

County of Tazewell, Virginia



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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

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

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INTRODUCTORY SECTION

COUNTY OF TAZEWELL, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

Karen Rich	Darrell Addison, Chairman	Tony Cordle
ChrisThompson		Robert Steele

EX-OFFICIO MEMBERS

Patricia Green, County Administrator
Rex Tester, Director of Social Services

OTHER OFFICIALS

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise County of Tazewell, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 82, and 83-89, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

Other Information (continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, on our consideration of County of Tazewell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Tazewell, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 9, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Tazewell, Virginia ("the County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the audited basic financial statements.

Financial Highlights:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12,594,555 (net position). Of this amount, \$1,499,628 was considered unrestricted.
- The assets and deferred outflows of resources of the County's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,788,453 (net position).
- The liabilities and deferred inflows of resources of the School Board component unit exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$32,104,530 (net position).
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$11,190,765. Of this amount \$5,557,673 was considered unassigned, \$1,616,201 was considered committed, and \$151,286 was considered nonspendable.
- During the year, the County had governmental expenses that were \$3,138,005 more than revenues.

Overview of the Financial Statements:

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

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

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the County’s near-term financing decisions. Both the governmental funds Balance Sheet and

Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County’s financial position. In the case of the of the County’s Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$15,383,008 at the close of the most recent fiscal year.

The largest portion of the County’s net position \$14,626,949 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County’s net position \$6,432,473, are subject to restrictions on how they may be used. The remaining balance of net position \$(5,676,414) may be used to meet the County’s ongoing obligations.

The following table summarizes the County's Statement of Net Position and Statement of Activities for 2016 and 2015.

Statement of Net Position

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

Statement of Activities

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

Financial Analysis of the County's Funds

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

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,190,765. Approximately 1% or \$151,286 is considered nonspendable, as it is for prepaid expenses, approximately 35% or \$3,865,605 is restricted by external parties, such as grantors, laws, or legislation, and approximately 14% or \$1,616,201 has been committed by action of the Board of Supervisors. The remaining balance, \$5,557,673 or 50% is unassigned, meaning there are no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$7,391,289, of this amount \$7,382,038 was considered unassigned, and \$9,251 was nonspendable. The special revenue funds, at the end of the fiscal year, had a fund balance of \$1,681,092 of which \$64,891 was considered nonspendable and \$1,616,201 was considered committed. The County CIP Fund, at the end of the fiscal year had a nonspendable fund balance of \$77,144, restricted fund balance of \$3,865,605, and unassigned fund balance of \$(1,824,365).

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

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental activities and business-type activities as of June 30, 2016, amounts to \$22,969,290 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment, tenancy in common, improvements other than buildings, and construction in progress.

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

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

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

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

Economic Factors

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

Request for Information

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

Basic Financial Statements

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

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

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

County of Tazewell, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	Other Component Units			
PRIMARY GOVERNMENT:												
Governmental Activities:												
General Government Administration	\$ 5,951,692	\$ 24,613	\$ 358,029	\$ -	\$ (5,569,050)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial Administration	3,173,371	134,129	1,334,030	-	(1,705,212)	-	-	-	-	-	-	-
Public Safety	13,873,649	193,297	2,909,672	-	(10,770,680)	-	-	-	-	-	-	-
Public Works	4,493,410	351,909	11,633	-	(4,129,868)	-	-	-	-	-	-	-
Health and Welfare	8,152,624	-	7,034,413	-	(1,118,211)	-	-	-	-	-	-	-
Education	13,353,326	-	-	-	(13,353,326)	-	-	-	-	-	-	-
Parks, Recreation and Cultural	1,165,905	37,846	163,665	-	(964,394)	-	-	-	-	-	-	-
Community Development	1,099,152	17,378	1,379,467	-	297,693	-	-	-	-	-	-	-
Interest	320,679	-	-	-	(320,679)	-	-	-	-	-	-	-
Total Governmental Activities	\$ 51,583,808	\$ 759,172	\$ 13,190,909	\$ -	\$ (37,633,727)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type Activities												
Landfill	\$ 1,926,065	\$ 312,356	\$ -	\$ -	\$ -	\$ (1,613,709)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Primary Government	\$ 53,509,873	\$ 1,071,528	\$ 13,190,909	\$ -	\$ (37,633,727)	\$ (1,613,709)	\$ (39,247,436)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Units:												
School Board	\$ 57,495,874	\$ 629,679	\$ 44,370,476	\$ -	\$ -	\$ -	\$ (12,495,719)	\$ -	\$ -	\$ -	\$ -	\$ -
Other component units	\$ 10,935,036	\$ 7,822,663	\$ 1,602,077	\$ 273,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,236,352)	\$ -
Total Component Units	\$ 68,430,910	\$ 8,452,342	\$ 45,972,553	\$ 273,944	\$ -	\$ -	\$ (12,495,719)	\$ -	\$ -	\$ -	\$ (1,236,352)	\$ -
General Revenues:												
General Property Taxes					\$ 26,226,424	\$ -	\$ 26,226,424	\$ -	\$ -	\$ -	\$ -	\$ -
Other Local Taxes												
Local Sales and Use Taxes					4,666,514		4,666,514					
Consumers' Utility Taxes					872,086		872,086					
Utility License Taxes					70,324		70,324					
Motor Vehicle Licenses					23,854		23,854					
Bank Franchise Taxes					37,343		37,343					
Taxes on Recordation and Wills					153,161		153,161					
Coal Severance Taxes					801,428		801,428					
Gas Severance Tax					277,036		277,036					
Unrestricted Revenues from Use of Money and Property					329,816		329,816			24,565		51,715
Miscellaneous					436,672		447,548			85,809		177,445
Payments from Primary Government					-		10,876			12,748,992		1,255,635
Grants and Contributions not Restricted to Specific Programs					3,728,032		3,728,032			-		35,808
Transfers					(363,662)		363,662			-		-
Total General Revenues and transfers					\$ 37,259,028	\$ 374,538	\$ 37,633,566	\$ 12,859,366	\$ 1,520,603	\$ -	\$ -	\$ -
Change in Net Position					\$ (374,699)	\$ (1,239,171)	\$ (1,613,870)	\$ 363,647	\$ 284,251	\$ -	\$ -	\$ -
Net Position - Beginning, as restated					12,969,254	4,027,624	16,996,878	(32,468,177)	69,883,016			
Net Position - Ending					\$ 12,594,555	\$ 2,788,453	\$ 15,383,008	\$ (32,104,530)	\$ 70,167,267			

