
| Revenue Bond Series 2000B                     | 0.00%             | 3/31/2000      | 12/1/2030                 | 176,465                        | 126,551                                | 6,026                            |
| Revenue Bond Series 2000C                     | 0.00%             | 8/4/2000       | 11/1/2031                 | 1,489,480                      | 897,069                                | 39,871                           |
| Revenue Bond Series 2000D                     | 2.50%             | 9/29/2000      | 3/1/2032                  | 1,579,210                      | 1,324,466                              | 43,044                           |
| Revenue Bond Series 2000E                     | 0.00%             | 11/17/2000     | 5/1/2032                  | 1,374,516                      | 953,193                                | 41,443                           |
| Revenue Bond Series 2000F                     | 0.00%             | 11/17/2000     | 5/1/2032                  | 606,016                        | 438,178                                | 19,051                           |
| Revenue Bond Series 2001A                     | 0.00%             | 5/17/2001      | 3/1/2032                  | 1,752,851                      | 971,891                                | 42,256                           |
| Revenue Bond Series 2001B                     | 0.00%             | 12/20/2001     | 6/1/2033                  | 4,563,680                      | 3,696,302                              | 154,023                          |
| Revenue Bond Series 2001C                     | 0.00%             | 3/29/2002      | 6/1/2033                  | 1,978,113                      | 1,575,551                              | 65,668                           |
| Bond Anticipation Note 2005                   | 3.93%             | 3/13/2007      | 9/13/2008                 | 750,000                        | 750,000                                | 750,000                          |
| Revenue Bond Series 2001B                     | 0.00%             | 12/20/2002     | 12/1/2034                 | 1,387,467                      | 1,156,232                              | 44,470                           |
| Revenue Bond Series 2004A                     | 0.00%             | 6/16/2004      | 11/1/2034                 | 463,353                        | 394,669                                | 15,480                           |
| Revenue Bond Series 2004B                     | 3.00%             | 8/24/2004      | 1/1/2025                  | 111,043                        | 93,200                                 | 4,609                            |
| Revenue Bond Series 2004C                     | 3.00%             | 8/24/2004      | 3/1/2025                  | 555,640                        | 484,123                                | 23,939                           |
| Revenue Bond Series 2005A                     | 0.00%             | 6/17/2005      | 10/1/2035                 | 349,988                        | 309,157                                | 11,666                           |
| Revenue Bond Series 2005B                     | 0.00%             | 6/17/2005      | 1/1/2036                  | 1,259,399                      | 1,095,258                              | 40,565                           |
| Revenue Bond Series 2005C                     | 3.00%             | 9/15/2005      | 1/1/2027                  | 1,328,089                      | 1,168,532                              | 49,719                           |
| Revenue Bond Series 2006A                     | 0.00%             | 5/15/2006      | 3/1/2032                  | 4,746,285                      | 3,613,543                              | 157,111                          |
| Revenue Bond Series 2007A                     | 3.00%             | 2/12/2007      | 6/1/2007                  | 228,788                        | 195,228                                | 8,307                            |
| Revenue Bond Series 2007B                     | 0.00%             | 12/20/2007     | 6/1/2007                  | 309,055                        | 288,985                                | 9,965                            |
| Series2005                                    | 3.40-4.93%        | 4/1/2008       | 10/1/2018                 | 241,259                        | 219,530                                | 22,014                           |
| General Obligation and<br>Revenue Series 2005 | 0.00%             | 7/15/2005      | 1/1/2037                  | 2,002,799                      | 1,670,590                              | 60,660                           |
| Line of Credit (Due to Tazewell County)       | n/a               | n/a            | n/a                       | 450,000                        | 450,000                                | 450,000                          |
| <b>Subtotal</b>                               |                   |                |                           |                                | <b>\$ 30,372,312</b>                   | <b>\$ 2,271,696</b>              |

**COUNTY OF TAZEVELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 7 – Long-term Obligations: (Continued)

Business-type Activities: (Continued)

Tazewell County Public Service Authority (Continued)

Details of Long-term Debt: (Continued)

|                      | 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 |
|----------------------|-------------------|----------------|---------------------------|--------------------------------|--|----------------------------------|
| Deferred Loss        | n/a               | n/a            | n/a                       | n/a                            | \$ (7,780)                             | \$ -                             |
| Other Obligations:   |                   |                |                           |                                |  |                                  |
| OPEB Liability       | n/a               | n/a            | n/a                       | n/a                            | \$ 44,720                              | \$ -                             |
| Compensated Absences | n/a               | n/a            | n/a                       | n/a                            | 168,000                                | -                                |
| Total Long-term debt |                   |                |                           |                                | \$ 30,577,252                          | \$ 2,271,696                     |

Component Unit - School Board

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

| Year Ending<br>June 30 | General long-term debt: |                     |
|------------------------|-------------------------|---------------------|
|                        | Capital Leases          |                     |
|                        | Principal               | Interest            |
| 2010                   | \$ 479,417              | \$ 203,705          |
| 2011                   | 343,216                 | 184,365             |
| 2012                   | 266,857                 | 170,102             |
| 2013                   | 278,051                 | 158,908             |
| 2014                   | 289,716                 | 147,243             |
| 2015-2019              | 1,641,404               | 543,391             |
| 2020-2024              | 1,578,854               | 168,983             |
|                        | <u>\$ 4,877,515</u>     | <u>\$ 1,576,697</u> |

**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Note 7 – Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

The following is a summary of long-term obligations of the Component Unit School Board for the year ended June 30, 2009:

|                 | Balance<br>July 1, 2008 | Issuances           | Retirements         | Balance<br>June 30, 2009 |
|-----------------|-------------------------|---------------------|---------------------|--------------------------|
| Capital leases  | \$ 545,643              | \$ 4,792,700        | \$ (460,828)        | \$ 4,877,515             |
| Notes payable   | 318,853                 | 31,147              | (350,000)           | -                        |
| OPEB Obligation | -                       | 485,295             | -                   | 485,295                  |
|                 | <u>\$ 864,496</u>       | <u>\$ 5,309,142</u> | <u>\$ (810,828)</u> | <u>\$ 5,362,810</u>      |
| Total           | <u>\$ 864,496</u>       | <u>\$ 5,309,142</u> | <u>\$ (810,828)</u> | <u>\$ 5,362,810</u>      |

Details of Long-Term Debt:

|                             | 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               | 3.39%             | 9/20/2004      | 5/1/2013                  | \$ 312,744                     | \$ 66,788                             | \$ 66,788                        |
| Capital Lease               | 3.39%             | 9/20/2004      | 10/10/2010                | 398,650                        | 83,106                                | 83,106                           |
| Capital Lease               | 4.04%             | 9/21/2006      | 10/10/2010                | 418,795                        | 170,826                               | 83,722                           |
| Capital Lease               | 4.195%            | 10/5/2007      | 10/5/2022                 | 4,792,700                      | 4,556,795                             | 245,801                          |
|                             |                   |                |                           |                                | <u>\$ 4,877,515</u>                   | <u>\$ 479,417</u>                |
| <b>Total Capital Leases</b> |                   |                |                           |                                |                                       |                                  |
| <b>Other Obligations:</b>   |                   |                |                           |                                |                                       |                                  |
| OPEB Obligation             | n/a               | n/a            | n/a                       | n/a                            | <u>\$ 485,295</u>                     | <u>\$ -</u>                      |
| <b>Total Long-term Debt</b> |                   |                |                           |                                | <u>\$ 5,362,810</u>                   | <u>\$ 479,417</u>                |

**COUNTY OF TAZEVELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 7 – Long-term Obligations: (Continued)

Component Unit – Airport Authority (Continued)

|                      | Interest Rates | Final Maturity Date | Payment Amount | Balance July 1, 2008 | New Issues | Principal Repayments | Balance June 30, 2009 | Amount Due Within One Year |
|----------------------|----------------|---------------------|----------------|----------------------|------------|----------------------|-----------------------|----------------------------|
| VRA                  | varies         | 7/1/2017            | \$ 1,128       | \$ 101,110           | \$ -       | \$ 8,626             | \$ 92,484             | \$ 9,833                   |
| Vending Loan         | 8.00%          | 6/27/2010           | 119            | 2,641                | -          | 1,263                | 1,378                 | 1,378                      |
| VRA                  | 4.81%          | 7/1/2017            | 6,357          | 96,047               | -          | 8,191                | 87,856                | 8,591                      |
| Total Long-term Debt |                |                     |                |                      |            |                      | \$ 181,718            | \$ 19,802                  |

Principal payments required on notes payable are as follows:

| Year Ending<br>June 30 | Notes Payable |           |
|------------------------|---------------|-----------|
|                        | Principal     | Interest  |
| 2010                   | \$ 19,802     | \$ 7,891  |
| 2011                   | 19,270        | 6,981     |
| 2012                   | 20,453        | 5,798     |
| 2013                   | 20,977        | 4,974     |
| 2014                   | 23,042        | 4,208     |
| 2015-2019              | 78,174        | 6,515     |
|                        | \$ 181,718    | \$ 36,367 |

Component Unit – Industrial Development Authority

Changes in Long-Term Debt:

|                    | Balance July 1, 2008 | Issuances | Retirements  | Balance June 30, 2009 |
|--------------------|----------------------|-----------|--------------|-----------------------|
| Revenue bonds      | \$ 19,025,000        | \$ -      | \$ (725,000) | \$ 18,300,000         |
| Loan premiums      | 41,188               | -         | (2,288)      | 38,900                |
| Loss on redemption | (1,086,995)          | -         | 60,389       | (1,026,606)           |
| Notes payable      | 1,746,908            | -         | (140,250)    | 1,606,658             |
| Total              | \$ 19,726,101        | \$ -      | \$ (807,149) | \$ 18,918,952         |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 7 – Long-term Obligations: (Continued)

Component Unit – Industrial Development Authority (Continued)

Details of Long-Term Indebtedness:

|                         | 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           | 3.50-5.00%        | 4/13/2005      | 1/1/2027                  | \$ 12,430,000                  | \$ 10,470,000                          | \$ 580,000                       |
| Revenue Bonds           | 2.50-5.00         | 12/15/2004     | 8/1/2034                  | 8,495,000                      | 7,830,000                              | 175,000                          |
| Total Revenue Bonds     |                   |                |                           |                                | <u>\$ 18,300,000</u>                   | <u>\$ 755,000</u>                |
| Notes Payable           |                   |                |                           |                                |  |                                  |
| Note Payable            | 5.05%             | 10/19/2004     | 8/30/2016                 | \$ 1,000,000                   | \$ 529,765                             | \$ 52,681                        |
| Note Payable            | 4.00%             | 12/1/2003      | 6/30/2009                 | 500,000                        | 321,938                                | -                                |
| Note Payable            | 4.00%             | 8/1/2005       | 6/1/2016                  | 1,000,000                      | 754,955                                | 15,245                           |
| Total Notes Payable     |                   |                |                           |                                | <u>\$ 1,606,658</u>                    | <u>\$ 67,926</u>                 |
| Other Obligations:      |                   |                |                           |                                |  |                                  |
| Loan Premiums           | n/a               | n/a            | n/a                       | n/a                            | \$ 38,900                              | \$ -                             |
| Loss on Redemption      | n/a               | n/a            | n/a                       | n/a                            | (1,026,606)                            | -                                |
| Total Other Obligations |                   |                |                           |                                | <u>\$ (987,706)</u>                    | <u>\$ -</u>                      |
| Total Long-term Debt    |                   |                |                           |                                | <u><u>\$ 18,918,952</u></u>            | <u><u>\$ 822,926</u></u>         |

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**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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Note 7 – Long-term Obligations: (Continued)

Component Unit – Industrial Development Authority (Continued)

Annual Requirements to amortize the above bonds and related interest are as follows:

| Year Ending<br>June 30 | Principal            | Interest             |
|------------------------|----------------------|----------------------|
| 2010                   | \$ 822,926           | \$ 821,311           |
| 2011                   | 929,033              | 811,265              |
| 2012                   | 970,712              | 767,961              |
| 2013                   | 772,694              | 721,879              |
| 2014                   | 809,993              | 691,636              |
| 2015-2019              | 4,224,362            | 4,254,465            |
| 2020-2024              | 4,470,000            | 2,054,698            |
| 2025-2029              | 3,910,000            | 1,018,732            |
| 2030-2034              | 2,175,000            | 382,419              |
| 2035-2039              | 500,000              | 12,500               |
|                        | <u>\$ 19,584,720</u> | <u>\$ 11,536,866</u> |

The amortization schedule above does not include the debt due to the Virginia Coalfield Economic Development Authority. Due to the bankruptcy filing of Blue Ridge Wood Products the Authority did not make regular loan payments on the Virginia Coalfield Economic Development Authority note. Rather, equipment that the Authority owns and purchased with debt proceeds is currently being sold. The proceeds from the sale of equipment are being used to satisfy outstanding debt obligations.

The Authority and Tazewell County have entered into lease agreements relating to the lease of the Courthouse from the IDA to the County. Lease payments from the County to the Authority will follow the debt schedule above. The Authority and Tazewell County are considered related parties. The Authority received rent payments of \$966,454 from Tazewell County during the year ended June 30, 2009.

Note 8 – Claims, Judgments, and Compensated Absences:

Compensated Absences:

In accordance with GASB 16, "Accounting for Compensated Absences", the County has accrued liabilities arising from outstanding claims, judgments and compensated absences. Each county employee earns annual leave at various rates. The County has outstanding accrued vacation and sick pay totaling \$774,902, \$70,066 in the Landfill Enterprise Component Unit Fund and \$168,000 in the Public Service Authority Component Unit Fund.

Note 9 – Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling \$24,288,039 is comprised solely of deferred property tax revenue representing uncollected tax billings not available for funding of current expenditures. Property taxes due subsequent to June 30, 2009 but paid in advance by taxpayers, totaled \$1,134,526 at June 30, 2009.

**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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Note 10 – Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65.

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at [http://www.varetire.org/Pdf/Publications/2008\\_annurept.pdf](http://www.varetire.org/Pdf/Publications/2008_annurept.pdf) or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2009 was 7.70% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2009 was 10.47% of annual covered payroll.

**COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 10 – Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2009, the County of Tazewell's annual pension cost of \$743,695 (\$482,919 for employee portion) and \$430,117 (\$205,404 for employee portion) was equal to the County of Tazewell's required and actual contributions for the County and the School Board Non-Professionals, respectively.

| Fiscal Year<br>Ending              | Trend Information            |                                  |                           |
|------------------------------------|------------------------------|----------------------------------|---------------------------|
|                                    | Annual Pension<br>Cost (APC) | Percentage of APC<br>Contributed | Net Pension<br>Obligation |
| <b>Primary Government:</b>         |                              |                                  |                           |
| <b>County:</b>                     |                              |                                  |                           |
| 6/30/2009                          | \$ 1,226,614                 | 100%                             | -                         |
| 6/30/2008                          | 1,025,464                    | 100%                             | -                         |
| 6/30/2007                          | 973,026                      | 100%                             | -                         |
| <b>School Board:</b>               |                              |                                  |                           |
| <b>Non-professional Employees:</b> |                              |                                  |                           |
| 6/30/2008                          | \$ 635,521                   | 100%                             | -                         |
| 6/30/2008                          | 645,176                      | 100%                             | -                         |
| 6/30/2007                          | 587,886                      | 100%                             | -                         |

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year, for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Tazewell's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Tazewell's unfunded actuarial accrued liability is being amortized as a level percentage of covered payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2008, the most recent actuarial valuation date, the plan was 92.38% funded. The actuarial accrued liability for benefits was \$35,832,857, and the actuarial value of assets was \$33,103,893, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,728,964. The covered payroll (annual payroll of active employees covered by the plan) was \$9,464,682, and ratio of the UAAL to the covered payroll was 28.83%.

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

As of June 30, 2008, the most recent actuarial valuation date, the plan was 85.43% funded. The actuarial accrued liability for benefits was \$20,840,092, and the actuarial value of assets was \$17,804,116, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,035,976. The covered payroll (annual payroll of active employees covered by the plan) was \$3,996,614, and ratio of the UAAL to the covered payroll was 75.96%.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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Note 10 – Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress (Continued)

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 liability for benefits.

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

Plan Description

The Tazewell County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, including the 5% member contribution, was \$2,614,186, \$4,486,336, and \$4,086,818 for the fiscal years ended 2009, 2008, and 2007, respectively. Required employer and employee contributions represented 8.81, 15.30%, and 14.20% of covered payroll for the fiscal years ended 2009, 2008, and 2007, respectively.

Note 11 – Other Postemployment Benefits (OPEB):

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.

