

# County of Tazewell, Virginia



## ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

COUNTY OF TAZEWELL, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

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COUNTY OF TAZEWELL, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015

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## INTRODUCTORY SECTION

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## COUNTY OF TAZEWELL, VIRGINIA

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### BOARD OF SUPERVISORS

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Seth White, Vice Chairman	Charles Stacy, Chairman	John Absher
Mike Hymes		John Garland Roberts, Jr.

### COUNTY SCHOOL BOARD

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James Jones, Vice Chairman	David Woodard, Chairman	H.S. Caudill
Michael Dennis		Chris Moir
Brenda Lawson, Superintendent of Schools		

### SOCIAL SERVICES BOARD

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Karen Rich	Darrell Addison, Chairman	Tony Cordle
ChrisThompson		Robert Steele

### EX-OFFICIO MEMBERS

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

### OTHER OFFICIALS

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Commonwealth's Attorney .....	Dennis H. Lee
Clerk of the Circuit Court.....	Buddy Blevins
Commissioner of the Revenue.....	David R. Anderson
Treasurer .....	David T. Larimer
Sheriff .....	Brian L. Hieatt
School Board Clerk.....	Vicki Bailey

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise County of Tazewell, Virginia's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tazewell, Virginia, as of June 30, 2015, 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 18 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. 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, 83, and 84-90, 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 by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

*Other Information (continued)*

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 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, Turner, Co. Associates*

Blacksburg, Virginia  
February 4, 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 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, 2015. We encourage readers to consider the information presented here in conjunction with the basic audited 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 \$9,653,649 (net position). Of this amount, \$1,778,718 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 \$4,027,624 (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 \$35,678,125 (net position).
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$11,376,827. Of this amount \$7,256,041 was considered unassigned, \$2,312,364 was considered committed, \$1,799,045 was considered restricted and \$9,377 was considered nonspendable.
- During the year, the County had governmental expenses that were \$4,173,320 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 the financial statements.

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

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

The Statement of Net Position presents information on all of the County’s 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources, with the difference between the two 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 and for public utilities.

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

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

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on 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 fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

### Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets and deferred outflows exceed liabilities and deferred inflows by \$13,681,273 at the close of the most recent fiscal year.

The largest portion of the County's net position \$13,458,206 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 \$4,243,917, are subject to restrictions on how they may be used. The remaining balance of net position \$(4,020,850) 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 2015 and 2014.

Statement of Net Position

	Governmental and Business-type Activities 2015	Governmental and Business-type Activities 2014
Current and other assets	\$ 45,069,874	\$ 50,053,776
Capital assets	22,690,254	23,608,131
Deferred outflows	1,122,599	---
Total assets	<u>\$ 68,743,153</u>	<u>\$ 73,661,907</u>
Current and other liabilities	\$ 4,261,288	\$ 4,156,659
Long-term liabilities	23,217,605	17,366,005
Deferred inflows	27,722,561	25,789,085
Total Liabilities	<u>\$ 55,201,454</u>	<u>\$ 47,311,749</u>
Net position:		
Invested in capital assets, net of related debt	\$ 13,458,206	\$ 13,747,144
Restricted	4,243,917	6,313,196
Unrestricted	(4,020,850)	6,289,818
Total net position	<u>\$ 13,681,273</u>	<u>\$ 26,350,158</u>

## Statement of Activities

	Governmental and Business-type Activities 2015	Governmental and Business-type Activities 2014
Program revenues		
Charges for services	\$ 1,437,334	\$ 1,447,313
Operating grants and contributions	12,655,943	12,062,171
General revenues		
Property taxes	24,806,128	27,509,639
Other taxes	7,991,869	9,285,513
Revenue from use of money and property	332,444	425,796
Miscellaneous	1,100,181	485,712
Intergovernmental revenues		
Grants and contributions not restricted to specific programs	3,757,650	3,759,152
Total revenues	<u>52,081,549</u>	<u>54,975,296</u>
Expenses		
General government	5,341,134	5,033,042
Judicial administration	3,313,678	2,455,018
Public safety	15,278,730	13,249,481
Public works	7,195,353	6,343,517
Health and welfare	7,914,541	8,134,269
Education	13,914,784	15,816,718
Parks, recreation and cultural	1,507,870	1,369,916
Community development	1,067,600	1,853,237
Interest on debt	314,193	399,721
Landfill	1,770,276	1,573,233
Total expenses	<u>57,618,159</u>	<u>56,228,152</u>
Change in net position	<u>\$ (5,536,610)</u>	<u>\$ (1,252,856)</u>

## Financial Analysis of the County's Funds

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



Governmental Funds – The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County’s net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$11,376,827. Approximately 0% or \$9,377 is considered nonspendable as it is for prepaid expenses, 16% of this total amount, \$1,799,045 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately 20% or \$2,312,364 has been committed by action of the Board of Supervisors. The remaining balance, \$7,256,041 or 64% is unassigned, meaning there is 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 \$7,265,418, of this amount \$7,256,041 was considered unassigned, and \$9,377 was nonspendable. The non-major governmental funds, at the end of the fiscal year, had a fund balance of \$2,370,124 of which \$57,760 was considered restricted and \$2,312,364 was considered committed and the County Capital Projects fund had a restricted fund balance of \$1,741,285.

Total governmental fund revenues decreased \$2,501,283 and expenditures increased \$1,274,855 over prior year amounts. For fiscal year ended June 30, 2015, expenditures exceeded revenues by \$4,173,320, as compared to the fiscal year ended June 30, 2014, expenditures exceeded expenditures by \$397,182.

#### General Fund Budgetary Highlights

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

#### Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds and business-type activities as of June 30, 2015, amounts to \$22,690,254 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

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

Primary Government:	
Accrued leave	\$ 625,494
OPEB obligation	1,907,000
Net pension liability	5,246,230
General obligation bonds	7,462,109
Literary Funds	450,000
Total	<u>\$ 15,690,833</u>
Business-type Activities:	
Accrued leave	\$ 27,984
Estimated landfill liability	5,984,868
Net pension liability	193,981
Notes and bonds	1,319,939
Total	<u>\$ 7,526,772</u>

Additional information on the County of Tazewell's long-term debt can be found in Note 6 of this report.

#### Economic Factors

The June 2015 unemployment rate for the County of Tazewell, Virginia was 8.0%, which is an increase from a rate of 6.9% in June 2014. This is above the state's average unemployment rate of 5.0% and also above the national average rate of 5.5%.

#### Request for Information

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

## Basic Financial Statements

County of Tazewell, Virginia  
Statement of Net Position  
June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Other Component Units
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 11,453,579	\$ 433,953	\$ 11,887,532	\$ 6,462,926	\$ 1,418,260
Cash in Custody of Others	-	-	-	13,211	-
Receivables (Net of Allowance for Uncollectibles):					
Taxes	26,067,049	-	26,067,049	-	-
Accounts Receivable	288,926	21,941	310,867	28,515	711,943
Note Receivable	-	-	-	-	213,472
Due from Primary Government	-	-	-	-	3,315,605
Due from Component Unit School Board	1,427,063	-	1,427,063	-	-
Due from Component Unit PSA	185,215	-	185,215	-	-
Due from Other Governmental Units	2,737,899	-	2,737,899	2,284,047	502,969
Internal Balances	(31,785)	31,785	-	-	-
Inventory	-	-	-	-	142,764
Prepaid Items	9,377	-	9,377	851,166	49,103
Restricted Assets:					
Cash and Cash Equivalents	-	2,444,872	2,444,872	-	196,348
Capital Assets:					
Land	1,735,460	287,598	2,023,058	1,908,716	4,405,191
Buildings and Improvements	1,535,320	39,071	1,574,391	10,509,239	1,338,509
Tenancy in Common	5,897,417	-	5,897,417	7,515,254	-
Machinery and Equipment	4,533,795	1,124,769	5,658,564	1,376,153	616,509
Improvements Other Than Buildings	-	7,250,821	7,250,821	-	24,071,963
Infrastructure	-	-	-	-	67,564,652
Construction in Progress	286,003	-	286,003	1,691,819	19,840,955
Total Assets	\$ 56,125,318	\$ 11,634,810	\$ 67,760,128	\$ 32,641,046	\$ 124,388,243
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Contributions Subsequent to Measurement Date	\$ 1,083,682	\$ 38,917	\$ 1,122,599	\$ 4,883,380	\$ 174,627
<b>LIABILITIES</b>					
Accounts Payable	\$ 748,573	\$ 38,766	\$ 787,339	\$ 1,876,777	\$ 195,209
Accrued Liabilities	-	-	-	-	827,636
Accrued Wages	-	-	-	3,431,976	51,013
Customer Deposits	-	-	-	-	182,733
Accrued Interest Payable	158,344	-	158,344	-	176,998
Due to Primary Government	-	-	-	1,427,063	-
Due to Component Units	3,315,605	-	3,315,605	-	-
Amounts Held for Others	-	-	-	13,211	-
Long-term Liabilities:					
Due Within One Year	552,996	336,711	889,707	750,624	2,842,164
Due in More Than One Year	15,137,837	7,190,061	22,327,898	56,814,170	44,670,282
Bond premium	-	-	-	-	1,445,749
Net OPEB Obligation	-	-	-	-	641,400
Total Liabilities	\$ 19,913,355	\$ 7,565,538	\$ 27,478,893	\$ 64,313,821	\$ 51,033,184
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Tevenue - Property Taxes	\$ 25,463,126	-	\$ 25,463,126	\$ -	-
Items Related to Measurement of Net Pension Liability	2,178,870	80,565	2,259,435	7,696,730	331,066
Change in Proportionate Share of Net Pension Liability	-	-	-	1,192,000	-
Total Deferred Inflows of Resources	\$ 27,641,996	\$ 80,565	\$ 27,722,561	\$ 8,888,730	\$ 331,066
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 6,075,886	\$ 7,382,320	\$ 13,458,206	\$ 16,953,881	\$ 71,342,254
Restricted	1,799,045	2,444,872	4,243,917	-	-
Unrestricted	1,778,718	(5,799,568)	(4,020,850)	(52,632,006)	1,856,366
Total Net Position	\$ 9,653,649	\$ 4,027,624	\$ 13,681,273	\$ (35,678,125)	\$ 73,198,620

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, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Component Units School Board Other Component Units
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
General Government Administration	\$ 5,341,134	\$ 33,096	\$ 337,481	\$ -	\$ (4,970,557)	\$ -	\$ -
Judicial Administration	3,313,678	297,238	1,356,999	-	(1,659,441)	-	-
Public Safety	15,278,730	212,529	2,188,092	-	(12,878,109)	-	-
Public Works	7,195,353	398,808	91,759	-	(6,704,786)	-	-
Health and Welfare	7,914,541	-	7,147,709	-	(766,832)	-	-
Education	13,914,784	-	-	-	(13,914,784)	-	-
Parks, Recreation and Cultural	1,507,870	43,419	150,345	-	(1,314,106)	-	-
Community Development	1,067,600	29,678	1,383,558	-	345,636	-	-
Interest	314,193	-	-	-	(314,193)	-	-
Total Governmental Activities	\$ 55,847,883	\$ 1,014,768	\$ 12,655,943	\$ -	\$ (42,177,172)	\$ -	\$ -
<b>Business-type Activities</b>							
Landfill	\$ 1,770,276	\$ 422,566	\$ -	\$ -	\$ -	\$ (1,347,710)	\$ -
Total Primary Government	\$ 57,618,159	\$ 1,437,334	\$ 12,655,943	\$ -	\$ (42,177,172)	\$ (1,347,710)	\$ -
<b>Component Units:</b>							
School Board	\$ 59,126,879	\$ 598,076	\$ 43,141,925	\$ -	\$ -	\$ -	\$ -
Other component units	12,312,195	7,363,913	2,154,230	3,001,181	-	-	207,129
Total Component Units	\$ 71,439,074	\$ 7,961,989	\$ 45,296,155	\$ 3,001,181	\$ -	\$ -	\$ 207,129
<b>General Revenues:</b>							
General Property Taxes					\$ 24,806,128	\$ -	\$ -
Other Local Taxes							
Local Sales and Use Taxes					4,793,630	-	-
Consumers' Utility Taxes					871,988	-	-
Utility License Taxes					40,421	-	-
Motor Vehicle Licenses					25,980	-	-
Bank Franchise Taxes					52,282	-	-
Taxes on Recordation and Wills					175,944	-	-
Coal Severance Taxes					1,494,913	-	-
Gas Severance Tax					536,711	-	-
Unrestricted Revenues from Use of Money and Property					332,439	5	38,862
Miscellaneous					1,078,196	21,985	147,915
Payments from Primary Government					-	-	58,195
Grants and Contributions not Restricted to Specific Programs					3,757,650	-	906,698
Transfers					(298,803)	298,803	-
Total General Revenues and transfers					\$ 37,667,479	\$ 320,793	\$ 1,003,755
Change in Net Position					\$ (4,509,693)	\$ (1,026,917)	\$ 1,210,884
Net Position - Beginning, as restated					14,163,342	5,054,541	71,987,736
Net Position - Ending					\$ 9,653,649	\$ 4,027,624	\$ 73,198,620

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

County of Tazewell, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General</u>	County CIP <u>Fund</u>	Other <u>Governmental</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,520,485	\$ 4,746,675	\$ 2,186,419	\$ 11,453,579
Property Taxes	26,067,049	-	-	26,067,049
Other Receivables	239,516	-	49,410	288,926
Prepaid Items	9,377	-	-	9,377
Due from Other Funds	-	125,000	-	125,000
Due from Other Governmental Units	2,599,417	-	138,482	2,737,899
Due from Component Units	1,427,063	185,215	-	1,612,278
Total Assets	<u>\$ 34,862,907</u>	<u>\$ 5,056,890</u>	<u>\$ 2,374,311</u>	<u>\$ 42,294,108</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 744,386	\$ -	\$ 4,187	\$ 748,573
Due to Other Funds	156,785	-	-	156,785
Due to Component Unit	-	3,315,605	-	3,315,605
Total Liabilities	<u>\$ 901,171</u>	<u>\$ 3,315,605</u>	<u>\$ 4,187</u>	<u>\$ 4,220,963</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	\$ 26,696,318	\$ -	\$ -	\$ 26,696,318
<b>Fund Balances:</b>				
Nonspendable	\$ 9,377	\$ -	\$ -	\$ 9,377
Restricted	-	1,741,285	57,760	1,799,045
Committed	-	-	2,312,364	2,312,364
Unassigned	7,256,041	-	-	7,256,041
Total Fund Balances	<u>\$ 7,265,418</u>	<u>\$ 1,741,285</u>	<u>\$ 2,370,124</u>	<u>\$ 11,376,827</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 34,862,907</u>	<u>\$ 5,056,890</u>	<u>\$ 2,374,311</u>	<u>\$ 42,294,108</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, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	11,376,827
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	\$	1,735,460	
Buildings and improvements		1,535,320	
Tenancy in common		5,897,417	
Machinery and equipment		4,533,795	
Construction in progress		286,003	13,987,995

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

Unavailable revenue	\$	1,233,192	
Items related to measurement of net pension liability		(2,178,870)	(945,678)

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.