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

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

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

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

County of Tazewell, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2016

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

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

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

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

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

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

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

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

Net changes in fund balance - total governmental funds \$ (3,501,667)

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

Capital outlays	\$	1,565,531	
Depreciation expense		(956,471)	609,060

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (8,620)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds

Change in unavailable revenue-property taxes	\$	1,751,620	
Change in deferred inflows of resources related to the measurement of the net pension liability		1,228,583	2,980,203

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long-term debt and related items.

Principal repayments:

General obligation bonds	\$	469,334	
Literary loans		75,000	544,334

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$	3,740	
Change in net pension liability		(956,595)	
Change in deferred outflows of resources related to pension measurement		218,723	
Change in accrued interest payable		34,761	
Change in bond premium amortization		8,662	
Change in net OPEB obligation		(307,300)	(998,009)

Change in net position of governmental activities \$ (374,699)

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

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

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

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

County of Tazewell, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

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

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

County of Tazewell, Virginia
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units: None

Discretely Presented Component Units:

Tazewell County School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2016.

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

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

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

B. Individual Component Unit Disclosures (Continued)

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

Tazewell County Public Service Authority was created by the Board of Supervisors of Tazewell County to acquire, finance, construct and operate water and sewer systems throughout the County. The Board of Directors of the Public Service Authority are appointed by the Tazewell County Board of Supervisors and there exists a financial benefit/burden relationship between the Public Service Authority and the County. In addition, a majority of the Directors of the Authority are also on the Board of Supervisors.

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

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

None

Jointly Governed Organizations

County of Tazewell and Counties of Buchanan and Russell participate in supporting the Cumberland Mountain Community Services Board. For the year ended June 30, 2016, the County contributed \$60,000.

County of Tazewell and Counties of Russell, Buchanan, Wise, Scott, Lee, Washington, Smyth and Dickenson and the Cities of Norton and Bristol participate in supporting the Appalachian Juvenile Commission. For the year ended June 30, 2016, the County contributed \$328,600.

County of Tazewell and Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan and Dickenson along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2016, the County contributed \$4,409,817.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds.

General Fund:

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

Capital Projects Fund:

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

The government reports the following nonmajor governmental funds.

Capital Projects Fund:

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

Special Revenue Funds:

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

Additionally, Tazewell County reports the following fund type:

Proprietary Funds:

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

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

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

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

Fiduciary Funds (Trust and Agency Funds):

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

D. Budget and Budgetary Accounting

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

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

G. Receivable and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$407,932 at June 30, 2016 and is comprised solely of property taxes.

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2016.

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

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

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

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has two items that qualify for reporting in this category. One is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. The other item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

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

J. Compensated Absences

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net position. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

K. Pensions

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

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

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

L. Long-term Obligations

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

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

M. Fund Equity

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

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

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

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

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

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

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

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

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

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

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

N. Use of Estimates

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

O. Net Position

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

P. Net Position Flow Assumption

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

Note 2 - Deposits and Investments:

Deposits - Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

Custodial Credit Risk (Investments)

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

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

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

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

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

Note 4 - Due From Other Governmental Units:

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

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

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

Note 5 - Capital Assets:

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

Primary Government:

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

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

Note 5 - Capital Assets: (Continued)

Primary Government: (Continued)

Tazewell County Landfill Fund:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 287,598	\$ -	\$ -	\$ 287,598
Capital assets, being depreciated:				
Buildings and improvements	\$ 185,603	\$ -	\$ -	\$ 185,603
Land improvements	9,566,605	-	-	9,566,605
Machinery and equipment	3,580,163	142,864	-	3,723,027
Total capital assets being depreciated	\$ 13,332,371	\$ 142,864	\$ -	\$ 13,475,235
Accumulated depreciation:				
Buildings and improvements	\$ (146,532)	\$ (6,187)	\$ -	\$ (152,719)
Land Improvements	(2,315,784)	(180,526)	-	(2,496,310)
Machinery and equipment	(2,455,394)	(277,555)	-	(2,732,949)
Total accumulated depreciation	\$ (4,917,710)	\$ (464,268)	\$ -	\$ (5,381,978)
Total capital assets being depreciated, net	\$ 8,414,661	\$ (321,404)	\$ -	\$ 8,093,257
Business-type activities capital assets, net	\$ 8,702,259	\$ (321,404)	\$ -	\$ 8,380,855

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

Note 5 - Capital Assets: (Continued)

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

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

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

Note 5 - Capital Assets: (Continued)

Component Unit School Board:

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

(1) Legislation enacted during the year ended June 30, 2003, Section 15.2-1800.1 of the Code of Virginia, (1950), as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Tazewell, Virginia for the year ended June 30, 2016, is that assets and debt in the amount of \$5,353,083 have been transferred to the primary Government from the Component Unit School Board for financial reporting purposes.