**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Note 11 – Other Postemployment Benefits: (Continued)

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 2009, 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 March 1, 2009:

|   | Monthly<br>Contribution |    | Retiree Share of<br>Premiums |
|---|-------------------------|----|------------------------------|
|   | Pre-Medicare            |    |                              |
| Retiree                                 | \$ 525.00               | \$ | 52.50                        |
| Retiree and Spouse                      | 971.00                  |    | 186.30                       |
| Retiree and Child                       | 971.00                  |    | 186.30                       |
| Family                                  | 1,418.00                |    | 320.40                       |
|   | Post-Medicare*          |    |                              |
| Retiree                                 | \$ 148.00               | \$ | 148.00                       |
| Retiree and Spouse (age 65 and older)   | 296.00                  |    | 296.00                       |
| Retiree and Spouse (age 64 and younger) | 673.00                  |    | 673.00                       |

\* Premiums include medical coverage only

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               | \$ 576,781 | \$ 1,292,973 | \$ 1,869,754 |
| Interest on net OPEB obligation            | -          | -            | -            |
| Adjustment to annual required contribution | -          | -            | -            |
| Annual OPEB cost (expense)                 | 576,781    | 1,292,973    | 1,869,754    |
| Actual contributions                       | 360,296    | 807,678      | 1,167,974    |
| Increase in net OPEB obligation            | 216,485    | 485,295      | 701,780      |
| Net OPEB obligation - beginning of year    | -          | -            | -            |
| Net OPEB obligation - end of year          | \$ 216,485 | \$ 485,295   | \$ 701,780   |

**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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Note 11 – Other Postemployment Benefits: (Continued)

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

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

| Fiscal<br>Year Ended | Annual<br>OPEB Cost | Percentage of<br>Annual OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|----------------------|---------------------|--|------------------------|
| 6/30/2009            | \$ 1,869,754        | 62%  | \$ 701,780             |

D. Funded Status and Funding Progress

Primary Government:

As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$16,084,500, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,855,686, and ratio of the UAAL to the covered payroll was 204.75%.

Component Unit – School Board:

As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$16,084,500, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$33,781,030, and ratio of the UAAL to the covered payroll was 47.61%.

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 March 1, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return per annum. An annual healthcare cost trend rate of 9 percent initially, reduced by decrements of 1 percent until an ultimate rate of 5 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2009, was 30 years.

**COUNTY OF TAZEWELL, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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Note 12 – Contingent Liabilities:

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

Note 13 – Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Of the \$4,647,892 reported as landfill closure and post closure care liability at June 30, 2009, \$4,647,892 represents the cumulative amount reported to date based on use of 31.17 percent of the estimate capacity of the landfill.

The County will recognize the remaining estimated cost of closure and postclosure care of \$14,912,834 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 2009.

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.

Note 14 – Risk Management:

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

**COUNTY OF TAZEWell, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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Note 15 – Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following:

| <u>Fund</u>              | <u>Transfer In</u>  | <u>Transfer Out</u> |
|--------------------------|---------------------|---------------------|
| Primary Government:      |                     |                     |
| General Fund             | \$ -                | \$ 3,040,399        |
| Coal Road Improvement    | -                   | 250,000             |
| E-911 Fund               | 200,000             | -                   |
| Capital Projects Fund    | 3,520,898           | -                   |
| School Construction Fund | 17,620              | 1,520,898           |
| Landfill Enterprise Fund | 1,072,779           | -                   |
| Total                    | <u>\$ 4,811,297</u> | <u>\$ 4,811,297</u> |

Note 16– Surety Bonds:

|  | <u>Amount</u> |
|--|---------------|
| Commonwealth of America, Division of Risk Management |               |
| James E. Blevins, Clerk of the Circuit Court         | \$710,000     |
| Norman L. Cook, Treasurer                            | 500,000       |
| Emma N. Hagy, Commissioner of the Revenue            | 3,000         |
| H.S. Caudill, Sheriff                                | 30,000        |
| The above constitutional officers' employees         |               |
| Blanket bond   | 50,000        |
| Landfill employees                                   | 20,000        |
| VACO Insurance Program:                              |               |
| All School Board employees – blanket                 | 250,000       |
| Fidelity and Deposit Company of Maryland Surety:     |               |
| James Spencer, County Administrator                  | 50,000        |
| St. Paul Fire and Marine Insurance Company           |               |
| Rex Tester, Director of Social Services              | 25,000        |
| All Social Services employees – blanket              | 100,000       |

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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Note 17 – Restatement of Beginning Balances:

|  | Primary<br>Government | Component Unit-<br>School Board |
|--|-----------------------|---------------------------------|
| Beginning fund balance, as previously reported   | \$ 19,621,379         | \$ 2,418,280                    |
| Report School Construction fund with the primary<br>government instead of component unit | (5,596)               | 5,596                           |
| Beginning fund balance, as restated  | \$ 19,615,783         | \$ 2,423,876                    |
| Beginning net assets, as previously reported   | \$ 24,624,494         | \$ 19,748,248                   |
| Fund balance restatements from above   | (5,596)               | 5,596                           |
| To remove fixed assets   | (6,520,705)           | (43,198,852)                    |
| To remove accumulated depreciation   | 5,495,792             | 37,799,310                      |
| Beginning net assets, as restated  | \$ 23,593,985         | \$ 14,354,302                   |

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**Required Supplementary Information**

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**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, 2009**

|   | <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>   |                       |                       |                           |   |
| General Property Taxes                                    | \$ 22,596,900         | \$ 22,596,900         | \$ 21,466,436             | \$ (1,130,464)                                      |
| Other Local Taxes   | 6,535,000             | 6,535,000             | 7,251,521                 | 716,521   |
| Permits, Privilege Fees and Regulatory Licenses           | 307,685               | 307,685               | 359,727                   | 52,042  |
| Fines and Forfeitures                                     | 25,000                | 25,000                | 77,003                    | 52,003  |
| Revenue from Use of Money and Property                    | 580,000               | 580,000               | 543,929                   | (36,071)  |
| Charges for Services                                      | 211,797               | 237,076               | 367,609                   | 130,533   |
| Miscellaneous   | 570,000               | 338,854               | 1,931,935                 | 1,593,081   |
| Recovered Costs   | 339,596               | 385,743               | 336,235                   | (49,508)  |
| Intergovernmental Revenues:                               |                       |                       |                           |   |
| Commonwealth  | 13,311,108            | 13,460,115            | 11,026,163                | (2,433,952)   |
| Federal Government  | 168,699               | 168,699               | 3,065,432                 | 2,896,733   |
| Total Revenues  | <u>\$ 44,645,785</u>  | <u>\$ 44,635,072</u>  | <u>\$ 46,425,990</u>      | <u>\$ 1,790,918</u>                                 |
| <b>EXPENDITURES:</b>                                      |                       |                       |                           |   |
| Current:  |                       |                       |                           |   |
| General Government Administration                         | \$ 4,740,686          | \$ 4,775,218          | \$ 3,791,274              | \$ 983,944  |
| Judicial Administration                                   | 2,219,395             | 2,316,010             | 2,408,447                 | (92,437)  |
| Public Safety   | 11,218,301            | 11,491,347            | 11,171,903                | 319,444   |
| Public Works  | 4,033,879             | 4,287,457             | 3,598,057                 | 689,400   |
| Health and Welfare  | 7,898,865             | 7,898,915             | 6,548,043                 | 1,350,872   |
| Education   | 12,260,933            | 12,260,933            | 12,614,983                | (354,050)   |
| Parks, Recreation and Cultural                            | 1,346,526             | 1,323,959             | 1,293,482                 | 30,477  |
| Community Development                                     | 797,158               | 760,267               | 641,936                   | 118,331   |
| Non-Departmental  | 1,244,315             | 784,378               | 585,953                   | 198,425   |
| Capital Projects  | 250,000               | 111,624               | 2,800                     | 108,824   |
| Debt Service:   |                       |                       |                           |   |
| Principal Retirement                                      | -                     | -                     | 577,597                   | (577,597)   |
| Interest and Other Fiscal Charges                         | -                     | -                     | 250,006                   | (250,006)   |
| Total Expenditures  | <u>\$ 46,010,058</u>  | <u>\$ 46,010,108</u>  | <u>\$ 43,484,481</u>      | <u>\$ 2,525,627</u>                                 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (1,364,273)</u> | <u>\$ (1,375,036)</u> | <u>\$ 2,941,509</u>       | <u>\$ 4,316,545</u>                                 |
| <b>Other Financing Sources (Uses)</b>                     |                       |                       |                           |   |
| Transfers Out   | \$ (550,000)          | \$ (550,000)          | \$ (3,040,399)            | \$ (2,490,399)                                      |
| Total Other Financing Sources (Uses)                      | <u>\$ (550,000)</u>   | <u>\$ (550,000)</u>   | <u>\$ (3,040,399)</u>     | <u>\$ (2,490,399)</u>                               |
| Net Change in Fund Balance                                | \$ (1,914,273)        | \$ (1,925,036)        | \$ (98,890)               | \$ 1,826,146  |
| Fund Balance - Beginning                                  | 1,442,438             | 1,442,438             | 8,929,532                 | 7,487,094   |
| Fund Balance - Ending                                     | <u>\$ (471,835)</u>   | <u>\$ (482,598)</u>   | <u>\$ 8,830,642</u>       | <u>\$ 9,313,240</u>                                 |

**County of Tazewell, Virginia**  
**Required Supplementary Information**  
**Schedule of Pension and OPEB Funding Progress**  
**For the Fiscal Year Ended June 30, 2009**

**Primary Government:**

## County Retirement Plan

| Valuation<br>as of<br>(1) | Actuarial<br>Value of<br>Assets<br>(2) | Actuarial<br>Accrued<br>Liability (AAL)<br>(3) | Unfunded<br>AAL (UAAL)<br>(3)-(2)<br>(4) | Funded Ratio<br>Assets as %<br>of AAL (2)/(3)<br>(5) | Annual<br>Covered<br>Payroll<br>(6) | UAAL as a<br>% of Covered<br>Payroll (4)/(6)<br>(7) |
|---------------------------|--|--|--|--|-------------------------------------|---|
| June 30, 2008 \$          | 33,103,893 \$                          | 35,832,857 \$                                  | 2,728,964                                | 92.38% \$  | 9,464,682                           | 28.83%  |
| June 30, 2007             | 30,022,501                             | 32,098,322                                     | 2,075,821                                | 93.53%   | 9,068,320                           | 22.89%  |
| June 30, 2006             | 26,711,637                             | 27,828,923                                     | 1,117,286                                | 95.99%   | 8,369,491                           | 13.35%  |

## County Post-Retirement Medical Plan

| Valuation<br>as of<br>(1) | Actuarial<br>Value of<br>Assets<br>(2) | Actuarial<br>Accrued<br>Liability (AAL)<br>(3) | Unfunded<br>AAL (UAAL)<br>(3)-(2)<br>(4) | Funded Ratio<br>Assets as %<br>of AAL (2)/(3)<br>(5) | Annual<br>Covered<br>Payroll<br>(6) | UAAL as a<br>% of Covered<br>Payroll (4)/(6)<br>(7) |
|---------------------------|--|--|--|--|-------------------------------------|---|
| July 1, 2008* \$          | - \$                                   | 16,084,500 \$                                  | 16,084,500                               | 0.00% \$   | 7,855,686                           | 204.75%   |

\*Only one year of data available

**Discretely Presented Component Unit:**

## School Board Non-professional Retirement Plan

| Valuation<br>as of<br>(1) | Actuarial<br>Value of<br>Assets<br>(2) | Actuarial<br>Accrued<br>Liability (AAL)<br>(3) | Unfunded<br>AAL (UAAL)<br>(3)-(2)<br>(4) | Funded Ratio<br>Assets as %<br>of AAL (2)/(3)<br>(5) | Annual<br>Covered<br>Payroll<br>(6) | UAAL as a<br>% of Covered<br>Payroll (4)/(6)<br>(7) |
|---------------------------|--|--|--|--|-------------------------------------|---|
| June 30, 2008 \$          | 17,804,116 \$                          | 20,840,092 \$                                  | 3,035,976                                | 85.43% \$  | 3,996,614                           | 75.96%  |
| June 30, 2007             | 16,287,334                             | 19,500,904                                     | 3,213,570                                | 83.52%   | 3,769,406                           | 85.25%  |
| June 30, 2006             | 14,633,606                             | 18,190,421                                     | 3,556,815                                | 80.45%   | 3,456,611                           | 102.90%   |

## School Board Post-Retirement Medical Plan

| Valuation<br>as of<br>(1) | Actuarial<br>Value of<br>Assets<br>(2) | Actuarial<br>Accrued<br>Liability (AAL)<br>(3) | Unfunded<br>AAL (UAAL)<br>(3)-(2)<br>(4) | Funded Ratio<br>Assets as %<br>of AAL (2)/(3)<br>(5) | Annual<br>Covered<br>Payroll<br>(6) | UAAL as a<br>% of Covered<br>Payroll (4)/(6)<br>(7) |
|---------------------------|--|--|--|--|-------------------------------------|---|
| July 1, 2008* \$          | - \$                                   | 16,084,500 \$                                  | 16,084,500                               | 0.00% \$   | 33,781,030                          | 47.61%  |

\*Only one year of data available

**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, 2009**

|   | <u>Budget Amounts</u> |                       | <u>Actual Amounts</u> | <u>Variance with Final Budget Pos (Neg)</u> |
|---|-----------------------|-----------------------|-----------------------|---|
|   | <u>Original</u>       | <u>Final</u>          |                       |   |
| <b>REVENUES</b>   |                       |                       |                       |   |
| Revenue from Use of Money and Property                    | \$ 45,355             | \$ 45,355             | \$ 113,714            | \$ 68,359                                   |
| Charges for Services                                      | 360,000               | 360,000               | -                     | (360,000)                                   |
| Intergovernmental Revenues:                               |                       |                       |                       |   |
| Commonwealth  | 5,304,188             | 5,304,188             | 72,532                | (5,231,656)                                 |
| Federal Government  | 75,000                | 75,000                | 232,921               | 157,921                                     |
| Total Revenues  | <u>\$ 5,784,543</u>   | <u>\$ 5,784,543</u>   | <u>\$ 419,167</u>     | <u>\$ (5,365,376)</u>                       |
| <b>EXPENDITURES:</b>                                      |                       |                       |                       |   |
| Current:  |                       |                       |                       |   |
| Public Works  | \$ 787,671            | \$ 1,237,671          | \$ 787,671            | \$ 450,000                                  |
| Community Development                                     | 7,840,194             | 7,840,194             | 1,274,088             | 6,566,106                                   |
| Capital Projects  | -                     | 6,603,398             | 8,058,763             | (1,455,365)                                 |
| Debt Service:   |                       |                       |                       |   |
| Bond Issuance Costs                                       | -                     | -                     | 33,495                | (33,495)                                    |
| Total Expenditures  | <u>\$ 8,627,865</u>   | <u>\$ 15,681,263</u>  | <u>\$ 10,154,017</u>  | <u>\$ 5,527,246</u>                         |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (2,843,322)</u> | <u>\$ (9,896,720)</u> | <u>\$ (9,734,850)</u> | <u>\$ 161,870</u>                           |
| <b>Other Financing Sources (Uses)</b>                     |                       |                       |                       |   |
| Transfers In  | \$ -                  | \$ -                  | \$ 3,520,898          | \$ 3,520,898                                |
| Proceeds from Issuance                                    | -                     | -                     | 6,698,941             | 6,698,941                                   |
| Premium on Issuance                                       | -                     | -                     | 182,347               | 182,347                                     |
| Total Other Financing Sources (Uses)                      | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 10,402,186</u>  | <u>\$ 10,402,186</u>                        |
| Net Change in Fund Balance                                | \$ (2,843,322)        | \$ (9,896,720)        | \$ 667,336            | \$ 10,564,056                               |
| Fund Balance - Beginning                                  | -                     | -                     | 9,031,071             | 9,031,071                                   |
| Fund Balance - Ending                                     | <u>\$ (2,843,322)</u> | <u>\$ (9,896,720)</u> | <u>\$ 9,698,407</u>   | <u>\$ 19,595,127</u>                        |

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## Other Supplementary Information

