



County of Floyd, Virginia

Annual Comprehensive Financial Report

June 30, 2024

County of Floyd, Virginia

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Introductory Section





County of Floyd, Virginia

Board of Supervisors

Joe D. Turman, Chair

Jerry W. Boothe, Vice Chair
Levi Cox

Kalinda Bechtold
Linda D. Kuchenbuch

County School Board

James Ingram, Chair

Laura H. LeRoy, Vice Chair
Deborah M. Snellings

C. Gene Bishop
Kirsten Vest

County Social Services Board

John McEnhill, Chair

Jerry W. Boothe
Jennifer Claytor

Lisa Thompson
Kim Chiddo

Economic Development Authority (EDA)

Andrew Finn, Chair

Matt Sebas
Marty Holliday
Ryan Baker

Jim Newlin, Secretary/Treasurer
Melissa Cox
Draken Thompson

Other Officials

Clerk of the Circuit Court..... Rhonda Vaughn
Commonwealth's Attorney William Eric Branscom
Commissioner of the Revenue Lisa D. Baker
Treasurer Melissa M. Keith
Sheriff Brian Craig
Superintendent of Schools Jessica Cromer
Director of Social Services J. Chad Alls
EDA Director..... Lydeana Martin
County Administrator..... Dr. Linda Millsaps
Deputy County Administrator & CFO Kim Chiddo
County Attorney..... Stephen V. Durbin

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Financial Section



Independent Auditor's Report

To the Honorable Members of the Board of Supervisors
County of Floyd, Virginia
Floyd, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd (the "County") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of



management, and, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining fund and aggregate non-major financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements and the 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and other statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the

basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2025, on our consideration of the County'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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 the County's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
July 15, 2025



Basic Financial Statements

County of Floyd, Virginia

Exhibit 1

Statement of Net Position

June 30, 2024

		Component Units	
	Governmental Activities	School Board	Economic Development Authority
ASSETS			
Cash and cash equivalents (Note 2)	\$ 12,688,056	\$ 2,426,674	\$ 274,895
Receivables, net:			
Taxes receivable	6,331,237	-	-
Accounts receivable	17,075	-	41,934
Inventory, held for resale	-	-	234,486
Prepaid items	114,192	225,556	-
Due from primary governments (Note 4)	-	2,158,915	-
Due from component units (Note 4)	323,604	-	-
Notes receivable - PSA	307,391	-	118,393
Leases receivable (Note 17)	57,475	-	314,756
Intergovernmental receivables (Note 3)	1,913,978	605,135	296,654
Cash and cash equivalents, restricted (Note 2)	11,084,480	-	215,173
Capital assets: (Note 9)			
Nondepreciable	1,249,768	265,917	588,121
Depreciable, net	34,310,101	9,503,519	7,668,732
Total noncurrent assets	46,644,349	9,769,436	8,472,026
Total assets	68,397,357	15,185,716	9,753,144
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related items (Note 6)	1,001,997	3,861,607	-
OPEB-related items (Note 7)	87,577	388,941	-
Total deferred outflows of resources	1,089,574	4,250,548	-
LIABILITIES			
Accounts payable	842,776	-	16,524
Accrued liabilities	52,581	2,158,916	-
Health claims payable (Note 15)	-	111,192	-
Customers' deposits	-	-	12,969
Accrued interest payable	464,748	-	-
Due to primary government (Note 4)	-	-	323,604
Due to component unit (Note 4)	2,158,915	-	-
Unearned grant revenues (Note 18)	1,298,528	502,705	6,788
Long-term liabilities:			
Net pension liability (Note 6)	2,737,634	13,548,389	-
Net OPEB liabilities (Note 7)	299,109	2,230,210	-
Due within one year (Note 5)	2,308,051	398,067	-
Due in more than one year (Note 5)	32,388,111	120,426	-
Total liabilities	42,550,453	19,069,905	359,885

County of Floyd, Virginia

Exhibit 1

Statement of Net Position

June 30, 2024

		Component Units	
		School Board	Economic Development Authority
	Governmental Activities		
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes (Note 12)	\$ 6,437,890	\$ -	\$ -
Pension-related items (Note 6)	458,974	2,110,233	-
OPEB-related items (Note 7)	44,179	421,813	-
Lease-related items (Note 12)	57,475	-	314,756
Total deferred inflows of resources	6,998,518	2,532,046	314,756
NET POSITION (DEFICIT)			
Net investment in capital assets	13,503,343	9,725,283	8,472,026
Restricted for:			
Opioid settlements funds	112,031	-	-
Cafeteria	-	325,602	-
Asset forfeiture	125,178	-	-
Self insurance	-	1,436,227	-
Unrestricted	6,197,408	(13,652,799)	606,477
Total net position (deficit)	<u><u>\$ 19,937,960</u></u>	<u><u>\$ (2,165,687)</u></u>	<u><u>\$ 9,078,503</u></u>

County of Floyd, Virginia

Exhibit 2

Statement of Activities

Year Ended June 30, 2024

Function	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Primary Government	Component Units	
						School Board	Economic Development Authority
Primary Government:							
Governmental activities:							
General government administration	\$ 1,673,971	\$ 84,415	\$ 953,261	\$ -	\$ (636,295)		
Judicial administration	1,404,646	15,973	485,525	4,146	(899,002)		
Public safety	5,486,249	843,920	1,313,068	106,536	(3,222,725)		
Public works	3,523,825	145,431	-	-	(3,378,394)		
Health and welfare	3,719,202	1,122,175	1,850,189	-	(746,838)		
Education	8,878,952	-	-	-	(8,878,952)		
Parks, recreational, and cultural	669,533	39,052	116	-	(630,365)		
Community development	1,900,400	435,435	1,197,974	1,284,117	1,017,126		
Interest on long-term debt	846,905	-	-	-	(846,905)		
Total primary government	\$ 28,103,683	\$ 2,686,401	\$ 5,800,133	\$ 1,394,799	(18,222,350)		
Component Units:							
School Board	\$ 26,083,210	\$ 116,745	\$ 18,895,362	\$ -		\$ (7,071,103)	
Economic Development Authority	493,061	-	7,735	320,904			\$ (164,422)
Total component units	\$ 26,576,271	\$ 116,745	\$ 18,903,097	\$ 320,904		\$ (7,071,103)	\$ (164,422)
General revenues:							
General property taxes					16,004,656	-	-
Other local taxes:							
Local sales and use taxes					1,724,182	-	-
Personal property tax state share					925,741	-	-
Consumer utility taxes					397,817	-	-
Meals taxes					216,556	-	-
Motor vehicle licenses					430,200	-	-
Hotel and motel room taxes					129,075	-	-
Other local taxes					259,341	-	-
Interest income					843,878	-	18,640
Miscellaneous					55,181	803,512	158,834
Contributions from the County of Floyd					-	7,819,786	5,000
Intergovernmental, non-categorical aid					32,673	-	-
Total general revenues					21,019,300	8,623,298	182,474
Change in net position					2,796,950	1,552,195	18,052
Net position beginning, as restated (Note 19)					17,141,010	(3,717,882)	9,060,451
Net position ending					\$ 19,937,960	\$ (2,165,687)	\$ 9,078,503

The Notes to Financial Statements are an integral part of this statement.

County of Floyd, Virginia

Exhibit 3

Balance Sheet – Governmental Funds

June 30, 2024

	General Fund	Fire and Rescue Fund	Asset Forfeiture Fund	Capital Improvement Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,497,812	\$ -	\$ 125,178	\$ 1,065,066	\$ 12,688,056
Receivables, net:					
Taxes receivable	6,331,237	-	-	-	6,331,237
Accounts receivable	-	-	-	17,075	17,075
Lease receivable	57,475	-	-	-	57,475
Intergovernmental receivables	1,913,978	-	-	-	1,913,978
Prepaid items	111,215	2,977	-	-	114,192
Due from component units	323,604	-	-	-	323,604
Due from other funds	1,384,928	-	-	-	1,384,928
Long-term note receivable - PSA	307,391	-	-	-	307,391
Cash and cash equivalents, restricted	11,084,480	-	-	-	11,084,480
Total assets	<u>\$ 33,012,120</u>	<u>\$ 2,977</u>	<u>\$ 125,178</u>	<u>\$ 1,082,141</u>	<u>\$ 34,222,416</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 842,776	\$ -	\$ -	\$ -	\$ 842,776
Accrued liabilities	52,581	-	-	-	52,581
Due to component unit	2,158,915	-	-	-	2,158,915
Due to other funds	-	1,384,928	-	-	1,384,928
Unearned grant revenue	1,298,528	-	-	-	1,298,528
Total liabilities	<u>4,352,800</u>	<u>1,384,928</u>	<u>-</u>	<u>-</u>	<u>5,737,728</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	6,247,695	-	-	-	6,247,695
Unavailable revenue - prepaid taxes	353,889	-	-	-	353,889
Unavailable revenue - opioid settlement	298,225	-	-	-	298,225
Lease-related items	57,475	-	-	-	57,475
	<u>6,957,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,957,284</u>
Fund balances (deficits):					
Nonspendable					
Prepaid Items	111,215	2,977	-	-	114,192
Restricted					
Unspent bond proceeds	11,084,480	-	-	-	11,084,480
Asset forfeiture	-	-	125,178	-	125,178
Opioid settlement	112,031	-	-	-	112,031
Assigned					
Law Library	66,444	-	-	-	66,444
School capital projects	-	-	-	622,466	622,466
County capital projects	-	-	-	459,675	459,675
Courts	134,917	-	-	-	134,917
Courthouse Maintenance	108,230	-	-	-	108,230
Debt service	686,000	-	-	-	686,000
Unassigned	9,398,719	(1,384,928)	-	-	8,013,791
Total fund balances (deficit)	<u>21,702,036</u>	<u>(1,381,951)</u>	<u>125,178</u>	<u>1,082,141</u>	<u>21,527,404</u>
Total liabilities and fund balances	<u>\$ 33,012,120</u>	<u>\$ 2,977</u>	<u>\$ 125,178</u>	<u>\$ 1,082,141</u>	<u>\$ 34,222,416</u>

**Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Position
June 30, 2024**

Amounts reported for governmental activities in this statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 21,527,404
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	1,249,768	
Buildings and improvements	37,937,986	
Machinery and equipment	17,012,069	
Lease assets - machinery and equipment	508,563	
Less accumulated depreciation and amortization	<u>(21,148,517)</u>	
Net capital assets		35,559,869

Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, are not reported as revenue in the funds.

Property taxes	163,694	
Opioid settlements	<u>298,225</u>	
		461,919

Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to:		
Pensions	1,001,997	
Other postemployment benefits	87,577	
Deferred inflows related to:		
Pensions	(458,974)	
Other postemployment benefits	(44,179)	
Net pension liability	(2,737,634)	
Other postemployment benefit liability	<u>(299,109)</u>	
		(2,450,322)

Long-term liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Loans and bonds payable	(31,141,728)	
Bond premiums	(1,247,607)	
Lease liabilities	(118,432)	
Financed purchases	(192,484)	
Compensated absences	(384,059)	
Interest payable	(464,748)	
Landfill closure/post-closure liability	<u>(1,611,852)</u>	
		(35,160,910)

Net position of governmental activities	<u><u>\$ 19,937,960</u></u>
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County of Floyd, Virginia

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Funds
June 30, 2024

	General Fund	Fire and Rescue Fund	Asset Forfeiture Fund	Capital Improvement Fund	Total Governmental Funds
REVENUES					
General property taxes	\$ 16,208,363	\$ 345,901	\$ -	\$ -	\$ 16,554,264
Other local taxes	2,873,111	-	-	216,556	3,089,667
Permits, privilege fees, and regulatory licenses	152,512	-	-	-	152,512
Fines and forfeitures	14,806	-	15,533	-	30,339
Revenue from use of money and property	1,134,417	-	34	-	1,134,451
Charges for services	1,089,249	-	-	-	1,089,249
Miscellaneous	120,524	-	-	-	120,524
Recovered costs	142,013	-	-	-	142,013
Intergovernmental					
Commonwealth	4,517,998	86,956	5,530	-	4,610,484
Federal	4,401,154	-	-	-	4,401,154
Total revenues	30,654,147	432,857	21,097	216,556	31,324,657
EXPENDITURES					
Current:					
General government administration	1,691,499	-	-	-	1,691,499
Judicial administration	1,421,227	-	-	-	1,421,227
Public safety	4,742,625	292,625	4,453	-	5,039,703
Public works	3,100,973	-	-	-	3,100,973
Health and welfare	3,760,532	-	-	-	3,760,532
Education	7,616,783	-	-	-	7,616,783
Parks, recreation, and cultural	585,892	-	-	-	585,892
Community development	1,909,512	-	-	-	1,909,512
Capital projects	1,713,481	-	-	-	1,713,481
Debt service:					
Principal retirement	2,033,196	-	-	-	2,033,196
Interest and other fiscal charges	761,178	-	-	-	761,178
Total expenditures	29,336,898	292,625	4,453	-	29,633,976
Excess of revenues over expenditures	1,317,249	140,232	16,644	216,556	1,690,681
OTHER FINANCING SOURCES					
Issuance of lease liabilities	799	-	-	-	799
Total other financing sources	799	-	-	-	799
Net change in fund balances	1,318,048	140,232	16,644	216,556	1,691,480
FUND BALANCES (DEFICIT) AT JULY 1, as restated (Note 19)	20,383,988	(1,522,183)	108,534	865,585	19,835,924
FUND BALANCES (DEFICIT) AT JUNE 30	\$ 21,702,036	\$ (1,381,951)	\$ 125,178	\$ 1,082,141	\$ 21,527,404

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds to the Statement of Activities
Year Ended June 30, 2024**

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

Net change in fund balances – total governmental funds	\$	1,691,480
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditure for capital assets	\$ 1,248,732	
Book value of assets disposed	(43,047)	
Less: depreciation and amortization expense	<u>(1,895,551)</u>	
Excess of depreciation and amortization over capital outlay		(689,866)

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	(549,608)	
Change in unavailable revenue - EMS billing	(12,168)	
Change in unavailable revenue - Opioid settlement funds	<u>137,749</u>	
		(424,027)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayments of the principal on 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 effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of lease liability	(799)	
Principal payments:		
Loans and bonds	1,686,977	
Lease liabilities	157,497	
Financed purchases	<u>188,722</u>	
		2,032,397

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 compensated absences	34,367	
Change in net pension liability and related deferred items	292,432	
Change in net OPEB and related deferred items	1,904	
Change in accrued interest payable	(263,203)	
Change in bond premium	177,476	
Change in landfill closure/post-closure liability	<u>(56,010)</u>	
		186,966

Change in net position of governmental activities	\$	<u>2,796,950</u>
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County of Floyd, Virginia
Statement of Fiduciary Net Position –
Fiduciary Funds
Year Ended June 30, 2024

Exhibit 7

	<u>Custodial Fund</u> <u>Special Welfare</u> <u>Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 31,249</u>
NET POSITION	
Restricted:	
Welfare recipients	<u>\$ 31,249</u>

County of Floyd, Virginia

Exhibit 8

Statement of Changes in Fiduciary Net Position – Fiduciary Funds June 30, 2024

	<u>Custodial Fund</u> <u>Special Welfare</u> <u>Fund</u>
ADDITIONS	
Contributions:	
Donations	\$ 55,950
Miscellaneous	2,622
Intergovernmental - Social Security payments	14,106
Total contributions	72,678
Total additions	72,678
DEDUCTIONS	
Checks for SS and SSI recipients	13,163
Other welfare	54,523
Total deductions	67,686
Net increase in fiduciary net position	4,992
Net position - beginning	26,257
Net position - ending	<u><u>\$ 31,249</u></u>

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The financial statements of the County of Floyd, Virginia (the “County”) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the County’s significant policies:

A – Financial Reporting Entity

The County is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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 Floyd, Virginia (the primary government) and its component units. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

Discretely Presented Component Units

Floyd County School Board

The Floyd County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type and does not issue separate financial statements.