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

Note 6 - Long-term Obligations:

Primary Government:

The following is a summary of long-term obligations of the County for the year ended June 30, 2016:

Governmental Activities:

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

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

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

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

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

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

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

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

The following is a summary of long-term obligations of the County for the year ended June 30, 2016:

Business-type Activities:

Landfill Fund

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

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

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

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

Note 6 - Long-term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Details of Long-Term Obligations:

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

Component Unit - School Board

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

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

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

Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Details of Long-Term Obligations:

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

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

Total assets acquired through capital leases are as follows:

School Buses	\$ 1,820,979
Building Renovations	3,118,167
Total Assets	\$ 4,939,146
Accumulated Depreciation	(260,052)
Net Book Value of Assets	\$ 4,679,094

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

Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Present value of future minimum lease payments:

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

Note 7 -Compensated Absences:

Compensated Absences:

In accordance with GASB 16, "Accounting for Compensated Absences", the County has accrued liabilities arising from outstanding compensated absences. Each county employee earns annual leave at various rates. Vested or accumulated leave is reported as an expenditure and a liability of the fund that will pay it. The County has outstanding accrued vacation and sick pay totaling \$621,754 and \$31,403 in the general and landfill fund, respectively.

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

Note 8-Pension Plan:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.)
		<ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

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

Note 8—Pension Plan: (Continued)

Plan Description (Continued)

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

Employees Covered by Benefit Terms

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

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

Contributions

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

The County’s and Component Units contractually required contribution rate for the year ended June 30, 2016 was 11.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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

Note 8—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,120,484 and \$1,127,067 for the years ended June 30, 2016 and June 30, 2015, respectively. Contributions to the pension plan from the Component Units were \$167,379 and \$165,145 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

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

Net Pension Liability

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

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

Note 8—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Largest 10 - Non-LEOS: (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

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

Note 8—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

- All Others (Non 10 Largest) - Non-LEOS:
- Update mortality table
 - Decrease in rates of service retirement
 - Decrease in rates of disability retirement
 - Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

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

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

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

Note 8—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

Post-Disablement:

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

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

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

Note 8—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 8—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

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

Note 8—Pension Plan: (Continued)

Changes in Net Pension Liability (Continued)

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

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

Note 8—Pension Plan: (Continued)

Changes in Net Pension Liability (Continued)

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

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

Note 8—Pension Plan: (Continued)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County - Primary Government			
Net Pension Liability	\$ 12,187,416	\$ 6,432,176	\$ 1,648,448
Component Units			
Net Pension Liability	\$ 1,785,774	\$ 942,481	\$ 241,541
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 8,922,257	\$ 6,116,889	\$ 3,739,726

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

For the year ended June 30, 2016, the County, Component Units, and Component Unit School Board (nonprofessional) recognized pension expense of \$612,294, \$99,854, and \$297,905, respectively. At June 30, 2016, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Units Tazewell County		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,260	\$ -	\$ 33,446	\$ -	\$ -	\$ 144,999
Net difference between projected and actual earnings on pension plan investments	-	985,425	-	144,390	-	531,577
Employer contributions subsequent to the measurement date	1,120,484	-	167,379	-	638,441	-
Total	\$ 1,348,744	\$ 985,425	\$ 200,825	\$ 144,390	\$ 638,441	\$ 676,576

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

Note 8—Pension Plan: (Continued)

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

\$1,120,484, \$167,379 and \$638,441 reported as deferred outflows of resources related to pensions resulting from the County's, Component Units', and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Component Unit School Board (professional)

Plan Description

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

Contributions

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

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

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

Note 8—Pension Plan: (Continued)

Contributions (Continued)

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

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

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

For the year ended June 30, 2016, the school division recognized pension expense of \$2,916,000. Since there was a change in proportionate share between the measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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

Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

\$3,695,626 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

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

Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Mortality rates: (Continued)

Post-Disablement:

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

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

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

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

Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 65,846,000	\$ 44,995,000	\$ 27,830,000

Pension Plan Fiduciary Net Position

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

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

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

County:

A. Plan Description

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

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2016 was 0.10%, of annual covered payroll.

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

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

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2016, the County's contribution of \$4,861, was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and preceding two years are as follows:

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

D. Funded Status and Funding Progress

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

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

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

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

D. Funded Status and Funding Progress (Continued)

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2015 was 30 years.

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

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

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

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% and 1.06% of annual covered payroll for the years ending June 30, 2016 and 2015, respectively. The School Board's contributions to VRS for the year ended June 30, 2016 and 2015 were \$280,173 and \$281,738, respectively and equaled the required contributions.

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

A. Plan Description

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

B. Funding Policy

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

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

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

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

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

C. Annual OPEB Cost and Net OPEB Obligation

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

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

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

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

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

D. Funded Status and Funding Progress

Primary Government:

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

Component Unit - School Board:

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

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

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

D. Funded Status and Funding Progress (Continued)

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2014, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return per annum. An annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements of 0.5 percent until an ultimate rate of 5.0 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at July 1, 2014, was 30 years.

Note 11 - Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (the Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 12 - Landfill Closure and Postclosure Care Cost:

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

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

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

The County will recognize the remaining estimated cost of closure and postclosure care of \$8,086,207 as the remaining capacity is filled. The County expects to close the landfill in 2055. Actual costs may be higher due to inflation, changes in technology or changes in regulations. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2016.