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**County of Tazewell, Virginia**  
**Non - Major Capital Projects-School Construction Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

|   | <u>Budget Amounts</u> |                       | <u>Actual</u><br><u>Amounts</u> | <u>Variance with</u><br><u>Final Budget</u><br><u>Pos (Neg)</u> |
|---|-----------------------|-----------------------|---------------------------------|---|
|   | <u>Original</u>       | <u>Final</u>          |                                 |   |
| <b>REVENUES</b>   |                       |                       |                                 |   |
| Revenue from Use of Money and Property                    | \$ -                  | \$ -                  | \$ 5,770                        | \$ 5,770  |
| Intergovernmental Revenues:                               |                       |                       |                                 |   |
| Tazewell County School Board                              | -                     | -                     | 1,520,898                       | 1,520,898   |
| <b>Total Revenues</b>                                     | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ 1,526,668</b>             | <b>\$ 1,526,668</b>   |
| <b>EXPENDITURES:</b>                                      |                       |                       |                                 |   |
| Current:  |                       |                       |                                 |   |
| Capital Projects  | \$ 3,520,898          | \$ 3,520,898          | \$ 16,229                       | \$ 3,504,669  |
|   | <b>\$ 3,520,898</b>   | <b>\$ 3,520,898</b>   | <b>\$ 16,229</b>                | <b>\$ 3,504,669</b>   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (3,520,898)        | \$ (3,520,898)        | \$ 1,510,439                    | \$ 5,031,337  |
| <b>Other Financing Sources (Uses)</b>                     |                       |                       |                                 |   |
| Transfers In  | \$ -                  | \$ -                  | \$ 17,620                       | \$ 17,620   |
| Transfers Out   | -                     | -                     | (1,520,898)                     | (1,520,898)   |
| <b>Total Other Financing Sources (Uses)</b>               | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ (1,503,278)</b>           | <b>\$ (1,503,278)</b>   |
| Net Change in Fund Balance                                | \$ (3,520,898)        | \$ (3,520,898)        | \$ 7,161                        | \$ 3,528,059  |
| Fund Balance - Beginning                                  | -                     | -                     | (5,596)                         | (5,596)   |
| Fund Balance - Ending                                     | <b>\$ (3,520,898)</b> | <b>\$ (3,520,898)</b> | <b>\$ 1,565</b>                 | <b>\$ 3,522,463</b>   |

County of Tazewell, Virginia  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

|                                   | Expendable Trust Funds          |                       | Agency Funds                |                            | Total        |
|-----------------------------------|---------------------------------|-----------------------|-----------------------------|----------------------------|--------------|
|                                   | School<br>Deferred<br>Comp Fund | Deferred<br>Comp Fund | Special<br>Welfare<br>Funds | Local<br>Sales Tax<br>Fund |              |
| <b>ASSETS</b>                     |                                 |                       |                             |                            |              |
| Current Assets:                   |                                 |                       |                             |                            |              |
| Cash and Cash Equivalents         | \$ -                            | \$ -                  | \$ 41,967                   | \$ -                       | \$ 41,967    |
| Investments                       | 721,352                         | 1,173,575             | -                           | -                          | 1,894,927    |
| Due from Other Governmental Units | -                               | -                     | -                           | 1,015,449                  | 1,015,449    |
| Total Assets                      | \$ 721,352                      | \$ 1,173,575          | \$ 41,967                   | \$ 1,015,449               | \$ 2,952,343 |
| <b>LIABILITIES</b>                |                                 |                       |                             |                            |              |
| Current Liabilities:              |                                 |                       |                             |                            |              |
| Due to Primary Government         | \$ -                            | \$ -                  | \$ -                        | \$ 851,657                 | \$ 851,657   |
| Due to Other Governmental Units   | -                               | -                     | -                           | 163,792                    | 163,792      |
| Amounts Held for Others           | 721,352                         | 1,173,575             | 41,967                      | -                          | 1,936,894    |
| Total Liabilities                 | \$ 721,352                      | \$ 1,173,575          | \$ 41,967                   | \$ 1,015,449               | \$ 2,952,343 |

County of Tazewell, Virginia  
Combining Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

|                        | Expendable<br>Trust Funds       |                       | Agency Funds               |                            |
|------------------------|---------------------------------|-----------------------|----------------------------|----------------------------|
|                        | School<br>Deferred<br>Comp Fund | Deferred<br>Comp Fund | Special<br>Welfare<br>Fund | Local<br>Sales Tax<br>Fund |
|                        |                                 |                       |                            |                            |
| <b>ASSETS</b>          |                                 |                       |                            |                            |
| Balance, July 1, 2008  | \$ 1,027,100                    | \$ 1,450,181          | \$ 41,967                  | \$ 1,064,319               |
| Additions              | 37,136                          | 126,585               | -                          | 7,145,045                  |
| Deductions             | (342,884)                       | (403,191)             | -                          | (7,193,915)                |
| Balance, June 30, 2009 | <u>\$ 721,352</u>               | <u>\$ 1,173,575</u>   | <u>\$ 41,967</u>           | <u>\$ 1,015,449</u>        |
| <b>LIABILITIES</b>     |                                 |                       |                            |                            |
| Balance, July 1, 2008  | \$ 1,027,100                    | \$ 1,450,181          | \$ 41,967                  | \$ 1,064,319               |
| Additions              | 37,136                          | 126,585               | -                          | 7,145,045                  |
| Deductions             | (342,884)                       | (403,191)             | -                          | (7,193,915)                |
| Balance, June 30, 2009 | <u>\$ 721,352</u>               | <u>\$ 1,173,575</u>   | <u>\$ 41,967</u>           | <u>\$ 1,015,449</u>        |

**County of Tazewell, Virginia**  
**Special Revenue Fund - Discretely Presented Component Unit - School Board**  
**Balance Sheet**  
**June 30, 2009**

|   | <u>School<br/>Fund</u> | <u>Internal<br/>Service<br/>Fund</u> |
|---|------------------------|--------------------------------------|
| <b>ASSETS</b>   |                        |                                      |
| Cash and Cash Equivalents   | \$ 7,164,162           | \$ 208,996                           |
| Due from Other Governmental Units   | 2,867,428              | -                                    |
| Prepaid expenses  | 422,189                | -                                    |
| Total Assets  | \$ 10,453,779          | \$ 208,996                           |
| <b>LIABILITIES AND FUND BALANCES</b>  |                        |                                      |
| Liabilities   |                        |                                      |
| Accounts Payable  | \$ 238,385             | \$ -                                 |
| Accrued wages payable   | 3,541,294              | -                                    |
| Due to Primary Government   | 3,013,972              | -                                    |
| Amounts held for others   | 46,880                 | -                                    |
| Total Liabilities   | \$ 6,840,531           | \$ -                                 |
| Fund Balances:  |                        |                                      |
| Unreserved:   |                        |                                      |
| Designated  | \$ 1,528,159           | \$ -                                 |
| Undesignated (deficit)  | 2,085,089              | 208,996                              |
| Total Fund Balances   | \$ 3,613,248           | \$ 208,996                           |
| Total Liabilities and Fund Balances   | \$ 10,453,779          | \$ 208,996                           |
| Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1)<br>are different because:                             |                        |                                      |
| Total fund balances - per above   |                        | \$ 3,822,244                         |
| Capital assets used in governmental activities are not financial resources and,<br>therefore, are not reported in the funds.                  |                        | 12,407,905                           |
| Long-term liabilities, including bonds payable, are not due and payable in the current<br>period and therefore, are not reported in the funds |                        | (5,362,810)                          |
| Net assets of governmental activities - component unit school board   |                        | \$ 10,867,339                        |

**County of Tazewell, Virginia**  
**Special Revenue Fund-Discretely Presented Component Unit-School Board**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2009**

|   | <u>School Fund</u>   | <u>Internal Service Fund</u> |
|---|----------------------|------------------------------|
| <b>REVENUES</b>   |                      |                              |
| Revenue from Use of Money and Property                    | \$ 12,945            | \$ -                         |
| Charges for Services                                      | 1,056,576            | -                            |
| Miscellaneous   | 521,767              | -                            |
| Recovered Costs   | 269,164              | -                            |
| Intergovernmental Revenues:                               |                      |                              |
| Local Government  | 12,536,862           | -                            |
| Commonwealth  | 44,645,246           | -                            |
| Federal Government  | 5,311,026            | -                            |
| Total Revenues  | <u>\$ 64,353,586</u> | <u>\$ -</u>                  |
| <b>EXPENDITURES:</b>                                      |                      |                              |
| Current:  |                      |                              |
| Education   | \$ 66,729,408        | \$ -                         |
| Debt Service:   |                      |                              |
| Principal Retirement                                      | 810,828              | -                            |
| Interest and Other Fiscal Charges                         | 238,829              | -                            |
| Total Expenditures  | <u>\$ 67,779,065</u> | <u>\$ -</u>                  |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (3,425,479)       | \$ -                         |
| <b>Other Financing Sources (Uses)</b>                     |                      |                              |
| Proceeds from Capital Leases                              | \$ 4,823,847         | \$ -                         |
| Total Other Financing Sources (Uses)                      | <u>\$ 4,823,847</u>  | <u>\$ -</u>                  |
| Net Change in Fund Balance                                | \$ 1,398,368         | \$ -                         |
| Fund Balance - Beginning, as restated                     | 2,214,880            | 208,996                      |
| Fund Balance - Ending                                     | <u>\$ 3,613,248</u>  | <u>\$ 208,996</u>            |

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

|  |              |                    |
|--|--------------|--------------------|
| Net change in fund balance - total governmental funds - per above  | \$ 1,398,368 |                    |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.   |              | (387,017)          |
| 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 assets. Also, governmental funds report the effect of issuance costs, 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. |              | (4,013,019)        |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditure in governmental funds.  |              | (485,295)          |
| Change in net assets of governmental funds - component unit school board   | \$           | <u>(3,486,963)</u> |

**County of Tazewell, Virginia**  
**Major Special Revenue Fund-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, 2009**

|   | <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                    | \$ 8,768              | \$ 8,768              | \$ 12,945                 | \$ 4,177  |
| Charges for Services                                      | 984,500               | 984,500               | 1,056,576                 | 72,076  |
| Miscellaneous   | 367,000               | 367,000               | 521,767                   | 154,767   |
| Recovered Costs   | 370,000               | 370,000               | 269,164                   | (100,836)   |
| Intergovernmental Revenues:                               |                       |                       |                           |   |
| Local Government  | 12,675,966            | 12,675,966            | 12,536,862                | (139,104)   |
| Commonwealth  | 45,243,691            | 45,243,691            | 44,645,246                | (598,445)   |
| Federal Government  | 5,731,856             | 5,731,856             | 5,311,026                 | (420,830)   |
| Total Revenues  | <u>\$ 65,381,781</u>  | <u>\$ 65,381,781</u>  | <u>\$ 64,353,586</u>      | <u>\$ (1,028,195)</u>                               |
| <b>EXPENDITURES:</b>                                      |                       |                       |                           |   |
| Current:  |                       |                       |                           |   |
| Education   | \$ 65,457,610         | \$ 65,457,610         | \$ 66,729,408             | \$ (1,271,798)                                      |
| Debt Service:   |                       |                       |                           |   |
| Principal Retirement                                      | 1,364,556             | 1,364,556             | 810,828                   | 553,728   |
| Interest and Other Fiscal Charges                         | 471,767               | 471,767               | 238,829                   | 232,938   |
| Total Expenditures  | <u>\$ 67,293,933</u>  | <u>\$ 67,293,933</u>  | <u>\$ 67,779,065</u>      | <u>\$ (485,132)</u>                                 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (1,912,152)</u> | <u>\$ (1,912,152)</u> | <u>\$ (3,425,479)</u>     | <u>\$ (1,513,327)</u>                               |
| <b>Other Financing Sources (Uses)</b>                     |                       |                       |                           |   |
| Proceeds from Capital Leases                              | \$ -                  | \$ -                  | \$ 4,823,847              | \$ 4,823,847  |
| Total Other Financing Sources (Uses)                      | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 4,823,847</u>       | <u>\$ 4,823,847</u>                                 |
| Net Change in Fund Balance                                | \$ (1,912,152)        | \$ (1,912,152)        | \$ 1,398,368              | \$ 3,310,520  |
| Fund Balance - Beginning                                  | -                     | -                     | 2,214,880                 | 2,214,880   |
| Fund Balance - Ending                                     | <u>\$ (1,912,152)</u> | <u>\$ (1,912,152)</u> | <u>\$ 3,613,248</u>       | <u>\$ 5,525,400</u>                                 |

County of Tazewell, Virginia  
 Non-Major Funds  
 Combining Balance Sheet  
 June 30, 2009

|  | <u>Special<br/>Revenue Funds</u> | <u>School<br/>Construction Fund</u> | <u>Total</u>        |
|--|----------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                                      |                                  |                                     |                     |
| Cash and Cash Equivalents                          | \$ 1,798,904                     | \$ 1,565                            | \$ 1,800,469        |
| Receivables (Net of Allowance for Uncollectibles): |                                  |                                     |                     |
| Taxes  | 60,052                           | -                                   | 60,052              |
| Due from Other Governmental Units                  | 70,317                           | -                                   | 70,317              |
| Total Assets                                       | <u>\$ 1,929,273</u>              | <u>\$ 1,565</u>                     | <u>\$ 1,930,838</u> |
| <b>LIABILITIES AND FUND BALANCES</b>               |                                  |                                     |                     |
| Liabilities  |                                  |                                     |                     |
| Accounts Payable                                   | \$ 853                           | \$ -                                | \$ 853              |
| Total Liabilities                                  | <u>\$ 853</u>                    | <u>\$ -</u>                         | <u>\$ 853</u>       |
| Fund Balances:                                     |                                  |                                     |                     |
| Unreserved:  |                                  |                                     |                     |
| Designated   | \$ -                             | \$ 1,565                            | \$ 1,565            |
| Undesignated (deficit)                             | 1,928,420                        | -                                   | 1,928,420           |
| Total Fund Balances                                | <u>\$ 1,928,420</u>              | <u>\$ 1,565</u>                     | <u>\$ 1,929,985</u> |
| Total Liabilities and Fund Balances                | <u>\$ 1,929,273</u>              | <u>\$ 1,565</u>                     | <u>\$ 1,930,838</u> |

County of Tazewell, Virginia  
 Non-Major Special Revenue Funds  
 Combining Balance Sheet  
 For the Fiscal Year Ended June 30, 2009

|    | <u>Law Library</u><br><u>Fund</u> | <u>Coal Road</u><br><u>Improvement</u><br><u>Fund</u> | <u>Coal Road</u><br><u>Economic</u><br><u>Development</u><br><u>Fund</u> | <u>E-911 Fund</u> | <u>Damage</u><br><u>Stamp Fund</u> | <u>Total</u>     |
|----|-----------------------------------|---|--|-------------------|------------------------------------|------------------|
| \$ | 66,147 \$                         | 1,163,466 \$  | 28,415 \$  | 540,691 \$        | 185 \$                             | 1,798,904        |
|    | -                                 | 45,039  | 15,013   | -                 | -                                  | 60,052           |
|    | -                                 | -   | -  | 70,317            | -                                  | 70,317           |
| \$ | <u>66,147 \$</u>                  | <u>1,208,505 \$</u>                                   | <u>43,428 \$</u>   | <u>611,008 \$</u> | <u>185 \$</u>                      | <u>1,929,273</u> |

**ASSETS**  
 Cash and Cash Equivalents  
 Receivables (Net of Allowance for Uncollectibles):  
 Taxes  
 Due from Other Governmental Units  
 Total Assets

|    | <u>Law Library</u><br><u>Fund</u> | <u>Coal Road</u><br><u>Improvement</u><br><u>Fund</u> | <u>Coal Road</u><br><u>Economic</u><br><u>Development</u><br><u>Fund</u> | <u>E-911 Fund</u> | <u>Damage</u><br><u>Stamp Fund</u> | <u>Total</u> |
|----|-----------------------------------|---|--|-------------------|------------------------------------|--------------|
| \$ | 657 \$                            | -   | -  | 196 \$            | -                                  | 853          |
| \$ | <u>657 \$</u>                     | <u>- \$</u>   | <u>- \$</u>  | <u>196 \$</u>     | <u>- \$</u>                        | <u>853</u>   |

**LIABILITIES AND FUND BALANCES**  
 Liabilities  
 Accounts Payable  
 Total Liabilities

|    | <u>Law Library</u><br><u>Fund</u> | <u>Coal Road</u><br><u>Improvement</u><br><u>Fund</u> | <u>Coal Road</u><br><u>Economic</u><br><u>Development</u><br><u>Fund</u> | <u>E-911 Fund</u> | <u>Damage</u><br><u>Stamp Fund</u> | <u>Total</u>     |
|----|-----------------------------------|---|--|-------------------|------------------------------------|------------------|
| \$ | 65,490 \$                         | 1,208,505 \$  | 43,428 \$  | 610,812 \$        | 185 \$                             | 1,928,420        |
| \$ | <u>65,490 \$</u>                  | <u>1,208,505 \$</u>                                   | <u>43,428 \$</u>   | <u>610,812 \$</u> | <u>185 \$</u>                      | <u>1,928,420</u> |
| \$ | <u>66,147 \$</u>                  | <u>1,208,505 \$</u>                                   | <u>43,428 \$</u>   | <u>611,008 \$</u> | <u>185 \$</u>                      | <u>1,929,273</u> |

Fund Balances:  
 Unreserved:  
 Undesignated (deficit)  
 Total Fund Balances  
 Total Liabilities and Fund Balances