1,083,682

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	\$	(158,344)	
Compensated absences		(625,494)	
Net OPEB obligation		(1,907,000)	
Net pension liability		(5,246,230)	
Bonds payable		(7,912,109)	(15,849,177)

Net Position of Governmental Activities

\$ 9,653,649

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, 2015

	General <u>Fund</u>	County <u>CIP Fund</u>	Other Govern- <u>mental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General Property Taxes	\$ 24,738,746	\$ -	\$ -	\$ 24,738,746
Other Local Taxes	7,044,847	-	1,015,812	8,060,659
Permits, Privilege Fees and Regulatory Licenses	378,410	-	-	378,410
Fines and Forfeitures	71,963	-	-	71,963
Revenue from Use of Money and Property	296,084	36,355	-	332,439
Charges for Services	556,240	-	8,155	564,395
Miscellaneous	1,003,031	17,080	58,085	1,078,196
Recovered Costs	1,055,654	-	-	1,055,654
Intergovernmental:				
Commonwealth	11,151,868	447,108	710,820	12,309,796
Federal Government	4,023,544	80,253	-	4,103,797
Total Revenues	\$ 50,320,387	\$ 580,796	\$ 1,792,872	\$ 52,694,055
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 5,111,375	\$ 659,372	\$ 1,568	\$ 5,772,315
Judicial Administration	2,455,952	945,551	1,145	3,402,648
Public Safety	14,298,806	-	1,042,238	15,341,044
Public Works	3,009,487	2,880,912	1,262,642	7,153,041
Health and Welfare	7,955,651	-	-	7,955,651
Education	13,618,986	-	-	13,618,986
Parks, Recreation and Cultural	1,552,509	-	-	1,552,509
Community Development	956,162	-	-	956,162
Nondepartmental	497,324	-	-	497,324
Debt Service:				
Principal Retirement	295,798	-	-	295,798
Interest and Other Fiscal Charges	321,897	-	-	321,897
Total Expenditures	\$ 50,073,947	\$ 4,485,835	\$ 2,307,593	\$ 56,867,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 246,440	\$ (3,905,039)	\$ (514,721)	\$ (4,173,320)
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ 1,850,000	\$ 300,000	\$ 2,150,000
Transfers Out	(2,448,803)	-	-	(2,448,803)
Total Other Financing Sources (Uses)	\$ (2,448,803)	\$ 1,850,000	\$ 300,000	\$ (298,803)
Net Change in Fund Balance	\$ (2,202,363)	\$ (2,055,039)	\$ (214,721)	\$ (4,472,123)
Fund Balance - Beginning	9,467,781	3,796,324	2,584,845	15,848,950
Fund Balance - Ending	\$ 7,265,418	\$ 1,741,285	\$ 2,370,124	\$ 11,376,827

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, 2015

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

Net changes in fund balance - total governmental funds	\$	(4,472,123)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$	449,587	
Depreciation expense		(886,049)	(436,462)

The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to increase net position.			(194,284)
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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	\$	67,382	
Change in revenue due from other locality		(68,790)	
Change in deferred inflows of resources related to the measurement of the net pension liability		(2,178,870)	(2,180,278)

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			295,798
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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	\$	78,540	
Change in net pension liability		2,701,698	
Change in deferred outflow of resources related to pension payments subsequent to measurement date		13,714	
Change in accrued interest payable		(958)	
Change in bond premium amortization		8,662	
Change in net OPEB obligation		(324,000)	2,477,656

Change in net position of governmental activities	\$		(4,509,693)
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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, 2015

	Tazewell County Landfill Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 433,953
Receivables (Net of Allowance for Uncollectibles)	21,941
Due from Other Funds	31,785
Total Current Assets	<u>\$ 487,679</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 287,598
Buildings and Improvements	39,071
Land Improvements	7,250,821
Machinery and Equipment	1,124,769
Total Capital Assets	<u>\$ 8,702,259</u>
Other Assets:	
Restricted Cash	<u>\$ 2,444,872</u>
Total Assets	<u>\$ 11,634,810</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Contributions Subsequent to Measurement Date	<u>\$ 38,917</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 38,766
Notes Payable-Current Portion	70,967
Bonds Payable-Current Portion	265,744
Total Current Liabilities	<u>\$ 375,477</u>
Noncurrent Liabilities	
Compensated Absences	\$ 27,984
Net Pension Liability	193,981
Estimated Landfill Closure Liability	5,984,868
Notes Payable	174,680
Bonds Payable	808,548
Total Noncurrent Liabilities	<u>\$ 7,190,061</u>
Total Liabilities	<u>\$ 7,565,538</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Items Related to Measurement of Net Pension Liability	<u>\$ 80,565</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 7,382,320
Restricted for Other Purposes	2,444,872
Unrestricted	(5,799,568)
Total Net Position	<u><u>\$ 4,027,624</u></u>

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

County of Tazewell, Virginia  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2015

	Tazewell County Landfill Fund
OPERATING REVENUES	
Charges for Services	\$ 422,566
OPERATING EXPENSES	
Personal Service	\$ 396,374
Employee Benefits	212,217
Contractual Services	215,635
Repairs and Maintenance	65,487
Closure Reserve Expense	116,160
Other Charges	262,725
Depreciation and Amortization	445,243
Total Operating Expenses	\$ 1,713,841
Operating Income (Loss)	\$ (1,291,275)
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 5
Miscellaneous Income	21,985
Interest Expense	(56,435)
Total Nonoperating Revenues (Expenses)	\$ (34,445)
Transfers In	\$ 298,803
Increase (Decrease) in Net Position	\$ (1,026,917)
Net Position - Beginning, as restated	5,054,541
Net Position - Ending	\$ 4,027,624

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, 2015

	Tazewell County Landfill Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers and Users	\$ 535,179
Payments to Employees for Services	(652,508)
Payments for Operating Expenses	(527,984)
Total Cash Provided by (Used for) Operating Activities	\$ (645,313)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	\$ 5
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from Other Funds	\$ 293,672
Miscellaneous Income (Expense)	21,985
Total Cash Provided by (Used for) Noncapital Financing Activities	\$ 315,657
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Capital Assets	\$ (158,112)
Principal Payments on Debt	(323,735)
Interest Payments on Debt	(57,179)
Total Cash Provided by (Used for) Capital and Related Financing Activities	\$ (539,026)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (868,677)
Cash and Cash Equivalents - Beginning (including restricted, \$2,515,307)	3,747,502
Cash and Cash Equivalents - Ending (including restricted, \$2,444,872)	\$ 2,878,825
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>	
Operating Income (Loss)	\$ (1,291,275)
Depreciation	445,243
Landfill Closure Costs	116,160
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
(Increase) Decrease in Accounts Receivable	112,613
(Increase) Decrease in Deferred Outflows of Resources	646
Increase (Decrease) in Accounts Payable	15,863
Increase (Decrease) in Deferred Inflows of Resources	80,565
Increase (Decrease) in Net Pension Liability	(99,897)
Increase (Decrease) in Compensated Absences	(25,231)
Total Adjustments	\$ 84,559
Net Cash Provided By (Used For) Operating Activities	\$ (645,313)

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, 2015

	Expendable Trust Funds	Agency Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 65,113
Investments	1,866,234	-
Due from Other Governmental Units	-	975,581
Total Assets	<u>\$ 1,866,234</u>	<u>\$ 1,040,694</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Due to Primary Government	\$ -	\$ 793,198
Due to Other Governmental Units	-	182,383
Amounts Held for Others	1,866,234	65,113
Total Liabilities	<u>\$ 1,866,234</u>	<u>\$ 1,040,694</u>

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 1 - Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units: None

Discretely Presented Component Units:

Tazewell County School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2015.

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, 2015

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

B. Individual Component Unit Disclosures (Continued)

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

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

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

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

None

Jointly Governed Organizations

County of Tazewell and Counties of Buchanan and Russell participate in supporting the Cumberland Mountain Community Services Board. For the year ended June 30, 2015, 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, 2015, the County contributed \$362,300.

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, 2015, the County contributed \$4,340,416.

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, 2015

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

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

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

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

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

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

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

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

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

The government reports the following major governmental funds.

General Fund:

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

Capital Projects Fund:

The County Capital Improvements 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, 2015

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

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

Fiduciary Funds (Trust and Agency Funds):

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

F. Investments

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

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 \$1,233,192 at June 30, 2015 and is comprised solely of property taxes.

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

H. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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, 2015.

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, 2015

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It 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. 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 one type of item that qualifies 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, 2015

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

L. Long-term Obligations

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

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

M. Fund Equity

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

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

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

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

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

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

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

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

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

N. Use of Estimates

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

O. Net Position

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

P. Net Position Flow Assumption

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

Note 2 - Deposits and Investments:

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

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

Custodial Credit Risk (Investments)

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 2 - Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2015, were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
SNAP	\$ 447

Concentration of Credit Risk

At June 30, 2015, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

At June 30, 2015, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

External Investment Pool

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

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

Fund	Interfund Receivable	Interfund Payable
General	\$ -	\$ 31,785
Component Unit Landfill	31,785	-
Totals	<u>\$ 31,785</u>	<u>\$ 31,785</u>

  

	Due From	Due to
Primary Government	\$ 1,612,278	\$ 3,315,605
Component Unit School	-	1,427,063
Component Unit IDA	3,315,605	-
Component Unit PSA	-	185,215
Totals	<u>\$ 4,927,883</u>	<u>\$ 4,927,883</u>

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

Note 4 - Due From Other Governmental Units:

At June 30, 2015, 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	\$ 330,487	\$ -
Commonwealth of Virginia:		
State sales taxes	870,263	-
Local sales taxes	-	1,147,053
VPA	211,307	-
CSA	307,661	-
Shared expenses	272,476	-
Categorical aid	84,985	-
Noncategorical aid	248,721	-
Federal Government:		
VPA	279,576	-
Categorical aid	132,423	1,136,994
Total	<u>\$ 2,737,899</u>	<u>\$ 2,284,047</u>

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 5 - Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,735,460	\$ -	\$ -	\$ 1,735,460
Construction in progress	223,384	62,619	-	286,003
Tenancy in Common	6,193,215	-	(295,798)	5,897,417
Total capital assets not being depreciated	<u>\$ 8,152,059</u>	<u>\$ 62,619</u>	<u>\$ (295,798)</u>	<u>\$ 7,918,880</u>
Capital assets, being depreciated:				
Buildings	\$ 3,873,810	\$ 66,813	\$ -	\$ 3,940,623
Machinery and equipment	15,947,214	615,953	(219,749)	16,343,418
Total capital assets being depreciated	<u>\$ 19,821,024</u>	<u>\$ 682,766</u>	<u>\$ (219,749)</u>	<u>\$ 20,284,041</u>
Accumulated depreciation:				
Buildings	\$ (2,296,590)	\$ (108,713)	\$ -	\$ (2,405,303)
Machinery and equipment	(11,057,752)	(777,336)	25,465	(11,809,623)
Total accumulated depreciation	<u>\$ (13,354,342)</u>	<u>\$ (886,049)</u>	<u>\$ 25,465</u>	<u>\$ (14,214,926)</u>
Total capital assets being depreciated, net	<u>\$ 6,466,682</u>	<u>\$ (203,283)</u>	<u>\$ (194,284)</u>	<u>\$ 6,069,115</u>
Governmental activities capital assets, net	<u><u>\$ 14,618,741</u></u>	<u><u>\$ (140,664)</u></u>	<u><u>\$ (490,082)</u></u>	<u><u>\$ 13,987,995</u></u>