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

Note 13 - Risk Management:

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

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

Note 14 - Deferred/Unavailable Revenue:

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

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

Note 15 - Interfund Transfers:

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

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

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

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

Note 16 - Surety Bonds:

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

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

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

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

Note 18 - Restatement of Beginning Balances:

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

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

Note 19 - Adoption of Accounting Principle:

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

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

Note 20- Litigation:

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

Note 21 - Upcoming Pronouncements:

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

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

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

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

Note 21 - Upcoming Pronouncements: (Continued)

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

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

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

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

Required Supplementary Information

County of Tazewell, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

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

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

Primary Government:

County Postretirement Health Insurance

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

County Health Insurance Credit Program

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2015 \$	271,806 \$	280,421 \$	8,615	96.93% \$	4,976,814	0.17%
June 30, 2014	272,370	267,476	(4,894)	101.83%	5,012,281	-0.10%
June 30, 2013	248,996	243,795	(5,201)	102.13%	4,826,502	-0.11%

Discretely Presented Component Unit:

School Board Postretirement Health Insurance

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

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

	2015	2014
Total pension liability		
Service cost	\$ 1,086,879	\$ 1,078,495
Interest	2,899,143	2,767,693
Differences between expected and actual experience	313,432	-
Benefit payments, including refunds of employee contributions	(2,039,716)	(1,896,954)
Net change in total pension liability	\$ 2,259,738	\$ 1,949,234
Total pension liability - beginning	42,436,187	40,486,950
Total pension liability - ending (a)	\$ 44,695,925	\$ 42,436,184
Plan fiduciary net position		
Contributions - employer	\$ 1,127,068	\$ 1,109,531
Contributions - employee	515,377	495,039
Net investment income	1,688,551	5,070,273
Benefit payments, including refunds of employee contributions	(2,039,716)	(1,896,954)
Administrative expense	(23,151)	(27,328)
Other	(356)	268
Net change in plan fiduciary net position	\$ 1,267,773	\$ 4,750,829
Plan fiduciary net position - beginning	36,995,976	32,245,144
Plan fiduciary net position - ending (b)	\$ 38,263,749	\$ 36,995,973
County's net pension liability - ending (a) - (b)	\$ 6,432,176	\$ 5,440,211
Plan fiduciary net position as a percentage of the total pension liability	85.61%	87.18%
Covered payroll	\$ 10,048,316	\$ 9,720,135
County's net pension liability as a percentage of covered payroll	64.01%	55.97%

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

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

	2015	2014
Total pension liability		
Service cost	\$ 159,256	\$ 158,027
Interest	424,800	405,539
Differences between expected and actual experience	45,926	-
Benefit payments, including refunds of employee contributions	(298,872)	(277,953)
Net change in total pension liability	\$ 331,110	\$ 285,613
Total pension liability - beginning	6,218,002	5,932,392
Total pension liability - ending (a)	<u>\$ 6,549,112</u>	<u>\$ 6,218,005</u>
 Plan fiduciary net position		
Contributions - employer	\$ 165,145	\$ 162,576
Contributions - employee	75,516	72,536
Net investment income	247,416	742,927
Benefit payments, including refunds of employee contributions	(298,872)	(277,953)
Administrative expense	(3,393)	(4,004)
Other	(52)	38
Net change in plan fiduciary net position	\$ 185,760	\$ 696,120
Plan fiduciary net position - beginning	5,420,870	4,724,753
Plan fiduciary net position - ending (b)	<u>\$ 5,606,630</u>	<u>\$ 5,420,873</u>
 Component Units' net pension liability - ending (a) - (b)	\$ 942,482	\$ 797,132
 Plan fiduciary net position as a percentage of the total pension liability	85.61%	87.18%
 Covered payroll	\$ 1,472,340	\$ 1,424,253
 Component Units' net pension liability as a percentage of covered payroll	64.01%	55.97%

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

County of Tazewell, Virginia
 Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 375,904	\$ 389,969
Interest	1,729,888	1,688,775
Changes of benefit terms	-	-
Differences between expected and actual experience	(222,538)	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(1,523,814)	(1,459,018)
Net change in total pension liability	\$ 359,440	\$ 619,726
Total pension liability - beginning	25,474,595	24,854,869
Total pension liability - ending (a)	<u>\$ 25,834,035</u>	<u>\$ 25,474,595</u>
Plan fiduciary net position		
Contributions - employer	\$ 629,864	\$ 589,541
Contributions - employee	190,601	190,618
Net investment income	875,280	2,714,251
Benefit payments, including refunds of employee contributions	(1,523,814)	(1,459,018)
Administrative expense	(12,501)	(15,068)
Other	(185)	143
Net change in plan fiduciary net position	\$ 159,245	\$ 2,020,467
Plan fiduciary net position - beginning	19,557,901	17,537,434
Plan fiduciary net position - ending (b)	<u>\$ 19,717,146</u>	<u>\$ 19,557,901</u>
School Division's net pension liability - ending (a) - (b)	\$ 6,116,889	\$ 5,916,694
Plan fiduciary net position as a percentage of the total pension liability	76.32%	76.77%
Covered payroll	\$ 3,891,558	\$ 3,824,515
School Division's net pension liability as a percentage of covered payroll	157.18%	154.70%

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

County of Tazewell, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Year Ended June 30, 2016

	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.35749%	0.36174%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 44,995,000	\$ 43,715,000
Employer's Covered Payroll	26,579,014	26,452,530
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	169.29%	165.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.88%