County of Tazewell, Virginia  
Non-Major Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009

|  | Special<br>Revenue Funds | School Construction<br>Fund | Total                 |
|--|--------------------------|-----------------------------|-----------------------|
| <b>REVENUES</b>  |                          |                             |                       |
| Other Local Taxes  | 1,603,495                | -                           | 1,603,495             |
| Revenue from Use of Money and Property                       | -                        | 5,770                       | 5,770                 |
| Charges for Services   | 16,223                   | -                           | 16,223                |
| Intergovernmental Revenues:                                  |                          |                             |                       |
| Tazewell County School Board                                 | -                        | 1,520,898                   | 1,520,898             |
| Total Revenues   | <u>\$ 1,619,718</u>      | <u>\$ 1,526,668</u>         | <u>\$ 3,146,386</u>   |
| <b>EXPENDITURES:</b>   |                          |                             |                       |
| Current:   |                          |                             |                       |
| Judicial Administration                                      | \$ 8,299                 | \$ -                        | \$ 8,299              |
| Public Safety  | 550,466                  | -                           | 550,466               |
| Public Works   | 743,309                  | -                           | 743,309               |
| Capital Projects   | -                        | 16,229                      | 16,229                |
|  | <u>\$ 1,302,074</u>      | <u>\$ 16,229</u>            | <u>\$ 1,318,303</u>   |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>\$ 317,644</u>        | <u>\$ 1,510,439</u>         | <u>\$ 1,828,083</u>   |
| <b>Other Financing Sources (Uses)</b>                        |                          |                             |                       |
| Transfers In   | \$ 200,000               | \$ 17,620                   | \$ 217,620            |
| Transfers Out  | (250,000)                | (1,520,898)                 | (1,770,898)           |
| Total Other Financing Sources (Uses)                         | <u>\$ (50,000)</u>       | <u>\$ (1,503,278)</u>       | <u>\$ (1,553,278)</u> |
| Net Change in Fund Balance                                   | \$ 267,644               | \$ 7,161                    | \$ 274,805            |
| Fund Balance - Beginning                                     | 1,660,776                | (5,596)                     | 1,655,180             |
| Fund Balance - Ending  | <u>\$ 1,928,420</u>      | <u>\$ 1,565</u>             | <u>\$ 1,929,985</u>   |

Exhibit 23

County of Tazewell, Virginia  
 Non-Major Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)  
 For the Fiscal Year Ended June 30, 2009

|  | 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  | - \$             | - \$             | - \$             | -                                     | 400,000 \$                 | 400,000 \$          | 580,209 \$          | 180,209                               |
| Charges for Services   | 17,500           | 17,500           | 16,223           | (1,277)                               | -                          | -                   | -                   | -                                     |
| Recovered Costs  | -                | -                | -                | -                                     | 881,850                    | 881,850             | -                   | (881,850)                             |
| Commonwealth   | -                | -                | -                | -                                     | -                          | -                   | -                   | -                                     |
| <b>Total Revenues</b>  | <b>17,500 \$</b> | <b>17,500 \$</b> | <b>16,223 \$</b> | <b>(1,277)</b>                        | <b>1,281,850 \$</b>        | <b>1,281,850 \$</b> | <b>580,209 \$</b>   | <b>(701,641)</b>                      |
| <b>EXPENDITURES:</b>   |                  |                  |                  |                                       |                            |                     |                     |                                       |
| Current:   |                  |                  |                  |                                       |                            |                     |                     |                                       |
| Judicial Administration  | 17,500 \$        | 17,500 \$        | 8,299 \$         | 9,201                                 | - \$                       | - \$                | - \$                | -                                     |
| Public Safety  | -                | -                | -                | -                                     | 1,778,790                  | 1,778,790           | 130,000             | 1,648,790                             |
| Public Works   | -                | -                | -                | -                                     | 1,778,790                  | 1,778,790           | 130,000             | 1,648,790                             |
| <b>Total Expenditures</b>  | <b>17,500 \$</b> | <b>17,500 \$</b> | <b>8,299 \$</b>  | <b>9,201</b>                          | <b>(496,940) \$</b>        | <b>(496,940) \$</b> | <b>450,209 \$</b>   | <b>947,149</b>                        |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <b>- \$</b>      | <b>- \$</b>      | <b>7,924 \$</b>  | <b>7,924</b>                          |                            |                     |                     |                                       |
| <b>Other Financing Sources (Uses)</b>                            |                  |                  |                  |                                       |                            |                     |                     |                                       |
| Transfers In   | - \$             | - \$             | - \$             | -                                     | - \$                       | - \$                | - \$                | -                                     |
| Transfers Out  | -                | -                | -                | -                                     | (450,000)                  | (250,000)           | (250,000)           | -                                     |
| <b>Total Other Financing Sources (Uses)</b>                      | <b>- \$</b>      | <b>- \$</b>      | <b>- \$</b>      | <b>-</b>                              | <b>(450,000) \$</b>        | <b>(250,000) \$</b> | <b>(250,000) \$</b> | <b>-</b>                              |
| <b>Net Change in Fund Balance</b>                                | <b>- \$</b>      | <b>- \$</b>      | <b>7,924 \$</b>  | <b>7,924</b>                          | <b>(946,940) \$</b>        | <b>(746,940) \$</b> | <b>200,209 \$</b>   | <b>947,149</b>                        |
| <b>Fund Balance - Beginning</b>                                  | <b>50,000</b>    | <b>50,000</b>    | <b>57,568</b>    | <b>7,568</b>                          |                            |                     | <b>1,008,296</b>    | <b>1,008,296</b>                      |
| <b>Fund Balance - Ending</b>                                     | <b>50,000 \$</b> | <b>50,000 \$</b> | <b>65,490 \$</b> | <b>15,490</b>                         | <b>(946,940) \$</b>        | <b>(746,940) \$</b> | <b>1,208,505 \$</b> | <b>1,955,445</b>                      |

Exhibit 23

County of Tazewell, Virginia  
 Non-Major Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)  
 For the Fiscal Year Ended June 30, 2009

|   | 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>   | \$                                  | 375,000 | \$             | 375,000                              | \$             | 550,946  | \$             | 550,946                              | \$ | 384,000   | \$ | 472,340  | \$ | 88,340      |
| Other Local Taxes   | -                                   | -       | -              | -                                    | -              | -        | -              | -                                    | -  | -         | -  | -        | -  | -           |
| Charges for Services                                      | -                                   | -       | -              | -                                    | -              | -        | -              | -                                    | -  | -         | -  | -        | -  | -           |
| Recovered Costs   | -                                   | -       | -              | -                                    | -              | -        | -              | -                                    | -  | -         | -  | -        | -  | -           |
| Commonwealth  | -                                   | -       | -              | -                                    | -              | -        | -              | -                                    | -  | 1,049,792 | -  | -        | -  | (1,049,792) |
| Total Revenues  | \$                                  | 375,000 | \$             | 375,000                              | \$             | 550,946  | \$             | 550,946                              | \$ | 1,433,792 | \$ | 472,340  | \$ | (951,452)   |
| <b>EXPENDITURES:</b>                                      |                                     |         |                |                                      |                |          |                |                                      |    |           |    |          |    |             |
| Current:  | \$                                  | -       | \$             | -                                    | \$             | -        | \$             | -                                    | \$ | -         | \$ | -        | \$ | -           |
| Judicial Administration                                   | -                                   | -       | -              | -                                    | -              | -        | -              | -                                    | -  | -         | -  | -        | -  | -           |
| Public Safety   | -                                   | -       | -              | -                                    | -              | -        | -              | -                                    | -  | 1,876,814 | -  | 550,106  | -  | 1,326,708   |
| Public Works  | 375,000                             | 375,000 | 613,309        | (238,309)                            | -              | -        | -              | -                                    | -  | -         | -  | -        | -  | -           |
| Total Expenditures  | \$                                  | 375,000 | \$             | 375,000                              | \$             | 613,309  | \$             | (238,309)                            | \$ | 1,876,814 | \$ | 550,106  | \$ | 1,326,708   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$                                  | -       | \$             | -                                    | \$             | (62,363) | \$             | (62,363)                             | \$ | (443,022) | \$ | (77,766) | \$ | 365,256     |
| <b>Other Financing Sources (Uses)</b>                     |                                     |         |                |                                      |                |          |                |                                      |    |           |    |          |    |             |
| Transfers In  | \$                                  | -       | \$             | -                                    | \$             | -        | \$             | -                                    | \$ | 100,000   | \$ | 200,000  | \$ | 100,000     |
| Transfers Out   | -                                   | -       | -              | -                                    | -              | -        | -              | -                                    | -  | -         | -  | -        | -  | -           |
| Total Other Financing Sources (Uses)                      | \$                                  | -       | \$             | -                                    | \$             | -        | \$             | -                                    | \$ | 100,000   | \$ | 200,000  | \$ | 100,000     |
| Net Change in Fund Balance                                | \$                                  | -       | \$             | -                                    | \$             | (62,363) | \$             | (62,363)                             | \$ | (343,022) | \$ | 122,234  | \$ | 465,256     |
| Fund Balance - Beginning                                  | \$                                  | 50,000  | \$             | 50,000                               | \$             | 105,791  | \$             | 55,791                               | \$ | 345,000   | \$ | 488,578  | \$ | 143,578     |
| Fund Balance - Ending                                     | \$                                  | 50,000  | \$             | 50,000                               | \$             | 43,428   | \$             | (6,572)                              | \$ | 1,978     | \$ | 610,812  | \$ | 608,834     |

Exhibit 23

County of Tazewell, Virginia  
 Non-Major Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)  
 For the Fiscal Year Ended June 30, 2009

|   | 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   | \$ -               | \$ -       | \$ -           | -                                    | \$ 1,159,000   | \$ 1,159,000   | \$ 1,603,495   | \$ 444,495                           |
| Charges for Services                                      | -                  | -          | -              | -                                    | 17,500         | 17,500         | 16,223         | (1,277)                              |
| Recovered Costs   | -                  | -          | -              | -                                    | 881,850        | 881,850        | -              | (881,850)                            |
| Commonwealth  | -                  | -          | -              | -                                    | 1,049,792      | 1,049,792      | -              | (1,049,792)                          |
| Total Revenues  | \$ -               | \$ -       | \$ -           | -                                    | \$ 3,108,142   | \$ 3,108,142   | \$ 1,619,718   | \$ (1,488,424)                       |
| <b>EXPENDITURES:</b>                                      |                    |            |                |                                      |                |                |                |                                      |
| Current:  |                    |            |                |                                      |                |                |                |                                      |
| Judicial Administration                                   | \$ -               | \$ -       | \$ -           | -                                    | \$ 17,500      | \$ 17,500      | \$ 8,299       | \$ 9,201                             |
| Public Safety   | 1,500              | 1,500      | 360            | 1,140                                | 1,878,314      | 1,878,314      | 550,466        | 1,327,848                            |
| Public Works  | -                  | -          | -              | -                                    | 2,153,790      | 2,153,790      | 743,309        | 1,410,481                            |
|   | \$ 1,500           | \$ 1,500   | \$ 360         | \$ 1,140                             | \$ 4,049,604   | \$ 4,049,604   | \$ 1,302,074   | \$ 2,747,530                         |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (1,500)         | \$ (1,500) | \$ (360)       | \$ 1,140                             | \$ (941,462)   | \$ (941,462)   | \$ 317,644     | \$ 1,259,106                         |
| <b>Other Financing Sources (Uses)</b>                     |                    |            |                |                                      |                |                |                |                                      |
| Transfers In  | \$ -               | \$ -       | \$ -           | -                                    | \$ 100,000     | \$ 100,000     | \$ 200,000     | \$ 100,000                           |
| Transfers Out   | -                  | -          | -              | -                                    | (450,000)      | (250,000)      | (250,000)      | -                                    |
| Total Other Financing Sources (Uses)                      | \$ -               | \$ -       | \$ -           | \$ -                                 | \$ (350,000)   | \$ (150,000)   | \$ (50,000)    | \$ 100,000                           |
| Net Change in Fund Balance                                | \$ (1,500)         | \$ (1,500) | \$ (360)       | \$ 1,140                             | \$ (1,291,462) | \$ (1,091,462) | \$ 267,644     | \$ 1,359,106                         |
| Fund Balance - Beginning                                  | 1,644              | 1,644      | 645            | (1,099)                              | 446,644        | 446,644        | 1,660,776      | 1,214,132                            |
| Fund Balance - Ending                                     | \$ 144             | \$ 144     | \$ 185         | \$ 41                                | \$ (644,818)   | \$ (644,818)   | \$ 1,928,420   | \$ 2,573,238                         |

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## **Supporting Schedules**

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**County of Tazewell, Virginia**  
**Schedule of Revenues-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <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> |
|---|----------------------------|-------------------------|----------------------|--|
| Primary Government:                                   |                            |                         |                      |  |
| General Fund:   |                            |                         |                      |  |
| Revenue from Local Sources:                           |                            |                         |                      |  |
| General Property Taxes:                               |                            |                         |                      |  |
| Real property taxes                                   | \$ 12,450,000              | \$ 12,450,000           | \$ 12,732,995        | \$ 282,995   |
| Real and personal public service corporation taxes    | 895,900                    | 895,900                 | 789,341              | (106,559)  |
| Personal property taxes                               | 6,750,000                  | 6,750,000               | 4,904,052            | (1,845,948)  |
| Mobile home taxes                                     | 155,000                    | 155,000                 | 175,389              | 20,389   |
| Machinery and tools taxes                             | 900,000                    | 900,000                 | 1,300,087            | 400,087  |
| Merchant's capital taxes                              | 996,000                    | 996,000                 | 1,050,699            | 54,699   |
| Penalties   | 350,000                    | 350,000                 | 347,790              | (2,210)  |
| Interest  | 100,000                    | 100,000                 | 166,083              | 66,083   |
| Total General Property Taxes                          | <u>\$ 22,596,900</u>       | <u>\$ 22,596,900</u>    | <u>\$ 21,466,436</u> | <u>\$ (1,130,464)</u>                                |
| Other Local Taxes:                                    |                            |                         |                      |  |
| Local sales and use taxes                             | \$ 4,450,000               | \$ 4,450,000            | \$ 4,863,262         | \$ 413,262   |
| Consumers' utility taxes                              | 900,000                    | 900,000                 | 799,950              | (100,050)  |
| Utility license taxes                                 | 30,000                     | 30,000                  | 29,465               | (535)  |
| Consumption taxes                                     | -                          | -                       | 140,215              | 140,215  |
| Motor vehicle licenses                                | 45,000                     | 45,000                  | 36,617               | (8,383)  |
| Bank franchise taxes                                  | 40,000                     | 40,000                  | 44,819               | 4,819  |
| Taxes on recordation and wills                        | 320,000                    | 320,000                 | 206,035              | (113,965)  |
| Coal severance taxes                                  | 750,000                    | 750,000                 | 1,131,158            | 381,158  |
| Total Other Local Taxes                               | <u>\$ 6,535,000</u>        | <u>\$ 6,535,000</u>     | <u>\$ 7,251,521</u>  | <u>\$ 716,521</u>                                    |
| Permits, Privilege Fees and Regulatory Licenses:      |                            |                         |                      |  |
| Animal licenses                                       | \$ 3,785                   | \$ 3,785                | \$ 6,713             | \$ 2,928   |
| Land use application fees                             | 500                        | 500                     | 354                  | (146)  |
| Transfer fees   | 1,500                      | 1,500                   | 1,262                | (238)  |
| Zoning and subdivision permits                        | -                          | -                       | 103                  | 103  |
| Transient fee   | 175,000                    | 175,000                 | 205,617              | 30,617   |
| Cavitts Creek camping fee                             | 12,500                     | 12,500                  | 16,315               | 3,815  |
| Collection fees                                       | 1,000                      | 1,000                   | -                    | (1,000)  |
| Building permits                                      | 90,000                     | 90,000                  | 93,767               | 3,767  |
| Return check fees                                     | 1,000                      | 1,000                   | 1,285                | 285  |
| Junk dealers license                                  | 2,400                      | 2,400                   | 2,700                | 300  |
| Other permits and licenses                            | 20,000                     | 20,000                  | 31,611               | 11,611   |
| Total Permits, Privilege Fees and Regulatory Licenses | <u>\$ 307,685</u>          | <u>\$ 307,685</u>       | <u>\$ 359,727</u>    | <u>\$ 52,042</u>                                     |
| Fines and Forfeitures:                                |                            |                         |                      |  |
| Court fines and forfeitures                           | \$ 25,000                  | \$ 25,000               | \$ 77,003            | \$ 52,003  |
| Total Fines and Forfeitures                           | <u>\$ 25,000</u>           | <u>\$ 25,000</u>        | <u>\$ 77,003</u>     | <u>\$ 52,003</u>                                     |
| Revenue from Use of Money and Property:               |                            |                         |                      |  |
| Revenue from use of money                             | \$ 550,000                 | \$ 550,000              | \$ 251,739           | \$ (298,261)   |
| Revenue from use of property                          | 30,000                     | 30,000                  | 292,190              | 262,190  |
| Total Revenue from Use of Money and Property          | <u>\$ 580,000</u>          | <u>\$ 580,000</u>       | <u>\$ 543,929</u>    | <u>\$ (36,071)</u>                                   |
| Charges for Services:                                 |                            |                         |                      |  |
| Commonwealth attorney fees                            | \$ 3,500                   | \$ 3,500                | \$ 5,075             | \$ 1,575   |
| Courthouse maintenance fees                           | 12,500                     | 12,500                  | 13,215               | 715  |
| Courthouse security fees                              | 37,500                     | 37,500                  | 78,844               | 41,344   |
| Library fees  | 25,000                     | 50,279                  | 34,064               | (16,215)   |
| Miscellaneous court fees                              | 7,500                      | 7,500                   | 23,073               | 15,573   |
| Sheriff special project fees                          | -                          | -                       | 3,743                | 3,743  |
| County garage service fees                            | 125,797                    | 125,797                 | 167,498              | 41,701   |
| Other fees  | -                          | -                       | 42,097               | 42,097   |
| Total Charges for Services                            | <u>\$ 211,797</u>          | <u>\$ 237,076</u>       | <u>\$ 357,609</u>    | <u>\$ 130,533</u>                                    |