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COUNTY OF TAZEWell, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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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	9,553,635	12,970	-	9,566,605
Machinery and equipment	3,435,021	145,142	-	3,580,163
Total capital assets being depreciated	\$ 13,174,259	\$ 158,112	\$ -	\$ 13,332,371
Accumulated depreciation:				
Buildings and improvements	\$ (140,345)	\$ (6,187)	\$ -	\$ (146,532)
Land Improvements	(2,135,258)	(180,526)	-	(2,315,784)
Machinery and equipment	(2,196,864)	(258,530)	-	(2,455,394)
Total accumulated depreciation	\$ (4,472,467)	\$ (445,243)	\$ -	\$ (4,917,710)
Total capital assets being depreciated, net	\$ 8,701,792	\$ (287,131)	\$ -	\$ 8,414,661
Business-type activities capital assets, net	\$ 8,989,390	\$ (287,131)	\$ -	\$ 8,702,259

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 5 - Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 191,138
Judicial administration	4,123
Public safety	390,430
Public works	130,537
Health and welfare	17,167
Parks, recreation, and culture	23,328
Community development	<u>129,326</u>
Total depreciation expense-governmental activities	\$ <u>886,049</u>
Business-type activities:	
Landfill fund	\$ <u>445,243</u>

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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	-	1,691,819
Tenancy in Common (1)	7,219,456	295,798	-	7,515,254
Total capital assets not being depreciated	<u>\$ 9,128,172</u>	<u>\$ 1,987,617</u>	<u>\$ -</u>	<u>\$ 11,115,789</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 32,681,364	\$ 746,976	\$ -	\$ 33,428,340
Machinery and equipment	15,286,011	740,542	-	16,026,553
Total capital assets being depreciated	<u>\$ 47,967,375</u>	<u>\$ 1,487,518</u>	<u>\$ -</u>	<u>\$ 49,454,893</u>
Accumulated depreciation:				
Buildings and improvements	\$ (21,584,826)	\$ (1,334,275)	\$ -	\$ (22,919,101)
Machinery and equipment	(14,342,654)	(307,746)	-	(14,650,400)
Total accumulated depreciation	<u>\$ (35,927,480)</u>	<u>\$ (1,642,021)</u>	<u>\$ -</u>	<u>\$ (37,569,501)</u>
Total capital assets being depreciated, net	<u>\$ 12,039,895</u>	<u>\$ (154,503)</u>	<u>\$ -</u>	<u>\$ 11,885,392</u>
Governmental activities capital assets, net	<u>\$ 21,168,067</u>	<u>\$ 1,833,114</u>	<u>\$ -</u>	<u>\$ 23,001,181</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, 2015, is that assets and debt in the amount of \$5,897,417 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, 2015

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, 2015:

Governmental Activities:

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 7,627,987	\$ -	\$ (295,798)	\$ 7,332,189
Premium on bond	138,582	-	(8,662)	129,920
Literary loan	450,000	-	-	450,000
Net OPEB obligation	1,583,000	583,000	(259,000)	1,907,000
Compensated absences	704,034	-	(78,540)	625,494
Net pension liability	<u>7,947,928</u>	<u>3,735,397</u>	<u>(6,437,095)</u>	<u>5,246,230</u>
Total	<u>\$ 18,451,531</u>	<u>\$ 4,318,397</u>	<u>\$ (7,079,095)</u>	<u>\$ 15,690,833</u>

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

Year Ending June 30	General Government Obligations			
	General Obligation Bonds		Literary Loan	
	Principal	Interest	Principal	Interest
2016	\$ 469,334	\$ 263,157	\$ 75,000	\$ 9,000
2017	479,570	364,103	75,000	7,500
2018	491,617	341,402	75,000	6,000
2019	504,033	317,113	75,000	4,500
2020	512,257	265,872	75,000	3,000
2021-2025	2,702,974	871,412	75,000	1,500
2026-2029	<u>2,172,404</u>	<u>224,454</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,332,189</u>	<u>\$ 2,647,513</u>	<u>\$ 450,000</u>	<u>\$ 31,500</u>

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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	\$ 855,000	\$ 95,000
GO Bond	4.10-5.10%	5/15/2008	7/15/2028	1,880,000	1,500,000	75,000
GO Bond	3.60-5.35%	12/11/2008	1/15/2029	6,698,941	4,977,189	299,334
Subtotal GO Bond					<u>\$ 7,332,189</u>	<u>\$ 469,334</u>
Add:						
Premium on Bond	n/a	n/a	n/a	n/a	129,920	8,662
Total General Obligation Bonds					<u>\$ 7,462,109</u>	<u>\$ 477,996</u>
Literary Loan:						
State Literary Loan	2.00%	8/1/2000	8/1/2020	\$ 1,500,000	\$ 450,000	\$ 75,000
Total Literary Loan					<u>\$ 450,000</u>	<u>\$ 75,000</u>
Other Obligations:						
Net OPEB Obligation	n/a	n/a	n/a	n/a	\$ 1,907,000	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	625,494	-
Net Pension Liability	n/a	n/a	n/a	n/a	5,246,230	-
Total Other Obligations					<u>\$ 7,778,724</u>	<u>\$ -</u>
Total Long-term Obligations					<u><u>\$ 15,690,833</u></u>	<u><u>\$ 552,996</u></u>

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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, 2015:

Business-type Activities:

Landfill Fund

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
Revenue bonds	\$ 1,325,000	\$ -	\$ (255,000)	\$ 1,070,000
Bond premiums	5,036	-	(744)	4,292
Notes payable	314,382	-	(68,735)	245,647
Landfill closure/ postclosure liability	5,868,708	116,160	-	5,984,868
Net pension liability	293,878	138,119	(238,016)	193,981
Compensated absences	53,215	-	(25,231)	27,984
Total	<u>\$ 7,860,219</u>	<u>\$ 254,279</u>	<u>\$ (587,726)</u>	<u>\$ 7,526,772</u>

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

Year Ending June 30,	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2016	\$ 265,000	\$ 38,465	\$ 70,967	\$ 6,826
2017	190,000	29,865	73,271	4,521
2018	195,000	22,439	75,651	2,142
2019	205,000	13,742	25,758	172
2020	215,000	4,408	-	-
Totals	<u>\$ 1,070,000</u>	<u>\$ 108,919</u>	<u>\$ 245,647</u>	<u>\$ 13,661</u>

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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	1,070,000	265,000
Notes Payable						
Equipment Loan	3.20%	10/1/2013	10/1/2018	\$ 359,000	\$ 245,647	\$ 70,967
Other Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 27,984	\$ -
Bond premiums	n/a	n/a	n/a	n/a	4,292	744
Net pension liability	n/a	n/a	n/a	n/a	193,981	
Landfill closure/ postclosure liability	n/a	n/a	n/a	n/a	5,984,868	-
Total Other Obligations					\$ 6,211,125	\$ 744
Total Long-term Obligations					\$ 7,526,772	\$ 336,711

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, 2015:

	Balance July 1, 2014, as restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2015
Capital leases	\$ 3,231,002	\$ 3,118,167	\$ (301,869)	\$ 6,047,300
Net pension liability	58,605,435	5,288,812	(14,262,553)	49,631,694
Net OPEB Obligation	1,840,500	1,649,800	(1,604,500)	1,885,800
Total	\$ 63,676,937	\$ 10,056,779	\$ (16,168,922)	\$ 57,564,794

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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	\$ 2,929,133	\$ 365,916
Capital Lease	2.550%	3/10/2015	10/10/2022	3,118,167	3,118,167	384,708
Total Capital Leases					<u>\$ 6,047,300</u>	<u>\$ 750,624</u>
Other Obligations:						
Net pension liability	n/a	n/a	n/a	n/a	49,631,694	
Net OPEB Obligation	n/a	n/a	n/a	n/a	<u>\$ 1,885,800</u>	<u>\$ -</u>
Total Long-term Obligations					<u>\$ 57,564,794</u>	<u>\$ 750,624</u>

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.

Total assets acquired through capital leases are as follows:

School Buses	\$ 486,633
Building Renovations	<u>5,069,849</u>
Total Assets	<u>\$ 5,556,482</u>
Accumulated Depreciation	<u>(847,347)</u>
Net Book Value of Assets	<u>\$ 4,709,135</u>

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 6 - Long-term Obligations: (Continued)

Component Unit - School Board (Continued)

Present value of future minimum lease payments:

Year Ending <u>June 30,</u>	Capital <u>Leases</u>
2016	\$ 846,158
2017	846,158
2018	846,158
2019	846,158
2020	846,158
2021-2023	<u>2,498,566</u>
Total minimum lease Payments	<u>\$ 6,729,356</u>
Less: amount representing interest	<u>(682,056)</u>
Present value of future minimum Lease payments	<u>\$ 6,047,300</u>

Note 7 -Compensated Absences:

Compensated Absences:

In accordance with GASB 16, "Accounting for Compensated Absences", the County has accrued liabilities arising from outstanding compensated absences. Each county employee earns annual leave at various rates. The County has outstanding accrued vacation and sick pay totaling \$625,494 and \$27,984 in the Landfill Enterprise Component Unit Fund, which is liquidated in the County General Fund.

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

COUNTY OF TAZEWell, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

Note 8—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF TAZEWell, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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, 2015

Note 8—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <u><b>Defined Benefit Component:</b></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><b>Defined Contributions Component:</b></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, 2015

Note 8—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <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, 2015

Note 8—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.)  <u>Defined Contributions Component:</u> (Cont.)  Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p>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, 2015

Note 8—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b> An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b> <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><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF TAZEWell, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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, 2015

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, 2015

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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>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, 2015

Note 8—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 8—Pension Plan: (Continued)

*Plan Description (Continued)*

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-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, 2013 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	204	221
Inactive members:		
Vested inactive members	30	15
Non-vested inactive members	61	57
Inactive members active elsewhere in VRS	127	17
Total inactive members	218	89
Active members	304	212
Total covered employees	726	522

*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, 2015 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, 2015

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Note 8—Pension Plan: (Continued)

*Contributions (Continued)*

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,122,599 and \$1,109,531 for the years ended June 30, 2015 and June 30, 2014, respectively. Contributions to the pension plan from the Component Units were \$174,627 and \$162,576 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 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 \$633,935 and \$589,541 for the years ended June 30, 2015 and June 30, 2014, respectively.

*Net Pension Liability*

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

*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, 2013, 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, 2014.

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, 2015

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Note 8—Pension Plan: (Continued)

*Actuarial Assumptions - General Employees (Continued)*

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Largest 10 - Non-LEOS: (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 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, 2015

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Note 8—Pension Plan: (Continued)

*Actuarial Assumptions - General Employees (Continued)*

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

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

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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, 2015

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Note 8—Pension Plan: (Continued)

*Actuarial Assumptions - Public Safety Employees (Continued)*

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 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, 2015

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
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	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* 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, 2015

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, 2013	\$ 40,486,950	\$ 32,245,144	\$ 8,241,806
Changes for the year:			
Service cost	\$ 1,078,495	\$ -	\$ 1,078,495
Interest	2,767,693	-	2,767,693
Contributions - employer	-	1,109,531	(1,109,531)
Contributions - employee	-	495,039	(495,039)
Net investment income	-	5,070,273	(5,070,273)
Benefit payments, including refunds of employee contributions	(1,896,954)	(1,896,954)	-
Administrative expenses	-	(27,328)	27,328
Other changes	-	268	(268)
Net changes	\$ 1,949,234	\$ 4,750,829	\$ (2,801,595)
Balances at June 30, 2014	\$ 42,436,184	\$ 36,995,973	\$ 5,440,211

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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, 2013	\$ 5,932,392	\$ 4,724,753	\$ 1,207,639
Changes for the year:			
Service cost	\$ 158,027	\$ -	\$ 158,027
Interest	405,539	-	405,539
Contributions - employer	-	162,576	(162,576)
Contributions - employee	-	72,536	(72,536)
Net investment income	-	742,927	(742,927)
Benefit payments, including refunds of employee contributions	(277,953)	(277,953)	-
Administrative expenses	-	(4,004)	4,004
Other changes	-	38	(38)
Net changes	\$ 285,613	\$ 696,120	\$ (410,507)
Balances at June 30, 2014	\$ 6,218,005	\$ 5,420,873	\$ 797,132

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

Note 8—Pension Plan: (Continued)

*Changes in Net Pension Liability (Continued)*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 24,854,869	\$ 17,537,434	\$ 7,317,435
Changes for the year:			
Service cost	\$ 389,969	\$ -	\$ 389,969
Interest	1,688,775	-	1,688,775
Contributions - employer	-	589,541	(589,541)
Contributions - employee	-	190,618	(190,618)
Net investment income	-	2,714,251	(2,714,251)
Benefit payments, including refunds of employee contributions	(1,459,018)	(1,459,018)	-
Administrative expenses	-	(15,068)	15,068
Other changes	-	143	(143)
Net changes	\$ 619,726	\$ 2,020,467	\$ (1,400,741)
Balances at June 30, 2014	\$ 25,474,595	\$ 19,557,901	\$ 5,916,694

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
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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	\$ 10,951,949	\$ 5,440,211	\$ 861,320
Component Units			
Net Pension Liability	\$ 1,604,745	\$ 797,132	\$ 126,206
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 8,721,723	\$ 5,916,694	\$ 3,541,900

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

For the year ended June 30, 2015, the County, Component Units, and Component Unit School Board (nonprofessional) recognized pension expense of \$567,371, \$83,135, and \$397,530, respectively. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,259,435	\$ -	\$ 331,066	\$ -	\$ 1,208,730
Employer contributions subsequent to the measurement date	1,122,599	-	174,627	-	633,935	-
Total	\$ 1,122,599	\$ 2,259,435	\$ 174,627	\$ 331,066	\$ 633,935	\$ 1,208,730

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 8—Pension Plan: (Continued)

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

\$1,122,599, \$174,627 and \$633,935 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)
2016	\$ (564,858)	\$ (82,767)	\$ (302,183)
2017	(564,858)	(82,767)	(302,183)
2018	(564,858)	(82,767)	(302,183)
2019	(564,861)	(82,765)	(302,181)
Thereafter	-	-	-

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, 2015 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. The actuarial rate for the Teacher Retirement Plan was 18.20%. 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. 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, 2015.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 8—Pension Plan: (Continued)

*Contributions (Continued)*

Contributions to the pension plan from the School Board were \$4,249,445 and \$3,088,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$43,715,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.36174% as compared to 0.37230% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$3,195,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, 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, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 6,488,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,192,000
Employer contributions subsequent to the measurement date	4,249,445	-
Total	\$ 4,249,445	\$ 7,680,000

COUNTY OF TAZEVELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

\$4,249,445 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, 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:

<u>Year ended June 30</u>	
2016	\$ (1,885,000)
2017	(1,885,000)
2018	(1,885,000)
2019	(1,885,000)
Thereafter	(140,000)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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, 2015

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Note 8—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Mortality rates: (Continued)

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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  
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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	\$ 64,191,000	\$ 43,715,000	\$ 26,857,000

*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-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  
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Note 9-VRS Health Insurance Credit - Other Postemployment Benefits:

County:

A. Plan Description

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

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2015 was 0.10%, of annual covered payroll.