Economic Development Authority

The Economic Development Authority of Floyd County, Virginia (EDA) was created to encourage and provide financing for economic development in the County. The EDA’s directors are appointed by the Board of Supervisors and the County is financially accountable for the EDA in that it provides local funding for the EDA’s activities. The EDA is authorized to acquire, own, lease, develop, and dispose of properties to the extent that such activities foster and stimulate economic development. The EDA is presented as a proprietary fund type and does not issue separate financial statements.

Related Organizations

The County is also responsible for appointing the members of the boards of other organizations; however, the County’s accountability to these organizations does not extend beyond making the appointments.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Jointly Governed Organizations

Floyd-Floyd County Public Service Authority

The Floyd-Floyd County Public Service Authority (PSA) was created by the County and the Town of Floyd to operate local water and sewer systems. All obligations of the Authority are payable from and secured by revenues derived from the operation of the water and sewer systems.

In 2017, the County issued a note receivable to the PSA in the amount of \$400,000 with a 1% interest rate. The receivable consists of an annual principal and interest payment of \$22,075 from June 30, 2018 through June 30, 2037. The Board of Supervisors granted an interest free one-year extension during fiscal year 2023 extending the final maturity to June 30, 2038. See Note 20 for subsequent events related to this loan.

Floyd-Floyd County Tourism Authority

The County, along with the Town of Floyd, provides support to the Floyd-Floyd County Tourism Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$40,000 to the Authority for the current year.

Montgomery-Floyd Regional Library

The County, in conjunction with Montgomery County, participates in the Montgomery-Floyd Regional Library. The governing board is composed of members from each of the participating localities. The County contributed \$107,515 to the library for the current year.

New River Valley Community Services

The County, the Counties of Montgomery, Giles, Pulaski, and the City of Radford participate in supporting New River Valley Community Services (NRVCS). The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$42,500 to NRVCS for the current year.

New River Valley Regional Jail Authority

The County, in conjunction with the Counties of Bland, Carroll, Giles, Grayson, and Pulaski, and the City of Radford, participates in the New River Valley Regional Jail Authority. Each member jurisdiction pays a per-diem charge for each day that one of its prisoners is at the regional jail facility. In accordance with the service agreement, the Authority has divided the per-diem charge into an operating component and a debt service component. The per-diem charge is based upon an assumed number of prisoner days, and is subject to adjustment at the end of each fiscal year. The County paid the Authority \$358,694 for the current year.

B – Government-Wide and Fund Financial Statements

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 are supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

County of Floyd, Virginia

Notes to Financial Statements

June 30, 2024

The statement of net position is designed to display the financial position of the primary government (governmental activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 governments 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 current reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the GASB. The principles prescribed by GASB represent GAAP applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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.).

County of Floyd, Virginia

Notes to Financial Statements

June 30, 2024

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter 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 end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The County's fiduciary fund is presented in the fund financial statements. 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 financial statements.

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:

The *General Fund* is the County's primary operating fund of the County. This fund is used to account for and report all financial 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. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

The *Fire and Rescue Fund* is a special revenue fund that accounts for and reports the proceeds of specific revenue sources, (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions. The Fire and Rescue Fund accounts for tax collections earmarked for fire and rescue services and related expenses. This fund is considered a major special revenue fund.

County of Floyd, Virginia

Notes to Financial Statements

June 30, 2024

The *Asset Forfeiture Fund* reports financial resources that are restricted to expenditure for the County's seized assets. This fund is considered a major special revenue fund.

The *Capital Improvement Fund* reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays. This fund is considered a major capital project fund.

Additionally, the government reports the following fund types:

Fiduciary Funds account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. The Special Welfare Fund is reported as custodial fund. These funds utilize the accrual basis of accounting described in the governmental fund presentation. Fiduciary funds are not included in the government-wide financial statements.

The School Board reports the following major governmental fund:

This *School Operating Fund* is the primary operating fund of the School Board and accounts and reports for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Floyd, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

The *School Activity Fund* accounts for the activities of the bank accounts held at the individual schools under the direction of each corresponding principal. This fund is considered a non-major governmental fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D – Budgets and Budgetary Accounting

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

1. Prior to May 1, the County Administrator submits to the County 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. The following funds have legally adopted budgets: General Fund, Fire and Rescue, Asset Forfeiture, Capital Improvement, and the School Operating Fund.
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 function level. Only the County Board of Supervisors can change the appropriation by function at the County or category at the School Board. The County Administrator is authorized to transfer budgeted amounts within general government activities or departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with GAAP.
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate capital projects by project.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

E – Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the government.

2. Restricted Cash and Cash Equivalents

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments, and external investment pools are presented as restricted cash. Restricted cash consists of unspent bond proceeds.

3. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th and June 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$246,540 for property taxes at June 30, 2024.

6. Use of Estimates

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

7. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

8. Capital Assets

Capital assets are tangible and intangible assets, defined by the County, School Board, and EDA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

County of Floyd, Virginia

Notes to Financial Statements

June 30, 2024

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years of Service
Buildings	40 years
Building and improvements	40 years
Machinery and equipment	4-30 years
Lease – Machinery and equipment	4-30 years
Lease – Buildings and improvements	40 years
Subscription assets	4-30 years

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with current reporting standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

10. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

11. Fund Balance

In the governmental funds, the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources is called “fund balance.” The County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaid expenditures) or are legally or contractually required to be maintained in tact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

County of Floyd, Virginia

Notes to Financial Statements

June 30, 2024

The Board of Supervisors is the County's highest level of decision-making authority and the formal action that is required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Supervisors. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

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.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until then. Certain items related to pension and OPEB are deferred outflows.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable and opioid receivable are 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 pension, OPEB, leases, and the opioid settlement are reported as deferred inflows of resources.

13. Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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 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.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

14. Pension

For purposes of measuring the net Virginia Retirement System (VRS) pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the 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.

15. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS-related OPEB liabilities, deferred outflows and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, Teacher HIC, and School Nonprofessional HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Leases and Subscription-Based IT Arrangements

The County and Component Units have various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

The County and Component Units recognize lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The County and Component Unit - EDA recognize leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Subscriptions

The County and Component Units recognize intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The County and Component Units use the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County and Component Units use its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription term includes the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments, as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The County and Component Units monitor changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The County and Component Units will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee), or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability, or subscription liability.

17. Transfers

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.

18. Negative Fund Balances / Net Position

The Fire and Rescue fund has a negative \$(1,522,183) unassigned fund balance as of June 30, 2024. The County's Board of Supervisors is considering the future of this fund and how to reduce the deficit.

The Schools has a negative \$(13,652,799) unrestricted net position due to a \$13.5M net pension liability, which fluctuates from year to year and is determined by the Virginia Retirement System actuary.

19. General Fund Appropriations

The County's Board of Supervisors approved additional General Fund appropriations of approximately \$10,193,000 during the fiscal year ended June 30, primarily for grant funds and capital projects.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

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 of America or its 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; bankers’ acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP), the Virginia State Non-Arbitrage Program (SNAP), and the VML/VACO Investment Pool.

Custodial Credit Risk (Deposits)

This is the risk, in the event of a bank failure, the County’s deposits may not be returned to the County. The County requires all deposits to comply with the Virginia Security for Public Deposits Act. At year-end, none of the County’s or the Component Unit – School Board’s deposits are exposed to custodial credit risk.

Concentration of Credit Risk

At June 30, 2024, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Investments

The Deputy County Administrator for the County is responsible for administering its investments and ensuring compliance with the County’s policies and statutory requirements.

In accordance with the laws of the Commonwealth and County policy, investments authorized to be held by the County are:

1. Certificates of Deposit

Certificates of deposit maturing within one year and issued by domestic banks that have received at least two of the following ratings: (i) at least rated P-1 by Moody’s; (ii) at least A-1 by Standard & Poor’s; or (iii) at least F-1 by Fitch Ratings.

At year-end, the County has \$6.4 million in certificates of deposit.

County of Floyd, Virginia

Notes to Financial Statements

June 30, 2024

2. Virginia Local Government Investment Pool (LGIP)

The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The carrying value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB 79. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s.

3. Virginia State Non-Arbitrage Program (SNAP)

Investment in the Virginia State Non-Arbitrage Program (SNAP) is used to assist in avoiding arbitrage penalties enacted with the Tax Reform Act of 1986. Sections 2.2-4700 through 2.2-4705 of the *Code of Virginia*, the Government Non-Arbitrage Investment Act authorizes the Virginia Treasury Board to provide assistance to the Commonwealth of Virginia, counties, cities, and towns in the Commonwealth, and to their agencies, institutions and authorities of any combination of the foregoing (“Virginia governments”) in the management of and accounting for their bond funds, including, without limitation, bond proceeds, reserves, and sinking funds, and the investment thereof. The Virginia SNAP has been assigned an “AAAm” rating by Standard & Poor’s. The SNAP Fund is managed to maintain a dollar-weighted average portfolio maturity of 90 days or less, seeks to maintain a constant net value (NAV) per share of \$1, and is stated at amortized cost in accordance with GASB 79. The Commonwealth of Virginia’s Treasury Board has contracted with PFM Asset Management, LLC, M&T Bank, and U.S. Bank, N.A. to provide professional services and regulating oversight to the SNAP Program.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024, the County’s investments in LGIP and SNAP are rated “AAAm.” All credit ratings presented in this paragraph are S&P Global ratings. The County does not have a policy that addresses investment credit risk.

County’s Rated Debt Investments’ Value	
Rated Debt Investments	Fair Quality Ratings
	AAAm
SNAP	\$ 9,120,862
LGIP	1,963,618
	\$ 11,084,480

External Investment Pools

The value of the positions in the external investment pools is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting exposure to fair value losses arising from increasing interest rates and to comply with the laws of the Commonwealth, the County’s policy limits the investment of funds to investments with a stated maturity of no more than five years from the date of purchase.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Investment Type	Investment Maturities (in years)	
	Fair Value	Less Than 1 Year
SNAP	\$ 9,120,862	\$ 9,120,862
LGIP	1,963,618	1,963,618
	\$ 11,084,480	\$ 11,084,480

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Reconciliation to Exhibit 1:

	County	Schools	EDA	Total
Restricted Cash				
LGIP	\$ 1,963,618	\$ -	\$ -	\$ 1,963,618
SNAP	9,120,862	-	-	9,120,862
Cash	-	-	215,173	215,173
Total restricted cash	<u>11,084,480</u>	<u>-</u>	<u>215,173</u>	<u>11,299,653</u>
Cash and cash equivalents				
Certificates of deposit	6,390,428	-	-	6,390,428
Cash	6,297,628	2,426,674	274,895	8,999,197
Total cash and cash equivalents	<u>12,688,056</u>	<u>2,426,674</u>	<u>274,895</u>	<u>15,389,625</u>
Total cash	<u>\$ 23,772,536</u>	<u>\$ 2,426,674</u>	<u>\$ 490,068</u>	<u>\$ 26,689,278</u>

Note 3 – Receivables

Taxes and Accounts Receivables

Receivables, other than leases, at June 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	County	County Capital	EDA	Totals
	General Fund	Improvement Fund		
Taxes, including penalties	\$ 6,577,777	\$ -	\$ -	\$ 6,577,777
Accounts	-	17,075	41,934	59,009
Gross receivables	6,577,777	17,075	41,934	6,636,786
Less allowance for uncollectable accounts	246,540	-	-	246,540
Net receivables	<u>\$ 6,331,237</u>	<u>\$ 17,075</u>	<u>\$ 41,934</u>	<u>\$ 6,390,246</u>

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Intergovernmental Receivables

The following amounts represent receivables from other governments at year-end:

	<u>County</u>	<u>Component Unit School Board</u>	<u>Component Unit EDA</u>
<u>Commonwealth of Virginia</u>			
Sales tax	\$ 311,490	\$ 458,855	\$ -
Communications tax	63,622	-	-
Categorical aid – CSA	148,747	-	-
Categorical aid – LASER	72,901	-	-
Categorical aid – VATI	226,266	-	-
Opioid settlement	298,225	-	-
Public Service Corporation	427,107	-	-
<u>Federal Government</u>			
Categorical aid - LASER	110,914	-	-
CDBG VATI	254,706	-	-
USEDA	-	-	296,654
School federal programs	-	146,280	-
Total	<u><u>\$ 1,913,978</u></u>	<u><u>\$ 605,135</u></u>	<u><u>\$ 296,654</u></u>

Note 4 –Component-Unit Obligations

At year-end, due to or due from obligations between the primary government and component units consisted of the following:

<u>Fund</u>	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government		
General Fund	<u><u>\$ 323,604</u></u>	<u><u>\$ 2,158,915</u></u>
Component Unit		
School Board	<u><u>\$ 2,158,915</u></u>	<u><u>\$ -</u></u>
EDA	<u><u>\$ -</u></u>	<u><u>\$ 323,604</u></u>

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Note 5 – Long-Term Obligations

Primary Government – Governmental Activities Indebtedness

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Due in One Year
Direct borrowings and direct placements					
General obligation bonds	\$ 14,886,704	\$ -	\$ (575,976)	\$ 14,310,728	\$ 690,420
Bond premiums	1,425,083	-	(177,476)	1,247,607	-
Lease revenue bonds	17,942,001	-	(1,111,001)	16,831,000	1,070,000
Financed purchases	381,206	-	(188,722)	192,484	192,484
Lease liabilities	275,130	799	(157,497)	118,432	67,103
Landfill closure/post-closure liability	1,555,842	56,010	-	1,611,852	-
Compensated absences	418,426	279,452	(313,819)	384,059	288,044
Total	\$ 36,884,392	\$ 336,261	\$ (2,524,491)	\$ 34,696,162	\$ 2,308,051