**County of Tazewell, Virginia**  
**Schedule of Revenues-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <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> |
|--|----------------------------|-------------------------|----------------------|--|
| General Fund: (continued)                    |                            |                         |                      |  |
| Miscellaneous:                               |                            |                         |                      |  |
| Miscellaneous                                | \$ 570,000                 | \$ 338,854              | \$ 753,276           | \$ 414,422   |
| Expenditure refunds                          | -                          | -                       | 1,178,659            | 1,178,659  |
| Total Miscellaneous                          | <u>570,000</u>             | <u>338,854</u>          | <u>1,931,935</u>     | <u>1,593,081</u>                                     |
| Recovered Costs:                             |                            |                         |                      |  |
| Library                                      | \$ 15,000                  | \$ 15,000               | -                    | \$ (15,000)  |
| Administrator's salary                       | 36,267                     | 32,267                  | 36,342               | 4,075  |
| Health department                            | 112,843                    | 112,843                 | 143,786              | 30,943   |
| Welfare recoveries                           | 95,000                     | 95,000                  | 23,704               | (71,296)   |
| Insurance recoveries                         | 76,743                     | 126,890                 | 132,403              | 5,513  |
| Public safety recoveries                     | 3,743                      | 3,743                   | -                    | (3,743)  |
| Total Recovered Costs                        | <u>\$ 339,596</u>          | <u>\$ 385,743</u>       | <u>\$ 336,235</u>    | <u>\$ (49,508)</u>                                   |
| Total Revenue from Local Sources             | <u>\$ 31,165,978</u>       | <u>\$ 31,006,258</u>    | <u>\$ 32,334,395</u> | <u>\$ 1,328,137</u>                                  |
| Intergovernmental Revenues:                  |                            |                         |                      |  |
| Revenue from the Commonwealth:               |                            |                         |                      |  |
| Non-categorical Aid:                         |                            |                         |                      |  |
| ABC profits                                  | \$ 16,370                  | 16,370                  | -                    | \$ (16,370)  |
| Wine taxes                                   | 17,160                     | 17,160                  | -                    | (17,160)   |
| Mobile home titling tax                      | 99,446                     | 99,446                  | 141,601              | 42,155   |
| Motor vehicle rental tax                     | 20,000                     | 20,000                  | 27,036               | 7,036  |
| Rolling stock tax                            | 82,000                     | 82,000                  | 99,777               | 17,777   |
| State recordation tax                        | -                          | -                       | 76,764               | 76,764   |
| Personal property tax relief funds           | -                          | -                       | 2,758,262            | 2,758,262  |
| Total Non-categorical Aid                    | <u>\$ 234,976</u>          | <u>\$ 234,976</u>       | <u>\$ 3,103,440</u>  | <u>\$ 2,868,464</u>                                  |
| Categorical Aid:                             |                            |                         |                      |  |
| Shared Expenses:                             |                            |                         |                      |  |
| Commonwealth's Attorney                      | \$ 744,480                 | \$ 798,980              | \$ 696,592           | \$ (102,388)   |
| Sheriff                                      | 1,925,287                  | 1,925,287               | 1,751,937            | (173,350)  |
| Commissioner of the Revenue                  | 174,029                    | 174,029                 | 167,123              | (6,906)  |
| Treasurer                                    | 182,416                    | 182,416                 | 187,487              | 5,071  |
| Medical Examiner                             | 1,000                      | 1,000                   | -                    | (1,000)  |
| Registrar/Electoral Board                    | 55,000                     | 74,892                  | 54,079               | (20,813)   |
| Clerk of the Circuit Court                   | 403,682                    | 445,797                 | 459,823              | 14,026   |
| Total Shared Expenses                        | <u>\$ 3,485,894</u>        | <u>\$ 3,602,401</u>     | <u>\$ 3,317,041</u>  | <u>\$ (285,360)</u>                                  |
| Other Categorical Aid:                       |                            |                         |                      |  |
| Public assistance and welfare administration | \$ 6,296,089               | 6,296,089               | 2,464,200            | \$ (3,831,889)                                       |
| Arts grant                                   | 5,000                      | 5,000                   | 5,000                | -  |
| Fire programs                                | 78,144                     | 78,144                  | -                    | (78,144)   |
| Library grant                                | 188,207                    | 188,207                 | 216,765              | 28,558   |
| Emergency medical services                   | 36,082                     | 36,082                  | -                    | (36,082)   |
| At risk youth and family                     | 1,823,300                  | 1,823,300               | 1,741,501            | (81,799)   |
| Litter control                               | 11,750                     | 11,750                  | 11,329               | (421)  |
| Workforce investment                         | 50,000                     | 50,000                  | -                    | (50,000)   |
| Community Correction Services                | 123,263                    | 123,263                 | 125,196              | 1,933  |
| Sheriff triad                                | 4,750                      | 4,750                   | 1,857                | (2,893)  |
| Library of VA - record preservation grant    | 32,316                     | 32,316                  | -                    | (32,316)   |
| Game and inland fishery                      | -                          | -                       | 2,549                | 2,549  |
| Community connect grant                      | 855,000                    | 855,000                 | -                    | (855,000)  |
| Creating lasting family connections grant    | 48,750                     | 48,750                  | -                    | (48,750)   |
| Victim witness grant                         | -                          | -                       | 17,285               | 17,285   |
| Virginia domestic violence                   | -                          | -                       | 20,000               | 20,000   |
| Staff support grant                          | 7,587                      | 7,587                   | -                    | (7,587)  |
| Talent solutions grant                       | 30,000                     | 30,000                  | -                    | (30,000)   |

**County of Tazewell, Virginia**  
**Schedule of Revenues-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <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> |
|--|----------------------------|-------------------------|----------------------|--|
| General Fund: (continued)                    |                            |                         |                      |  |
| Intergovernmental Revenues: (continued)      |                            |                         |                      |  |
| Revenue from the Commonwealth: (continued)   |                            |                         |                      |  |
| Other Categorical Aid: (continued)           |                            |                         |                      |  |
| Other categorical aid                        | \$ -                       | \$ 32,500               | \$ -                 | \$ (32,500)  |
| Total Other Categorical Aid                  | <u>\$ 9,590,238</u>        | <u>\$ 9,622,738</u>     | <u>\$ 4,605,682</u>  | <u>\$ (5,017,056)</u>                                |
| Total Revenue from the Commonwealth          | <u>\$ 13,311,108</u>       | <u>\$ 13,460,115</u>    | <u>\$ 11,026,163</u> | <u>\$ (2,433,952)</u>                                |
| Revenue from the Federal Government:         |                            |                         |                      |  |
| Non-categorical Aid:                         |                            |                         |                      |  |
| Payment in lieu of taxes                     | \$ 10,000                  | 10,000                  | 24,924               | \$ 14,924  |
| Categorical Aid:                             |                            |                         |                      |  |
| Public assistance and welfare administration | \$ -                       | -                       | 2,863,679            | \$ 2,863,679   |
| Emergency preparedness                       | 7,192                      | 7,192                   | 7,192                | -  |
| Victim witness                               | 86,432                     | 86,432                  | 69,145               | (17,287)   |
| Sheriff ground transportation                | -                          | -                       | 24,034               | 24,034   |
| V-Stop                                       | 25,075                     | 25,075                  | -                    | (25,075)   |
| Virginia domestic violence                   | 40,000                     | 40,000                  | 27,708               | (12,292)   |
| Juvenile justice                             | -                          | -                       | 48,750               | 48,750   |
| Total Categorical Aid                        | <u>\$ 158,699</u>          | <u>\$ 158,699</u>       | <u>\$ 3,040,508</u>  | <u>\$ 2,881,809</u>                                  |
| Total Revenue from the Federal Government    | <u>\$ 168,699</u>          | <u>\$ 168,699</u>       | <u>\$ 3,065,432</u>  | <u>\$ 2,896,733</u>                                  |
| Total General Fund                           | <u>\$ 44,645,785</u>       | <u>\$ 44,635,072</u>    | <u>\$ 46,425,990</u> | <u>\$ 1,790,918</u>                                  |
| Non-major Special Revenue Funds:             |                            |                         |                      |  |
| Law Library                                  |                            |                         |                      |  |
| Revenue from Local Sources:                  |                            |                         |                      |  |
| Charges for Services:                        |                            |                         |                      |  |
| Law library fees                             | \$ 17,500                  | 17,500                  | 16,223               | \$ (1,277)   |
| Total Law Library Fund                       | <u>\$ 17,500</u>           | <u>\$ 17,500</u>        | <u>\$ 16,223</u>     | <u>\$ (1,277)</u>                                    |
| Coal Road Improvement Fund                   |                            |                         |                      |  |
| Revenue from Local Sources:                  |                            |                         |                      |  |
| Other Local Taxes:                           |                            |                         |                      |  |
| Coal road tax                                | \$ 400,000                 | 400,000                 | 580,209              | 180,209  |
| Recovered Costs:                             |                            |                         |                      |  |
| Town Road projects reimbursements            | \$ 881,850                 | 881,850                 | -                    | \$ (881,850)   |
| Total Coal Road Improvement Fund             | <u>\$ 1,281,850</u>        | <u>\$ 1,281,850</u>     | <u>\$ 580,209</u>    | <u>\$ (701,641)</u>                                  |
| Coal Road Economic Development Fund          |                            |                         |                      |  |
| Revenue from Local Sources:                  |                            |                         |                      |  |
| Other Local Taxes:                           |                            |                         |                      |  |
| Coal road tax                                | \$ 375,000                 | 375,000                 | 550,946              | 175,946  |
| Total Coal Road Economic Development Fund    | <u>\$ 375,000</u>          | <u>\$ 375,000</u>       | <u>\$ 550,946</u>    | <u>\$ 175,946</u>                                    |

**County of Tazewell, Virginia**  
**Schedule of Revenues-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <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> |
|--|----------------------------|-------------------------|---------------|--|
| Non-major Special Revenue Funds: (continued) |                            |                         |               |  |
| E-911 Fund                                   |                            |                         |               |  |
| Revenue from Local Sources                   |                            |                         |               |  |
| Other Local Taxes:                           |                            |                         |               |  |
| E-911 communications tax                     | \$ 384,000                 | \$ 384,000              | \$ 472,340    | \$ 88,340  |
| Other Categorical Aid:                       |                            |                         |               |  |
| Other grant revenues                         | \$ 1,049,792               | \$ 1,049,792            | \$ -          | \$ (1,049,792)                                       |
| Total E-911 Fund                             | \$ 1,433,792               | \$ 1,433,792            | \$ 472,340    | \$ (961,452)   |
| Total Non-Major Special Revenue Funds        | \$ 3,108,142               | \$ 3,108,142            | \$ 1,619,718  | \$ (1,488,424)                                       |
| Major Capital Projects Fund:                 |                            |                         |               |  |
| County CIP Fund:                             |                            |                         |               |  |
| Revenue from Local Sources:                  |                            |                         |               |  |
| Revenue from Use of Money and Property:      |                            |                         |               |  |
| Revenue from use of money                    | \$ -                       | \$ -                    | \$ 67,358     | \$ 67,358  |
| Revenue from use of property                 | 45,355                     | 45,355                  | 46,356        | 1,001  |
| Total Revenue from Use of Money and Property | \$ 45,355                  | \$ 45,355               | \$ 113,714    | \$ 68,359  |
| Charges for Services:                        |                            |                         |               |  |
| Charges for community facilities building    | \$ 360,000                 | \$ 360,000              | \$ -          | \$ (360,000)   |
| Total Revenue from Local Sources             | \$ 405,355                 | \$ 405,355              | \$ 113,714    | \$ (291,641)   |
| Intergovernmental Revenues:                  |                            |                         |               |  |
| Revenue from the Commonwealth:               |                            |                         |               |  |
| Categorical Aid:                             |                            |                         |               |  |
| Other Categorical Aid:                       |                            |                         |               |  |
| GOF incentives                               | \$ 600,000                 | \$ 600,000              | \$ -          | \$ (600,000)   |
| Bluestone planning grant                     | 3,578,010                  | 3,578,010               | 58,075        | (3,519,935)  |
| TROF incentives                              | 600,000                    | 600,000                 | -             | (600,000)  |
| Transportation enhancement grant             | 526,178                    | 526,178                 | 7,077         | (519,101)  |
| Kersey Road reimbursements                   | -                          | -                       | 7,380         | 7,380  |
| Total Other Categorical Aid                  | \$ 5,304,188               | \$ 5,304,188            | \$ 72,532     | \$ (5,231,656)                                       |
| Total Revenue from the Commonwealth          | \$ 5,304,188               | \$ 5,304,188            | \$ 72,532     | \$ (5,231,656)                                       |
| Revenue from the Federal Government:         |                            |                         |               |  |
| Categorical Aid:                             |                            |                         |               |  |
| CDBG - Kersey Road                           | \$ 75,000                  | \$ 75,000               | \$ 232,921    | \$ 157,921   |
| Total County CIP Fund                        | \$ 5,784,543               | \$ 5,784,543            | \$ 419,167    | \$ (5,365,376)                                       |
| Non-Major Capital Projects Fund:             |                            |                         |               |  |
| School Construction Fund:                    |                            |                         |               |  |
| Revenue from Local Sources:                  |                            |                         |               |  |
| Revenue from Use of Money and Property:      |                            |                         |               |  |
| Revenue from use of money                    | \$ -                       | \$ -                    | \$ 5,770      | \$ 5,770   |
| Total Primary Government                     | \$ 53,538,470              | \$ 53,527,757           | \$ 48,470,645 | \$ (5,057,112)                                       |