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COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
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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 2015, the County's contribution of \$4,962, 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 2015 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, 2015	\$ 4,962	100%	-
June 30, 2014	4,947	100%	-
June 30, 2013	6,398	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

	<u>County</u>
Actuarial accrued liability (AAL)	\$ 267,476
Actuarial value of plan assets	\$ 272,370
Unfunded actuarial accrued liability (UAAL)	\$ (4,894)
Funded ratio (actuarial value of plan assets/AAL)	101.83%
Covered payroll (active plan members)	\$ 5,012,281
UAAL as a percentage of covered payroll	-0.10%



COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
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Note 9-VRS Health Insurance Credit - Other Postemployment Benefits: (Continued)

D. Funded Status and Funding Progress (Continued)

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2014 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  
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Note 9-VRS Health Insurance Credit - Other Postemployment Benefits: (Continued)

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% and 1.11% of annual covered payroll for the years ending June 30, 2015 and 2014, respectively. The School Board's contributions to VRS for the year ended June 30, 2015 and 2014 were \$281,738 and \$293,637, respectively and equaled the required contributions.

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

A. Plan Description

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

B. Funding Policy

The Tazewell County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will be partially funded or fully funded in the upcoming fiscal year. For fiscal year 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  
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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	\$ 585,500	\$ 1,653,000	\$ 2,238,500
Interest on net OPEB obligation	63,400	73,500	136,900
Adjustment to annual required contribution	(65,900)	(76,700)	(142,600)
Annual OPEB cost (expense)	583,000	1,649,800	2,232,800
Contributions made	259,000	1,604,500	1,863,500
Increase in net OPEB obligation	324,000	45,300	369,300
Net OPEB obligation - beginning of year	1,583,000	1,840,500	3,423,500
Net OPEB obligation - end of year	\$ 1,907,000	\$ 1,885,800	\$ 3,792,800

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 2015 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	2,232,800	81%	3,792,800
6/30/2014	2,244,000	74%	3,423,500
6/30/2013	2,191,100	69%	2,846,500

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, 2015

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

D. Funded Status and Funding Progress (Continued)

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

E. Actuarial Methods and Assumptions

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

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

Note 11 - Contingent Liabilities:

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

Note 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 \$14,457,089 reported as landfill closure and post closure care liability at June 30, 2015, \$5,984,868 represents the cumulative amount reported to date based on use of 41 percent of the estimate capacity of the landfill.

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
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Note 12 - Landfill Closure and Postclosure Care Cost: (Continued)

The County will recognize the remaining estimated cost of closure and postclosure care of \$8,472,221 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 2015.

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

Note 13 - Risk Management:

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
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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
<b>Primary Government</b>		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures (amount due but not collected at 6/30)	\$ -	\$ 1,233,192
Property taxes due in December 2015	24,542,872	24,542,872
Prepaid property taxes due in December 2015 but paid in advance by the taxpayers	920,254	920,254
Total deferred/unavailable revenue	<u>\$ 25,463,126</u>	<u>\$ 26,696,318</u>

Note 15 - Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Fund	Transfer In	Transfer Out
<b>Primary Government:</b>		
General Fund	\$ -	\$ 2,448,803
E-911 Fund	300,000	-
County CIP Fund	1,850,000	-
Landfill Enterprise Fund	298,803	-
Total	<u>\$ 2,448,803</u>	<u>\$ 2,448,803</u>

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 16 - Surety Bonds:

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

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

General Fund		
Nonspendable:		
Prepays	\$	9,377
County CIP Fund		
Restricted:		
Capital Improvements		1,741,285
School Construction Fund		
Restricted:		
Capital Improvements		57,760
Law Library Fund		
Committed:		
Special Revenue		87,614
Coal Road Improvement Fund		
Committed:		
Special Revenue		1,625,987
Coal Road Economic Development Fund		
Committed:		
Special Revenue		30,369
E-911 Fund		
Committed:		
Special Revenue		568,352
Damage Stamp Fund		
Committed:		
Special Revenue		42
School Operating Fund		
Nonspendable:		
Prepays		851,166
Committed:		
Special Revenue		2,039,672



COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

Note 18 - Adoption of Accounting Principle

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	Primary Government		Component Unit
	Net Position		Net Position
	Governmental Activities	Business-type Activities	School Board
Net Position, July 1, 2014 as previously stated	\$ 21,041,302	\$ 5,308,856	\$ 20,920,606
Net pension liability	(7,947,928)	(293,878)	(58,605,435)
Deferred outflow	1,069,968	39,563	3,677,541
Net Position, July 1, 2014 as restated	<u>\$ 14,163,342</u>	<u>\$ 5,054,541</u>	<u>\$ (34,007,288)</u>

Note 19 - Litigation

At June 30, 2015, 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 20 - Upcoming Pronouncements

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement 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*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of

COUNTY OF TAZEWELL, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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Note 20 - Upcoming Pronouncements (Continued)

providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

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. No formal study or estimate of the impact of this standard has been performed.

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. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

## 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, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
General Property Taxes	\$ 26,718,981	\$ 26,718,981	\$ 24,738,746	\$ (1,980,235)
Other Local Taxes	7,741,000	7,741,000	7,044,847	(696,153)
Permits, Privilege Fees and Regulatory Licenses	318,450	318,450	378,410	59,960
Fines and Forfeitures	35,000	35,000	71,963	36,963
Revenue from Use of Money and Property	306,733	306,733	296,084	(10,649)
Charges for Services	422,500	422,500	556,240	133,740
Miscellaneous	508,000	233,771	1,003,031	769,260
Recovered Costs	813,000	857,603	1,055,654	198,051
Intergovernmental:				
Commonwealth	8,816,449	9,045,651	11,151,868	2,106,217
Federal Government	4,665,195	4,665,195	4,023,544	(641,651)
Total Revenues	\$ 50,345,308	\$ 50,344,884	\$ 50,320,387	\$ (24,497)
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 5,653,485	\$ 5,761,002	\$ 5,111,375	\$ 649,627
Judicial Administration	2,371,685	2,434,400	2,455,952	(21,552)
Public Safety	13,395,713	13,776,410	14,298,806	(522,396)
Public Works	4,260,476	4,244,056	3,009,487	1,234,569
Health and Welfare	9,319,658	8,980,907	7,955,651	1,025,256
Education	13,566,060	13,566,060	13,618,986	(52,926)
Parks, Recreation and Cultural	1,364,829	1,413,774	1,552,509	(138,735)
Community Development	998,744	1,011,831	956,162	55,669
Non-Departmental	1,069,578	732,611	497,324	235,287
Debt Service:				
Principal Retirement	-	-	295,798	(295,798)
Interest and Other Fiscal Charges	-	-	321,897	(321,897)
Total Expenditures	\$ 52,000,228	\$ 51,921,051	\$ 50,073,947	\$ 1,847,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,654,920)	\$ (1,576,167)	\$ 246,440	\$ 1,822,607
Other Financing Sources (Uses)				
Transfers Out	\$ -	\$ -	\$ (2,448,803)	\$ (2,448,803)
Net Change in Fund Balance	\$ (1,654,920)	\$ (1,576,167)	\$ (2,202,363)	\$ (626,196)
Fund Balance - Beginning	2,415,276	2,436,860	9,467,781	7,030,921
Fund Balance - Ending	\$ 760,356	\$ 860,693	\$ 7,265,418	\$ 6,404,725

County of Tazewell, Virginia  
Schedule of OPEB Funding Progress  
For the Fiscal Year Ended June 30, 2015

## 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, 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%
June 30, 2012	232,268	234,919	2,651	98.87%	4,331,469	0.06%

## 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, 2015

	2014
Total pension liability	
Service cost	\$ 1,078,495
Interest	2,767,693
Benefit payments, including refunds of employee contributions	(1,896,954)
Net change in total pension liability	\$ 1,949,234
Total pension liability - beginning	40,486,950
Total pension liability - ending (a)	\$ 42,436,184
Plan fiduciary net position	
Contributions - employer	\$ 1,109,531
Contributions - employee	495,039
Net investment income	5,070,273
Benefit payments, including refunds of employee contributions	(1,896,954)
Administrative expense	(27,328)
Other	268
Net change in plan fiduciary net position	\$ 4,750,829
Plan fiduciary net position - beginning	32,245,144
Plan fiduciary net position - ending (b)	\$ 36,995,973
County's net pension liability - ending (a) - (b)	\$ 5,440,211
Plan fiduciary net position as a percentage of the total pension liability	87.18%
Covered-employee payroll	\$ 9,720,135
County's net pension liability as a percentage of covered-employee payroll	55.97%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is 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, 2015

	2014
Total pension liability	
Service cost	\$ 158,027
Interest	405,539
Benefit payments, including refunds of employee contributions	(277,953)
Net change in total pension liability	\$ 285,613
Total pension liability - beginning	5,932,392
Total pension liability - ending (a)	\$ 6,218,005
Plan fiduciary net position	
Contributions - employer	\$ 162,576
Contributions - employee	72,536
Net investment income	742,927
Benefit payments, including refunds of employee contributions	(277,953)
Administrative expense	(4,004)
Other	38
Net change in plan fiduciary net position	\$ 696,120
Plan fiduciary net position - beginning	4,724,753
Plan fiduciary net position - ending (b)	\$ 5,420,873
Component Units' net pension liability - ending (a) - (b)	\$ 797,132
Plan fiduciary net position as a percentage of the total pension liability	87.18%
Covered-employee payroll	\$ 1,424,253
Component Units' net pension liability as a percentage of covered-employee payroll	55.97%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is 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, 2015

	2014
Total pension liability	
Service cost	\$ 389,969
Interest	1,688,775
Benefit payments, including refunds of employee contributions	(1,459,018)
Net change in total pension liability	\$ 619,726
Total pension liability - beginning	24,854,869
Total pension liability - ending (a)	\$ 25,474,595
Plan fiduciary net position	
Contributions - employer	\$ 589,541
Contributions - employee	190,618
Net investment income	2,714,251
Benefit payments, including refunds of employee contributions	(1,459,018)
Administrative expense	(15,068)
Other	143
Net change in plan fiduciary net position	\$ 2,020,467
Plan fiduciary net position - beginning	17,537,434
Plan fiduciary net position - ending (b)	\$ 19,557,901
School Division's net pension liability - ending (a) - (b)	\$ 5,916,694
Plan fiduciary net position as a percentage of the total pension liability	76.77%
Covered-employee payroll	\$ 3,824,515
School Division's net pension liability as a percentage of covered-employee payroll	154.70%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is 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, 2015\*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.36174%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 43,715,000
Employer's Covered-Employee Payroll	26,452,530
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	165.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

\* The amounts presented have a measurement date of the previous fiscal year end.