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

Year Ending June 30,	Direct Borrowings and Direct Placements							
	General Obligation Bonds		Lease Revenue Bonds		Financed Purchase		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 690,420	\$ 495,806	\$ 1,070,000	\$ 470,570	\$ 192,484	\$ 2,055	\$ 67,103	\$ 2,718
2026	835,308	455,797	1,242,000	441,640	-	-	38,447	2,149
2027	605,000	411,553	1,444,000	408,164	-	-	12,882	975
2028	635,000	379,485	1,480,000	369,305	-	-	-	-
2029	670,000	345,650	7,246,000	1,246,705	-	-	-	-
2030-2034	3,880,000	1,183,108	4,349,000	289,451	-	-	-	-
2035-2039	4,870,000	451,118	-	-	-	-	-	-
2040-2044	2,125,000	24,725	-	-	-	-	-	-
Total	\$ 14,310,728	\$ 3,747,242	\$ 16,831,000	\$ 3,225,835	\$ 192,484	\$ 2,055	\$ 118,432	\$ 5,842

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Details of Long-Term Indebtedness:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Total Amount</u>
<u>Direct Borrowings and Direct Placements</u>					
General Obligation Bonds					
General obligation bonds (VPSA)	4.60-5.10%	11/10/2005	07/15/2025	\$ 10,259,045	\$ 1,180,728
General obligation bonds (VPSA)	Varies	11/16/2020	07/15/2040	13,150,000	13,130,000
G.O. bond premium (VPSA)	Varies	11/16/2020	07/15/2040	1,873,114	1,247,607
Total general obligation bonds					15,558,335
<u>Lease Revenue Bonds</u>					
Lease revenue bond	2.40%	08/04/2016	01/31/2038	903,000	646,000
Lease revenue bond	2.30%	07/16/2020	02/01/2035	6,849,000	5,747,000
Lease revenue bond	2.28%	07/16/2020	02/01/2029	820,000	677,000
Lease revenue bond	2.83%	07/16/2020	02/01/2034	845,000	616,000
Lease revenue bond	2.43%	05/21/2021	02/01/2036	4,980,000	4,627,000
Lease revenue bond	3.07%	05/21/2021	02/01/2036	1,877,000	1,611,000
Lease revenue bond	2.89%	05/21/2021	02/01/2036	361,000	298,000
Lease revenue bond	1.85%	05/21/2021	02/01/2026	434,000	432,000
Lease revenue bond	2.74%	05/21/2021	02/01/2031	598,000	177,000
Lease revenue bond	5.22%	06/30/2023	08/01/2037	2,000,000	2,000,000
Total lease revenue bonds					16,831,000
Total direct borrowings and direct placements subtotal					<u>\$ 32,389,335</u>
<u>Financed Purchases</u>					
Financed purchase – County equipment	1.95%	05/29/2015	06/15/2025	\$1,750,000	<u>\$ 192,484</u>
<u>Lease Liabilities</u>					
County Enterprise vehicle leases	2.58-13.83%	Varies	Varies	Varies	<u>\$ 118,432</u>

Events of Default

The County's general obligation and lease revenue bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default. Discretely Presented Component Unit – School Board-Indebtedness:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Due in One Year
Compensated absences	\$ 522,236	\$ 343,781	\$ (391,677)	\$ 474,340	\$ 355,755
Lease liabilities	71,932	-	(42,172)	29,760	27,919
Subscription liabilities	58,194	-	(43,801)	14,393	14,393
Total	<u>\$ 652,362</u>	<u>\$ 343,781</u>	<u>\$ (477,650)</u>	<u>\$ 518,493</u>	<u>\$ 398,067</u>

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

Year Ending June 30,	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 27,919	\$ 258	\$ 14,393	\$ 300
2026	1,841	5	-	-
	<u>\$ 29,760</u>	<u>\$ 263</u>	<u>\$ 14,393</u>	<u>\$ 300</u>

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount
<u>Lease Liabilities</u>					
School copier leases	2.00%	01/01/2019	12/01/2024	\$ 197,481	\$ 18,561
School touchless water system lease	2.00%	08/01/2020	07/01/2025	47,664	11,199
Total lease liabilities					<u>\$ 29,760</u>
<u>Subscription Liabilities</u>					
IXL	2.00%	07/01/2022	07/01/2024	44,965	<u>\$ 14,393</u>

Discretely Presented Component Unit – EDA-Indebtedness

The EDA has a line of credit that it renews in August each year in the amount of \$100,000 with an interest rate of Prime plus 0.25% or 5.75%. The EDA renewed the agreement during fiscal year 2024, but did not draw on the line and had a zero balance at year-end.

Note 6 – Pension Plans

Plan Description

All full-time, salaried permanent employees of the County of Floyd, (the “County”) and Nonprofessional employees of the school division are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (“VRS” or the “System”) along with plans for other employer groups in the Commonwealth of Virginia. However, the Floyd County Public Service Authority, whose information is not included in the primary government report, participate in the VRS plan through the County and report their proportionate information on the basis of a cost-sharing plan. 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 available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County	PSA
Inactive members or their beneficiaries currently receiving benefits	86	-
Inactive members		
Vested inactive members	27	-
Non-vested inactive members	38	-
Inactive members active elsewhere in VRS	46	-
Total inactive members	111	-
Active members	112	5
Total covered employees	309	5

County

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 County by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2024, was 14.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$838,320 and \$743,510 for the years ended June 30, 2024 and 2023, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the County, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

In order to allocate the net pension liability to all employers included in the Plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2023 and 2022, was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2023 and 2022, the County's proportion was 95.41% and 95.41%, respectively.

County of Floyd, Virginia

Notes to Financial Statements

June 30, 2024

Actuarial Assumptions – General Employees

The total pension liability for General Employees (County and Schools) and Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Teacher Cost Sharing Plan – Salary increases, including inflation	3.50 – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service-related. Public Safety Employees – 45% to 70% of deaths are assumed to be service-related. Mortality is projected using the applicable Pub-2010 Mortality Table with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

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

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

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
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75%
	Inflation		2.50%
* Expected arithmetic nominal return			8.25%

- * The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, the County and School Board Nonprofessional were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to continue 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.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Changes in Net Pension Liability

The table below reflects the total amounts of the Plan, including PSA employees.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	\$ 22,743,526	\$ 19,894,805	\$ 2,848,721
Changes for the year:			
Service cost	695,420	-	695,420
Interest	1,541,372	-	1,541,372
Differences between expected and actual experience	106,946	-	106,946
Contributions – employer	-	781,089	(781,089)
Contributions – employee	-	266,745	(266,745)
Net investment income	-	1,287,373	(1,287,373)
Benefit payments, including refunds	(1,207,597)	(1,207,597)	-
Administrative expenses	-	(12,698)	12,698
Other changes	-	520	(520)
Net changes	1,136,141	1,115,432	20,709
Balances at June 30, 2023	\$ 23,879,667	\$ 21,010,237	\$ 2,869,430

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

The following presents the net pension liability of the County (excluding PSA employees) using the discount rate of 6.75%, as well as what the County's net pension liability would be if it was calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
County's net pension liability	\$ 5,616,452	\$ 2,737,634	\$ 327,723

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

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

For the year ended June 30, 2024, the County recognized pension expense of \$564,718. At June 30, 2024, the County (excluding PSA employees) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,794	\$ 153,765
Change in assumptions	95,883	-
Net difference between projected and actual earnings on pension plan investments	-	305,209
Employer contributions subsequent to the measurement date	838,320	-
	<u>\$ 1,001,997</u>	<u>\$ 458,974</u>

The \$838,320 reported as deferred outflows of resources related to pensions resulting from the County's (excluding PSA employees) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. 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 Ending June 30,	Effect on Pension Expense of Primary Government
2025	\$ (219,527)
2026	(357,185)
2027	271,930
2028	9,485
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Component Unit School Board (Nonprofessional)

Additional information related to the Plan description, Plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	89
Inactive members	
Vested inactive members	19
Non-vested inactive members	41
Inactive members active elsewhere in VRS	20
Total inactive members	80
Active members	65
Total covered employees	234

Contributions

The Component Unit School Board's contractually required employer contribution rate for Nonprofessional employees for the year ended June 30, 2024 was 12.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

Contributions to the pension plan from the Floyd County School Board's Nonprofessional employees were \$223,165 and \$213,089 for the years ended June 30, 2024 and June 30, 2023, respectively.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance, June 30, 2022	\$ 8,582,832	\$ 7,268,242	\$ 1,314,590
Changes for the year			
Service cost	138,675	-	138,675
Interest	566,925	-	566,925
Differences between expected and actual experience	150,936	-	150,936
Contributions – employer	-	213,080	(213,080)
Contributions – employee	-	80,464	(80,464)
Net investment income	-	457,311	(457,311)
Benefit payments, including refunds of employee contributions	(645,247)	(645,247)	-
Administrative expenses	-	(4,709)	4,709
Other changes	-	183	(183)
Net changes	211,289	101,082	110,207
Balance, June 30, 2023	\$ 8,794,121	\$ 7,369,324	\$ 1,424,797

County of Floyd, Virginia
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Floyd County School Board (Nonprofessional) using the discount rate of 6.75%, as well as what the Floyd County School Board's (Nonprofessional) net pension liability would be if it was calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability	\$ 2,301,459	\$ 1,424,797	\$ 672,110

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

For the year ended June 30, 2024, the Component Unit School Board (Nonprofessional) recognized pension expense of \$(15,802). At June 30, 2024, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit – School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,614	\$ -
Net difference between projected and actual earnings on pension plan investments	-	119,687
Employer contributions subsequent to the measurement date	223,165	-
	\$ 289,779	\$ 119,687

The \$223,165 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Effect on Pension Expense for Component Unit School Board (Nonprofessional)
2025	\$ (17,904)
2026	(144,625)
2027	105,200
2028	4,256
2029	-
Thereafter	-

County of Floyd, Virginia
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Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (Professional) employees of Virginia 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 is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,965,423 and \$1,893,113 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assemble Reconvened Session, and is classified as a non-employer contribution.

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

At June 30, 2024, the School Division reported a liability of \$12,123,592 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Division's proportion was 0.11612% as compared to 0.12481% at June 30, 2022.

For the year ended June 30, 2024, the School Division recognized pension expense of \$1,020,049. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

County of Floyd, Virginia
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At June 30, 2024, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,041,427	\$ 473,114
Change in assumptions	549,605	-
Net difference between projected and actual earnings on pension plan investments	-	788,278
Change in proportion and differences between employer contributions and proportionate share of contributions	15,373	729,154
Employer contributions subsequent to the measurement date	1,965,423	-
	\$ 3,571,828	\$ 1,990,546

The \$1,965,423 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 ending June 30, 2025. 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 Ending June 30,	Effect on Pension Expense
2025	\$ (483,491)
2026	(880,163)
2027	823,901
2028	155,612
2029	-
Thereafter	-

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 57,574,609
Plan Fiduciary Net Position	47,467,405
Employers' Net Pension Liability	\$ 10,107,204
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.45%

County of Floyd, Virginia
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

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 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it was calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	<u>\$ 21,490,805</u>	<u>\$ 12,123,592</u>	<u>\$ 4,422,973</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
VRS Pension Plans								
Primary Government	\$ 1,001,997	\$ 458,974	\$ 2,737,634	\$ 564,718	\$ -	\$ -	\$ -	\$ -
School Board								
Nonprofessional	-	-	-	-	289,779	119,687	1,424,797	(15,802)
School Board								
Professional	-	-	-	-	3,571,828	1,990,546	12,123,592	1,020,049
Total	<u>\$ 1,001,997</u>	<u>\$ 458,974</u>	<u>\$ 2,737,634</u>	<u>\$ 564,718</u>	<u>\$ 3,861,607</u>	<u>\$ 2,110,233</u>	<u>\$ 13,548,389</u>	<u>\$ 1,004,247</u>

County of Floyd, Virginia
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Note 7 – Other Postemployment Benefits – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County and School Board also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Plan upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves, as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.html>.

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple-employer, cost-sharing plans.

General Employee Health Insurance Credit Program – School Board (Nonprofessionals)

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer, agent defined benefit plan.

County of Floyd, Virginia

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As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	13
Vested inactive members	3
Active members	<u>85</u>
Total covered employees	<u><u>101</u></u>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution – County	\$35,959
June 30, 2023 Contribution – County	\$30,268
June 30, 2024 Contribution – School Board (Nonprofessional)	\$10,371
June 30, 2023 Contribution – School Board (Nonprofessional)	\$9,862
June 30, 2024 Contribution – School Board (Professional)	\$67,098
June 30, 2023 Contribution – School Board (Professional)	\$64,627

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session.

County of Floyd, Virginia
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Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401 and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.21% of covered employee compensation.
June 30, 2024 Contribution	\$150,349
June 30, 2023 Contribution	\$144,813

In June 2023, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution.

General Employee Health Insurance Credit Program – School Board (Nonprofessional)

Governed by:	<i>Code of Virginia 51.1-1400 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.05% of covered employee compensation.
June 30, 2024 Contribution	\$20,165
June 30, 2023 Contribution	\$19,176

OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liabilities were measured as of June 30, 2023, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program – County

June 30, 2024 proportionate share of liability	\$299,109
June 30, 2023 proportion	0.02494%
June 30 2022 proportion	0.02515%
June 30, 2024 expense	\$23,772

Group Life Insurance Program – School Board (Professional)

June 30, 2024 proportionate share of liability	\$609,371
June 30, 2023 proportion	0.05081%
June 30 2022 proportion	0.05342%
June 30, 2024 expense	\$15,825

County of Floyd, Virginia
Notes to Financial Statements
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Group Life Insurance Program – School Board (Nonprofessional)

June 30, 2024 proportionate share of liability	\$92,947
June 30, 2023 proportion	0.00775%
June 30 2022 proportion	0.00798%
June 30, 2024 expense	\$2,760

Teacher Health Insurance Credit Program

June 30, 2024 proportionate share of liability	\$1,454,064
June 30, 2023 proportion	0.12003%
June 30 2022 proportion	0.12468%
June 30, 2024 expense	\$88,589

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit Program – School Board (Nonprofessional)

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance, June 30, 2022	\$ 207,337	\$ 26,026	\$ 181,311
Changes for the year			
Service cost	1,605	-	1,605
Interest	13,905	-	13,905
Differences between expected and actual experience	(101,678)	-	(101,678)
Contributions – employer	-	19,176	(19,176)
Net investment income	-	2,202	(2,202)
Benefit payments	(5,896)	(5,896)	-
Administrative expenses	-	(62)	62
Other changes	-	(1)	1
Net changes	(92,064)	15,419	(107,483)
Balance, June 30, 2023	<u>\$ 115,273</u>	<u>\$ 41,445</u>	<u>\$ 73,828</u>

In addition, for the year ended June 30, 2023, the School Board recognized OPEB income of (\$14,754) related to the General Employee Health Insurance Credit Program.