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

County of Tazewell, Virginia
 Schedule of Employer Contributions
 For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government*					
2016	\$ 1,120,484	\$ 1,120,484	\$ -	\$ 9,964,213	11.25%
2015	1,127,068	1,127,068	-	10,048,316	11.22%
Component Units*					
2016	\$ 167,379	\$ 167,379	\$ -	\$ 1,460,017	11.46%
2015	165,145	165,145	-	1,472,340	11.22%
Component Unit School Board (nonprofessional)					
2016	\$ 638,441	\$ 638,441	\$ -	\$ 3,958,254	16.13%
2015	633,935	633,935	-	3,891,558	16.29%
2014	585,916	585,916	-	3,824,515	15.32%
2013	585,126	585,126	-	3,819,361	15.32%
2012	440,570	440,570	-	3,874,849	11.37%
2011	430,695	430,695	-	3,787,991	11.37%
2010	419,730	419,730	-	4,008,887	10.47%
2009	430,167	430,167	-	4,108,566	10.47%
2008	443,685	443,685	-	4,029,834	11.01%
2007	404,286	404,286	-	3,671,992	11.01%
Component Unit School Board (professional)					
2016	\$ 3,695,626	\$ 3,695,626	\$ -	\$ 26,431,418	13.98%
2015	4,249,445	4,249,445	-	26,579,014	15.99%
2014	3,084,365	3,084,365	-	26,452,530	11.66%
2013	3,115,911	3,115,911	-	26,723,079	11.66%
2012	3,956,125	3,956,125	-	34,917,255	11.33%
2011	3,270,976	3,270,976	-	36,629,071	8.93%
2010	3,271,814	3,271,814	-	23,691,629	13.81%
2009	2,614,186	2,614,186	-	29,672,940	8.81%
2008	4,486,336	4,486,336	-	29,322,458	15.30%
2007	4,086,818	4,086,818	-	28,780,408	14.20%

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

County of Tazewell, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

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

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

Other Supplementary Information

County of Tazewell, Virginia
Major Capital Projects Fund-County CIP Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

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

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

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

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

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

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

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

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

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

LIABILITIES AND FUND BALANCES

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

Fund Balances:

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

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

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

County of Tazewell, Virginia
 Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016

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

Exhibit 24

County of Tazewell, Virginia
 Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2015

	Coal Road Economic Development Fund				E-911 Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget Pos. (Neg)	Budget Amounts		Actual Amounts	Variance with Final Budget Pos. (Neg)
	Original	Final			Original	Final		
REVENUES								
Other Local Taxes	\$ 466,116	\$ 466,116	\$ 197,224	\$ (268,892)	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Recovered Costs	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	1,180,516	1,180,516	996,655	(183,861)
Total Revenues	\$ 466,116	\$ 466,116	\$ 197,224	\$ (268,892)	\$ 1,180,516	\$ 1,180,516	\$ 996,655	\$ (183,861)
EXPENDITURES:								
Current:								
Judicial Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-	1,583,017	1,583,017	1,359,926	223,091
Public Works	481,408	481,408	218,919	262,489	-	-	-	-
Total Expenditures	\$ 481,408	\$ 481,408	\$ 218,919	\$ 262,489	\$ 1,583,017	\$ 1,583,017	\$ 1,359,926	\$ 223,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (15,292)	\$ (15,292)	\$ (21,695)	\$ (6,403)	\$ (402,501)	\$ (402,501)	\$ (363,271)	\$ 39,230
Other Financing Sources (Uses)								
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,000	\$ 275,000
Net Change in Fund Balance	\$ (15,292)	\$ (15,292)	\$ (21,695)	\$ (6,403)	\$ (402,501)	\$ (402,501)	\$ (88,271)	\$ 314,230
Fund Balance - Beginning	41,425	41,425	30,369	(11,056)	450,000	450,000	568,352	118,352
Fund Balance - Ending	\$ 26,133	\$ 26,133	\$ 8,674	\$ (17,459)	\$ 47,499	\$ 47,499	\$ 480,081	\$ 432,582

County of Tazewell, Virginia
 Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2015

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

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

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

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

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

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

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

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

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

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

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

Supporting Schedules

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATISTICAL INFORMATION

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Capital Projects	Interest on Long-Term Debt	Landfill	Total
2006-07	\$ 2,994,361	\$ 1,864,223	\$ 10,409,443	\$ 5,113,766	\$ 6,710,708	\$ 11,161,639	\$ 1,197,136	\$ 1,793,435	\$ 250,501	\$ 235,624	\$ 189,366	\$ -	\$ 41,920,202
2007-08	4,493,767	2,315,448	11,261,101	3,691,063	7,133,235	12,009,617	1,168,824	3,799,582	-	-	163,250	1,515,866	47,551,753
2008-09	4,170,651	2,415,913	11,793,711	5,111,308	6,399,621	15,922,682	1,289,353	1,961,006	-	-	455,413	1,559,347	51,079,005
2009-10	4,464,306	2,293,078	12,199,744	5,327,605	6,568,843	10,333,375	1,278,302	2,176,532	-	-	462,972	1,701,481	46,806,238
2010-11	5,765,264	2,384,875	12,226,338	5,170,568	7,935,398	12,498,174	913,958	6,706,909	-	-	397,317	1,359,364	55,358,165
2011-12	5,862,984	2,217,971	12,095,017	6,260,014	7,096,754	10,528,952	1,399,357	3,731,899	-	-	584,285	1,744,014	51,521,247
2012-13	4,722,345	2,402,694	12,141,514	5,840,389	7,792,968	12,789,766	2,107,259	928,051	-	-	420,155	1,729,821	50,874,962
2013-14	5,033,042	2,455,018	13,249,481	6,343,517	8,134,269	15,816,718	1,369,916	1,853,237	-	-	399,721	1,573,233	56,228,152
2014-15	5,341,134	3,313,678	15,278,730	7,195,353	7,914,541	13,914,784	1,507,870	1,067,600	-	-	314,193	1,770,276	57,618,159
2015-16	5,951,692	3,173,371	13,873,649	4,493,410	8,152,624	13,353,326	1,165,905	1,099,152	-	-	320,679	1,926,065	53,509,873