County of Tazewell, Virginia  
Schedule of Employer Contributions  
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	\$ 1,122,599	\$ 1,122,599	\$ -	\$ 10,048,316	11.17%
Component Units					
2015	\$ 174,627	\$ 174,627	\$ -	\$ 1,472,340	11.86%
Component Unit School Board (nonprofessional)					
2015	\$ 633,935	\$ 633,935	\$ -	\$ 3,891,558	16.29%
Component Unit School Board (professional)					
2015	\$ 4,249,445	\$ 4,249,445	\$ -	\$ 26,579,014	15.99%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Tazewell, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2015

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Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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 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, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Revenue from Use of Money and Property	\$ 36,355	\$ 36,355	\$ 36,355	\$ -
Miscellaneous	400,000	400,000	17,080	(382,920)
Intergovernmental:				
Commonwealth	780,327	780,327	447,108	(333,219)
Federal Government	437,112	437,112	80,253	(356,859)
Total Revenues	<u>\$ 1,653,794</u>	<u>\$ 1,653,794</u>	<u>\$ 580,796</u>	<u>\$ (1,072,998)</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ 9,228,423	\$ 9,228,423	\$ 659,372	\$ 8,569,051
Public Works	-	-	945,551	(945,551)
Community Development	-	-	2,880,912	(2,880,912)
Total Expenditures	<u>\$ 9,228,423</u>	<u>\$ 9,228,423</u>	<u>\$ 4,485,835</u>	<u>\$ 4,742,588</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (7,574,629)</u>	<u>\$ (7,574,629)</u>	<u>\$ (3,905,039)</u>	<u>\$ 3,669,590</u>
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 1,850,000	\$ (1,850,000)
Transfers Out	-	-	-	-
Transfer Out	-	-	-	-
Proceeds from Issuance	1,500,000	1,500,000	-	1,500,000
Premium on Issuance	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,850,000</u>	<u>\$ (350,000)</u>
Net Change in Fund Balance	\$ (6,074,629)	\$ (6,074,629)	\$ (2,055,039)	\$ 4,019,590
Fund Balance - Beginning	6,074,629	6,074,629	3,796,324	(2,278,305)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,741,285</u>	<u>\$ 1,741,285</u>

County of Tazewell, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	<u>Expendable Trust Funds</u>	<u>Agency Funds</u>		
	<u>Deferred Comp Fund</u>	<u>Special Welfare Funds</u>	<u>Local Sales Tax Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 65,113	\$ -	\$ 65,113
Investments	1,866,234	-	-	-
Due from Other Governmental Units	-	-	975,581	975,581
Total Assets	<u>\$ 1,866,234</u>	<u>\$ 65,113</u>	<u>\$ 975,581</u>	<u>\$ 1,040,694</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Due to Primary Government	\$ -	\$ -	\$ 793,198	\$ 793,198
Due to Other Governmental Units	-	-	182,383	182,383
Amounts Held for Others	1,866,234	65,113	-	65,113
Total Liabilities	<u>\$ 1,866,234</u>	<u>\$ 65,113</u>	<u>\$ 975,581</u>	<u>\$ 1,040,694</u>

County of Tazewell, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Expendable Trust Funds
	<u>Deferred Comp Fund</u>
Additions	
Contributions	\$ 212,896
Deductions	
Benefit payments	\$ <u>130,211</u>
Change in net position	\$ 82,685
Net Position, beginning of year	<u>1,783,549</u>
Net Position, end of year	\$ <u><u>1,866,234</u></u>

County of Tazewell, Virginia  
Discretely Presented Component Unit - School Board  
Balance Sheet  
June 30, 2015

	School Operating Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 6,462,926
Cash Held for Others	13,211
Accounts Receivable	28,515
Due from Other Governmental Units	2,284,047
Prepaid items	851,166
Total Assets	<u>\$ 9,639,865</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 1,876,777
Accrued Wages Payable	3,431,976
Due to Primary Government	1,427,063
Amounts held for others	13,211
Total Liabilities	<u>\$ 6,749,027</u>
<b>FUND BALANCES:</b>	
Nonspendable	\$ 851,166
Committed	2,039,672
Total Fund Balances	<u>\$ 2,890,838</u>
Total Liabilities and Fund Balances	<u>\$ 9,639,865</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balances - per above	\$ 2,890,838
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	10,509,239
Tenancy in common	7,515,254
Machinery and equipment	1,376,153
Construction in progress	<u>1,691,819</u>
	23,001,181
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	(7,696,730)
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.	
	4,883,380
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	\$ (1,885,800)
Net pension liability	(49,631,694)
Adjustment for changes in proportionate share of net pension liability	(1,192,000)
Capital lease	<u>(6,047,300)</u>
	(58,756,794)
Net Position of governmental activities - component unit school board	<u>\$ (35,678,125)</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, 2015

	School Operating Fund
<b>REVENUES</b>	
Revenue from Use of Money and Property	\$ 9,140
Charges for Services	598,076
Miscellaneous	147,915
Recovered Costs	555,610
Intergovernmental:	
Local Government	13,558,986
Commonwealth	37,848,093
Federal Government	5,293,832
Total Revenues	<u>\$ 58,011,652</u>
<b>EXPENDITURES:</b>	
Current:	
Education	\$ 62,625,113
Debt Service:	
Principal Retirement	301,869
Interest and Other Fiscal Charges	136,040
Total Expenditures	<u>\$ 63,063,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (5,051,370)</u>
Other Financing Sources (Uses)	
Issuance of Capital Lease	\$ 3,118,167
Total Other Financing Sources (Uses)	<u>\$ 3,118,167</u>
Net Change in Fund Balance	\$ (1,933,203)
Fund Balance - Beginning	4,824,041
Fund Balance - Ending	<u>\$ 2,890,838</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Net change in fund balance - total governmental funds - per above	\$ (1,933,203)
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	\$ 3,475,135
Depreciation expense	<u>(1,642,021)</u>
	1,833,114
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	\$ 301,869
Proceeds from issuance:	
Lease revenue note	<u>(3,118,167)</u>
	(2,816,298)
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	(8,888,730)
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	\$ (45,300)
Change in net pension liability	8,973,741
Change in deferred outflows related to pensions	<u>1,205,839</u>
	10,134,280
Change in net position of governmental funds - component unit school board	<u>\$ (1,670,837)</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, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Revenue from Use of Money and Property	\$ -	\$ 996,084	\$ 9,140	\$ (986,944)
Charges for Services	-	50,000	598,076	548,076
Miscellaneous	-	753,875	147,915	(605,960)
Recovered Costs	-	25,000	555,610	530,610
Intergovernmental:				
Local Government	-	14,931,736	13,558,986	(1,372,750)
Commonwealth	-	37,361,993	37,848,093	486,100
Federal Government	-	4,775,679	5,293,832	518,153
Total Revenues	\$ -	\$ 58,894,367	\$ 58,011,652	\$ (882,715)
EXPENDITURES:				
Current:				
Education	\$ -	\$ 59,229,916	\$ 62,625,113	\$ (3,395,197)
Debt Service:				
Principal Retirement	-	1,246,341	301,869	944,472
Interest and Other Fiscal Charges	-	518,110	136,040	382,070
Total Expenditures	\$ -	\$ 60,994,367	\$ 63,063,022	\$ (2,068,655)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (2,100,000)	\$ (5,051,370)	\$ (2,951,370)
Other Financing Sources (Uses)				
Issuance of Capital Lease	\$ -	\$ -	\$ 3,118,167	\$ 3,118,167
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 3,118,167	\$ 3,118,167
Net Change in Fund Balance	\$ -	\$ (2,100,000)	\$ (1,933,203)	\$ 166,797
Fund Balance - Beginning	-	2,100,000	4,824,041	2,724,041
Fund Balance - Ending	\$ -	\$ -	\$ 2,890,838	\$ 2,890,838

County of Tazewell, Virginia  
Nonmajor Funds  
Combining Balance Sheet  
June 30, 2015

	Special Revenue Funds	School Construction Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,128,659	\$ 57,760	\$ 2,186,419
Receivables (Net of Allowance for Uncollectibles):			
Taxes	49,410	-	49,410
Due from Other Governmental Units	138,482	-	138,482
Total Assets	<u>\$ 2,316,551</u>	<u>\$ 57,760</u>	<u>\$ 2,374,311</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 4,187	\$ -	\$ 4,187
Total Liabilities	<u>\$ 4,187</u>	<u>\$ -</u>	<u>\$ 4,187</u>
<b>Fund Balances:</b>			
Restricted	\$ -	\$ 57,760	\$ 57,760
Committed	2,312,364	-	2,312,364
Total Fund Balances	<u>\$ 2,312,364</u>	<u>\$ 57,760</u>	<u>\$ 2,370,124</u>
Total Liabilities and Fund Balances	<u>\$ 2,316,551</u>	<u>\$ 57,760</u>	<u>\$ 2,374,311</u>

County of Tazewell, Virginia  
Nonmajor Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2015

	Special <u>Revenue Funds</u>	School Construction <u>Fund</u>	<u>Total</u>
REVENUES			
Other Local Taxes	\$ 1,015,812	\$ -	\$ 1,015,812
Revenue from Use of Money and Property	-	-	-
Charges for Services	8,155	-	8,155
Miscellaneous	325	57,760	58,085
Intergovernmental:			
Commonwealth	710,820	-	710,820
Total Revenues	<u>\$ 1,735,112</u>	<u>\$ 57,760</u>	<u>\$ 1,792,872</u>
EXPENDITURES:			
Current:			
General Government Administration	\$ -	\$ 1,568	\$ 1,568
Judicial Administration	1,145	-	1,145
Public Safety	1,042,238	-	1,042,238
Public Works	1,262,642	-	1,262,642
Total Expenditures	<u>\$ 2,306,025</u>	<u>\$ 1,568</u>	<u>\$ 2,307,593</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>\$ (570,913)</u>	<u>\$ 56,192</u>	<u>\$ (514,721)</u>
Other Financing Sources (Uses)			
Transfers In	\$ 300,000	\$ -	\$ 300,000
Total Other Financing Sources (Uses)	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>
Net Change in Fund Balance	\$ (270,913)	\$ 56,192	\$ (214,721)
Fund Balance - Beginning	2,583,277	1,568	2,584,845
Fund Balance - Ending	<u><u>\$ 2,312,364</u></u>	<u><u>\$ 57,760</u></u>	<u><u>\$ 2,370,124</u></u>

County of Tazewell, Virginia  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
For the Fiscal Year Ended June 30, 2015

	<u>Law Library</u>	<u>Coal Road</u>	<u>Coal Road</u>	<u>E-911 Fund</u>	<u>Damage Stamp</u>	<u>Total</u>
	<u>Fund</u>	<u>Improvement</u>	<u>Economic</u>	<u>Fund</u>	<u>Fund</u>	
ASSETS						
Cash and Cash Equivalents	\$ 87,614	\$ 1,595,984	\$ 10,962	\$ 434,057	\$ 42	\$ 2,128,659
Receivables (Net of Allowance for Uncollectibles):						
Taxes	-	30,003	19,407	-	-	49,410
Due from Other Governmental Units	-	-	-	138,482	-	138,482
Total Assets	\$ 87,614	\$ 1,625,987	\$ 30,369	\$ 572,539	\$ 42	\$ 2,316,551
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,187	\$ -	\$ 4,187
Total Liabilities	\$ -	\$ -	\$ -	\$ 4,187	\$ -	\$ 4,187
Fund Balances:						
Committed	\$ 87,614	\$ 1,625,987	\$ 30,369	\$ 568,352	\$ 42	\$ 2,312,364
Total Fund Balances	\$ 87,614	\$ 1,625,987	\$ 30,369	\$ 568,352	\$ 42	\$ 2,312,364
Total Liabilities and Fund Balances	\$ 87,614	\$ 1,625,987	\$ 30,369	\$ 572,539	\$ 42	\$ 2,316,551

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, 2015

	<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	\$ - \$	635,781 \$	380,031 \$	- \$	- \$	1,015,812
Charges for Services	8,155	-	-	-	-	8,155
Miscellaneous	-	325	-	-	-	325
Intergovernmental:						
Tazewell County School Board	-	-	-	710,820	-	710,820
Total Revenues	\$ 8,155 \$	636,106 \$	380,031 \$	710,820 \$	- \$	1,735,112
EXPENDITURES						
Current:						
Judicial Administration	\$ 1,145 \$	- \$	- \$	- \$	- \$	1,145
Public Safety	-	-	-	1,042,238	-	1,042,238
Public Works	-	763,149	499,493	-	-	1,262,642
Total Expenditures	\$ 1,145 \$	763,149 \$	499,493 \$	1,042,238 \$	- \$	2,306,025
Excess (Deficiency) of Revenues Over (Under)	\$ 7,010 \$	(127,043) \$	(119,462) \$	(331,418) \$	- \$	(570,913)
Other Financing Sources (Uses)						
Transfers In	\$ - \$	- \$	- \$	300,000 \$	- \$	300,000
Net Change in Fund Balance	\$ 7,010 \$	(127,043) \$	(119,462) \$	(31,418) \$	- \$	(270,913)
Fund Balance - Beginning	80,604	1,753,030	149,831	599,770	42	2,583,277
Fund Balance - Ending	\$ 87,614 \$	1,625,987 \$	30,369 \$	568,352 \$	42 \$	2,312,364

## Exhibit 28

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

	Law Library Fund				Coal Road Improvement Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Other Local Taxes	- \$	- \$	- \$	-	1,000,000 \$	1,000,000 \$	635,781 \$	(364,219)
Charges for Services	10,775	10,775	8,155	(2,620)	-	-	-	-
Miscellaneous	-	-	-	-	200,798	200,798	325	(200,473)
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Total Revenues	\$ 10,775 \$	10,775 \$	8,155 \$	(2,620)	\$ 1,200,798 \$	1,200,798 \$	636,106 \$	(564,692)
<b>EXPENDITURES:</b>								
Current:								
Judicial Administration	17,500 \$	17,500 \$	1,145 \$	16,355	- \$	- \$	- \$	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	2,813,748	2,813,748	763,149	2,050,599
Total Expenditures	\$ 17,500 \$	17,500 \$	1,145 \$	16,355	\$ 2,813,748 \$	2,813,748 \$	763,149 \$	2,050,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (6,725) \$	(6,725) \$	7,010 \$	13,735	\$ (1,612,950) \$	(1,612,950) \$	(127,043) \$	1,485,907
Other Financing Sources (Uses)								
Transfers In	- \$	- \$	- \$	-	- \$	- \$	- \$	-
Net Change in Fund Balance	\$ (6,725) \$	(6,725) \$	7,010 \$	13,735	\$ (1,612,950) \$	(1,612,950) \$	(127,043) \$	1,485,907
Fund Balance - Beginning	6,725	6,725	80,604	73,879	1,612,950	1,612,950	1,753,030	140,080
Fund Balance - Ending	- \$	- \$	87,614 \$	87,614	- \$	- \$	1,625,987 \$	1,625,987