At June 30, 2024, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

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Group Life Insurance Program – County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,874	\$ 9,079
Change in assumptions	6,394	20,723
Net difference between projected and actual earnings on OPEB plan investments	-	12,020
Change in proportion	15,350	2,357
Employer contributions subsequent to the measurement date	35,959	-
	<u>\$ 87,577</u>	<u>\$ 44,179</u>

Group Life Insurance Program – School Board (Professional)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,861	\$ 18,498
Change in assumptions	13,026	42,220
Net difference between projected and actual earnings on OPEB plan investments	-	24,488
Change in proportion	3,573	51,657
Employer contributions subsequent to the measurement date	67,098	-
	<u>\$ 144,558</u>	<u>\$ 136,863</u>

Group Life Insurance Program – School Board (Nonprofessional)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,283	\$ 2,821
Change in assumptions	1,987	6,440
Net difference between projected and actual earnings on OPEB plan investments	-	3,735
Change in proportion	443	5,009
Employer contributions subsequent to the measurement date	10,371	-
	<u>\$ 22,084</u>	<u>\$ 18,005</u>

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Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 64,001
Change in assumptions	33,848	1,465
Net difference between projected and actual earnings on OPEB plan investments	730	-
Change in proportion	12,237	112,823
Employer contributions subsequent to the measurement date	150,349	-
	\$ 197,164	\$ 178,289

General Employee Health Insurance Credit Program – School Board (Nonprofessional)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 88,656
Change in assumptions	4,573	-
Net difference between projected and actual earnings on OPEB plan investments	397	-
Employer contributions subsequent to the measurement date	20,165	-
	\$ 25,135	\$ 88,656

The deferred outflows of resources related to OPEB resulting from the County's and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Group Life Insurance Program – County

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	\$ 5,041
2026	(8,596)
2027	7,101
2028	1,376
2029	2,517
Thereafter	-

County of Floyd, Virginia
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Group Life Insurance Program – School Board (Nonprofessional)

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	\$ (2,084)
2026	(4,831)
2027	840
2028	(652)
2029	435
Thereafter	-

Group Life Insurance Program – School Board (Professional)

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	\$ (15,281)
2026	(38,338)
2027	250
2028	(6,612)
2029	578
Thereafter	-

Teacher Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	\$ (27,778)
2026	(24,827)
2027	(23,840)
2028	(24,389)
2029	(19,926)
Thereafter	(10,714)

General Employee Health Insurance Credit Program – School (Nonprofessional)

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	\$ (28,124)
2026	(28,835)
2027	(26,222)
2028	(505)
2029	-
Thereafter	-

County of Floyd, Virginia

Notes to Financial Statements

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Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI, HIC: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 7.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB liability	\$ 3,907,052	\$ 1,475,471
Plan fiduciary net position	2,707,739	264,054
Employers' net OPEB liability	\$ 1,199,313	\$ 1,211,417
	69.30%	17.90%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Group Life Insurance, Health Insurance Credit Programs, and Virginia Local Disability Programs

The long-term expected rate of return on VRS 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 OPEB 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 Note 7.

County of Floyd, Virginia

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Discount Rate

The discount rate used to measure the GLI, HIC, and VLDP OPEB liabilities was 6.75%. The discount rate used to measure the LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance 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, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities of the County and School Board, as well as what the County's and School Board's net OPEB liabilities would be if it was calculated using a discount rate that is one-percentage-point lower (5.75% HIC; GLI) or one-percentage-point higher (7.75% HIC; GLI) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability – County	\$ 443,373	\$ 299,109	\$ 182,470
GLI Net OPB liability – School Board (Nonprofessional)	\$ 137,776	\$ 92,947	\$ 56,702
GLI Net OPEB liability – School Board (Professional)	\$ 903,278	\$ 609,371	\$ 371,745
Teacher HIC Net OPEB liability	\$ 1,644,709	\$ 1,454,064	\$ 1,292,509
General Employee HIC Net OPEB liability – School Board (Nonprofessional)	\$ 85,159	\$ 73,828	\$ 64,118

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Summary of Other Post-Employment Benefits (OPEB)

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans								
GLI Plan								
County	\$ 87,577	\$ 44,179	\$ 299,109	\$ 23,772	\$ -	\$ -	\$ -	\$ -
School Board								
Nonprofessional	-	-	-	-	22,084	18,005	92,947	2,760
School Board								
Professional	-	-	-	-	144,558	136,863	609,371	15,825
Teacher HIC Plan	-	-	-	-	197,164	178,289	1,454,064	88,589
School Board								
Nonprofessional HIC								
Plan	-	-	-	-	25,135	88,656	73,828	(14,754)
Total	<u>\$ 87,577</u>	<u>\$ 44,179</u>	<u>\$ 299,109</u>	<u>\$ 23,772</u>	<u>\$ 388,941</u>	<u>\$ 421,813</u>	<u>\$ 2,230,210</u>	<u>\$ 92,420</u>

Note 8 – Line of Duty Act (LODA) (OPEB)

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2024 was \$27,734.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Note 9 – Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,249,768	\$ -	\$ -	\$ 1,249,768
Construction in progress	930,994	9,563	(940,557)	-
Construction in progress – Schools	14,401,916	440,590	(14,842,506)	-
Total capital assets not being depreciated/amortized	16,582,678	450,153	(15,783,063)	1,249,768
Capital assets, being depreciated/amortized:				
Buildings and improvements	6,429,599	1,725,000	-	8,154,599
Buildings and improvements – Schools	15,063,688	14,719,699	-	29,783,387
Machinery and equipment	11,017,013	66,480	(198,151)	10,885,342
Machinery and equipment	6,126,727	-	-	6,126,727
Right-to-use lease buildings and improvements	73,183	-	(73,183)	-
Right-to-use lease machinery and equipment	438,100	70,463	-	508,563
Total capital assets being depreciated/amortized	39,148,310	16,581,642	(271,334)	55,458,618
Accumulated depreciation/amortization				
Buildings and improvements	(3,448,978)	(219,895)	-	(3,668,873)
Buildings and improvements – Schools	(7,149,142)	(744,585)	-	(7,893,727)
Machinery and equipment	(8,343,972)	(433,140)	194,060	(8,583,052)
Machinery and equipment – Schools	(298,546)	(314,188)	-	(612,734)
Right-to-use lease buildings and improvements	(34,227)	-	34,227	-
Right-to-use lease machinery and equipment	(206,388)	(183,743)	-	(390,131)
Total accumulated depreciation/amortization	(19,481,253)	(1,895,551)	228,287	(21,148,517)
Total capital assets being depreciated/amortized, net	19,667,057	14,686,091	(43,047)	34,310,101
Governmental activities capital assets, net	<u>\$ 36,249,735</u>	<u>\$ 15,136,244</u>	<u>\$(15,826,110)</u>	<u>\$ 35,559,869</u>

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

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

Governmental Activities

General government administration	\$ 50,944
Judicial administration	1,973
Public works	442,837
Public safety	266,542
Health and welfare	4,600
Education	1,058,773
Parks, recreation, and cultural	69,260
Community development	622
Total depreciation/amortization expense governmental activities	<u><u>\$ 1,895,551</u></u>

Discretely Presented Component Unit – School Board

Capital asset activity for the School Board for the year ended June 30, 2024, was as follows:

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 265,917	\$ -	\$ -	\$ 265,917
Construction in progress	61,203	-	(61,203)	-
Total capital assets not being depreciated/amortized	<u>327,120</u>	<u>-</u>	<u>(61,203)</u>	<u>265,917</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	6,846,436	-	-	6,846,436
Machinery and equipment	11,887,483	634,224	-	12,521,707
Subscription assets	102,567	-	(17,892)	84,675
Right-to-use lease machinery and equipment	157,081	-	-	157,081
Total capital assets being depreciated/amortized	<u>18,993,567</u>	<u>634,224</u>	<u>(17,892)</u>	<u>19,609,899</u>
Accumulated depreciation/amortization				
Buildings and improvements	(4,174,386)	(158,903)	-	(4,333,289)
Machinery and equipment	(4,868,220)	(707,268)	-	(5,575,488)
Subscription assets	(43,669)	(35,648)	9,035	(70,282)
Right-to-use lease machinery and equipment	(86,408)	40,913)	-	(127,321)
Total accumulated depreciation/amortization	<u>(9,172,683)</u>	<u>(942,732)</u>	<u>9,035</u>	<u>(10,106,380)</u>
Total capital assets being depreciated/amortized, net	<u>9,820,884</u>	<u>(308,508)</u>	<u>(8,857)</u>	<u>9,503,519</u>
Governmental activities capital assets, net	<u><u>\$ 10,148,004</u></u>	<u><u>\$ (308,508)</u></u>	<u><u>\$ (70,060)</u></u>	<u><u>\$ 9,769,436</u></u>

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Discretely Presented Component Unit – EDA

Capital asset activity for the Authority for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 430,419	\$ -	\$ -	\$ 430,419
Construction in progress	6,576,525	18,447	(6,437,270)	157,702
Total capital assets not being depreciated	7,006,944	18,447	(6,437,270)	588,121
Capital assets, being depreciated:				
Buildings and improvements	2,311,828	6,057,399	-	8,369,227
Machinery and equipment	48,655	-	-	48,655
Total capital assets being depreciated	2,360,483	6,057,399	-	8,417,882
Accumulated depreciation:				
Buildings and improvements	(491,264)	(209,231)	-	(700,495)
Machinery and equipment	(48,655)	-	-	(48,655)
Total accumulated depreciation	(539,919)	(209,231)	-	(749,150)
Total capital assets being depreciated, net	1,820,564	5,848,168	-	7,668,732
Business-type activities capital assets, net	<u>\$ 8,827,508</u>	<u>\$ 5,866,615</u>	<u>\$ (6,437,270)</u>	<u>\$ 8,256,853</u>

Note 10 – Risk Management

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component units participate with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component units pay the Risk Pool 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 or 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 units 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.

Note 11 – Contingent Liabilities

Federal programs in which the County participates were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance 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.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Note 12 – 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. Under the accrual basis, assessments for future periods are deferred. Unearned/unavailable revenue is comprised of the following:

	Government- wide Statements	Balance Sheet	Component Unit
	Governmental	Governmental	
	Activities	Funds	EDA
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 163,694	\$ -
Tax assessments due after June 30	5,656,894	5,656,894	-
Prepaid taxes relating to taxes due in a future period.	353,889	353,889	-
Public Service Corporation	427,107	427,107	-
Settlement	-	298,225	-
Lease related items	57,475	57,475	314,756
Total deferred/unavailable revenue	\$ 6,495,365	\$ 6,957,284	\$ 314,756

Note 13 – Landfill Closure and Post-closure Care Cost

The County closed its former landfill site in 1995. In accordance with federal and state laws, the County placed a final cover on this site and was required to perform certain maintenance and monitoring functions for a minimum of ten years after closure.

The presence of certain contaminants has been detected in the groundwater, which thereby extends the monitoring period in excess of the initial requirement. The estimated liability for post-closure care is based on the Virginia Department of Environmental Quality (DEQ) accepting the active remedy proposed by the County, as discussed below. If the DEQ does not accept the active remedy, the actual costs may increase. Also, actual costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances. The cumulative amount of estimated post-closure care and corrective costs to date for this site, less cash paid for such costs to date, totals \$1,611,852. This amount is included in the long-term liabilities in the primary government.

The County's current plan of remediation is monitored natural attenuation. This remedy consists of monitoring wells on the site for up to ten years. It is the County's and its external engineer's belief that during this period, the groundwater contaminants will decrease to an acceptable level and the County will be released by the DEQ from all other monitoring requirements.

The County demonstrated financial assurance requirements for closure, 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 9VA C20-70 of the Virginia Administrative Code.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Note 14 – Litigation

Various claims and lawsuits are pending against the County. It is the opinion of management, after consulting with legal counsel, that the potential loss, if any, on all claims and lawsuits will not materially affect the County's financial position due to adequate insurance coverage.

Note 15 – Self Health Insurance

The Floyd County School Board established a limited risk management program for health insurance. Premiums are paid into the Floyd County School Board FCPS Health Insurance Reserve Account from the School Board and are available to pay claims, reinsurance, and administrative costs of the program. During the fiscal year 2024, a total of \$1,077,698 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$718,086. The risk assumed by the School Board is based on the number of participants in the program and is limited to \$90,000 per participant. Incurred but not reported claims of \$111,192 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Changes in the claims liability for the current and prior fiscal year are as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2024	\$ 470,804	\$ 718,086	\$ (1,077,698)	\$ 111,192
2023	420,896	1,655,452	(1,605,544)	470,804

Note 16 – Commitments

At June 30, 2024, the County had the following outstanding construction and capital commitments:

Project	Amount of Contract	Amount Outstanding
EDA – Regional Commerce Road	<u>\$ 3,019,343</u>	<u>\$ 2,859,286</u>

Note 17 – Lease Receivable

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	<u>\$ 225,948</u>	<u>\$ -</u>	<u>\$ (168,473)</u>	<u>\$ 57,475</u>	<u>\$ 3,727</u>

Lease revenue recognized during the fiscal year was \$172,200.

County of Floyd, Virginia
Notes to Financial Statements
June 30, 2024

Details of lease receivable:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Hollingsworth & Vose – Building Lease	12/31/2014	11/30/2024	Monthly	2.50%	\$ 57,475	\$ 57,475

There are no variable payments for the lease receivable above.

Year Ending June 30,	Lease Receivable	
	Principal	Interest
2025	\$ 57,475	\$ 302

The following is a summary of leases receivable transactions of the component unit EDA for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	<u>\$ 399,737</u>	<u>\$ -</u>	<u>\$ (84,981)</u>	<u>\$ 314,756</u>	<u>\$ 10,879</u>

Lease revenue recognized during the fiscal year was \$95,860.

Details of lease receivables:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Tendergrass Farm storage lease	09/01/2021	08/31/2026	Monthly	3.00%	\$ 7,338	\$ 3,755
Tendergrass Farm building lease	09/01/2021	08/31/2026	Monthly	3.00%	32,267	14,707
Pragmatic Environment Solutions building lease	05/01/2023	04/30/2028	Monthly	3.00%	275,151	68,763
					<u>\$ 314,756</u>	<u>\$ 87,225</u>

There are no variable payments for the lease receivables above.