Table 2

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

Fiscal Year	Program Revenues				General Revenues				Grants and Contributions Not Restricted to Specific Programs	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous		
2006-07	\$ 758,253	\$ 11,266,369	\$ 512,000		\$ 19,310,939	\$ 8,568,301	\$ 1,027,776	\$ 282,294	\$ 3,111,473	\$ 44,837,405
2007-08	6,826,918	11,818,329	1,736,610		21,106,417	9,318,707	1,126,950	574,869	3,041,728	55,550,528
2008-09	1,298,603	11,268,684	-		21,468,696	8,855,016	687,983	1,945,329	3,128,364	48,652,675
2009-10	1,220,845	12,203,375	-		22,339,123	9,201,493	496,920	742,233	2,539,185	48,743,174
2010-11	1,350,543	14,470,285	-		22,434,132	10,109,122	566,080	572,960	3,015,566	52,518,688
2011-12	1,448,420	12,554,188	-		22,432,569	9,840,383	508,368	106,179	3,682,169	50,572,276
2012-13	1,419,806	12,342,470	-		25,063,467	9,384,120	503,608	302,813	3,911,447	52,927,731
2013-14	1,447,313	12,062,171	-		27,509,639	9,285,513	425,796	485,712	3,759,152	54,975,296
2014-15	1,437,334	12,655,943	-		24,806,128	7,991,869	332,444	1,100,181	3,757,650	52,081,549
2015-16	1,071,528	13,190,909	-		26,226,424	6,901,746	329,816	447,548	3,728,032	51,896,003

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Capital Projects	Debt Service	Total
2006-07	\$ 3,097,314	\$ 1,830,751	\$ 10,290,184	\$ 3,098,064	\$ 6,709,986	\$ 59,925,486	\$ 1,210,973	\$ 735,022	\$ 304,440	\$ 439,729	\$ 966,987	\$ 88,608,936
2007-08	3,935,603	2,522,491	11,218,109	3,574,391	7,034,792	59,847,265	1,279,918	877,894	504,462	1,035,830	1,020,678	92,851,433
2008-09	3,791,274	2,416,746	11,722,369	5,129,037	6,548,043	65,487,685	1,293,482	1,916,024	585,953	8,077,792	1,709,701	108,678,106
2009-10	4,090,059	2,226,553	11,968,126	5,214,198	6,560,999	59,043,332	1,264,793	2,254,077	417,479	4,178,516	1,731,903	98,950,035
2010-11	5,079,097	2,334,056	12,529,527	5,179,935	7,902,900	56,082,561	1,227,381	6,659,999	728,594	772,843	1,859,615	100,356,508
2011-12	5,496,926	2,203,860	12,568,436	6,182,381	7,198,253	57,386,788	1,400,476	3,670,296	491,276	176,812	1,121,767	97,897,271
2012-13	5,368,601	2,377,683	13,044,332	5,848,948	7,824,599	58,437,244	2,184,724	822,526	365,434	-	1,518,912	97,793,003
2013-14	5,489,790	2,455,503	13,245,158	6,471,548	8,183,291	56,714,966	1,360,475	1,737,768	364,528	-	1,797,362	97,820,389
2014-15	5,772,315	3,402,648	15,341,044	7,153,041	7,955,651	63,003,021	1,552,509	956,162	497,324	-	617,695	106,251,410
2015-16	6,183,097	3,218,821	14,228,870	5,127,796	8,317,691	60,723,862	1,420,994	980,731	619,775	-	908,436	101,730,073

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

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2006-07	\$ 20,072,264	\$ 8,376,273	\$ 324,028	\$ 89,050	\$ 1,033,506	\$ 1,350,564	\$ 674,595	\$ 354,759	\$ 61,972,005	\$ 94,247,044
2007-08	20,918,920	9,123,793	327,368	1,494,872 *	1,094,394	1,426,764	709,530	394,124	67,001,280	102,491,045
2008-09	21,466,436	8,855,016	359,727	77,003	676,358	1,440,408	2,453,702	605,399	64,353,320	100,287,369
2009-10	22,057,379	9,201,493	312,169	102,915	503,900	1,313,279	1,381,478	785,421	61,658,458	97,316,492
2010-11	22,580,736	10,109,122	387,173	36,612	586,281	1,339,581	1,042,051	626,623	60,743,793	97,451,972
2011-12	22,382,573	10,508,771	460,872	31,625	1,101,745	1,432,285	326,166	1,441,199	61,848,057	99,533,293
2012-13	25,302,730	10,094,133	354,257	42,935	519,624	1,306,595	856,992	2,093,588	59,382,794	99,953,648
2013-14	27,346,925	9,335,959	312,004	42,505	433,645	1,302,116	1,791,617	1,261,012	58,038,884	99,864,667
2014-15	24,738,746	8,060,659	378,410	71,963	341,579	1,162,471	1,226,111	1,611,264	59,555,518	97,146,721
2015-16	24,474,804	6,901,746	331,782	52,080	354,381	1,004,989	522,481	1,204,894	43,680,476	78,527,633