**County of Tazewell, Virginia**  
**Schedule of Revenues-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <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:             |                            |                         |                     |  |
| Major Special Revenue Fund:                                   |                            |                         |                     |  |
| School Operating Fund:  |                            |                         |                     |  |
| Revenue from Use of Money and Property:                       |                            |                         |                     |  |
| Revenue from use of money and property                        | \$ 8,768                   | \$ 8,768                | \$ 12,945           | \$ 4,177   |
| Discretely Presented Component Unit-School Board: (continued) |                            |                         |                     |  |
| Major Special Revenue Fund: (continued)                       |                            |                         |                     |  |
| School Operating Fund: (continued)                            |                            |                         |                     |  |
| Revenue from Local Sources: (continued)                       |                            |                         |                     |  |
| Charges for Services:   |                            |                         |                     |  |
| Tuition   | \$ 33,500                  | \$ 33,500               | \$ 34,269           | \$ 769   |
| Cafeteria sales   | 950,000                    | 950,000                 | 1,019,838           | 69,838   |
| Charges for damaged books                                     | 1,000                      | 1,000                   | 2,469               | 1,469  |
| Total Charges for Services                                    | <u>\$ 984,500</u>          | <u>\$ 984,500</u>       | <u>\$ 1,056,576</u> | <u>\$ 72,076</u>                                     |
| Miscellaneous:  |                            |                         |                     |  |
| Miscellaneous   | \$ 367,000                 | \$ 367,000              | \$ 521,767          | \$ 154,767   |
| Recovered Costs:  |                            |                         |                     |  |
| Other recoveries  | \$ 370,000                 | \$ 370,000              | \$ 269,164          | (100,836)  |
| Total Revenue from Local Sources                              | <u>\$ 1,730,268</u>        | <u>\$ 1,730,268</u>     | <u>\$ 1,860,452</u> | <u>\$ 130,184</u>                                    |
| Intergovernmental Revenues:                                   |                            |                         |                     |  |
| Revenue from Local Governments:                               |                            |                         |                     |  |
| Contribution from the County of Tazewell                      | \$ 12,675,966              | \$ 12,675,966           | \$ 12,536,862       | \$ (139,104)   |
| Revenue from the Commonwealth:                                |                            |                         |                     |  |
| Categorical Aid:  |                            |                         |                     |  |
| Categorical Aid:  |                            |                         |                     |  |
| At risk four-year olds  | \$ 1,268,757               | \$ 1,268,757            | \$ 1,445,333        | \$ 176,576   |
| Basic school aid  | 25,375,030                 | 25,375,030              | 25,633,012          | 257,982  |
| Construction  | 206,090                    | 206,090                 | 1,219,022           | 1,012,932  |
| Enrollment loss   | 105,502                    | 105,502                 | 99,807              | (5,695)  |
| ESL   | 4,049                      | 4,049                   | 12,147              | 8,098  |
| GED funding   | 23,576                     | 23,576                  | 26,805              | 3,229  |
| Gifted and talented children                                  | 230,461                    | 230,461                 | 229,571             | (890)  |
| Lottery   | 1,220,215                  | 1,220,215               | -                   | (1,220,215)  |
| National board certified teacher bonus                        | -                          | -                       | 5,000               | 5,000  |
| Reading intervention  | 134,344                    | 134,344                 | 103,704             | (30,640)   |
| Reduced K-3 classroom   | 1,031,402                  | 1,031,402               | 1,033,950           | 2,548  |
| Regular foster care   | -                          | -                       | 13,368              | 13,368   |
| Remedial education  | 788,689                    | 788,689                 | 785,643             | (3,046)  |
| Remedial summer education                                     | 43,486                     | 43,486                  | 89,468              | 45,982   |
| School food   | 46,092                     | 46,092                  | 33,866              | (12,226)   |
| Share of fringe benefits                                      | 3,221,335                  | 3,221,335               | 3,208,894           | (12,441)   |
| Share of state sales tax                                      | 6,775,063                  | 6,775,063               | 5,958,170           | (816,893)  |
| Special education - SOQ                                       | 2,547,685                  | 2,547,685               | 2,504,875           | (42,810)   |
| Special education - homebound                                 | 91,104                     | 91,104                  | 81,371              | (9,733)  |
| Standards of learning algebra readiness                       | 101,110                    | 101,110                 | 98,754              | (2,356)  |
| State textbook payments                                       | 606,983                    | 606,983                 | 604,639             | (2,344)  |
| Teacher training  | -                          | -                       | 17,700              | 17,700   |
| Technology assistance   | 492,000                    | 492,000                 | 492,000             | -  |
| Vocational education - SOQ                                    | 865,510                    | 865,510                 | 862,167             | (3,343)  |
| Vocational education - adult                                  | -                          | -                       | 5,731               | 5,731  |

**County of Tazewell, Virginia**  
**Schedule of Revenues-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <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) |                            |                         |                      |  |
| Major Special Revenue Fund: (continued)                       |                            |                         |                      |  |
| School Operating Fund: (continued)                            |                            |                         |                      |  |
| Intergovernmental Revenues: (continued)                       |                            |                         |                      |  |
| Revenue from the Commonwealth: (continued)                    |                            |                         |                      |  |
| Categorical Aid: (continued)                                  |                            |                         |                      |  |
| Vocational education - equipment                              | \$ -                       | \$ -                    | \$ 8,880             | \$ 8,880   |
| Vocational occupational preparedness                          | 59,346                     | 59,346                  | 39,823               | (19,523)   |
| Other state payments  | 5,862                      | 5,862                   | 31,546               | 25,684   |
| Total Categorical Aid   | <u>\$ 45,243,691</u>       | <u>\$ 45,243,691</u>    | <u>\$ 44,645,246</u> | <u>\$ (598,445)</u>                                  |
| Total Revenue from the Commonwealth                           | <u>\$ 45,243,691</u>       | <u>\$ 45,243,691</u>    | <u>\$ 44,645,246</u> | <u>\$ (598,445)</u>                                  |
| Revenue from the Federal Government:                          |                            |                         |                      |  |
| Forest reserve funds  | \$ 4,500                   | 4,500                   | 17,050               | \$ 12,550  |
| Adult basic education   | 51,702                     | 51,702                  | -                    | (51,702)   |
| Title I   | 1,808,050                  | 1,808,050               | 1,542,223            | (265,827)  |
| Title VI-B, special education flow-through                    | 1,557,828                  | 1,557,828               | 1,215,564            | (342,264)  |
| Vocational education  | 145,000                    | 145,000                 | 170,150              | 25,150   |
| Special education-pre-school                                  | -                          | -                       | 52,625               | 52,625   |
| Drug free schools   | 37,441                     | 37,441                  | 52,386               | 14,945   |
| Title II, Part A-Teacher quality grant                        | 479,030                    | 479,030                 | 41,024               | (438,006)  |
| Title II, Part D  | 17,978                     | 17,978                  | 23,526               | 5,548  |
| Title V, Part A-Innovative programs                           | 37,609                     | 37,609                  | 17,998               | (19,611)   |
| Reading first   | 335,281                    | 335,281                 | 355,542              | 20,261   |
| School food   | 1,257,437                  | 1,257,437               | 1,822,938            | 565,501  |
| Total Categorical Aid   | <u>\$ 5,731,856</u>        | <u>\$ 5,731,856</u>     | <u>\$ 5,311,026</u>  | <u>\$ (420,830)</u>                                  |
| Total Revenue from the Federal Government                     | <u>\$ 5,731,856</u>        | <u>\$ 5,731,856</u>     | <u>\$ 5,311,026</u>  | <u>\$ (420,830)</u>                                  |
| Total Discretely Presented Component Unit-School Board        | <u>\$ 65,381,781</u>       | <u>\$ 65,381,781</u>    | <u>\$ 64,353,586</u> | <u>\$ (1,028,195)</u>                                |

**County of Tazewell, Virginia**  
**Schedule of Expenditures-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <u>Fund, Function, Activity and Element</u> | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget-<br/>Pos (Neg)</u> |
|---|----------------------------|-------------------------|---------------|--|
| Primary Government:                         |                            |                         |               |  |
| General Fund:                               |                            |                         |               |  |
| General Government Administration:          |                            |                         |               |  |
| Legislative:                                |                            |                         |               |  |
| Board of supervisors                        | \$ 82,225                  | \$ 89,168               | \$ 89,261     | \$ (93)  |
| General and Financial Administration:       |                            |                         |               |  |
| County administrator                        | \$ 227,950                 | \$ 226,910              | \$ 227,117    | \$ (207)   |
| Legal services                              | 178,125                    | 185,755                 | 183,033       | 2,722  |
| Economic development                        | 313,100                    | 313,100                 | 274,441       | 38,659   |
| Commissioner of revenue                     | 542,993                    | 543,175                 | 514,752       | 28,423   |
| Treasurer                                   | 606,757                    | 606,757                 | 591,299       | 15,458   |
| Finance office                              | 203,986                    | 215,871                 | 219,046       | (3,175)  |
| Administration services                     | 199,197                    | 188,237                 | 188,038       | 199  |
| County garage                               | 295,310                    | 295,310                 | 270,910       | 24,400   |
| Information technology                      | 1,736,216                  | 1,736,216               | 890,868       | 845,348  |
| Workforce consortium                        | 66,467                     | 66,467                  | 58,001        | 8,466  |
| Transit system                              | 73,950                     | 73,950                  | 79,950        | (6,000)  |
| Total General and Financial Administration  | \$ 4,444,051               | \$ 4,451,748            | \$ 3,497,455  | \$ 954,293   |
| Board of Elections:                         |                            |                         |               |  |
| Electoral Board                             | \$ 81,250                  | \$ 81,250               | \$ 71,111     | \$ 10,139  |
| Registrar                                   | 133,160                    | 153,052                 | 133,447       | 19,605   |
| Total Board of Elections                    | \$ 214,410                 | \$ 234,302              | \$ 204,558    | \$ 29,744  |
| Total General Government Administration     | \$ 4,740,666               | \$ 4,775,218            | \$ 3,791,274  | \$ 983,944   |
| Judicial Administration:                    |                            |                         |               |  |
| Courts:                                     |                            |                         |               |  |
| Clerk of the Circuit Court                  | \$ 824,639                 | \$ 866,754              | \$ 858,932    | \$ 7,822   |
| Circuit court                               | 138,270                    | 138,270                 | 110,568       | 27,702   |
| District court                              | 13,900                     | 14,612                  | 13,168        | 1,444  |
| Magistrate                                  | 9,575                      | 8,863                   | 5,054         | 3,809  |
| Victim's witness assistance                 | 123,739                    | 123,739                 | 122,344       | 1,395  |
| V - stop                                    | 38,586                     | 38,586                  | 37,834        | 752  |
| Juvenile and domestic relations court       | 6,900                      | 6,900                   | 6,277         | 623  |
| Total Courts                                | \$ 1,155,609               | \$ 1,197,724            | \$ 1,154,177  | \$ 43,547  |
| Commonwealth's Attorney:                    |                            |                         |               |  |
| Commonwealth's attorney                     | \$ 1,063,786               | \$ 1,118,286            | \$ 1,254,270  | \$ (135,984)   |
| Total Judicial Administration               | \$ 2,219,395               | \$ 2,316,010            | \$ 2,408,447  | \$ (92,437)  |
| Public Safety                               |                            |                         |               |  |
| Law Enforcement and Traffic Control:        |                            |                         |               |  |
| Sheriff                                     | \$ 3,668,140               | \$ 3,668,754            | \$ 3,664,317  | \$ 4,437   |
| DARE program                                | 10,046                     | 11,045                  | 9,140         | 1,905  |
| Total Law Enforcement and Traffic Control   | \$ 3,678,186               | \$ 3,679,799            | \$ 3,673,457  | \$ 6,342   |
| Fire and Rescue Services:                   |                            |                         |               |  |
| Volunteer fire departments                  | \$ 452,509                 | \$ 452,509              | \$ 399,871    | \$ 52,638  |
| Volunteer rescue squads                     | 190,859                    | 190,859                 | 147,713       | 43,146   |
| Total Fire and Rescue Services              | \$ 643,368                 | \$ 643,368              | \$ 547,584    | \$ 95,784  |
| Correction and Detention:                   |                            |                         |               |  |
| Jail  | \$ 3,063,214               | \$ 3,063,214            | \$ 3,055,589  | \$ 7,625   |
| Probation office                            | 291,200                    | 294,467                 | 294,520       | (53)   |
| Youth and family services                   | 2,420,250                  | 2,616,735               | 2,519,267     | 97,468   |
| Special police                              | 294,923                    | 328,750                 | 280,052       | 48,698   |
| Total Correction and Detention              | \$ 6,069,587               | \$ 6,303,166            | \$ 6,149,428  | \$ 153,738   |

**County of Tazewell, Virginia**  
**Schedule of Expenditures-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <u>Fund, Function, Activity and Element</u>        | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget-<br/>Pos (Neg)</u> |
|--|----------------------------|-------------------------|----------------------|--|
| General Fund: (continued)                          |                            |                         |                      |  |
| Public Safety (continued)                          |                            |                         |                      |  |
| Other Protection:                                  |                            |                         |                      |  |
| Human services                                     | \$ 353,994                 | \$ 388,427              | \$ 387,649           | \$ 778   |
| Emergency services                                 | 74,980                     | 80,787                  | 79,610               | 1,177  |
| Animal control                                     | 192,569                    | 186,762                 | 133,024              | 53,738   |
| Building inspection                                | 190,617                    | 194,038                 | 186,286              | 7,752  |
| Forestry service                                   | 15,000                     | 15,000                  | 14,865               | 135  |
| Total Other Protection                             | <u>\$ 827,160</u>          | <u>\$ 865,014</u>       | <u>\$ 801,434</u>    | <u>\$ 63,580</u>                                     |
| Total Public Safety                                | <u>\$ 11,218,301</u>       | <u>\$ 11,491,347</u>    | <u>\$ 11,171,903</u> | <u>\$ 319,444</u>                                    |
| Public Works:                                      |                            |                         |                      |  |
| Maintenance of Streets, Highways, and Bridges:     |                            |                         |                      |  |
| Orphan Road upgrading                              | <u>\$ 396,632</u>          | <u>\$ 412,254</u>       | <u>\$ 269,657</u>    | <u>\$ 142,597</u>                                    |
| Sanitation and Waste Removal:                      |                            |                         |                      |  |
| Transfer station                                   | \$ 804,325                 | \$ 804,325              | \$ 730,900           | \$ 73,425  |
| Landfill   | 400,000                    | 400,000                 | -                    | 400,000  |
| Contribution to PSA                                | 214,922                    | 214,922                 | 214,922              | -  |
| Total Sanitation and Waste Removal                 | <u>\$ 1,419,247</u>        | <u>\$ 1,419,247</u>     | <u>\$ 945,822</u>    | <u>\$ 473,425</u>                                    |
| Maintenance of General Building and Grounds:       |                            |                         |                      |  |
| General properties                                 | \$ 2,113,800               | \$ 2,318,803            | \$ 2,282,409         | \$ 36,394  |
| Fairgrounds operations                             | 104,200                    | 137,153                 | 100,169              | 36,984   |
| Total Maintenance of General Buildings and Grounds | <u>\$ 2,218,000</u>        | <u>\$ 2,455,956</u>     | <u>\$ 2,382,578</u>  | <u>\$ 73,378</u>                                     |
| Total Public Works                                 | <u>\$ 4,033,879</u>        | <u>\$ 4,287,457</u>     | <u>\$ 3,598,057</u>  | <u>\$ 689,400</u>                                    |
| Health and Welfare:                                |                            |                         |                      |  |
| Health:  |                            |                         |                      |  |
| Supplement of Local Health Department              | <u>\$ 449,633</u>          | <u>\$ 449,633</u>       | <u>\$ 446,149</u>    | <u>\$ 3,484</u>                                      |
| Mental health and mental Retardation:              |                            |                         |                      |  |
| Chapter X board                                    | <u>\$ 60,000</u>           | <u>\$ 60,000</u>        | <u>\$ 60,000</u>     | <u>\$ -</u>  |
| Welfare:   |                            |                         |                      |  |
| Public Assistance                                  | \$ -                       | \$ -                    | \$ 2,394,380         | \$ (2,394,380)                                       |
| Welfare Administration                             | 7,389,232                  | 7,389,282               | 3,647,514            | 3,741,768  |
| Total Welfare                                      | <u>\$ 7,389,232</u>        | <u>\$ 7,389,282</u>     | <u>\$ 6,041,894</u>  | <u>\$ 1,347,388</u>                                  |
| Total Health and Welfare                           | <u>\$ 7,898,865</u>        | <u>\$ 7,898,915</u>     | <u>\$ 6,548,043</u>  | <u>\$ 1,350,872</u>                                  |
| Education:   |                            |                         |                      |  |
| Other Instructional Costs:                         |                            |                         |                      |  |
| Contribution to community colleges                 | \$ 78,121                  | \$ 78,121               | \$ 78,121            | \$ -   |
| Contribution to Tazewell County School Board       | 12,182,812                 | 12,182,812              | 12,536,862           | (354,050)  |
| Total Education                                    | <u>\$ 12,260,933</u>       | <u>\$ 12,260,933</u>    | <u>\$ 12,614,983</u> | <u>\$ (354,050)</u>                                  |
| Parks, Recreational and Cultural:                  |                            |                         |                      |  |
| Parks and Recreation:                              |                            |                         |                      |  |
| Youth sports activities                            | \$ 219,567                 | \$ 168,623              | \$ 32,100            | \$ 136,523   |
| Tazewell recreation department                     | 33,933                     | 36,930                  | 147,581              | (110,651)  |
| Museums  | 98,666                     | 98,666                  | 97,008               | 1,658  |
| Total Parks and Recreation                         | <u>\$ 352,166</u>          | <u>\$ 304,219</u>       | <u>\$ 276,689</u>    | <u>\$ 27,530</u>                                     |
| Library:   |                            |                         |                      |  |
| Library Administration                             | <u>\$ 994,360</u>          | <u>\$ 1,019,740</u>     | <u>\$ 1,016,793</u>  | <u>\$ 2,947</u>                                      |
| Total Parks, Recreation and Cultural               | <u>\$ 1,346,526</u>        | <u>\$ 1,323,959</u>     | <u>\$ 1,293,482</u>  | <u>\$ 30,477</u>                                     |