Exhibit 28

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	Variance with	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
				Pos (Neg)				Pos (Neg)
<b>REVENUES</b>								
Other Local Taxes	\$ -	\$ -	\$ 380,031	\$ 380,031	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	-	-	-	-	-	-
Total Revenues	\$ -	\$ -	\$ 380,031	\$ 380,031	\$ -	\$ -	\$ 710,820	\$ 710,820
<b>EXPENDITURES:</b>								
Current:								
Judicial Administration	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-
Public Safety	-	-	-	-	-	-	1,042,238	(1,042,238)
Public Works	-	-	499,493	(499,493)	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ 499,493	(499,493)	\$ -	\$ -	\$ 1,042,238	(1,042,238)
Excess (Deficiency) of Revenues Over (Under)	\$ -	\$ -	\$ (119,462)	(119,462)	\$ -	\$ -	\$ (331,418)	(331,418)
Expenditures								
Other Financing Sources (Uses)								
Transfers In	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 300,000	\$ 300,000
Net Change in Fund Balance	\$ -	\$ -	\$ (119,462)	(119,462)	\$ -	\$ -	\$ (31,418)	(31,418)
Fund Balance - Beginning	-	-	149,831	149,831	-	-	599,770	599,770
Fund Balance - Ending	\$ -	\$ -	\$ 30,369	\$ 30,369	\$ -	\$ -	\$ 568,352	\$ 568,352



Exhibit 28

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)		
	Original	Final				
REVENUES						
Other Local Taxes	\$ - \$	- \$	- \$	-	1,015,812 \$	15,812
Charges for Services	-	-	-	-	8,155	(2,620)
Miscellaneous	-	-	-	-	325	(200,473)
Intergovernmental:						
Commonwealth	-	-	-	-	710,820	-
Total Revenues	\$ - \$	- \$	- \$	-	1,735,112 \$	710,820
EXPENDITURES:						
Current:						
Judicial Administration	\$ - \$	- \$	- \$	-	1,145 \$	(16,355)
Public Safety	-	-	-	-	1,042,238	1,042,238
Public Works	-	-	-	-	1,262,642	(1,551,106)
Total Expenditures	\$ - \$	- \$	- \$	-	2,306,025 \$	(525,223)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - \$	- \$	- \$	-	(570,913) \$	1,048,762
Other Financing Sources (Uses)						
Transfers In	\$ - \$	- \$	- \$	-	300,000 \$	300,000
Net Change in Fund Balance	\$ - \$	- \$	- \$	-	(270,913) \$	1,348,762
Fund Balance - Beginning	-	-	42	42	2,583,277	963,602
Fund Balance - Ending	\$ - \$	- \$	42 \$	42	2,312,364 \$	2,312,364

County of Tazewell, Virginia  
Combining Statement of Net Position  
Other Component Units  
June 30, 2015

	<u>Public Service Authority</u>	<u>Industrial Develop- ment Authority</u>	<u>Airport Authority</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 579,373	\$ 796,360	\$ 42,527	\$ 1,418,260
Receivables (net of allowance for uncollectibles):				
Accounts receivable	699,891	-	12,052	711,943
Notes receivable	-	213,472	-	213,472
Due from primary government	-	3,315,605	-	3,315,605
Due from other governmental units	214,572	-	288,397	502,969
Inventories	117,551	-	25,213	142,764
Prepaid items	45,873	-	3,230	49,103
Restricted assets:				
Cash and cash equivalents	196,348	-	-	196,348
Capital assets (net of accumulated depreciation):				
Land	117,962	3,657,358	629,871	4,405,191
Buildings and improvements	67,225	-	1,271,284	1,338,509
Improvements other than buildings	-	20,497,602	3,574,361	24,071,963
Machinery and equipment	229,695	5,882	380,932	616,509
Infrastructure	67,564,652	-	-	67,564,652
Construction in progress	6,775,869	12,474,889	590,197	19,840,955
Total assets	<u>\$ 76,609,011</u>	<u>\$ 40,961,168</u>	<u>\$ 6,818,064</u>	<u>\$ 124,388,243</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to measurement date	\$ 170,066	\$ -	\$ 4,561	\$ 174,627
<b>LIABILITIES</b>				
Accounts payable	\$ 130,613	\$ 63,339	\$ 1,257	\$ 195,209
Accounts payable - construction projects	533,352	-	294,284	827,636
Accrued wages	48,041	-	2,972	51,013
Customers' deposits	182,733	-	-	182,733
Accrued interest payable	36,831	139,389	778	176,998
Due within one year	1,992,743	815,492	33,929	2,842,164
Due in more than one year	32,304,982	11,272,993	295,175	43,873,150
Bond premium	-	1,445,749	-	1,445,749
Net pension liability	774,678	-	22,454	797,132
Net OPEB obligation	641,400	-	-	641,400
Total liabilities	<u>\$ 36,645,373</u>	<u>\$ 13,736,962</u>	<u>\$ 650,849</u>	<u>\$ 51,033,184</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Items related to measurement of net pension liability	\$ 321,740	\$ -	\$ 9,326	\$ 331,066
<b>NET POSITION</b>				
Net investment in capital assets	\$ 40,672,794	\$ 24,547,246	\$ 6,122,214	\$ 71,342,254
Unrestricted	(860,830)	2,676,960	40,236	1,856,366
Total Net Position	<u>\$ 39,811,964</u>	<u>\$ 27,224,206</u>	<u>\$ 6,162,450</u>	<u>\$ 73,198,620</u>

County of Tazewell, Virginia  
Combining Statement of Activities  
Other Component Units  
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Component Unit			Total
				Public Service Authority	Industrial Development Authority	Airport Authority	
OTHER COMPONENT UNITS:							
Public Service Authority	\$ 7,648,529	\$ 5,930,660	\$ 1,205,218	\$ (512,651)	\$ -	\$ -	\$ (512,651)
Industrial Development Authority	3,884,087	1,404,145	820,415	-	816,296	-	816,296
Airport Authority	779,579	29,108	128,597	-	-	(96,516)	(96,516)
Total other component units	\$ 12,312,195	\$ 7,363,913	\$ 2,154,230	\$ (512,651)	\$ 816,296	\$ (96,516)	\$ 207,129
General revenues:							
Unrestricted revenues from use of money and property				\$ 1,730	\$ 5,752	\$ 31,380	\$ 38,862
Miscellaneous				46,986	8,103	3,106	58,195
Grants and contributions not restricted to specific programs				906,698	-	-	906,698
Total general revenues				\$ 955,414	\$ 13,855	\$ 34,486	\$ 1,003,755
Change in net position				\$ 442,763	\$ 830,151	\$ (62,030)	\$ 1,210,884
Net position - beginning, as restated				39,369,201	26,394,055	6,224,480	71,987,736
Net position - ending				\$ 39,811,964	\$ 27,224,206	\$ 6,162,450	\$ 73,198,620

## Supporting Schedules

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 14,319,596	\$ 14,319,596	\$ 14,042,274	\$ (277,322)
Real and personal public service corporation taxes	1,021,079	1,021,079	981,493	(39,586)
Personal property taxes	7,905,518	7,905,518	5,789,939	(2,115,579)
Mobile home taxes	163,865	163,865	155,937	(7,928)
Machinery and tools taxes	1,919,172	1,919,172	2,208,929	289,757
Merchant's capital taxes	939,751	939,751	916,199	(23,552)
Penalties	295,000	295,000	382,475	87,475
Interest	155,000	155,000	261,500	106,500
Total General Property Taxes	\$ 26,718,981	\$ 26,718,981	\$ 24,738,746	\$ (1,980,235)
Other Local Taxes:				
Local sales and use taxes	\$ 4,900,000	\$ 4,900,000	\$ 4,862,420	\$ (37,580)
Consumers' utility taxes	900,000	900,000	871,988	(28,012)
Utility license taxes	45,000	45,000	40,421	(4,579)
Motor vehicle licenses	27,000	27,000	25,980	(1,020)
Bank franchise taxes	44,000	44,000	52,282	8,282
Taxes on recordation and wills	275,000	275,000	175,944	(99,056)
Coal severance taxes	750,000	750,000	479,101	(270,899)
Gas severance taxes	800,000	800,000	536,711	(263,289)
Total Other Local Taxes	\$ 7,741,000	\$ 7,741,000	\$ 7,044,847	\$ (696,153)
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 13,526	\$ 7,526
Land use application fees	300	300	215	(85)
Transfer fees	2,000	2,000	2,499	499
Legal service fees	25,000	25,000	52,798	27,798
Transient fee	200,000	200,000	168,470	(31,530)
Cavitts Creek camping fee	12,500	12,500	18,419	5,919
Collection fees	500	500	-	(500)
Building permits	60,000	60,000	76,999	16,999
Installment service fees	9,000	9,000	7,658	(1,342)
Return check fees	1,000	1,000	785	(215)
Junk dealers license	1,650	1,650	1,100	(550)
Erosion and sediment control permit	500	500	29,678	29,178
Other permits and licenses	-	-	6,263	6,263
Total Permits, Privilege Fees and Regulatory Licenses	\$ 318,450	\$ 318,450	\$ 378,410	\$ 59,960
Fines and Forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 35,000	\$ 71,963	\$ 36,963
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 40,000	\$ 40,000	\$ 37,767	\$ (2,233)
Revenue from use of property	266,733	266,733	258,317	(8,416)
Total Revenue from Use of Money and Property	\$ 306,733	\$ 306,733	\$ 296,084	\$ (10,649)
Charges for Services:				
Commonwealth attorney fees	\$ 7,500	\$ 7,500	\$ 9,552	\$ 2,052
Courthouse maintenance fees	12,500	12,500	13,208	708
Courthouse security fees	70,000	70,000	75,139	5,139
Courthouse admission fee	5,000	5,000	149,848	144,848
Library fees	25,000	25,000	25,000	-
Court appointed attorney	-	-	4,922	4,922
Gun permit fees	-	-	36,080	36,080
County garage service fees	300,000	300,000	217,130	(82,870)

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Charges for animal pound	\$ 2,500	\$ 2,500	\$ 9,362	\$ 6,862
Miscellaneous jail and inmate fees	-	-	11,206	11,206
Sheriff special project fees	-	-	3,743	3,743
Other charges for service	-	-	1,050	1,050
Total Charges for Services	<u>\$ 422,500</u>	<u>\$ 422,500</u>	<u>\$ 556,240</u>	<u>\$ 133,740</u>
Miscellaneous:				
Miscellaneous	\$ 500,000	\$ 197,279	\$ 668,914	\$ 471,635
Expenditure refunds	8,000	36,492	334,117	297,625
Total Miscellaneous	<u>\$ 508,000</u>	<u>\$ 233,771</u>	<u>\$ 1,003,031</u>	<u>\$ 769,260</u>
Recovered Costs:				
Library	\$ 15,000	\$ 15,000	\$ 15,008	\$ 8
Health department	-	-	70,415	70,415
Welfare recoveries	35,000	35,000	16,658	(18,342)
Sheriff	-	13,598	29,000	15,402
Insurance recoveries	83,000	96,786	86,264	(10,522)
VRS refund	580,000	580,000	679,678	99,678
Other recoveries	100,000	117,219	158,631	41,412
Total Recovered Costs	<u>\$ 813,000</u>	<u>\$ 857,603</u>	<u>\$ 1,055,654</u>	<u>\$ 198,051</u>
Total Revenue from Local Sources	<u>\$ 36,863,664</u>	<u>\$ 36,634,038</u>	<u>\$ 35,144,975</u>	<u>\$ (1,489,063)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
Mobile home titling tax	\$ 100,000	\$ 100,000	\$ 87,191	\$ (12,809)
Motor vehicle rental tax	42,000	42,000	37,756	(4,244)
Rolling stock tax	110,000	110,000	116,268	6,268
Grantor's tax	-	-	36,252	36,252
State recordation tax	-	-	52,282	52,282
Personal property tax relief funds	-	-	2,758,262	2,758,262
Total Noncategorical Aid	<u>\$ 252,000</u>	<u>\$ 252,000</u>	<u>\$ 3,088,011</u>	<u>\$ 2,836,011</u>
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 667,082	\$ 667,082	\$ 694,208	\$ 27,126
Sheriff	1,786,372	1,786,372	1,800,678	14,306
Commissioner of the Revenue	135,654	135,654	139,684	4,030
Treasurer	155,975	155,975	156,764	789
Registrar/Electoral Board	40,000	40,000	41,033	1,033
Clerk of the Circuit Court	438,033	438,033	438,791	758
Total Shared Expenses	<u>\$ 3,223,116</u>	<u>\$ 3,223,116</u>	<u>\$ 3,271,158</u>	<u>\$ 48,042</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,879,671	\$ 2,879,671	\$ 2,418,896	\$ (460,775)
Comprehensive Services Act	1,487,500	1,716,702	1,578,593	(138,109)
Fire programs	75,273	75,273	87,625	12,352
At risk youth and family	9,412	9,412	125,298	115,886
Litter control	13,055	13,055	11,506	(1,549)
Emergency preparedness	7,192	7,192	7,500	308
Corrective service grant	128,297	128,297	96,223	(32,074)
Victim witness grant	95,827	95,827	98,702	2,875
Emergency services grant	39,297	39,297	36,457	(2,840)
Bulletproof vest grant	112,593	112,593	12,341	(100,252)
Domestic violence DCJS grant	40,000	40,000	40,000	-