Year Ending June 30,	Lease Receivable	
	Principal	Interest
2025	\$ 87,225	\$ 8,304
2026	91,998	5,652
2027	73,010	3,067
2028	62,523	863
	<u>\$ 314,756</u>	<u>\$ 17,886</u>

Note 18 – Unearned Grant Revenue

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,248,528 from the allocation are reported as unearned revenue as of June 30 for the County. The remaining \$50,000 unearned grant revenue for the County

County of Floyd, Virginia

Notes to Financial Statements

June 30, 2024

is related to the Local Assistance and Tribal Consistency Funds (LATCF) received in 2023 but not yet spent. Unearned revenue for the Schools is related to the Virginia Department of Education's All In Virginia Initiative. The Schools received \$678,778 and have \$502,705 remaining. Unearned revenue of \$6,788 for the EDA is related to grant revenue received but not yet spent.

Note 19 – Prior Period Adjustments

A prior period adjustment was made for an accounts receivable balance recorded in prior year for the EDA.

A prior period adjustment was made for debt-related equipment that did not agree to the Schools' depreciation schedule. This debt-related equipment is tracked on the Schools' depreciation schedule but reported in the County's capital asset rollforward. Therefore, this adjustment affected the Schools and County's government-wide exhibits.

	EDA	County – Governmental Activities	County – General Fund
Beginning net position, previously stated	\$ 9,670,710	\$ 16,967,142	\$ 20,446,696
Unearned grant revenue	-	(62,708)	(62,708)
Contribution from County	(523,312)	-	-
Gain on sale of land inventory	(4,020)	-	-
Due to/from Primary Government	(82,927)	-	-
Capital assets	-	236,576	-
Beginning net position, restated	<u>\$ 9,060,451</u>	<u>\$ 17,141,010</u>	<u>\$ 20,383,988</u>

Note 20 – Subsequent Events

The County passed a resolution in July 2024 to forgive the PSA's full loan balance of \$307,391.

Note 21 – Upcoming Pronouncements

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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Required Supplementary Information

County of Floyd, Virginia

Exhibit 9

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 17,490,650	\$ 17,294,400	\$ 16,208,363	\$ (1,086,037)
Other local taxes	1,250,000	1,250,000	2,873,111	1,623,111
Permits, privilege fees, and regulatory licenses	722,490	900,449	152,512	(747,937)
Fines and forfeitures	17,500	127,500	14,806	(112,694)
Revenue from use of money and property	2,939,500	690,500	1,134,417	443,917
Charges for services	22,500	340,994	1,089,249	748,255
Other	12,500	111,449	120,524	9,075
Recovered costs	65,000	179,620	142,013	(37,607)
Intergovernmental:				
Commonwealth	6,472,295	7,770,593	4,517,998	(3,252,595)
Federal	61,500	4,662,246	4,401,154	(261,092)
Total revenues	29,053,935	33,327,751	30,654,147	(2,673,604)
EXPENDITURES				
Current:				
General government administration	2,173,867	5,047,423	1,691,499	3,355,924
Judicial administration	893,866	917,449	1,421,227	(503,778)
Public safety	7,247,206	7,196,298	4,742,625	2,453,673
Public works	2,417,947	2,391,028	3,100,973	(709,945)
Health and welfare	4,135,799	4,203,942	3,760,532	443,410
Education	8,253,500	8,253,500	7,616,783	636,717
Parks, recreation, and cultural	689,909	565,752	585,892	(20,140)
Community development	594,886	3,131,178	1,909,512	1,221,666
Capital Projects	544,184	5,226,913	1,713,481	3,513,432
Debt service:				
Principal retirement	1,697,892	1,908,322	2,033,196	(124,874)
Interest and other fiscal charges	354,529	354,529	761,178	(406,649)
Total expenditures	29,003,585	39,196,334	29,336,898	9,859,436
Excess (deficiency) of revenues over expenditures	50,350	(5,868,583)	1,317,249	7,185,832
OTHER FINANCING SOURCES				
Issuance of lease liabilities	-	-	799	799
Total other financing sources	-	-	799	799
Net change in fund balances	50,350	(5,868,583)	1,318,048	7,186,631
Fund balances - beginning, as restated	-	-	20,383,988	20,383,988
Fund balances - ending	\$ 50,350	\$ (5,868,583)	\$ 21,702,036	\$ 27,570,619

County of Floyd, Virginia

Exhibit 10

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fire and Rescue Fund June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ -	\$ -	\$ 345,901	\$ 345,901
Intergovernmental:				
Commonwealth	92,000	92,000	86,956	(5,044)
Total revenues	92,000	92,000	432,857	340,857
EXPENDITURES				
Current:				
Public safety	322,350	322,350	292,625	29,725
Total expenditures	322,350	322,350	292,625	29,725
Excess (deficiency) of revenues over expenditures	(230,350)	(230,350)	140,232	370,582
Net change in fund balances	(230,350)	(230,350)	140,232	370,582
Fund balances (deficit)- beginning	-	-	(1,522,183)	(1,522,183)
Fund balances (deficit)- ending	<u>\$ (230,350)</u>	<u>\$ (230,350)</u>	<u>\$ (1,381,951)</u>	<u>\$ (1,151,601)</u>

County of Floyd, Virginia

Exhibit 11

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Asset Forfeiture Fund June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 34	\$ 34
Forfeitures	-	-	15,533	15,533
Intergovernmental:				
Commonwealth	-	-	5,530	5,530
Total revenues	-	-	21,097	21,097
EXPENDITURES				
Current:				
Public safety	8,818	8,818	4,453	4,365
Total expenditures	8,818	8,818	4,453	4,365
Excess (deficiency) of revenues over expenditures	(8,818)	(8,818)	16,644	25,462
Net change in fund balances	(8,818)	(8,818)	16,644	25,462
Fund balances - beginning	-	-	108,534	108,534
Fund balances - ending	<u>\$ (8,818)</u>	<u>\$ (8,818)</u>	<u>\$ 125,178</u>	<u>\$ 133,996</u>

County of Floyd, Virginia

Exhibit 12

Schedule of Employer's Share of Net Pension Liability – Pension Plan June 30, 2024

Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Primary Government - Floyd County Retirement Plan					
2023	95.41%	\$ 2,737,634	\$ 5,580,030	49.06%	87.98%
2022	95.41%	2,714,153	5,233,615	51.86%	87.47%
2021	95.28%	1,783,107	4,806,639	37.10%	91.51%
2020	95.10%	4,562,117	4,785,755	95.33%	77.18%
2019	95.62%	3,311,408	4,414,382	75.01%	82.33%
2018	93.48%	2,459,808	4,008,077	61.37%	85.30%
2017	93.56%	2,166,478	3,699,615	58.56%	86.27%
2016	93.96%	1,653,111	3,350,265	49.34%	88.35%
2015	93.96%	1,710,798	3,243,562	52.74%	87.93%
2014	93.96%	1,559,230	3,158,882	49.36%	88.43%
Component Unit - School Board (Professional)					
2023	0.12%	\$ 12,123,592	\$ 11,966,933	101.31%	82.45%
2022	0.12%	11,882,659	11,625,317	102.21%	82.61%
2021	0.13%	9,859,134	11,221,551	87.86%	85.46%
2020	0.13%	18,561,875	11,213,939	165.53%	71.47%
2019	0.13%	17,398,272	11,146,168	156.09%	73.51%
2018	0.13%	15,393,000	10,651,747	144.51%	74.81%
2017	0.13%	15,747,000	10,175,499	154.75%	72.92%
2016	0.13%	18,685,000	10,166,273	183.79%	68.28%
2015	0.13%	16,527,000	9,762,551	169.29%	70.68%
2014	0.14%	16,432,000	9,943,630	165.25%	70.88%

The Primary Government amounts reflect the County's employees (excludes employees from the Floyd Public Service Authority) (see Note 7) and, therefore, ties to Exhibit 1.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

County of Floyd, Virginia

Exhibit 13

Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government June 30, 2024

	Plan Year
	2023
Total Pension Liability	
Service cost	\$ 695,420
Interest on total pension liability	1,541,372
Difference between expected and actual experience	106,946
Changes in assumptions	-
Benefit payments	(1,207,597)
Net change in total pension liability	1,136,141
Total pension liability - beginning	22,743,526
Total pension liability - ending	23,879,667
Plan Fiduciary Net Position	
Contributions - employer	781,089
Contributions - employee	266,745
Net investment income	1,287,373
Benefit payments	(1,207,597)
Administrator charges	(12,698)
Other	520
Net change in plan fiduciary net position	1,115,432
Plan fiduciary net position - beginning	19,894,805
Plan fiduciary net position - ending	21,010,237
Net pension liability - ending	\$ 2,869,430
Plan fiduciary net position as a percentage of total pension liability	88%
Covered payroll	\$ 5,580,030
Net pension liability as a percentage of covered payroll	51%

This schedule includes employees from Floyd Public Service Authority that are part of the County's plan (see Note 7) and, therefore, net pension liability will not agree to Exhibit 1.

The Plan years above are reported in the entity's financial statements in the fiscal year following the Plan year - i.e., Plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

County of Floyd, Virginia

Exhibit 14

Schedule of Changes in Net Pension Liability and Related Ratios –
Component Unit – School Board (Nonprofessional)
June 30, 2024

	Plan Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 138,675	\$ 141,276	\$ 137,356	\$ 131,852	\$ 134,845	\$ 133,029	\$ 136,373	\$ 135,188	\$ 141,862	\$ 141,371
Interest on total pension liability	566,925	582,886	538,913	529,662	536,032	532,720	511,312	508,111	494,918	484,197
Difference between expected and actual experience	150,936	(357,063)	131,462	39,219	(102,799)	(79,455)	302,461	(38,179)	99,493	-
Changes in assumptions	-	-	261,614	-	187,790	-	(98,446)	-	-	-
Benefit payments	(645,247)	(556,679)	(561,645)	(565,742)	(567,484)	(510,474)	(581,269)	(537,531)	(558,076)	(386,746)
Net change in total pension liability	211,289	(189,580)	507,700	134,991	188,384	75,820	270,431	67,589	178,197	238,822
Total pension liability - beginning	8,582,832	8,772,412	8,264,712	8,129,721	7,941,337	7,865,517	7,595,086	7,527,497	7,349,300	7,110,478
Total pension liability - ending	8,794,121	8,582,832	8,772,412	8,264,712	8,129,721	7,941,337	7,865,517	7,595,086	7,527,497	7,349,300
Plan Fiduciary Net Position										
Contributions - employer	213,080	206,171	200,898	207,282	202,602	169,734	161,903	151,165	146,934	120,805
Contributions - employee	80,464	77,438	76,043	75,913	73,870	74,558	71,504	75,643	72,990	71,995
Net investment income (loss)	457,311	(4,460)	1,656,697	118,476	405,356	441,480	679,894	94,757	265,834	838,193
Benefit payments	(645,247)	(556,679)	(561,645)	(565,742)	(567,484)	(510,474)	(581,269)	(537,531)	(558,076)	(386,746)
Administrator charges	(4,709)	(4,756)	(4,285)	(4,250)	(4,205)	(3,956)	(4,184)	(3,838)	(3,938)	(4,638)
Other	183	171	155	(139)	(254)	(387)	(593)	(42)	(57)	45
Net change in plan fiduciary net position	101,082	(282,115)	1,367,863	(168,460)	109,885	170,955	327,255	(219,846)	(76,313)	639,654
Plan fiduciary net position - beginning	7,268,242	7,550,357	6,182,494	6,350,954	6,241,069	6,070,114	5,742,859	5,962,705	6,039,018	5,399,364
Plan fiduciary net position - ending	7,369,324	7,268,242	7,550,357	6,182,494	6,350,954	6,241,069	6,070,114	5,742,859	5,962,705	6,039,018
Net pension liability - ending	\$ 1,424,797	\$ 1,314,590	\$ 1,222,055	\$ 2,082,218	\$ 1,778,767	\$ 1,700,268	\$ 1,795,403	\$ 1,852,227	\$ 1,564,792	\$ 1,310,282
Plan fiduciary net position as a percentage of total pension liability	84%	85%	86%	75%	78%	79%	77%	76%	79%	82%
Covered payroll	\$ 1,826,251	\$ 1,736,511	\$ 1,678,340	\$ 1,661,301	\$ 1,589,082	\$ 1,590,936	\$ 1,505,465	\$ 1,480,882	\$ 1,423,176	\$ 1,449,434
Net pension liability as a percentage of covered payroll	78%	76%	73%	125%	112%	107%	119%	125%	110%	90%

The Plan years above are reported in the entity's financial statements in the fiscal year following the Plan year - i.e., Plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

County of Floyd, Virginia
Schedule of Pension Contributions
June 30, 2024

Exhibit 15

Fiscal Year Ended June 30	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)*	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government - Floyd County Retirement Plan					
2024	\$ 838,320	\$ 838,320	\$ -	\$ 6,353,295	13.20%
2023	743,510	743,510	-	5,580,030	13.32%
2022	624,811	624,811	-	5,233,615	11.94%
2021	579,458	579,458	-	4,806,639	12.06%
2020	469,155	469,155	-	4,785,755	9.80%
2019	443,606	443,606	-	4,414,382	10.05%
2018	311,388	311,388	-	4,008,077	7.77%
2017	298,223	298,223	-	3,699,615	8.06%
2016	366,184	366,184	-	3,350,265	10.93%
2015	347,839	347,839	-	3,243,562	10.72%
Component Unit School Board (Nonprofessional)					
2024	\$ 223,165	\$ 223,165	\$ -	\$ 1,920,517	11.62%
2023	213,089	213,089	-	1,826,251	11.67%
2022	206,172	206,172	-	1,736,511	11.87%
2021	200,899	200,899	-	1,678,340	11.97%
2020	207,282	207,282	-	1,661,301	12.48%
2019	202,604	202,604	-	1,589,082	12.75%
2018	169,734	169,734	-	1,590,936	10.67%
2017	161,903	161,903	-	1,505,465	10.75%
2016	191,774	150,059	41,715	1,480,882	10.13%
2015	184,301	146,934	37,367	1,423,176	10.32%
Component Unit School Board (Professional)					
2024	\$ 1,965,423	\$ 1,965,423	\$ -	\$ 12,425,566	15.82%
2023	1,893,113	1,893,113	-	11,966,933	15.82%
2022	1,850,572	1,850,572	-	11,625,317	15.92%
2021	1,793,926	1,793,926	-	11,221,551	15.99%
2020	1,694,630	1,694,630	-	11,213,939	15.11%
2019	1,691,707	1,691,707	-	11,146,168	15.18%
2018	1,713,031	1,713,031	-	10,651,747	16.08%
2017	1,486,250	1,486,250	-	10,175,499	14.61%
2016	1,411,023	1,411,023	-	10,166,273	13.88%
2015	1,415,570	1,415,570	-	9,762,551	14.50%

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

The Primary Government amounts reflect the County's employees (excludes employees from the Floyd Public Service Authority) (see Note 7) and, therefore, ties to Exhibit 1.