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

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

* Includes one time federal bounty funds received

Table 5

County of Tazewell, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2006-07	\$ 19,610,189	\$ 18,571,110	94.70%	\$ 779,634	\$ 19,350,744	98.68%	\$ 1,039,501	5.30%
2007-08	20,588,946	19,619,232	95.29%	747,150	20,366,382	98.92%	969,714	4.71%
2008-09	24,385,205	23,160,618	94.98%	783,128	23,943,746	98.19%	1,057,084	4.33%
2009-10	23,808,926	23,109,101	97.06%	700,797	23,809,898	100.00%	1,133,717	4.76%
2010-11	23,879,022	22,772,442	95.37%	757,589	23,530,031	98.54%	1,106,580	4.63%
2011-12	24,466,827	23,137,609	94.57%	834,004	23,971,613	97.98%	1,111,033	4.54%
2012-13	25,766,294	23,684,505	91.92%	1,020,716	24,705,221	95.88%	1,164,736	4.52%
2013-14	26,632,825	25,646,617	96.30%	929,615	26,576,232	99.79%	1,455,372	5.46%
2014-15	25,540,970	23,004,731	90.07%	941,423	23,946,154	93.76%	1,233,192	4.83%
2015-16	26,633,971	25,583,198	96.05%	1,049,309	26,632,507	99.99%	2,065,848	7.76%

(1) Excludes penalty and interest.

(2) Does not include land redemptions

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Home	Machinery and Tools	Merchants' Capital	Public Service (2)	Total
2006-07	\$ 2,211,465,970	\$ 363,540,973	\$ 43,516,700	\$ 23,738,800	\$ 116,846,412	\$ 2,759,108,855
2007-08	2,228,173,720	378,565,936	50,524,500	25,181,600	153,633,681	2,836,079,437
2008-09	2,242,848,000	433,721,052	63,194,200	26,242,900	134,364,627	2,900,370,779
2009-10	2,344,151,900	385,307,872	52,822,200	24,935,700	145,812,842	2,953,030,514
2010-11	2,287,048,300	410,218,953	60,574,600	21,779,750	151,502,180	2,931,123,783
2011-12	2,260,086,800	419,792,327	57,412,500	24,180,008	151,353,638	2,912,825,273
2012-13	2,840,597,700	431,193,109	85,826,200	25,299,900	173,166,368	3,556,083,277
2013-14	2,751,921,200	439,183,000	150,614,300	25,187,000	177,691,147	3,544,596,647
2014-15	2,788,112,400	442,628,944	115,749,000	24,289,700	176,684,724	3,547,464,768
2015-16	2,663,296,800	433,577,251	109,308,261	23,703,017	182,456,119	3,412,341,448

(1) Assessments at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Tazewell, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property	Machinery and Tools		Merchants Capital	Public Service Real Estate		Public Service Personal Property	
	\$	0.58		\$	2.00		\$	0.58		
2006-07	\$	0.58	\$	2.00	\$	4.30	\$	0.58	\$	2.00
2007-08		0.58		2.00		4.30		0.58		2.00
2008-09		0.58		2.00		4.30		0.58		2.00
2009-10		0.58		2.00		4.30		0.58		2.00
2010-11		0.58		2.00		4.30		0.58		2.00
2011-12		0.58		2.00		4.30		0.58		2.00
2012-13		0.57		2.00		4.30		0.58		2.00
2013-14		0.57		2.00		3.80		0.57		2.00
2014-15		0.55		2.00		3.80		0.55		2.00
2015-16		0.55		2.00		3.80		0.55		2.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value	Gross Bonded Debt (2)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006-07	44,600	\$ 2,759,108,855	\$ 3,963,233	0.14%	\$ 89
2007-08	44,600	2,836,079,437	5,311,945	0.19%	119
2008-09	44,600	2,900,370,779	11,433,289	0.39%	256
2009-10	44,600	2,953,030,514	10,793,095	0.37%	242
2010-11	45,078	2,931,123,783	10,028,765	0.34%	222
2011-12	45,078	2,912,825,273	9,395,256	0.32%	208
2012-13	45,078	3,556,083,277	8,860,394	0.25%	197
2013-14	45,078	3,544,596,647	8,077,987	0.23%	179
2014-15	45,078	3,547,464,768	7,782,189	0.22%	173
2015-16	45,078	3,412,341,448	7,237,855	0.21%	161

(1) Bureau of the Census.

(2) Includes all long-term general obligation bonded debt and Literary Fund loans.
 Excludes revenue bonds, capital leases and compensated absences.

Table 9

County of Tazewell, Virginia
 Ratio of Annual Debt Service Expenditures for General Bonded
 Debt to Total General Governmental Expenditures
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2006-07	\$ 544,186	\$ 189,366	\$ 733,552	\$ 88,608,936	0.83%
2007-08	822,508	198,170	1,020,678	92,851,433	1.10%
2008-09	577,597	250,006	827,603	108,678,106	0.76%
2009-10	640,194	487,207	1,127,401	98,950,035	1.14%
2010-11	764,330	469,109	1,233,439	100,356,508	1.23%
2011-12	633,509	488,258	1,121,767	97,897,271	1.15%
2012-13	534,862	439,067	973,929	97,793,003	1.00%
2013-14	782,407	467,741	1,250,148	97,820,389	1.28%
2014-15	295,798	321,897	617,695	107,431,077	0.57%
2015-16	544,334	364,102	908,436	101,730,073	0.89%

(1) Includes General Fund of the Primary Government

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tazewell, Virginia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Tazewell, Virginia's basic financial statements and have issued our report thereon dated December 9, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses. (Reference 2016-001).