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Other Categorical Aid: (continued)				
Library of VA - record preservation grant	\$ 150,632	\$ 150,632	\$ 150,345	\$ (287)
DMV grants	27,584	27,584	40,185	12,601
Other grants	275,000	275,000	89,028	(185,972)
Total Other Categorical Aid	<u>\$ 5,341,333</u>	<u>\$ 5,570,535</u>	<u>\$ 4,792,699</u>	<u>\$ (777,836)</u>
Total Revenue from the Commonwealth	<u>\$ 8,816,449</u>	<u>\$ 9,045,651</u>	<u>\$ 11,151,868</u>	<u>\$ 2,106,217</u>
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 14,634</u>	<u>\$ 4,634</u>
Categorical Aid:				
Public assistance and welfare administration	\$ 3,355,295	\$ 3,355,295	\$ 3,150,220	\$ (205,075)
Commission on the arts	5,000	5,000	5,000	-
Asset forfeiture funds	-	-	18,463	18,463
Work force investment	1,294,900	1,294,900	835,227	(459,673)
Total Categorical Aid	<u>\$ 4,655,195</u>	<u>\$ 4,655,195</u>	<u>\$ 4,008,910</u>	<u>\$ (646,285)</u>
Total Revenue from the Federal Government	<u>\$ 4,665,195</u>	<u>\$ 4,665,195</u>	<u>\$ 4,023,544</u>	<u>\$ (641,651)</u>
Total General Fund	<u>\$ 50,345,308</u>	<u>\$ 50,344,884</u>	<u>\$ 50,320,387</u>	<u>\$ (24,497)</u>
Law Library Fund				
Charges for Services:				
Law library fees	<u>\$ 10,775</u>	<u>\$ 10,775</u>	<u>\$ 8,155</u>	<u>\$ (2,620)</u>
Total Revenue from Local Sources	<u>\$ 10,775</u>	<u>\$ 10,775</u>	<u>\$ 8,155</u>	<u>\$ (2,620)</u>
Total Law Library Fund	<u>\$ 10,775</u>	<u>\$ 10,775</u>	<u>\$ 8,155</u>	<u>\$ (2,620)</u>
Coal Road Improvement Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 635,781</u>	<u>\$ (364,219)</u>
Miscellaneous:				
Miscellaneous	<u>\$ 200,798</u>	<u>\$ 200,798</u>	<u>\$ 325</u>	<u>\$ (200,473)</u>
Total Revenue from Local Sources	<u>\$ 1,200,798</u>	<u>\$ 1,200,798</u>	<u>\$ 636,106</u>	<u>\$ (564,692)</u>
Total Coal Road Improvement Fund	<u>\$ 1,200,798</u>	<u>\$ 1,200,798</u>	<u>\$ 636,106</u>	<u>\$ (564,692)</u>
Coal Road Economic Development Fund				
Revenue from Local Sources:				
Other Local Taxes:				
Coal road tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,031</u>	<u>\$ 380,031</u>
E-911 Fund				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
E-911 communications tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,005</u>	<u>\$ 655,005</u>

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<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>
E-911 Fund (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Other Categorical Aid:				
Other grant revenues	\$ -	\$ -	\$ 55,815	\$ 55,815
Total Revenue from the Commonwealth	\$ -	\$ -	\$ 710,820	\$ 710,820
Total E-911 Fund	\$ -	\$ -	\$ 710,820	\$ 710,820
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	\$ 400,000	\$ 400,000	\$ 17,080	\$ (382,920)
Intergovernmental:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
Other grant revenues	\$ 780,327	\$ 780,327	\$ 447,108	\$ (333,219)
Total Revenue from the Commonwealth	\$ 780,327	\$ 780,327	\$ 447,108	\$ (333,219)
Revenue from the Federal Government:				
Categorical Aid:				
Other grant revenues	\$ 437,112	\$ 437,112	\$ 80,253	\$ (356,859)
Total County CIP Fund	\$ 1,653,794	\$ 1,653,794	\$ 580,796	\$ (1,072,998)
Total Primary Government	\$ 53,210,675	\$ 53,210,251	\$ 52,636,295	\$ (573,956)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ 992,083	\$ 772	\$ (991,311)
Revenue from use of property	-	4,001	8,368	4,367
Total Revenue from Use of Money and Property	\$ -	\$ 996,084	\$ 9,140	\$ (986,944)
Charges for Services:				
Tuition	\$ -	\$ 25,000	\$ 11,593	\$ (13,407)
Cafeteria sales	-	-	571,950	571,950
Charges for transportation	-	25,000	14,533	(10,467)
Total Charges for Services	\$ -	\$ 50,000	\$ 598,076	\$ 548,076
Miscellaneous:				
Miscellaneous	\$ -	\$ 753,875	\$ 147,915	\$ (605,960)
Recovered Costs:				
Rebates and refunds	\$ -	\$ -	\$ 496,984	\$ 496,984
JROTC	-	25,000	58,626	33,626
Total Recovered Costs	\$ -	\$ 25,000	\$ 555,610	\$ 530,610
Total Revenue from Local Sources	\$ -	\$ 1,824,959	\$ 1,310,741	\$ (514,218)



County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<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:				
Revenue from Local Governments:				
Contribution from the County of Tazewell	\$ -	\$ 14,931,736	\$ 13,558,986	\$ (1,372,750)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ -	\$ 573,725	\$ 547,646	\$ (26,079)
At risk payments	-	717,627	719,295	1,668
Basic school aid	-	18,754,604	18,800,366	45,762
Dual enrollment	-	200,000	350,878	150,878
ESL	-	44,672	27,525	(17,147)
E-rate funding	-	-	271,497	271,497
Foster care	-	15,829	5,190	(10,639)
GED funding	-	23,576	23,576	-
Gifted and talented children	-	204,281	204,795	514
GLI instructional	-	78,235	78,432	197
Mentor teaching program	-	4,170	3,840	(330)
Reading intervention	-	107,952	110,249	2,297
Reduced K-3 classroom	-	937,506	915,806	(21,700)
Remedial education	-	725,849	727,674	1,825
Remedial summer education	-	41,286	29,390	(11,896)
Retirement	-	2,529,605	2,535,967	6,362
School food	-	-	32,148	32,148
Share of state sales tax	-	6,330,155	6,387,336	57,181
Social security	-	1,243,070	1,246,197	3,127
SOL algebra readiness	-	94,182	96,363	2,181
Special education - SOQ	-	2,746,925	2,753,833	6,908
Special education - foster care	-	-	16,840	16,840
Special education - homebound	-	88,345	111,344	22,999
State textbook payments	-	418,211	419,261	1,050
Technology assistance	-	607,765	507,200	(100,565)
Vocational education - SOQ	-	682,385	684,101	1,716
Vocational education - equipment	-	-	10,527	10,527
Vocational education - adult	-	-	5,914	5,914
Vocational occupational preparedness	-	25,971	25,905	(66)
Other state payments	-	166,067	198,998	32,931
Total Categorical Aid	\$ -	\$ 37,361,993	\$ 37,848,093	\$ 486,100
Total Revenue from the Commonwealth	\$ -	\$ 37,361,993	\$ 37,848,093	\$ 486,100
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 11,377	\$ 11,377
Title I	-	1,610,257	1,586,906	(23,351)
Title II, A Staff training	-	985,178	407,148	(578,030)
Title VI-B	-	1,735,156	1,330,394	(404,762)
Title VI-B Preschool	-	99,735	32,511	(67,224)
Vocational education	-	112,080	53,398	(58,682)
Title VI-B-2	-	233,273	124,804	(108,469)
School food commodities	-	-	161,959	161,959
School breakfast	-	-	340,663	340,663
School lunch	-	-	1,208,902	1,208,902

County of Tazewell, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<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: (continued)				
Categorical Aid: (continued)				
Fresh fruit and vegetable program	\$ -	\$ -	\$ 35,548	\$ 35,548
Other federal categorical aid	-	-	222	222
Total Categorical Aid	<u>\$ -</u>	<u>\$ 4,775,679</u>	<u>\$ 5,293,832</u>	<u>\$ 518,153</u>
Total Revenue from the Federal Government	<u>\$ -</u>	<u>\$ 4,775,679</u>	<u>\$ 5,293,832</u>	<u>\$ 518,153</u>
Total Discretely Presented Component Unit-School Board	<u>\$ -</u>	<u>\$ 58,894,367</u>	<u>\$ 58,011,652</u>	<u>\$ (882,715)</u>

County of Tazewell, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of supervisors	\$ 155,913	\$ 157,589	\$ 158,299	\$ (710)
General and Financial Administration:				
County administrator	\$ 270,630	\$ 271,644	\$ 260,198	\$ 11,446
Legal services	327,651	335,395	335,412	(17)
Economic development	303,686	306,342	262,246	44,096
Commissioner of revenue	590,730	599,682	586,287	13,395
Treasurer	634,490	641,726	643,843	(2,117)
Finance office	249,503	251,878	244,692	7,186
Administration services	227,652	286,548	285,916	632
County garage	418,256	426,008	420,331	5,677
Information technology	672,590	677,711	578,639	99,072
Workforce consortium	1,442,689	1,444,814	1,019,958	424,856
Transit system	84,654	84,654	81,752	2,902
Total General and Financial Administration	\$ 5,222,531	\$ 5,326,402	\$ 4,719,274	\$ 607,128
Board of Elections:				
Registrar	\$ 275,041	\$ 277,011	\$ 233,802	\$ 43,209
Total General Government Administration	\$ 5,653,485	\$ 5,761,002	\$ 5,111,375	\$ 649,627
Judicial Administration:				
Courts:				
Clerk of the Circuit Court	\$ 841,259	\$ 855,423	\$ 825,520	\$ 29,903
Circuit court	120,748	125,300	130,188	(4,888)
District court	13,950	13,950	13,572	378
Magistrate	6,575	8,444	8,289	155
Victim's witness assistance	140,840	142,772	142,773	(1)
V - stop	43,676	44,690	39,087	5,603
Juvenile and domestic relations court	6,550	5,550	5,509	41
Total Courts	\$ 1,173,598	\$ 1,196,129	\$ 1,164,938	\$ 31,191
Commonwealth's Attorney:				
Commonwealth's attorney	\$ 1,198,087	\$ 1,238,271	\$ 1,291,014	\$ (52,743)
Total Judicial Administration	\$ 2,371,685	\$ 2,434,400	\$ 2,455,952	\$ (21,552)
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 4,702,288	\$ 4,827,781	\$ 5,327,165	\$ (499,384)
DARE program	10,046	17,146	16,634	512
Total Law Enforcement and Traffic Control	\$ 4,712,334	\$ 4,844,927	\$ 5,343,799	\$ (498,872)
Fire and Rescue Services:				
Volunteer fire departments	\$ 650,451	\$ 627,951	\$ 576,306	\$ 51,645
Volunteer rescue squads	163,180	163,180	126,720	36,460
Total Fire and Rescue Services	\$ 813,631	\$ 791,131	\$ 703,026	\$ 88,105
Correction and Detention:				
Jail	\$ 4,429,401	\$ 4,429,401	\$ 4,340,416	\$ 88,985
Probation office	389,300	389,300	391,004	(1,704)
Youth and family services	2,020,250	2,249,452	2,521,097	(271,645)
Special police	68,486	77,573	72,764	4,809
Total Correction and Detention	\$ 6,907,437	\$ 7,145,726	\$ 7,325,281	\$ (179,555)

County of Tazewell, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Public Safety (continued)				
Inspections:				
Building Inspections	\$ 203,126	\$ 210,504	\$ 210,481	\$ 23
Other Protection:				
Human services	\$ 366,461	\$ 376,761	\$ 351,929	\$ 24,832
Emergency services	101,594	121,984	122,023	(39)
Animal control	187,912	181,280	159,504	21,776
Property maintenance	83,218	84,097	63,067	21,030
Forestry service	20,000	20,000	19,696	304
Total Other Protection	\$ 759,185	\$ 784,122	\$ 716,219	\$ 67,903
Total Public Safety	\$ 13,395,713	\$ 13,776,410	\$ 14,298,806	\$ (522,396)
Public Works:				
Maintenance of Streets, Highways, and Bridges:				
Orphan Road upgrading	\$ 404,560	\$ 360,630	\$ 13,646	\$ 346,984
Sanitation and Waste Removal:				
Transfer station	\$ 1,142,412	\$ 1,157,312	\$ 740,254	\$ 417,058
Maintenance of General Building and Grounds:				
General properties	\$ 2,602,804	\$ 2,615,414	\$ 2,187,960	\$ 427,454
Fairgrounds operations	110,700	110,700	67,627	43,073
Total Maintenance of General Buildings and Grounds	\$ 2,713,504	\$ 2,726,114	\$ 2,255,587	\$ 470,527
Total Public Works	\$ 4,260,476	\$ 4,244,056	\$ 3,009,487	\$ 1,234,569
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 442,795	\$ 442,795	\$ 442,795	\$ -
Mental health and mental Retardation:				
Cumberland Mountain Community Services Board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Public Assistance	\$ 7,459,863	\$ 7,459,863	\$ 2,907,784	\$ 4,552,079
Welfare Administration	1,357,000	1,018,249	4,545,072	(3,526,823)
Total Welfare	\$ 8,816,863	\$ 8,478,112	\$ 7,452,856	\$ 1,025,256
Total Health and Welfare	\$ 9,319,658	\$ 8,980,907	\$ 7,955,651	\$ 1,025,256
Education:				
Other Instructional Costs:				
Contribution to community colleges	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Contribution to Tazewell County School Board	13,506,060	13,506,060	13,558,986	(52,926)
Total Education	\$ 13,566,060	\$ 13,566,060	\$ 13,618,986	\$ (52,926)
Parks, Recreational and Cultural:				
Parks and Recreation:				
Cavitt's Creek Park	\$ 252,610	\$ 256,452	\$ 398,144	\$ (141,692)
Museums	76,500	76,500	73,389	3,111
Total Parks and Recreation	\$ 329,110	\$ 332,952	\$ 471,533	\$ (138,581)
Library:				
Library Administration	\$ 1,035,719	\$ 1,080,822	\$ 1,080,976	\$ (154)
Total Parks, Recreation and Cultural	\$ 1,364,829	\$ 1,413,774	\$ 1,552,509	\$ (138,735)