**County of Tazewell, Virginia**  
**Schedule of Expenditures-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <u>Fund, Function, Activity and Element</u>              | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget-<br/>Pos (Neg)</u> |
|--|----------------------------|-------------------------|----------------------|--|
| General Fund: (continued)                                |                            |                         |                      |  |
| Community Development:                                   |                            |                         |                      |  |
| Planning and Community Development:                      |                            |                         |                      |  |
| Community Development                                    | \$ 53,200                  | \$ 53,200               | \$ 53,015            | \$ 185   |
| Tourism  | 143,494                    | 143,494                 | 69,511               | 73,983   |
| Planning and engineering                                 | 297,980                    | 261,089                 | 260,546              | 543  |
| American disabilities                                    | 9,937                      | 9,937                   | 762                  | 9,175  |
| Contribution to Airport                                  | 148,255                    | 148,255                 | 148,255              | -  |
| Contribution to IDA                                      | 36,426                     | 36,426                  | 36,426               | -  |
| Total Planning and Community Development                 | <u>\$ 689,292</u>          | <u>\$ 652,401</u>       | <u>\$ 568,515</u>    | <u>\$ 83,886</u>                                     |
| Cooperative Extension Program:                           |                            |                         |                      |  |
| VPI extension  | \$ 107,866                 | \$ 107,866              | \$ 73,421            | \$ 34,445  |
| Total Community Development                              | <u>\$ 797,158</u>          | <u>\$ 760,267</u>       | <u>\$ 641,936</u>    | <u>\$ 118,331</u>                                    |
| Non-departmental:  |                            |                         |                      |  |
| District funds   | \$ 217,082                 | \$ 198,461              | \$ 105,974           | \$ 92,487  |
| Employee benefits  | 88,620                     | 166,642                 | 166,642              | -  |
| Contingent expenditures                                  | 926,688                    | 407,350                 | 302,580              | 104,770  |
| Indigent benefits  | 11,925                     | 11,925                  | 10,757               | 1,168  |
| Total Non-departmental                                   | <u>\$ 1,244,315</u>        | <u>\$ 784,378</u>       | <u>\$ 585,953</u>    | <u>\$ 198,425</u>                                    |
| Debt Service:  |                            |                         |                      |  |
| Principal retirement                                     | \$ -                       | \$ -                    | \$ 577,597           | \$ (577,597)   |
| Interest   | -                          | -                       | 250,006              | (250,006)  |
| Total Debt Service                                       | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 827,603</u>    | <u>\$ (827,603)</u>                                  |
| Capital Projects:  |                            |                         |                      |  |
| Contingent expenditures                                  | \$ 250,000                 | \$ 111,624              | \$ 2,800             | \$ 108,824   |
| Total General Fund                                       | <u>\$ 46,010,058</u>       | <u>\$ 46,010,108</u>    | <u>\$ 43,484,481</u> | <u>\$ 2,525,627</u>                                  |
| Non-Major Special Revenue Funds:                         |                            |                         |                      |  |
| Law Library Fund:  |                            |                         |                      |  |
| Judicial Administration:                                 |                            |                         |                      |  |
| Courts:  |                            |                         |                      |  |
| Law library  | \$ 17,500                  | \$ 17,500               | \$ 8,299             | \$ 9,201   |
| Coal Road Improvement Fund:                              |                            |                         |                      |  |
| Public Works:  |                            |                         |                      |  |
| Maintenance of Highways, streets, bridges, and sidewalks | \$ 1,778,790               | \$ 1,778,790            | \$ -                 | \$ 1,778,790   |
| Contribution to the PSA                                  | -                          | -                       | 130,000              | (130,000)  |
| Total Public Works                                       | <u>\$ 1,778,790</u>        | <u>\$ 1,778,790</u>     | <u>\$ 130,000</u>    | <u>\$ 1,648,790</u>                                  |
| Coal Road Economic Development Fund:                     |                            |                         |                      |  |
| Public Works:  |                            |                         |                      |  |
| Economic development                                     | \$ 375,000                 | \$ 375,000              | \$ 613,309           | \$ (238,309)   |
| E-911 Fund:  |                            |                         |                      |  |
| Other Protection:  |                            |                         |                      |  |
| Public safety  | \$ 1,876,814               | \$ 1,876,814            | \$ 550,106           | \$ 1,326,708   |
| Damage Stamp Fund:                                       |                            |                         |                      |  |
| Other Protection:  |                            |                         |                      |  |
| Animal control   | \$ 1,500                   | \$ 1,500                | \$ 360               | \$ 1,140   |
| Total Non-major Special Revenue Funds                    | <u>\$ 4,049,604</u>        | <u>\$ 4,049,604</u>     | <u>\$ 1,172,074</u>  | <u>\$ 2,877,530</u>                                  |

**County of Tazewell, Virginia**  
**Schedule of Expenditures-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

| <u>Fund, Function, Activity and Element</u>            | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget-<br/>Pos (Neg)</u> |
|--|----------------------------|-------------------------|---------------|--|
| Major Capital Project Fund:                            |                            |                         |               |  |
| County CIP Fund:                                       |                            |                         |               |  |
| Public Works:  |                            |                         |               |  |
| Contributions to the Public Service Authority          | \$ 787,671                 | \$ 1,237,671            | \$ 787,671    | \$ 450,000   |
| Community Development:                                 |                            |                         |               |  |
| Contributions to the Industrial Development Authority  | \$ 7,840,194               | \$ 7,840,194            | \$ 1,274,088  | \$ 6,566,106   |
| Capital Projects:                                      |                            |                         |               |  |
| County capital project                                 | \$ 650,000                 | \$ 650,000              | \$ 22,590     | \$ 627,410   |
| Kersey Road project                                    | -                          | -                       | 29            | (29)   |
| Walking trail grant                                    | 625,000                    | 625,000                 | 12,397        | 612,603  |
| Route 696  | 15,000                     | 15,000                  | 13,261        | 1,739  |
| New garage   | 142,500                    | 142,500                 | -             | 142,500  |
| GOF incentives   | 600,000                    | 600,000                 | -             | 600,000  |
| TROF Incentives  | 600,000                    | 600,000                 | -             | 600,000  |
| Recreation authority                                   | 150,000                    | 150,000                 | -             | 150,000  |
| Brick replacement                                      | 200,000                    | 200,000                 | -             | 200,000  |
| Courthouse HVAC  | 100,000                    | 100,000                 | -             | 100,000  |
| School project   | 3,520,898                  | 3,520,898               | 8,010,486     | (4,489,588)  |
| Total Capital Projects                                 | \$ 6,603,398               | \$ 6,603,398            | \$ 8,058,763  | \$ (1,455,365)                                       |
| Debt Service:  |                            |                         |               |  |
| Bond issuance costs                                    | \$ -                       | \$ -                    | \$ 33,495     | \$ (33,495)  |
| Total County CIP Fund                                  | \$ 15,231,263              | \$ 15,681,263           | \$ 10,154,017 | \$ 5,527,246   |
| Non-Major Capital Project Fund:                        |                            |                         |               |  |
| School Construction Fund:                              |                            |                         |               |  |
| Capital Projects:                                      |                            |                         |               |  |
| School construction                                    | \$ 3,520,898               | \$ 3,520,898            | \$ 16,229     | \$ 3,504,669   |
| Total Primary Government                               | \$ 75,415,221              | \$ 75,865,271           | \$ 62,885,564 | \$ 12,979,707  |
| Discretely Presented Component Unit-School Board:      |                            |                         |               |  |
| Major Special Revenue Fund:                            |                            |                         |               |  |
| School Operating Fund:                                 |                            |                         |               |  |
| Education:   |                            |                         |               |  |
| Administration of schools:                             |                            |                         |               |  |
| Administration, health and attendance                  | \$ 1,847,859               | \$ 1,847,859            | \$ 1,936,117  | \$ (88,258)  |
| Cafeteria operation                                    | 3,061,700                  | 3,061,700               | 3,157,782     | (96,082)   |
| Total Administration of school                         | \$ 4,909,559               | \$ 4,909,559            | \$ 5,093,899  | \$ (184,340)   |
| Instructional:   |                            |                         |               |  |
| Instruction  | \$ 49,099,203              | \$ 49,099,203           | \$ 46,501,229 | \$ 2,597,974   |
| Other operating costs                                  |                            |                         |               |  |
| Pupil transportation                                   | \$ 4,149,510               | \$ 4,149,510            | \$ 3,142,583  | \$ 1,006,927   |
| Operation and maintenance of school plant              | 7,299,338                  | 7,299,338               | 11,991,697    | (4,692,359)  |
| Total other operating costs                            | \$ 11,448,848              | \$ 11,448,848           | \$ 15,134,280 | \$ (3,685,432)                                       |
| Total Education  | \$ 65,457,610              | \$ 65,457,610           | \$ 66,729,408 | \$ (1,271,798)                                       |
| Debt Service:  |                            |                         |               |  |
| Principal retirement                                   | \$ 1,364,556               | \$ 1,364,556            | \$ 810,828    | \$ 553,728   |
| Interest and fiscal charges                            | 471,767                    | 471,767                 | 238,829       | 232,938  |
| Total Debt Service                                     | \$ 1,836,323               | \$ 1,836,323            | \$ 1,049,657  | \$ 786,666   |
| Total Discretely Presented Component Unit-School Board | \$ 67,293,933              | \$ 67,293,933           | \$ 67,779,065 | \$ (485,132)   |

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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 (1)

| 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         |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|------------------|------------------|----------------------------|-----------|---------------|
| 2002-03     | \$ 1,994,776                      | \$ 1,181,533            | \$ 7,628,976  | \$ 3,629,180 | \$ 5,534,221       | \$ 11,444,257 | \$ 892,384                      | \$ 614,002            | \$ 254,388       | \$ 326,241       | \$ 239,741                 | \$ -      | \$ 33,739,701 |
| 2003-04     | 2,046,636                         | 1,241,987               | 8,536,763     | 3,728,153    | 5,683,466          | 10,520,739    | 992,083                         | 549,469               | 385,169          | 2,125,692        | 287,469                    | -         | 36,097,626    |
| 2004-05     | 2,321,089                         | 1,259,257               | 9,063,408     | 4,444,743    | 6,125,845          | 11,503,242    | 980,189                         | 4,132,358             | 256,159          | 1,345,605        | 236,603                    | -         | 41,668,498    |
| 2005-06     | 2,830,715                         | 1,515,233               | 8,144,480     | 5,891,609    | 6,377,945          | 10,497,335    | 1,184,570                       | 1,827,915             | 239,126          | 404,050          | 212,269                    | -         | 39,125,287    |
| 2006-07     | 2,994,361                         | 1,864,223               | 10,409,443    | 5,113,766    | 6,710,708          | 11,161,639    | 1,197,136                       | 1,793,435             | 250,501          | 235,624          | 189,366                    | -         | 41,920,202    |
| 2007-08     | 4,493,767                         | 2,315,448               | 11,261,101    | 3,691,063    | 7,133,235          | 12,009,617    | 1,168,824                       | 3,799,582             | -                | -                | 163,250                    | 1,515,866 | 47,551,753    |
| 2008-09     | 4,170,651                         | 2,415,913               | 11,793,711    | 5,111,308    | 6,399,621          | 15,922,692    | 1,289,353                       | 1,961,006             | -                | -                | 455,413                    | 1,559,347 | 51,079,005    |

(1) Information has only been available for the past seven years.

Table 2

**County of Tazewell, Virginia  
Government-wide Revenues  
Last Ten Fiscal Years (1)**

| 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 |              |  |       |
| 2002-03     | \$ 781,139           | \$ 10,147,843                      | \$ -                             | \$ 15,388,305          | \$ 6,335,522      | \$ 212,871                       | \$ 174,479    | \$ 4,748,799 | \$ 37,788,958  |       |
| 2003-04     | 675,440              | 11,169,511                         | -                                | 15,419,049             | 6,506,017         | 242,942                          | 89,872        | 3,084,512    | 37,187,343   |       |
| 2004-05     | 690,744              | 12,193,134                         | -                                | 16,123,747             | 6,987,323         | 1,124,252                        | 104,242       | 2,963,008    | 40,186,450   |       |
| 2005-06     | 717,647              | 10,493,205                         | -                                | 16,436,254             | 7,972,452         | 729,836                          | 85,310        | 3,172,950    | 39,607,654   |       |
| 2006-07     | 758,253              | 11,266,369                         | 512,000                          | 19,310,939             | 8,568,301         | 1,027,776                        | 282,294       | 3,111,473    | 44,837,405   |       |
| 2007-08     | 6,826,918            | 11,818,329                         | 1,736,610                        | 21,106,417             | 9,318,707         | 1,126,950                        | 574,869       | 3,041,728    | 55,550,528   |       |
| 2008-09     | 1,298,603            | 11,268,684                         | -                                | 21,468,696             | 8,855,016         | 687,983                          | 1,945,329     | 3,128,364    | 48,652,675   |       |

(1) Information has only been available for the past seven years.

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     | Parks, Recreation and Cultural | Community Development | Non-Departmental | Capital Projects | Debt Service | Total         |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|--------------------------------|-----------------------|------------------|------------------|--------------|---------------|
| 1999-00     | \$ 1,899,738                      | \$ 876,005              | \$ 5,909,631  | \$ 1,267,686 | \$ 4,627,456       | \$ 46,577,833 | \$ 730,975                     | \$ 407,787            | \$ 958,590       | \$ 1,748,461     | \$ 2,198,988 | \$ 67,203,160 |
| 2000-01     | 1,827,294                         | 1,052,683               | 6,359,403     | 1,344,674    | 5,046,431          | 47,267,581    | 873,747                        | 423,240               | 64,982           | 69,906           | 4,406,201    | 68,736,142    |
| 2001-02     | 1,942,207                         | 1,115,278               | 6,841,007     | 1,476,477    | 5,570,722          | 45,703,368    | 910,400                        | 365,672               | 105,276          | 134,198          | 1,950,598    | 66,115,203    |
| 2002-03     | 1,914,003                         | 1,148,751               | 7,503,454     | 2,457,506    | 5,513,404          | 47,610,898    | 916,362                        | 620,014               | 262,888          | 407,383          | 1,756,959    | 70,111,623    |
| 2003-04     | 2,018,850                         | 1,205,704               | 8,479,727     | 2,412,365    | 5,666,635          | 50,670,878    | 999,694                        | 433,143               | 395,599          | 2,765,385        | 1,128,527    | 76,176,507    |
| 2004-05     | 2,318,239                         | 1,249,376               | 9,875,781     | 2,851,328    | 6,176,514          | 55,140,986    | 1,269,987                      | 552,772               | 266,159          | 1,642,426        | 1,052,300    | 82,485,868    |
| 2005-06     | 2,757,015                         | 1,456,975               | 8,158,257     | 2,574,998    | 6,411,920          | 55,121,364    | 1,165,065                      | 663,032               | 239,126          | 463,603          | 1,003,328    | 80,014,683    |
| 2006-07     | 3,097,314                         | 1,830,751               | 10,290,184    | 3,098,064    | 6,709,986          | 59,925,486    | 1,210,973                      | 735,022               | 304,440          | 439,729          | 966,987      | 86,608,936    |
| 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   |

(1) Includes general, special revenue funds, and capital project funds of the primary government and its 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 | Total         |
|-------------|------------------------|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|--------------------|---------------|
| 1999-00     | \$ 14,112,986          | \$ 5,321,550      | \$ 167,139                                   | \$ 4,547              | \$ 402,156                                 | \$ 1,297,942         | \$ 208,975    | \$ 335,842      | \$ 44,590,483      | \$ 66,441,620 |
| 2000-01     | 14,954,656             | 6,208,998         | 254,874                                      | 105,898               | 502,095                                    | 1,294,864            | 454,433       | 443,160         | 46,994,861         | 71,213,839    |
| 2001-02     | 15,318,551             | 6,244,740         | 219,763                                      | 29,998                | 351,872                                    | 1,287,090            | 480,607       | 385,995         | 47,669,005         | 71,987,621    |
| 2002-03     | 14,931,768             | 6,235,952         | 182,409                                      | 42,741                | 235,742                                    | 1,244,084            | 381,624       | 705,708         | 49,482,634         | 73,442,662    |
| 2003-04     | 15,289,632             | 6,390,935         | 232,794                                      | 50,401                | 239,712                                    | 1,242,321            | 340,011       | 287,193         | 53,074,566         | 77,147,565    |
| 2004-05     | 16,621,612             | 6,860,510         | 229,347                                      | 56,447                | 1,001,326                                  | 1,318,676            | 240,297       | 507,971         | 57,228,483         | 84,064,669    |
| 2005-06     | 16,484,166             | 7,826,590         | 285,221                                      | 26,485                | 746,364                                    | 1,423,870            | 244,930       | 429,856         | 57,493,120         | 84,960,602    |
| 2006-07     | 20,072,264             | 8,376,273         | 324,028                                      | 89,050                | 1,033,506                                  | 1,350,564            | 674,595       | 354,759         | 61,972,005         | 94,247,044    |
| 2007-08     | 20,918,920             | 9,123,793         | 327,368                                      | 1,494,872 *           | 1,094,394                                  | 1,426,764            | 709,530       | 394,124         | 67,001,280         | 102,491,045   |
| 2008-09     | 21,466,436             | 8,855,016         | 359,727                                      | 77,003                | 676,358                                    | 1,440,408            | 2,453,702     | 605,399         | 64,353,320         | 100,287,369   |

(1) Includes general, special revenue funds, and capital projects funds of the primary government and its 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 |
|-------------|--------------------|-----------------------------|---------------------------|----------------------------------|-----------------------|--|----------------------------------|---|
| 1999-00     | \$ 13,689,946      | \$ 12,528,439               | 91.52%                    | \$ 1,039,876                     | \$ 13,568,315         | 99.11%                                       | \$ 1,883,005                     | 13.75%                                  |
| 2000-01     | 14,713,639         | 13,574,613                  | 92.26%                    | 818,314                          | 14,392,927            | 97.82%                                       | 1,890,963                        | 12.85%                                  |
| 2001-02     | 14,967,335         | 13,880,510                  | 92.74%                    | 846,532                          | 14,727,042            | 98.39%                                       | 1,822,943                        | 12.18%                                  |
| 2002-03     | 15,350,465         | 14,073,297                  | 91.68%                    | 540,057                          | 14,613,354            | 95.20%                                       | 2,212,429                        | 14.41%                                  |
| 2003-04     | 15,380,725         | 14,304,697                  | 93.00%                    | 692,261                          | 14,996,958            | 97.50%                                       | 2,017,149                        | 13.11%                                  |
| 2004-05     | 15,782,974         | 14,760,548                  | 93.52%                    | 1,242,919                        | 16,003,467            | 101.40%                                      | 1,621,379                        | 10.27%                                  |
| 2005-06     | 16,534,589         | 15,512,597                  | 93.82%                    | 756,251                          | 16,268,848            | 98.39%                                       | 1,538,414                        | 9.30%                                   |
| 2006-07     | 19,610,189         | 18,571,110                  | 94.70%                    | 779,634                          | 19,350,744            | 98.68%                                       | 1,039,501                        | 5.30%                                   |
| 2007-08     | 20,588,946         | 19,619,232                  | 95.29%                    | 747,150                          | 20,366,382            | 98.92%                                       | 969,714                          | 4.71%                                   |
| 2008-09     | 24,385,205         | 23,160,618                  | 94.98%                    | 783,128                          | 23,943,746            | 98.19%                                       | 1,057,084                        | 4.33%                                   |

(1) Excludes penalty and interest.