Compliance and Other Matters

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

County of Tazewell, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 9, 2016

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Tazewell, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Tazewell, Virginia's major federal programs for the year ended June 30, 2016. County of Tazewell, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Tazewell, Virginia's basic financial statements include the operations of the Public Service Authority (the Authority) which received \$2,579,520 in federal awards which is not included in the schedule during the year ended Financial Statement Date, 2016. Our audit, described below, did not include the operations of the Authority because the Authority engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Tazewell, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002 that we consider to be a significant deficiency.

Report on Internal Control over Compliance (continued)

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 9, 2016

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	90359, 90360, 90361	\$ 33,927
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90365, 90366 90367, 90377, 90390, 90391 90409, 90410, 90411, 90412 90601, 90603	565,496
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	579
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	61,523
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90119 90236, 90237, 90238, 90239 90378, 90517, 90540, 90529	82,157
Chafee Education and Training Vouchers Program	93.599	90353	430
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251	3,067
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90147 90209, 90225, 90226, 90227 90253, 90258, 90267, 90268 90405, 90406, 90407, 90447 90636, 90637, 90639, 90657 90658, 90705, 90706, 90707 90733, 90738, 90747, 90748	305,965
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90607, 90627, 90708	625,723
Social Services Block Grant	93.667	90122, 90123, 90124, 90125 90126, 90240, 90242, 90243 90244, 90245, 90246, 90262 90340, 90351, 90358, 90379 90648	388,890
Chafee Foster Care Independence Program	93.674	90254, 90356	11,119
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	22,646
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	688,830
Total Department of Health and Human Services			<u>\$ 2,790,352</u>
Department of Agriculture:			
Pass-through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	40591	\$ 310,702
National School Lunch Program	10.555	40623	\$ 1,249,693
Department of Agriculture:			
Food Distribution	10.555	Unknown	176,009
Summer Food Service Program for Children	10.559	Not applicable	1,425,702
Fresh Fruit and Vegetable Program	10.582		<u>15,389</u> \$ 1,751,793
			30,127
Department of Education:			
Schools and Roads - Grants to States	10.665	43841	12,229
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90303, 90304, 90403 90404, 90703, 90704	<u>563,095</u>
Total Department of Agriculture			<u>\$ 2,357,244</u>
Department of Labor:			
Pass-through Payments:			
Russell County:			
Workforce Investment Act Cluster:			
WIA/WIOA Adult Program	17.258	53427	\$ 397,834
WIA/WIOA Youth Activities	17.259	53427	237,291
WIA/WIOA Dislocated Worker Formula Grants	17.278	53427	<u>564,724</u> \$ 1,199,849

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	11VAGX0001	\$ 88,832
Violence Against Women Formula Grants	16.588	10WFA0041	<u>13,792</u>
Total Department of Justice			<u>\$ 102,624</u>
Department of Homeland Security:			
Pass-through Payments:			
Department of Emergency Management:			
Emergency Management Preparedness Grant	97.042	Unknown	\$ 76,891
Homeland Security Grant Program	97.067	Unknown	<u>1,321</u>
Total Department of Homeland Security			<u>\$ 78,212</u>
Department of Transportation:			
Pass-through Payments:			
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2011-51206-4148	\$ 11,953
Highway Planning and Construction	20.205	Unknown	<u>309,563</u>
Total Department of Transportation			<u>\$ 321,516</u>
National Endowment for the Arts:			
Pass-through Payments:			
Virginia Commission on the Arts			
Promotion of the Arts Partnership Agreements	45.025	Unknown	<u>\$ 5,000</u>
Department of Education:			
Pass-through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 1,703,389
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	982,482
Special Education Preschool Grants	84.173	62521	<u>47,159</u>
Career and Technical Education: Basic Grants to States	84.048	61095	167,073
Advanced Placement Program	84.330	Unknown	492
Rural Education	84.358	43481	108,068
Supporting Effective Instruction State Grant	84.367	61480	<u>395,426</u>
Total Department of Education:			<u>\$ 3,404,089</u>
Total Expenditures of Federal Awards			<u>\$ 10,258,886</u>
Notes to Schedule of Expenditures of Federal Awards			
Note 1 -- Basis of Presentation			
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Tazewell, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance) and OMB Circular A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i> . Because the Schedule presents only a selected portion of the operations of the County of Tazewell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Tazewell, Virginia.			
Note 2 -- Summary of Significant Accounting Policies			
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i> , wherein certain types of expenditures are not allowable or are limited as to reimbursement.			
(2) Pass-through entity identifying numbers are presented where available.			
Note 3 -- Food Distribution			
Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.			
Note 4 -- Relationship to the Financial Statements:			
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary Government:			
General Fund			\$ 5,077,206
Less: Payment in lieu of taxes			(16,558)
Total Primary Government			<u>\$ 5,060,648</u>
Component Unit School Board:			
School Operating Fund			<u>\$ 5,198,238</u>
Total expenditures of federal awards per basic financial statements			<u>\$ 10,258,886</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards			<u>\$ 10,258,886</u>

County of Tazewell, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Grants to Local Educational Agencies
84.367	Supporting Effective Instruction State Grant

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

County of Tazewell, Virginia

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

Section II - Financial Statement Findings

2016-001

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

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County of Tazewell, Virginia

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

Section III - Federal Award Findings and Questioned Costs

2016-002

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

Section IV - Status of Prior Audit Findings and Questioned Costs

No findings in prior period.