The covered payroll amounts above are for the school division's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

County of Floyd, Virginia

Exhibit 16

Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Plan June 30, 2024

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Primary Government- Group Life Insurance - County General Employees					
2023	0.02%	\$ 299,109	\$ 5,580,030	5.36%	69.30%
2022	0.02%	288,525	5,233,615	5.51%	67.21%
2021	0.02%	271,447	4,806,639	5.65%	67.45%
2020	0.02%	383,429	4,785,755	8.01%	52.64%
2019	0.02%	372,189	4,414,382	8.43%	52.00%
2018	0.02%	319,699	4,008,077	7.98%	51.22%
2017	0.02%	302,190	3,699,615	8.17%	48.86%
Component Unit - School Board (Nonprofessional)					
2023	0.01%	\$ 92,947	\$ 1,826,251	5.09%	69.30%
2022	0.01%	96,087	1,736,511	5.53%	67.21%
2021	0.01%	94,655	1,678,340	5.64%	67.45%
2020	0.01%	134,675	1,661,301	8.11%	52.64%
2019	0.01%	131,971	1,589,082	8.30%	52.00%
2018	0.01%	128,000	1,590,936	8.05%	51.22%
2017	0.01%	123,000	1,505,465	8.17%	48.86%
Component Unit - School Board (Professional)					
2023	0.05%	\$ 609,371	\$ 11,966,933	5.09%	69.30%
2022	0.05%	643,228	11,625,317	5.53%	67.21%
2021	0.05%	632,898	11,221,551	5.64%	67.45%
2020	0.05%	913,354	11,213,939	8.14%	52.64%
2019	0.06%	925,264	11,146,168	8.30%	52.00%
2018	0.06%	851,000	10,651,747	7.99%	51.22%
2017	0.05%	831,000	10,175,499	8.17%	48.86%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

County of Floyd, Virginia
Schedule of Employer Contributions –
Group Life Insurance Plan
June 30, 2024

Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government- County					
2024	\$ 35,959	\$ 35,959	\$ -	\$ 6,659,156	0.54%
2023	30,268	30,268	-	5,580,030	0.54%
2022	28,150	28,150	-	5,233,615	0.54%
2021	25,991	25,991	-	4,806,639	0.54%
2020	24,731	24,731	-	4,785,755	0.52%
2019	23,056	23,056	-	4,414,382	0.52%
2018	20,842	20,842	-	4,008,077	0.52%
2017	19,238	19,238	-	3,699,615	0.52%
2016	16,081	16,081	-	3,350,265	0.48%
2015	15,275	15,275	-	3,243,562	0.47%
Component Unit School Board (Nonprofessional)					
2024	\$ 10,371	\$ 10,371	\$ -	\$ 1,920,517	0.54%
2023	9,862	9,862	-	1,826,251	0.54%
2022	9,377	9,377	-	1,736,511	0.54%
2021	9,063	9,063	-	1,678,340	0.54%
2020	8,638	8,638	-	1,661,301	0.52%
2019	8,263	8,263	-	1,589,082	0.52%
2018	8,273	8,273	-	1,590,936	0.52%
2017	7,828	7,828	-	1,505,465	0.52%
2016	7,108	7,108	-	1,480,882	0.48%
2015	6,831	6,831	-	1,423,176	0.48%
Component Unit School Board (Professional)					
2024	\$ 67,098	\$ 67,098	\$ -	\$ 12,425,566	0.54%
2023	64,627	64,627	-	11,966,933	0.54%
2022	62,749	62,749	-	11,625,317	0.54%
2021	60,607	60,607	-	11,221,551	0.54%
2020	58,582	58,582	-	11,213,939	0.52%
2019	57,960	57,960	-	11,146,168	0.52%
2018	55,389	55,389	-	10,651,747	0.52%
2017	52,933	52,933	-	10,175,499	0.52%
2016	48,911	48,911	-	10,166,273	0.48%
2015	46,860	46,860	-	9,762,551	0.48%

The covered payroll amounts above are for the fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

County of Floyd, Virginia

Exhibit 18

Schedule of School Board's Share of Net OPEB Liability – Teacher Employee Health Insurance Credit Plan June 30, 2024

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Teachers					
2023	0.12%	\$ 1,454,064	\$ 11,966,933	12.15%	17.90%
2022	0.12%	1,557,311	11,625,317	13.40%	15.08%
2021	0.13%	1,628,593	11,221,551	14.51%	13.15%
2020	0.13%	1,668,477	11,213,939	14.88%	9.95%
2019	0.13%	1,739,660	11,146,168	15.61%	8.97%
2018	0.13%	1,672,000	10,651,747	15.70%	8.08%
2017	0.13%	1,636,000	10,175,499	16.08%	7.04%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

County of Floyd, Virginia

Exhibit 19

Schedule of Employer OPEB Contributions – Teacher Employee Health Insurance Credit Plan June 30, 2024

Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Teachers					
2024	\$ 150,349	\$ 150,349	\$ -	\$ 12,425,566	1.21%
2023	144,813	144,813	-	11,966,933	1.21%
2022	140,605	140,605	-	11,625,317	1.21%
2021	135,781	135,781	-	11,221,551	1.21%
2020	134,567	134,567	-	11,213,939	1.20%
2019	133,755	133,755	-	11,146,168	1.20%
2018	131,018	131,018	-	10,651,747	1.23%
2017	112,948	112,948	-	10,175,499	1.11%
2016	107,763	107,763	-	10,166,273	1.06%
2015	103,483	103,483	-	9,762,551	1.06%

County of Floyd, Virginia

Exhibit 20

Schedule of Changes in Net OPEB Liability and Related Ratios – Health Insurance Credit Plan – School Board – Nonprofessional June 30, 2024

	Plan Year			
	2023	2022	2021	2020
Total HIC OPEB Liability				
Service cost	\$ 1,605	\$ 4,431	\$ 2,288	\$ -
Interest on total OPEB liability	13,905	14,298	12,914	-
Changes in benefit terms	-	(5,350)	-	191,327
Difference between expected and actual experience	(101,678)	(22,759)	-	-
Changes in assumptions	-	6,646	3,542	-
Benefit payments	(5,896)	-	-	-
Net change in total OPEB liability	(92,064)	(2,734)	18,744	191,327
Total OPEB liability - beginning	207,337	210,071	191,327	-
Total OPEB liability - ending	115,273	207,337	210,071	191,327
Plan Fiduciary Net Position				
Contributions - employer	19,176	15,108	14,602	-
Net investment income (loss)	2,202	(223)	2,004	-
Benefit payments	(5,896)	(5,350)	-	-
Administrator charges	(62)	(50)	(65)	-
Other	(1)	-	-	-
Net change in plan fiduciary net position	15,419	9,485	16,541	-
Plan fiduciary net position - beginning	26,026	16,541	-	-
Plan fiduciary net position - ending	41,445	26,026	16,541	-
Net OPEB liability - ending	\$ 73,828	\$ 181,311	\$ 193,530	\$ 191,327
Plan fiduciary net position as a percentage of total OPEB liability	35.95%	12.55%	7.87%	0.00%
Covered payroll	\$ 1,826,251	\$ 1,736,511	\$ 1,678,340	\$ -
Net OPEB liability as a percentage of covered payroll	4%	10.44%	11.53%	N/A

The Plan years above are reported in the financial statements in the fiscal year following the Plan year.

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Floyd, Virginia
Schedule of Employer OPEB Contributions –
Health Insurance Credit Plan – School Board – Nonprofessional
June 30, 2024

Entity Fiscal Year Ended June 30	Actuarially/ Contractually Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
School Board (Nonprofessional)					
2024	\$ 20,165	\$ 20,165	\$ -	\$ 1,920,517	1.05%
2023	19,176	19,176	-	1,826,251	1.05%
2022	15,108	15,108	-	1,736,511	0.87%
2021	14,602	14,602	-	1,678,340	0.87%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

The covered payroll amounts above are for the fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

County of Floyd, Virginia

Notes to Required Supplemental Information

June 30, 2024

Note 1 – Changes of Benefit Terms

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2 – Changes of Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

County of Floyd, Virginia

Notes to Required Supplemental Information

June 30, 2024

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

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Other Supplementary Information

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Capital Improvement Fund
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Other local taxes	\$ 180,000	\$ 180,000	\$ 216,556	\$ 36,556
Total revenues	180,000	180,000	216,556	36,556
EXPENDITURES				
Education	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	180,000	180,000	216,556	36,556
Net change in fund balance	180,000	180,000	216,556	36,556
Fund balances - beginning	-	-	865,585	865,585
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,082,141</u>	<u>902,141</u>

Discretely Presented Component Unit – School Board
Combining Balance Sheet
June 30, 2024

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,873,371	\$ 553,303	\$ 2,426,674
Due from primary government	2,158,915	-	2,158,915
Intergovernmental receivable	605,135	-	605,135
Prepays	225,556	-	225,556
Total assets	<u>\$ 4,862,977</u>	<u>\$ 553,303</u>	<u>\$ 5,416,280</u>
LIABILITIES			
Accrued payroll and related liabilities	\$ 2,158,916	\$ -	\$ 2,158,916
Health claim payable	111,192	-	111,192
Unearned grant revenue	502,705	-	502,705
Total liabilities	<u>2,772,813</u>	<u>-</u>	<u>2,772,813</u>
FUND BALANCE			
Nonspendable:			
Prepaid items	225,556	-	225,556
Restricted:			
Cafeteria	325,602	-	325,602
Self insurance	1,436,227	-	1,436,227
Committed:			
School activities	-	553,303	553,303
Unassigned	102,779	-	102,779
Total fund balance	<u>2,090,164</u>	<u>553,303</u>	<u>2,643,467</u>
Total liabilities and fund balance	<u>\$ 4,862,977</u>	<u>\$ 553,303</u>	<u>\$ 5,416,280</u>
Adjustments for the Statement of Net Assets (Exhibit 1)			
Total fund balance			\$ 2,643,467
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Nondepreciable		265,917	
Depreciable, net		<u>9,503,519</u>	9,769,436
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension-related items		3,861,607	
OPEB-related items		<u>388,941</u>	4,250,548
Long-term liabilities, including compensate absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		(474,340)	
Subscription liabilities		(14,393)	
Lease liabilities		(29,760)	
Net pension liability		(13,548,389)	
Net OPEB liabilities		<u>(2,230,210)</u>	(16,297,092)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension-related items		(2,110,233)	
OPEB-related items		<u>(421,813)</u>	(2,532,046)
Net assets of governmental activities			<u><u>\$ (2,165,687)</u></u>

Discretely Presented Component Unit – School Board
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2024

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
REVENUES			
Charges for services	\$ 116,745	\$ -	\$ 116,745
Miscellaneous	39,452	764,060	803,512
Recovered costs	209,495	-	209,495
Intergovernmental			
Local government	7,610,291	-	7,610,291
Commonwealth	16,008,002	-	16,008,002
Federal	2,887,360	-	2,887,360
Total revenues	<u>26,871,345</u>	<u>764,060</u>	<u>27,635,405</u>
EXPENDITURES			
Current:			
Educational	26,576,894	711,438	27,288,332
Debt service:			
Principal	77,116	-	77,116
Interest and other fiscal charges	936	-	936
Total expenditures	<u>26,654,946</u>	<u>711,438</u>	<u>27,366,384</u>
Excess of revenues over expenditures	<u>216,399</u>	<u>52,622</u>	<u>269,021</u>
Net change in fund balances	<u>216,399</u>	<u>52,622</u>	<u>269,021</u>
FUND BALANCE AT JULY 1	<u>1,873,765</u>	<u>500,681</u>	<u>2,374,446</u>
FUND BALANCE AT JUNE 30	<u>\$ 2,090,164</u>	<u>\$ 553,303</u>	<u>\$ 2,643,467</u>
Reconciliation to the Statement of Activities (Exhibit 2)			
Net change in fund balance – governmental fund			\$ 269,021
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital asset additions		634,224	
Capital asset disposals		(70,060)	
Depreciation/expense amortization expense		<u>(942,732)</u>	(378,568)
The issuance of long-term debt 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 transactions, however, has any effect on net position.			
Principal payments:			
Subscription liabilities		43,801	
Lease liabilities		<u>42,172</u>	85,973
Governmental funds report employer contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.			
Employer pension contributions		1,893,471	
Non-employer pension contributions		176,875	
Pension expense		<u>(708,781)</u>	1,361,565
Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.			
Employer OPEB contributions		247,983	
OPEB expense		<u>(81,675)</u>	166,308
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 the governmental funds.			
Change in compensated absences			47,896
Change in net assets of governmental activities			<u><u>\$ 1,552,195</u></u>

Discretely Presented Component Unit – School Board
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual – School Operating Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 324,494	\$ 260,830	\$ 116,745	\$ (144,085)
Miscellaneous	31,449	38,449	39,452	1,003
Recovered costs	75,000	81,625	209,495	127,870
Intergovernmental:				
Local government	8,263,501	8,290,501	7,610,291	(680,210)
Commonwealth	14,869,465	15,668,408	16,008,002	339,594
Federal	2,484,895	2,983,214	2,887,360	(95,854)
Total revenues	26,048,804	27,323,027	26,871,345	(451,682)
EXPENDITURES				
Education	25,403,803	26,678,026	26,576,894	101,132
Debt service:				
Principal retirement	575,976	575,976	77,116	498,860
Interest and other fiscal charges	69,025	69,025	936	68,089
Total expenditures	26,048,804	27,323,027	26,654,946	668,081
Excess of revenues over expenditures	-	-	216,399	216,399
Net change in fund balance	-	-	216,399	216,399
Fund balances - beginning	-	-	1,873,765	1,873,765
Fund balances - ending	\$ -	\$ -	\$ 2,090,164	2,090,164

Discretely Presented Component Unit – Economic Development Authority

Statement of Net Position – Proprietary Fund

June 30, 2024

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 274,895
Accounts receivable	41,934
Due from federal government	296,654
Note receivable - current	24,940
Lease receivable - current	87,225
Inventory, held for resale	234,486
Total current assets	<u>960,134</u>
Noncurrent assets:	
Note receivable	93,453
Lease receivable	227,531
Cash and cash equivalents, restricted	215,173
Capital assets:	
Land	430,419
Construction in progress	157,702
Machinery and equipment	48,655
Buildings and improvements	8,369,227
Accumulated depreciation	(749,150)
Total capital assets	<u>8,256,853</u>
Total noncurrent assets	<u>8,793,010</u>
Total assets	<u>9,753,144</u>
LIABILITIES	
Current liabilities:	
Accounts payable	16,524
Customers' deposits	12,969
Due to primary government	323,604
Unearned grant revenue	6,788
Total current liabilities	<u>359,885</u>
Total liabilities	<u>359,885</u>
DEFERRED INFLOWS OF RESOURCES	
Lease-related items	<u>314,756</u>
NET POSITION	
Net investment in capital assets	8,256,853
Unrestricted	821,650
Total net position	<u><u>\$ 9,078,503</u></u>