County of Tazewell, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Community Development:				
Planning and Community Development:				
Community Development	\$ 53,200	\$ 53,200	\$ 52,500	\$ 700
Tourism	149,621	153,678	142,642	11,036
Planning and engineering	270,570	273,300	256,388	16,912
Contribution to Airport	129,455	135,755	128,597	7,158
Contribution to IDA	-	-	40,388	(40,388)
Contribution to Tazewell County PSA	274,922	274,922	224,922	50,000
Total Planning and Community Development	<u>\$ 877,768</u>	<u>\$ 890,855</u>	<u>\$ 845,437</u>	<u>\$ 45,418</u>
Cooperative Extension Program:				
VPI extension	\$ 120,976	\$ 120,976	\$ 110,725	\$ 10,251
Total Community Development	<u>\$ 998,744</u>	<u>\$ 1,011,831</u>	<u>\$ 956,162</u>	<u>\$ 55,669</u>
Non-departmental:				
District funds	\$ 264,578	\$ 289,668	\$ 286,353	\$ 3,315
Contingent expenditures	805,000	442,943	210,971	231,972
Total Non-departmental	<u>\$ 1,069,578</u>	<u>\$ 732,611</u>	<u>\$ 497,324</u>	<u>\$ 235,287</u>
Debt Service:				
Principal retirement	\$ -	\$ -	\$ 295,798	\$ (295,798)
Interest	-	-	321,897	(321,897)
Total Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617,695</u>	<u>\$ (617,695)</u>
Total General Fund	<u>\$ 52,000,228</u>	<u>\$ 51,921,051</u>	<u>\$ 50,073,947</u>	<u>\$ 1,847,104</u>
Nonmajor Special Revenue Funds:				
Law Library Fund:				
Judicial Administration:				
Courts:				
Law library	\$ 17,500	\$ 17,500	\$ 1,145	\$ 16,355
Coal Road Improvement Fund:				
Public Works:				
Maintenance of Highways, streets, bridges, and sidewalks	\$ 2,813,748	\$ 2,813,748	\$ 763,149	\$ 2,050,599
Coal Road Economic Development Fund:				
Public Works:				
Economic development	\$ -	\$ -	\$ 499,493	\$ (499,493)
E-911 Fund:				
Other Protection:				
Public safety	\$ -	\$ -	\$ 1,042,238	\$ (1,042,238)
Total Nonmajor Special Revenue Funds	<u>\$ 2,831,248</u>	<u>\$ 2,831,248</u>	<u>\$ 2,306,025</u>	<u>\$ 525,223</u>

County of Tazewell, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Major Capital Project Fund:				
County CIP Fund:				
Public Works:				
Contributions to the Public Service Authority	\$ -	\$ -	\$ 945,551	\$ (945,551)
Community Development:				
Contributions to the Industrial Development Authority	\$ -	\$ -	\$ 2,880,912	\$ (2,880,912)
Capital Projects:				
County capital project	\$ 9,228,423	\$ 9,228,423	\$ 659,372	\$ 8,569,051
Total County CIP Fund	\$ 9,228,423	\$ 9,228,423	\$ 4,485,835	\$ 4,742,588
Total Primary Government	\$ 64,059,899	\$ 63,980,722	\$ 56,865,807	\$ 7,114,915
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ -	\$ 2,450,292	\$ 2,515,797	\$ (65,505)
Cafeteria operation	-	-	2,682,111	(2,682,111)
Total Administration of school	\$ -	\$ 2,450,292	\$ 5,197,908	\$ (2,747,616)
Instructional:				
Instruction	\$ -	\$ 44,026,382	\$ 40,413,225	\$ 3,613,157
Other operating costs				
Pupil transportation	\$ -	\$ 4,194,994	\$ 3,923,110	\$ 271,884
Operation and maintenance of school plant	-	6,056,641	6,920,757	(864,116)
Technical resources	-	2,366,641	2,335,601	31,040
Facilities	-	134,966	3,834,512	(3,699,546)
Total other operating costs	\$ -	\$ 12,753,242	\$ 17,013,980	\$ (4,260,738)
Total Education	\$ -	\$ 59,229,916	\$ 62,625,113	\$ (3,395,197)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Debt Service:				
Principal retirement	\$ -	\$ 1,246,341	\$ 301,869	\$ 944,472
Interest and fiscal charges	-	518,110	136,040	382,070
Total Debt Service	\$ -	\$ 1,764,451	\$ 437,909	\$ 1,326,542
Total School Operating Fund	\$ -	\$ 60,994,367	\$ 63,063,022	\$ (2,068,655)
Total Discretely Presented Component Unit-School Board	\$ -	\$ 60,994,367	\$ 63,063,022	\$ (2,068,655)

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## STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Capital Projects	Interest on Long-Term Debt	Landfill	Total
2005-06	\$ 2,830,715	\$ 1,515,233	\$ 8,144,480	\$ 5,891,609	\$ 6,377,945	\$ 10,497,335	\$ 1,184,570	\$ 1,827,915	\$ 239,126	\$ 404,090	\$ 212,269	\$ -	\$ 39,125,287
2006-07	2,994,361	1,864,223	10,409,443	5,113,766	6,710,708	11,161,639	1,197,136	1,793,435	250,501	235,624	189,366	-	41,920,202
2007-08	4,493,767	2,315,448	11,261,101	3,691,063	7,133,235	12,009,617	1,168,824	3,799,582	-	-	163,250	1,515,866	47,551,753
2008-09	4,170,651	2,415,913	11,793,711	5,111,308	6,399,621	15,922,682	1,289,353	1,961,006	-	-	455,413	1,599,347	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



Table 2

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

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2005-06	\$ 717,647	\$ 10,493,205	\$ -	\$ 16,436,254	\$ 7,972,452	\$ 729,836	\$ 85,310	\$ 3,172,950	\$ 39,607,654
2006-07	758,253	11,266,369	512,000	19,310,939	8,568,301	1,027,776	282,294	3,111,473	44,837,405
2007-08	6,826,918	11,818,329	1,736,610	21,106,417	9,318,707	1,126,950	574,869	3,041,728	55,550,528
2008-09	1,298,603	11,268,684	-	21,468,696	8,855,016	687,983	1,945,329	3,128,364	48,652,675
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

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
2005-06	\$ 2,757,015	\$ 1,456,975	\$ 8,158,257	\$ 2,574,998	\$ 6,411,920	\$ 55,121,364	\$ 1,165,065	\$ 663,032	\$ 239,126	\$ 463,603	\$ 1,003,328	\$ 80,014,683
2006-07	3,097,314	1,830,751	10,290,184	3,098,064	6,709,986	59,925,486	1,210,973	735,022	304,440	439,729	966,987	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	-	1,797,362	107,431,077

(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
2005-06	\$ 16,484,166	\$ 7,826,590	\$ 285,221	\$ 26,485	\$ 746,364	\$ 1,423,870	\$ 244,930	\$ 429,856	\$ 57,493,120	\$ 84,960,602
2006-07	20,072,264	8,376,273	324,028	89,050	1,033,506	1,350,564	674,595	354,759	61,972,005	94,247,044
2007-08	20,918,920	9,123,793	327,368	1,494,872	1,094,394	1,426,764	709,530	394,124	67,001,280	102,491,045
2008-09	21,466,436	8,855,016	359,727	77,003	676,358	1,440,408	2,453,702	605,399	64,353,320	100,287,369
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

(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
2005-06	\$ 16,534,589	\$ 15,512,597	93.82%	\$ 756,251	\$ 16,268,848	98.39%	\$ 1,538,414	9.30%
2006-07	19,610,189	18,571,110	94.70%	779,634	19,350,744	98.68%	1,039,501	5.30%
2007-08	20,588,946	19,619,232	95.29%	747,150	20,366,382	98.92%	969,714	4.71%
2008-09	24,385,205	23,160,618	94.98%	783,128	23,943,746	98.19%	1,057,084	4.33%
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%

(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
2005-06	\$ 1,681,113,196	\$ 354,822,089	\$ 30,602,696	\$ 22,409,400	\$ 99,196,670	\$ 2,188,144,051
2006-07	2,211,465,970	363,540,973	43,516,700	23,738,800	116,846,412	2,759,108,855
2007-08	2,228,173,720	378,565,936	50,524,500	25,181,600	153,633,681	2,836,079,437
2008-09	2,242,848,000	433,721,052	63,194,200	26,242,900	134,364,627	2,900,370,779
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

(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
2005-06	\$ 0.60	2.00	2.00	4.30	\$ 0.60	2.00
2006-07	0.58	2.00	2.00	4.30	0.58	2.00
2007-08	0.58	2.00	2.00	4.30	0.58	2.00
2008-09	0.58	2.00	2.00	4.30	0.58	2.00
2009-10	0.58	2.00	2.00	4.30	0.58	2.00
2010-11	0.58	2.00	2.00	4.30	0.58	2.00
2011-12	0.58	2.00	2.00	4.30	0.58	2.00
2012-13	0.57	2.00	2.00	4.30	0.58	2.00
2013-14	0.57	2.00	2.00	3.80	0.57	2.00
2014-15	0.55	2.00	2.00	3.80	0.55	2.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value	Gross Bonded Debt (2)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2005-06	44,600	\$ 2,188,144,051	\$ 4,534,067	0.21%	102
2006-07	44,600	2,759,108,855	3,963,233	0.14%	89
2007-08	44,600	2,836,079,437	5,311,945	0.19%	119
2008-09	44,600	2,900,370,779	11,433,289	0.39%	256
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

(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
2005-06	\$ 556,182	\$ 212,269	\$ 768,451	\$ 80,014,683	0.96%
2006-07	544,186	189,366	733,552	88,608,936	0.83%
2007-08	822,508	198,170	1,020,678	92,851,433	1.10%
2008-09	577,597	250,006	827,603	108,678,106	0.76%
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%

(1) Includes General Fund of the Primary Government



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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the 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, 2015, 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 February 4, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## 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*.

## 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  
February 4, 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 OMB Circular A-133

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

### Report on Compliance for Each Major Federal Program

We have audited County of Tazewell, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Tazewell, Virginia's major federal programs for the year ended June 30, 2015. 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.

### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Tazewell, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### *Opinion on Each Major Federal Program*

In our opinion, 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, 2015.

## Report on Internal Control over Compliance

Management of 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 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 OMB Circular A-133, 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
February 4, 2016

County of Tazewell, Virginia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015

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	\$ 28,381
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	580,092
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	868
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	62,567
Child Care and Development Block Grant	93.575	90544, 90545	(198)
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	85,473
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251	3,960
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	264,399
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90607, 90627, 90708	589,999
Social Services Block Grant	93.667	90122, 90123, 90124, 90125 90126, 90240, 90242, 90243 90244, 90245, 90246, 90262 90340, 90351, 90358, 90379 90648	393,889
Chafee Foster Care Independence Program	93.674	90254, 90356	13,802
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	17,950
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	588,908
Total Department of Health and Human Services			<u>\$ 2,630,090</u>
Department of Agriculture:			
Pass-through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	40591	\$ 340,663
National School Lunch Program	10.555	40623	\$ 1,370,861
Department of Agriculture:			
Food Distribution	10.555	Unknown	<u>35,548</u>
Schools and Roads - Grants to States	10.665	43841	11,377
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>520,130</u>
Total Department of Agriculture			<u>\$ 2,278,579</u>
Department of Labor:			
Pass-through Payments:			
Russell County:			
Workforce Investment Act Adult Program	17.258	53427	<u>\$ 835,227</u>

County of Tazewell, Virginia  
Schedule of Expenditures of Federal Awards (continued)  
For the Fiscal Year Ended June 30, 2015

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation: Pass-through Payments: Transportation Enhancement Grant	20.205	Unknown	\$ 80,253
Department of Treasury: Direct Payments: Equitable Sharing Program	21.000	Not applicable	<u>\$ 18,463</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 Special Education Cluster: Special Education - Grants to States Special Education Preschool Grants Career and Technical Education: Basic Grants to States Advanced Placement Program Rural Education Improving Teacher Quality State Grants	84.010 84.027 84.173 84.048 84.330 84.358 84.367	42901 43071 62521 61095 Unknown 43481 61480	\$ 1,586,906 1,330,394 32,511 53,398 222 124,804 <u>407,148</u>
Total Department of Education:			<u>\$ 3,535,383</u>
Total Expenditures of Federal Awards			<u>\$ 9,382,995</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, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

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	\$ 4,023,544
County CIP Fund	80,253
Less: Payment in lieu of taxes	<u>(14,634)</u>
Total Primary Government	<u>\$ 4,089,163</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 5,293,832</u>
Total expenditures of federal awards per basic financial statements	<u>\$ 9,382,995</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u>\$ 9,382,995</u>

County of Tazewell, Virginia

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:  
Material weaknesses identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with Circular A-133,  
Section .510 (a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
10.553/10.555	Child Nutrition Cluster
93.558	Temporary Assistance for Needy Families
93.658	Foster Care-Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

There are no financial statement findings and questioned costs to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

No findings in prior period.