(2) Does not include land redemptions

Table 6

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

| <b>Fiscal Year</b> | <b>Real Estate</b> | <b>Personal Property and Mobile Home</b> | <b>Machinery and Tools</b> | <b>Merchants' Capital</b> | <b>Public Service (2)</b> | <b>Total</b>     |
|--------------------|--------------------|--|----------------------------|---------------------------|---------------------------|------------------|
| 1999-00            | \$ 1,248,836,750   | \$ 277,250,023                           | \$ 55,739,300              | \$ 17,662,690             | \$ 76,053,612             | \$ 1,675,542,375 |
| 2000-01            | 1,496,705,536      | 295,337,957                              | 46,897,100                 | 17,759,800                | 97,139,033                | 1,953,839,426    |
| 2001-02            | 1,537,915,116      | 298,681,398                              | 50,695,000                 | 17,122,650                | 95,771,923                | 2,000,186,087    |
| 2002-03            | 1,571,441,260      | 312,941,557                              | 34,203,600                 | 21,323,400                | 94,389,663                | 2,034,299,480    |
| 2003-04            | 1,590,272,500      | 323,686,878                              | 31,355,500                 | 22,177,800                | 97,130,290                | 2,064,622,968    |
| 2004-05            | 1,636,589,486      | 320,080,928                              | 34,503,100                 | 21,888,000                | 104,902,133               | 2,117,963,647    |
| 2005-06            | 1,681,113,196      | 354,822,089                              | 30,602,696                 | 22,409,400                | 99,196,670                | 2,188,144,051    |
| 2006-07            | 2,211,465,970      | 363,540,973                              | 43,516,700                 | 23,738,800                | 116,846,412               | 2,759,108,855    |
| 2007-08            | 2,228,173,720      | 378,565,936                              | 50,524,500                 | 25,181,600                | 153,633,681               | 2,836,079,437    |
| 2008-09            | 2,242,848,000      | 433,721,052                              | 63,194,200                 | 26,242,900                | 134,364,627               | 2,900,370,779    |

(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 |
|-------------|-------------|-------------------|---------------------|-------------------|----------------------------|----------------------------------|
| 1999-00     | \$ 0.56     | \$ 2.00           | \$ 2.00             | \$ 4.30           | \$ 0.56                    | 2.00                             |
| 2000-01     | 0.56        | 2.00              | 2.00                | 4.30              | 0.56                       | 2.00                             |
| 2001-02     | 0.60        | 2.00              | 2.00                | 4.30              | 0.60                       | 2.00                             |
| 2002-03     | 0.60        | 2.00              | 2.00                | 4.30              | 0.60                       | 2.00                             |
| 2003-04     | 0.60        | 2.00              | 2.00                | 4.30              | 0.60                       | 2.00                             |
| 2004-05     | 0.60        | 2.00              | 2.00                | 4.30              | 0.60                       | 2.00                             |
| 2005-06     | 0.60        | 2.00              | 2.00                | 4.30              | 0.60                       | 2.00                             |
| 2006-07     | 0.58        | 2.00              | 2.00                | 4.30              | 0.58                       | 2.00                             |
| 2007-08     | 0.58        | 2.00              | 2.00                | 4.30              | 0.58                       | 2.00                             |
| 2008-09     | 0.58        | 2.00              | 2.00                | 4.30              | 0.58                       | 2.00                             |

(1) Per \$100 of assessed value.

Table 8

**COUNTY OF TAZEWELL, VIRGINIA**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND**  
**NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

| Fiscal Year | Population (1) | Assessed Value   | Gross Bonded Debt (2) | Ratio of Net General Obligation Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|-------------|----------------|------------------|-----------------------|---|----------------------------|
| 1999-00     | 45,960         | \$ 1,675,542,375 | \$ 7,077,507          | 0.42%   | \$ 154                     |
| 2000-01     | 45,960         | 1,953,839,426    | 6,798,796             | 0.35%   | 148                        |
| 2001-02     | 44,600         | 2,000,186,087    | 5,503,730             | 0.28%   | 123                        |
| 2002-03     | 44,600         | 2,034,299,480    | 6,229,998             | 0.31%   | 140                        |
| 2003-04     | 44,600         | 2,064,622,968    | 5,660,528             | 0.27%   | 127                        |
| 2004-05     | 44,600         | 2,117,963,647    | 5,090,249             | 0.24%   | 114                        |
| 2005-06     | 44,600         | 2,188,144,051    | 4,534,067             | 0.21%   | 102                        |
| 2006-07     | 44,600         | 2,759,108,855    | 3,963,233             | 0.14%   | 89                         |
| 2007-08     | 44,600         | 2,836,079,437    | 5,311,945             | 0.19%   | 119                        |
| 2008-09     | 44,600         | 2,900,370,779    | 11,433,289            | 0.39%   | 256                        |

(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 (1)**  
**LAST TEN FISCAL YEARS**

| Fiscal Year | Principal | Interest | Total Debt Service (2) | Total General Governmental Expenditures | Ratio of Debt Service to General Governmental Expenditures |
|-------------|-----------|----------|------------------------|---|--|
| 1999-00     | \$ -      | \$ -     | \$ 2,198,988           | \$ 67,203,160                           | 3.27%  |
| 2000-01     | -         | -        | 4,406,201              | 68,736,142                              | 6.41%  |
| 2001-02     | -         | -        | 1,950,598              | 66,115,203                              | 2.95%  |
| 2002-03     | 1,241,623 | 239,741  | 1,481,364              | 70,111,623                              | 2.11%  |
| 2003-04     | 643,464   | 284,469  | 927,933                | 76,176,507                              | 1.22%  |
| 2004-05     | 623,333   | 236,603  | 859,936                | 82,485,868                              | 1.04%  |
| 2005-06     | 556,182   | 212,269  | 768,451                | 80,014,683                              | 0.96%  |
| 2006-07     | 544,186   | 189,366  | 733,552                | 88,608,936                              | 0.83%  |
| 2007-08     | 822,508   | 198,170  | 1,020,678              | 92,851,433                              | 1.10%  |
| 2008-09     | 577,597   | 250,006  | 827,603                | 108,678,106                             | 0.76%  |

(1) Includes General Fund of the Primary Government

(2) Detail unavailable prior to fiscal year 2003

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tazewell, Virginia as of and for the year ended June 30, 2009, which collectively comprise the County of Tazewell, Virginia's basic financial statements and have issued our report thereon dated January 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Tazewell, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Tazewell, Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings, responses and questioned costs (reference 2009-1) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also

considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Tazewell, Virginia's financial statements are free of 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*.

We noted certain matters that we reported to management of the County of Tazewell, Virginia in a separate letter dated January 31, 2010.

The County of Tazewell's response to the findings identified in our audit is described in the accompanying schedule of findings, responses and questioned costs. We did not audit the County of Tazewell, Virginia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of members of the Board, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, James, Co. Associates*

Christiansburg, Virginia  
January 31, 2010

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of the County of Tazewell, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Tazewell, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Tazewell, Virginia's management. Our responsibility is to express an opinion on County of Tazewell, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination of County of Tazewell, Virginia's compliance with those requirements.

In our opinion, the County of Tazewell, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### **Internal Control Over Compliance**

The management of the County of Tazewell, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Tazewell, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the Board, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Christiansburg, Virginia  
January 31, 2010

County of Tazewell, Virginia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2009

| Federal Grantor/State Pass-Through Grantor/<br>Program Title (Pass-Through Grantor's Number) | Federal<br>Catalog<br>Number | Federal<br>Awards   |
|--|------------------------------|---------------------|
| Department of Health and Human Services:   |                              |                     |
| Pass-through Payments:   |                              |                     |
| Department of Social Services:   |                              |                     |
| Promoting Safe and Stable Families   | 93.556                       | \$ 13,099           |
| Temporary Assistance for Needy Families (TANF)   | 93.558                       | 623,714             |
| Refugee and Entrant Assistance - State Administered Programs                                 | 93.566                       | 921                 |
| Low-Income Home Energy Assistance  | 93.568                       | 27,917              |
| Child Care and Development Block Grant   | 93.575                       | 104,341             |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund               | 93.596                       | 181,970             |
| Chafee Education and Training Vouchers Program   | 93.599                       | 5,758               |
| Adoption Incentive Payments  | 93.603                       | 7,872               |
| Child Welfare Services-State Grants  | 93.645                       | 3,561               |
| Foster Care - Title IV-E   | 93.658                       | 493,826             |
| Adoption Assistance  | 93.659                       | 236,404             |
| Social Services Block Grant  | 93.667                       | 279,499             |
| Chafee Foster Care Independence Program  | 93.674                       | 21,575              |
| Children's Health Insurance Program  | 93.767                       | 34,472              |
| Medical Assistance Program   | 93.778                       | 326,319             |
| Total Department of Health and Human Services  |                              | <u>\$ 2,361,248</u> |
| Department of Agriculture:   |                              |                     |
| Pass-through Payments:   |                              |                     |
| Department of Agriculture:   |                              |                     |
| Food Distribution (Note 2)   | 10.555                       | <u>\$ 198,000</u>   |
| Department of Education:   |                              |                     |
| National School Breakfast Program  | 10.553                       | 353,852             |
| National School Lunch Program  | 10.555                       | 1,254,913           |
| Fresh Fruits and Vegetables  | 10.582                       | 16,173              |
| Schools and Roads - Grants to States   | 10.665                       | 17,050              |
| Total Department of Education  |                              | <u>\$ 1,641,988</u> |
| Department of Social Services:   |                              |                     |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program       | 10.561                       | <u>\$ 502,431</u>   |
| Total Department of Agriculture  |                              | <u>\$ 2,342,419</u> |
| Department of Homeland Security:   |                              |                     |
| Pass-through Payments:   |                              |                     |
| Department of Emergency Management:  |                              |                     |
| Emergency Management Performance   | 97.042                       | <u>\$ 7,192</u>     |
| Department of Housing and Urban Development:   |                              |                     |
| Community Development Block Grant  | 14.228                       | <u>\$ 232,921</u>   |
| Department of Transportation:  |                              |                     |
| State and Community Highway Safety Program   | 20.600                       | <u>\$ 24,034</u>    |

County of Tazewell, Virginia  
Schedule of Expenditures of Federal Awards (continued)  
For the Fiscal Year Ended June 30, 2009

| Federal Grantor/State Pass-Through Grantor/<br>Program Title (Pass-Through Grantor's Number) | Federal<br>Catalog<br>Number | Federal<br>Awards   |
|--|------------------------------|---------------------|
| Department of Justice:   |                              |                     |
| Pass-through Payments:   |                              |                     |
| Department of Criminal Justice Services:   |                              |                     |
| Crime Victim Assistance  | 16.575                       | \$ 69,145           |
| Juvenile Justice and Delinquency Prevention  | 16.540                       | 48,750              |
| Violence Against Women Formula Grants  | 16.588                       | <u>27,708</u>       |
| Total Department of Justice:   |                              | <u>\$ 145,603</u>   |
| Department of Education:   |                              |                     |
| Pass-through Payments:   |                              |                     |
| Department of Education:   |                              |                     |
| Title I: Grants to Local Educational Agencies  | 84.010                       | \$ 1,542,223        |
| Special Education - Grants to States   | 84.027                       | 1,215,564           |
| Career and Technical Education: Basic Grants to States                                       | 84.048                       | 170,150             |
| Title VI-B: Handicapped Preschool Incentive Grant  | 84.173                       | 52,625              |
| Safe and Drug-Free Schools and Communities - State Grants                                    | 84.186                       | 52,386              |
| State Grants for Innovative Programs   | 84.298                       | 17,998              |
| Education Technology State Grants  | 84.318                       | 23,526              |
| Reading First State Grants   | 84.357                       | 355,542             |
| Improving Teacher Quality - State Grants   | 84.367                       | <u>41,024</u>       |
| Total Department of Education  |                              | <u>\$ 3,471,038</u> |
| Total Federal Assistance   |                              | <u>\$ 8,584,455</u> |

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pulaski County, Virginia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of the basic financial statements.

Note 2 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.

Note 3 -- Relationship to the Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

  Primary Government:

|                                |                |
|--------------------------------|----------------|
| General Fund total             | \$ 3,065,432   |
| Less: Payment in lieu of taxes | (24,924)       |
| County CIP Fund total          | <u>232,921</u> |

Total Primary Government \$ 3,273,429

  Component Unit Schools:

|                             |                     |
|-----------------------------|---------------------|
| School Operating Fund total | <u>\$ 5,311,026</u> |
|-----------------------------|---------------------|

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 8,584,455

## County of Tazewell, Virginia

Schedule of Findings, Responses and Questioned Costs  
Year Ended June 30, 2009

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**Section I - Summary of Auditor's Results****Financial Statements**

|   |             |
|---|-------------|
| Type of auditor's report issued:  | Unqualified |
| Internal control over financial reporting:                                    |             |
| Material weaknesses identified?   | No          |
| Significant deficiencies identified not considered to be material weaknesses? | Yes         |
| Noncompliance material to financial statements noted?                         | No          |

**Federal Awards**

|  |               |
|--|---------------|
| Internal control over major programs:  |               |
| Material weaknesses identified?  | No            |
| Significant deficiencies identified not considered to be material weaknesses?                                      | None reported |
| Type of auditor's report issued on compliance for major programs:  | Unqualified   |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? | No            |

Identification of major programs:

| <u>CFDA #</u> | <u>Name of Federal Program or Cluster</u> |
|---------------|---|
| 84.010        | Title I                                   |
| 84.027/84.173 | Special Education Cluster                 |
| 10.553/10.555 | School Food Cluster                       |
| 93.558        | Temporary Assistance to Needy Families    |
| 93.778        | Medical Assistance Program                |

|   |           |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs | \$300,000 |
| Auditee qualified as low-risk auditee?                                  | No        |

County of Tazewell, Virginia

Schedule of Findings, Responses and Questioned Costs  
Year Ended June 30, 2009

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**Section II - Financial Statement Findings**

**2009-1**

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Condition: The County's capital asset listing required significant adjustments by the auditors. In addition, the listing should be reviewed annually for retired assets and assets that fall below the County's capitalization threshold.

Criteria: Per Statement on Auditing Standards 112, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with Generally Accepted Accounting Principles. Furthermore, reliance on the auditors to correct errors in the County's financial report is not a component of internal controls.

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Management's Response: Management is dedicated to complying with the concepts set forth in the Statement on Auditing Standards 112 and has taken steps to correct the capital asset listing for future years.

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

There are no federal award findings and questioned costs to report.

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

There were no prior audit findings related to federal awards.