Discretely Presented Component Unit – Economic Development Authority
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Fund
Year Ended June 30, 2024

	Enterprise Fund
OPERATING REVENUES	
Use of property	\$ 158,834
Intergovernmental:	
Local government	5,000
Commonwealth	3,150
Federal	4,585
Total operating revenues	<u>171,569</u>
OPERATING EXPENSES	
Operations	283,830
Depreciation	209,231
Total operating expenses	<u>493,061</u>
Operating loss	<u>(321,492)</u>
NONOPERATING REVENUES	
Intergovernmental:	
Commonwealth	28,835
Federal	292,069
Interest income	18,640
Net nonoperating revenues	<u>339,544</u>
Change in net position	18,052
NET POSITION AT JULY 1, as restated (Note 19)	<u>9,060,451</u>
NET POSITION AT JUNE 30	<u>\$ 9,078,503</u>

Discretely Presented Component Unit – Economic Development Authority
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 139,214
Payments to suppliers	(194,841)
Net cash used in operating activities	(55,627)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(195,008)
Grants in aid of construction	190,220
Net cash used in capital and related financing activities	(4,788)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	18,640
Payments received on notes/loans receivable	23,904
Net cash provided by noncapital financing activities	42,544
Net decrease in cash and cash equivalents	(17,871)
CASH AND CASH EQUIVALENTS	
Beginning at July 1	507,939
Ending at June 30	\$ 490,068
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 274,895
Cash and cash equivalents, restricted	215,173
	\$ 490,068
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (321,492)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	209,231
Decrease in accounts receivables	51,506
Increase in accounts payables	5,128
Net cash used in operating activities	\$ (55,627)

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Other Statistical Information

County of Floyd, Virginia

Table 1

Government-Wide Expenses by Function
 Last Ten Years – Unaudited
 (accrual basis of accounting)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total Expenses
2024	\$ 1,673,971	\$ 1,404,646	\$ 5,486,249	\$ 3,523,825	\$ 3,719,202	\$ 8,878,952	\$ 669,533	\$ 1,900,400	\$ 846,905	\$ 28,103,683
2023	1,700,456	1,115,010	5,811,195	2,651,824	3,444,164	9,133,197	589,282	2,306,329	770,393	27,521,850
2022	1,735,845	1,125,066	5,545,961	2,789,445	2,906,744	8,001,411	528,649	3,360,572	772,872	26,766,565
2021	1,616,708	1,177,104	6,436,732	2,439,481	2,967,842	7,752,963	473,733	2,190,753	1,303,744	26,359,060
2020	1,716,080	1,084,697	4,959,184	2,023,420	3,334,788	7,925,654	440,308	688,725	727,851	22,900,707
2019	1,378,421	938,783	4,669,593	2,066,819	2,508,243	7,821,380	337,520	864,007	848,498	21,433,264
2018	1,176,107	938,308	4,262,695	1,870,437	2,223,129	8,406,969	335,237	364,338	413,480	19,990,700
2017	1,026,702	861,947	3,714,857	1,907,134	1,767,024	7,023,158	343,105	291,251	516,439	17,451,617
2016	985,309	866,991	3,612,094	1,959,374	1,489,708	6,415,200	328,238	250,068	509,781	16,416,763
2015	1,166,572	870,484	3,344,721	1,732,404	1,576,986	6,107,460	314,111	261,084	544,738	15,918,560

County of Floyd, Virginia

Table 2

Government-Wide Revenues

Last Ten Fiscal Years – Unaudited
(accrual basis of accounting)

Fiscal Year	Program Revenues			General Revenues					
		Operating	Capital	General	Other	Intergovernmental			
	Charges for	Grants and	Grants and	Property	Local	Investment		Revenue,	
	Services	Contributions	Contributions	Taxes	Taxes	Income	Miscellaneous	Non-categorical Aid	Total Revenues
2024	\$ 2,686,401	\$ 5,800,133	\$ 1,394,799	\$ 16,004,656	\$ 4,082,912	\$ 843,878	\$ 55,181	\$ 32,673	\$ 30,900,633
2023	1,598,659	5,783,138	259,296	17,334,236	2,776,310	394,904	64,408	1,435,793	29,646,744
2022	1,483,490	4,575,523	926,428	15,656,209	2,625,367	66,881	241,602	1,466,891	27,042,391
2021	1,087,289	6,972,028	475,593	14,181,218	2,459,551	102,811	49,664	1,454,512	26,782,666
2020	1,241,149	4,616,552	356,775	13,297,197	2,205,679	217,693	44,918	1,517,347	23,497,310
2019	835,754	3,729,780	9,572	12,922,871	2,083,309	203,394	102,511	1,522,993	21,410,184
2018	969,098	3,457,698	25,000	12,360,981	1,789,751	75,193	26,636	1,564,750	20,269,107
2017	934,788	3,042,936	36,300	11,722,686	1,786,832	72,008	45,178	1,611,233	19,251,961
2016	740,546	2,695,822	12,750	11,357,048	1,682,658	70,273	57,260	1,614,105	18,230,462
2015	964,336	2,717,408	90,729	10,884,157	1,684,197	90,873	52,641	1,600,210	18,084,551

County of Floyd, Virginia

Table 3

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years – Unaudited

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total Expenditures
2024	\$ 1,691,499	\$ 1,421,227	\$ 5,039,703	\$ 3,100,973	\$ 3,760,532	\$ 27,294,824	\$ 585,892	\$ 1,909,512	\$ 2,872,426	\$ 47,676,588
2023	1,948,644	1,146,216	5,634,258	2,474,762	3,486,392	28,846,401	753,370	1,662,893	3,530,605	49,483,541
2022	1,745,320	1,164,736	5,557,058	3,186,783	2,980,660	27,937,654	526,041	3,370,400	3,048,482	49,517,134
2021	1,699,826	1,074,125	6,650,063	2,197,621	2,947,573	23,186,677	426,418	1,921,095	2,852,896	42,956,294
2020	1,635,292	1,005,806	4,536,281	1,982,252	3,322,370	23,358,234	378,195	673,757	2,334,387	39,226,574
2019	1,358,867	949,510	4,601,844	1,852,654	2,535,673	22,403,601	302,567	856,024	2,427,208	37,287,948
2018	1,299,716	931,290	4,501,608	1,816,996	2,255,019	23,444,988	307,996	357,137	2,092,534	37,007,284
2017	1,224,288	892,993	4,242,824	1,702,009	1,831,878	20,970,693	312,960	322,782	1,852,491	33,352,918
2016	1,073,384	900,242	3,462,062	1,780,079	1,583,268	20,726,647	296,560	248,572	1,992,722	32,063,536
2015	1,233,287	891,424	3,264,554	1,512,674	1,646,621	20,049,552	273,475	259,004	1,817,237	30,947,828

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit- School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit – School Board.

County of Floyd, Virginia

Table 4

General Governmental Revenues by Source (1)
Last Ten Fiscal Years – Unaudited

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Fees, and Licenses	Fines and Foreitures	Revenue from Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total Revenues
2024	\$ 16,554,264	\$ 3,089,667	\$ 152,512	\$ 30,339	\$ 1,134,451	\$ 1,205,994	\$ 924,036	\$ 351,508	\$ 27,907,000	\$ 51,349,771
2023	17,402,826	2,776,310	141,232	24,982	632,439	1,419,223	931,833	392,372	27,658,083	51,379,300
2022	15,402,845	2,625,367	138,505	6,059	283,664	1,202,531	647,113	247,795	26,831,885	47,385,764
2021	14,024,692	2,459,551	124,000	19,774	265,311	1,130,516	355,932	501,115	25,079,285	43,960,176
2020	13,385,339	2,205,679	105,809	5,775	380,191	1,280,745	128,029	281,790	21,393,614	39,166,971
2019	12,878,143	2,083,309	115,111	24,614	365,894	1,212,747	140,210	285,767	19,820,127	36,925,922
2018	12,395,535	1,789,751	105,525	25,451	237,693	1,171,362	115,045	292,880	19,260,457	35,393,699
2017	11,714,536	1,786,832	125,121	1,343	234,508	1,194,198	79,925	244,918	18,576,997	33,958,378
2016	11,351,835	1,682,658	122,396	1,319	232,773	1,182,199	86,890	331,429	17,981,381	32,972,880
2015	10,988,181	1,684,197	126,682	2,737	185,667	1,103,298	132,876	177,845	17,914,903	32,316,386

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit – School Fund.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit – School Board.

Source: Information derived from the financial report for the relevant year.

County of Floyd, Virginia

Table 5

Property Tax Levies and Collections

Last Ten Fiscal Years – Unaudited

Fiscal Years Ended June 30	Collections within the Fiscal					
	Current Tax Levy (1)	Year of Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$ 16,340,950	\$ 15,953,164	97.63%	\$ 507,636	\$ 16,460,800	100.73%
2023	18,194,884	18,145,693	99.73%	519,404	18,665,097	102.58%
2022	16,247,982	16,128,162	99.26%	363,449	16,491,611	101.50%
2021	14,950,369	14,763,465	98.75%	436,504	15,199,969	101.67%
2020	13,696,223	12,895,241	94.15%	314,352	13,209,593	96.45%
2019	12,780,768	12,526,551	98.01%	189,690	12,716,241	99.50%
2018	12,133,218	11,921,139	98.25%	242,154	12,163,293	100.25%
2017	11,525,353	11,321,050	98.23%	196,835	11,517,885	99.94%
2016	11,145,856	10,715,502	96.14%	428,572	11,144,074	99.98%
2015	10,667,263	10,382,783	97.33%	395,208	10,777,991	101.04%

(1) Includes supplements and abatements. Exclusive of penalties and interest.

Source: County Administration

County of Floyd, Virginia

Table 6

Assessed Value of Taxable Property (1) (2) Last Ten Fiscal Years – Unaudited

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service Corporation	Mobile Homes	Merchants' Capital	Total Assessed Value
2024	\$ 1,750,598,328	\$ 172,689,093	\$ 19,827,820	\$ 65,157,819	\$ 9,960,264	\$ 2,370,008	\$ 2,020,603,332
2023	1,724,615,179	186,352,743	25,906,166	73,486,342	9,505,080	1,968,732	2,021,834,242
2022	1,705,100,775	141,283,883	13,866,529	71,746,251	9,200,344	2,205,190	1,943,402,972
2021	1,690,241,663	127,351,279	14,974,542	69,950,158	9,110,101	2,260,643	1,913,888,386
2020	1,639,678,717	121,949,141	17,162,535	60,073,354	9,612,230	2,152,888	1,850,628,865
2019	1,588,111,267	116,778,191	14,850,736	62,753,816	9,294,008	1,622,331	1,793,410,349
2018	1,576,284,399	113,534,666	11,834,401	60,397,417	8,960,280	1,836,526	1,772,847,689
2017	1,563,613,514	108,545,983	12,221,078	58,852,393	8,827,356	1,835,453	1,753,895,777
2016	1,550,895,264	101,444,306	8,498,992	58,207,051	8,610,200	1,798,177	1,729,453,990
2015	1,538,446,182	100,337,126	9,001,502	56,699,842	9,805,608	2,166,141	1,716,456,401

(1) Assessed value is as of January 1 of the previous fiscal year; does not include tax-exempt property.

(2) Assessed value includes Town.

Source – Commissioner of the Revenue/Real Estate Assessments

County of Floyd, Virginia

Table 7

Property Tax Rates Last Ten Fiscal Years – Unaudited

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchant's Capital
2024	\$ 0.67	\$ 3.20	\$ 0.65	\$ 1.55	\$ 3.50
2023	0.65	3.20	0.65	1.55	3.50
2022	0.63/65	3.20	0.63/65	1.55	3.50
2021	0.60/63	2.95	0.60/63	1.55	3.50
2020	0.60	2.95	0.60	1.55	3.50
2019	0.60	2.95	0.60	1.55	3.50
2018	0.55/60	2.95	0.55	1.55	3.50
2017	0.55	2.95	0.55	1.55	3.50
2016	0.55	2.95	0.55	1.55	3.50
2015	0.50	2.95	0.50	1.55	3.50

Note: Per \$100 of assessed value.

Source: County Administration

County of Floyd, Virginia

Table 8

Ratios of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita Last Ten Fiscal Years – Unaudited

Fiscal Year	Population (1)	Assessed Value	General Bonded Debt (2)	Percentage of Actual Value of Taxable Property	Total General Bonded Debt Per Capita
2024	15,658	\$ 2,020,603,332	\$ 14,310,728	0.71%	\$ 914
2023	15,566	2,021,834,242	14,886,704	0.74%	956
2022	15,566	1,943,402,972	15,472,992	0.80%	994
2021	15,279	1,913,888,386	16,028,669	0.84%	1,049
2020	15,279	1,850,628,865	3,609,843	0.20%	236
2019	15,279	1,793,410,349	4,327,693	0.24%	283
2018	15,279	1,772,847,689	6,083,166	0.34%	398
2017	15,279	1,753,895,777	6,996,782	0.40%	458
2016	15,279	1,729,453,990	7,893,718	0.46%	517
2015	15,279	1,716,456,401	8,963,331	0.52%	587
2014	15,279	1,700,930,007	10,566,179	0.62%	692

(1) Bureau of the Census, County Administration, and financial report for the relevant year.

(2) Excludes revenue bonds, landfill closure/post-closure care liability, lease liabilities, and compensated absences.

**Ratio of Annual Debt Service Expenditures for General Bonded Debt
to Total General Governmental Expenditures**
Last Ten Fiscal Years – Unaudited

Fiscal Year	General Bonded Debt (1)		Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
	Principal	Interest			
2024	\$ 2,033,196	\$ 761,178	\$ 2,794,374	\$ 47,676,588	5.86%
2023	2,295,164	1,007,779	3,302,943	49,483,541	6.67%
2022	1,905,877	1,099,794	3,005,671	49,517,134	6.07%
2021	1,698,946	684,326	2,383,272	42,956,294	5.55%
2020	1,677,626	558,948	2,236,574	39,226,574	5.70%
2019	1,717,789	709,419	2,427,208	37,287,948	6.51%
2018	1,686,473	406,061	2,092,534	37,007,284	5.65%
2017	1,284,947	484,344	1,769,291	33,352,918	5.30%
2016	1,466,817	525,905	1,992,722	32,063,536	6.21%
2015	1,262,310	554,927	1,817,237	30,947,828	5.87%
2014	1,274,664	604,108	1,878,772	32,413,139	5.80%

(1) Includes all long-term general obligation bonded debt and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, lease liabilities, and compensated absences.

(2) Includes General and Special Revenue fund of the Primary Government and its Discretely Presented Component Unit – School Board, excludes contributions from County to School Board.

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Compliance Section



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

To the Honorable Members of the Board of Supervisors
County of Floyd, Virginia
Floyd, 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*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd, Virginia (the "County"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 15, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. **We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as Items 2024-001 through 2024-013, to be material weaknesses.**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. **We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as Items 2024-014 through 2024-015, to be significant deficiencies.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs, as Items 2024-016 and 2024-017.**

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
July 15, 2025

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the Board of Supervisors
County of Floyd, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Program

We have audited the County of Floyd, Virginia's (the "County") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2024. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County, 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
July 15, 2025

County of Floyd, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass - Through Grantor/Grant Program	Assistance Listing Number	Grant Number	Cluster Amounts	Federal Expenditures	Passed to Subrecipients
Department of Health and Human Services:					
Pass-Through Payments:					
Virginia Department of Social Services:					
Temporary Assistance to Needy Families (TANF)	93.558	0400109/0400110		\$ 110,866	
Refugee and Entrant Assistance - Discretionary Grants	93.566	0500109/0500110		515	
Low Income Home Energy Assistance	93.568	0600409/0600410		24,027	
Child Care Mandatory and Matching funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	\$ 28,194	-	
Adoption and Legal Guardianship Incentive Payments	93.603	1130119/1130120		5,312	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121, 0900122		151	
Foster Care - Title IV-E	93.658	1100109/1100110		81,222	
Adoption Assistance	93.659	1120109/1120110		492,797	
Social Services Block Grant	93.667	1000109/1000110		98,269	
Chafee Foster Care Independence Program	93.674	9150108/9150109/9150110		5,917	
Elder Abuse Prevention Intervention Program	93.747	8000221		3,282	
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122/0950221		1,483	
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	222,418	-	
State Administrative Matching Grants (SNAP Cluster)	10.561		292,438	-	
Virginia Department of Education:					
COVID-19 - Public Health Workforce	93.354	N/A		46,436	
Total Department of Health and Human Services				1,413,327	
Department of Housing and Urban Development:					
Pass-Through Payments:					
Department of Housing and Community Development:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228			68,883	
Total Department of Housing and Urban Development				68,883	
Department of Agriculture:					
Pass-Through Payments:					
Department of Education:					
National school breakfast program	10.553	APE40253	362,054	-	
National school lunch program	10.555	APE402540	771,169	-	
Summer food service program for children	10.559	APE603030	6,776	-	
Total Child Nutrition Cluster				1,139,999	
COVID-19 Pandemic EBT Administrative Costs	10.649	DOE86556		3,256	
Total Department of Agriculture				1,143,255	
Department of Justice:					
Pass-Through Payments:					
Department of Criminal Justice Services:					
Violence Against Women Formula Grants	16.588	15JOVW21GG00568STOP		40,500	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG00258MUMU		890	
Total Department of Justice				41,390	
Department of Economic Development Administration					
Direct Payments:					
Economic Adjustment Assistance Cluster	11.307	ED24PHI0G0073	4,585	-	
Total Department of Economic Development Administration				4,585	
Department of the Interior:					
Direct payments:					
Bureau of Land Management:					
Payments in Lieu of Taxes	15.226	N/A		13,435	
Total Department of the Interior				13,435	
Department of Transportation:					
Pass-Through Payments:					
Department of Motor Vehicles:					
State and Community Highway Safety Program (Highway Safety Cluster)	20.600	SC-2009-59262-SC-2010-50282	12,272	-	
Total Department of Transportation				12,272	

County of Floyd, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass - Through Grantor/Grant Program	Assistance Listing Number	Grant Number	Cluster Amounts	Federal Expenditures	Passed to Subrecipients
Department of the Treasury:					
Direct Payments:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A		402,353	
Pass-Through Payments:					
Virginia Department of Criminal Justice Services:					
COVID-19 ARPA FY23 E & T LE Grants	21.027	N/A		65,146	
Virginia Department of Housing and Community Development:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund					
Broadband VATI	21.027	N/A		419,655	\$ 75,000
Total Department of Treasury				887,154	
Department of Education:					
Pass-Through Payments:					
Virginia Department of Education:					
Title I Local Educational Agencies	84.010	APE42901		465,811	
IDEA 611 Special Education-Grants to States	84.027	APE43071	425,240	-	
IDEA 619 Title VI B - Preschool	84.173	APE62521	15,919	-	
Total Special Education Cluster				441,159	
Vocational Education Basic Grant - Perkins	84.048	APE60031		41,814	
Title II A- Improving Teacher Quality State Grants	84.367	APE61480		79,414	
COVID-19 CARES Act ESSERF - ESSER III Division Allocations	84.425U	APE501930		543,157	
Total Department of Education				1,571,355	
Total Expenditures of Federal Awards				<u>\$ 5,155,656</u>	<u>\$ 75,000</u>

Notes:

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Floyd, Virginia and its discretely presented component units under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect an indirect cost rate because they only request direct costs for reimbursement.
- (4) The County did not have any loans or loan guarantees, which are subject to reporting requirements for the current year.

Food Distribution

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

Subrecipients

Floyd Public Service Authority - \$75,000

County of Floyd, Virginia

Summary of Compliance Matters

June 30, 2024

As more fully described in the Independent Auditor’s 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, we performed tests of the County’s compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Governor’s Opportunity Funds
Comprehensive Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls

State Agency Requirements

Education
Social Services
Fire Programs Aid to Localities
Opioid Abatement Program

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **There were two significant deficiencies and thirteen material weaknesses** relating to the audit of the financial statements reported in the Independent Auditor’s 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*.
3. **There were two instances of noncompliance** material to the financial statements disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The programs tested as major were:

Name of Program	Assistance Listing Number
COVID-19 Education Stabilization Fund	84.425
COVID-19 Coronavirus State and Local Recovery Funds	21.027
Child Nutrition Cluster:	
National School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The County was **not** determined to be a **low-risk auditee**.

B – Findings – Financial Statement Audit

2024-001: Fund Balances (County/EDA) – Material Weakness

Condition

Some funds did not balance due to manual journal entries or utilization of fund balance accounts during the year.

Criteria

Manual entries and transactions should balance within a fund. Use transfer accounts when moving funds and account balances between funds. Entries to fund balance accounts should be within the fund balance category unless a prior period adjustment is necessary.

Cause

This was caused by manual journal entries or utilization of fund balance accounts during the year.

Effect

Auditor adjustments were required to correct fund balance.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Recommendation

We recommend reviewing each fund to ensure that it balances and appears reasonable.

Views of Responsible Officials and Planned Corrective Action

The County staff will participate in training sessions on how to improve fund balance accounting.

2024-002: Accounting System Reconciliation (County, Treasurer, Schools, EDA) – Material Weakness

Condition

The County/Treasurer, Schools, and EDA operate separate accounting systems and do not reconcile to ensure transactions between the separate departments are recorded accurately.

Criteria

Departments running separate accounting systems should reconcile to ensure transactions between the separate departments are recorded accurately.

Cause

This is caused by not reconciling and adjusting separate accounting systems.

Effect

Auditor adjustments were required to align account balances.

Recommendation

We recommend that the Schools, County/Treasurer, and EDA reconcile to each other on a quarterly or annual basis to ensure balances, contributions, and transfers are in agreement. We recommend these reconciliations be prepared by each department with a segregation of duties between the reconciliation preparer and the supervisor reviewing, as well as documenting when and by whom the reconciliation was performed.

Views of Responsible Officials and Planned Corrective Action

The County agrees. Going forward, each department will reconcile their systems independently and will work together as needed. We would note that starting in FY25, there will be four different systems to be reconciled: BAI, Munis, QuickBooks, and RDA.

2024-003: Construction in Progress (County, Schools) – Material Weakness

Condition

Construction-in-progress spreadsheets were not fully maintained and updated to track progress on a project-by-project basis, did not include the source of funds, or clearly identify matching expenditures.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Criteria

Construction-in-progress spreadsheets should be maintained and updated in order to track progress on projects.

Cause

This was caused by the lack of accurately maintaining spreadsheets to track the progress of construction in progress.

Effect

Audit adjustments were required to update and correct construction-in-progress balances, as well as related capital asset rollforwards and depreciation schedules for completed projects placed into service.

Recommendation

We recommend that departments track their construction in progress and reconcile their spreadsheets to their respective accounting systems to ensure the project listing is accurate and complete. Projects funded by the Schools would best be tracked and reconciled by the Schools while projects for the Schools funded by long-term debt and conceptualized at the County should be tracked and reconciled by the County.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the statement. The County Administration and the Schools will work together to develop a better tracking process.

2024-004: Capital Assets (County, Schools) – Material Weakness

Condition

Capital asset listings and depreciation schedules were not reviewed, updated, or reconciled with the County's and School's records.

Criteria

The County and Schools should maintain accurate and complete asset listings and depreciation schedules.

Cause

Capital asset listing and depreciation schedules were not being properly reviewed, updated, or reconciled.

Effect

Audit adjustments were required to align the depreciation schedules with the capital asset rollforwards.

Recommendation

We recommend that the County and Schools review the fixed asset listing and depreciation schedules and physically identify the assets listed to remove those that are no longer in use on an annual basis. We also recommend that the County and Schools reconcile the listing and schedules to the report they submit to the insurance company to ensure the listings are complete and accurate.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Views of Responsible Officials and Planned Corrective Action

The County agrees with this recommendation and has already made changes to their processes. This includes capturing, tagging, and documentation of the asset list. Additionally, the County will take ownership and responsibility of the depreciation schedule that was completed previously by the auditor. The County will inventory capital assets and update depreciation schedule on an annual basis.

2024-005: SNAP Balance and Drawdowns (County, Treasurer) – Material Weakness

Condition

SNAP drawdowns are not made timely in order to reimburse the General Fund for capital project expenditures that are debt funded. In addition, the County's investment balances were not reflected in the trial balance.

Criteria

SNAP balances and activity during the year should be reflected on the County's trial balance for accuracy and completeness of cash and investment balances.

Cause

This was caused by SNAP balance and drawdowns not being properly recorded.

Effect

This resulted in the County's investment balances being understated by \$9 million. Auditor adjustments were required to correct balances.

Recommendation

We recommend making drawdowns timely for reimbursement to the General Fund. Drawdowns should be recorded as credits (decreases) to investment accounts and not recorded as revenue. This will result in more accurate cash and investment balances for board consideration and improve cash flow management.

Views of Responsible Officials and Planned Corrective Action

The County agrees and will make appropriate changes to our drawdown process. The Treasurer also agrees and will modify their processes in line with this recommendation. The County and the Treasurer will work together to develop a strong and cohesive process, which breaks out funds by source: State, Federal, Local, or Other. Additionally, we will discontinue vague ledger line-item descriptions and will develop policies around the creation of general ledger line items.

2024-006: Treasurers Office Treasurer Accountability Fund Reconciliation (Treasurer) – Material Weakness

Condition

The Treasurer's Accountability Fund maintained by the Treasurer's Office does not reflect all cash and investment balances. Furthermore, this fund is not being reconciled to the cash and investment balances on the County's trial balance.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Criteria

The Treasurer's Accountability Fund should reflect all cash and investments held by the County.

Cause

This was caused by a lack of coordination and identified responsibilities between departments.

Effect

Auditor adjustments were needed to accurately reflect the year-end balances.

Recommendation

We recommend that these balances be tracked and maintained in the Treasurer and County's accounting system for completeness of cash balances.

Views of Responsible Officials and Planned Corrective Action

The County Administration and the Treasurer agree and will make appropriate modifications. Both staff will also participate in training to better understand the correct process.

2024-007: Intergovernmental Revenue (County/Treasurer) – Material Weakness

Condition

Intergovernmental revenue (i.e., state and federal) is being netted against expenditures in the General Fund. We noted that revenue is not being recorded to relevant accounts and was sometimes recorded to catch all accounts such as "Expenditures, Refunds-General." Also, state revenues and federal pass-through revenues were not properly recorded during the year.

Criteria

Intergovernmental revenues should be recorded as revenue consistently and in dedicated accounts on the trial balance that are clearly named.

Cause

This was caused by a lack of coordination between departments with regard to the source and nature of each revenue transaction, as well as a weak understanding of governmental accounting.

Effect

If revenue and expenditures are netted, the financial statements will not provide a full picture to the users of the financial statements of how much revenue was received from other governments during the year. Auditor adjustments were needed to correct intergovernmental revenue.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Recommendation

We recommend recording intergovernmental revenue in unique accounts so that sources of revenue and type of revenue can be easily identified. Coordination between departments about intergovernmental revenue expected, nature of that revenue, and how to record it will ensure accuracy. Improving inputting information in the trial balance will facilitate the preparation of required reports such as the Schedule of Expenditures of Federal Awards. Also, we recommend intergovernmental revenues be recorded as revenue instead of netted against expenditures. With regard to state revenues and federal pass-through revenues, we recommend reconciling to the APA's Cardinal Report each quarter.

Views of Responsible Officials and Planned Corrective Action

The County agrees and has already begun making modifications. The county agrees to improve account descriptions and track grants by specific name.

2024-008: Administrative Rights Segregation of Duties (Schools) – Material Weakness

Condition

The Director of Finance has administrative rights to the system and can change the access rights of user accounts. In addition, the Director can post and authorize journal entries. We noted the Director can handle cash receipts and disbursements before and after entering into the system.

Criteria

Access rights should be limited and segregation of duties designed and implemented to the extent possible.

Cause

The School Board Department of Finance is a small department.

Effect

This could result in management override of user accounts and adjusting journal entries.

Recommendation

We recommend that someone other than the Director of Finance review access changes to the system on a quarterly basis so that any changes or postings to the system can be monitored. Similarly, two different individuals should be preparing and reviewing journal entries. The reviewer/approver should sign and date (paper or electronic) each journal entry and retain as evidence. We also recommend that cash receipts and disbursements be handled by someone separate from the person who enters those transactions into the system.

Views of Responsible Officials and Planned Corrective Action

The Schools Director of Finance agrees with the recommendation and will implement to the best of their ability with a small staff.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

2024-009: Payroll Segregation of Duties (Schools) – Material Weakness

Condition

All employees within the payroll department share responsibilities to initiate and approve employee changes including wages and employment status. They can also edit master employee files and can both review and approve final payroll reports including general ledger entries.

Criteria

Access rights should be limited and segregation of duties designed and implemented to the extent possible.

Cause

The School Board Department of Finance is a small department.

Effect

This could allow an employee to initiate and approve employee's payroll, status, and changes without superior approval.

Recommendation

We recommend that the payroll department assign duties so that specific people have role assignments that do not overlap responsibilities to initiate and approve employee changes and also to edit the master files. Separate individuals should review and approve the final payroll reports. We also recommend that not all payroll department employees have access to both administrative rights to the system and the ability to change access rights of user accounts within the system.

Views of Responsible Officials and Planned Corrective Action

The Schools Director of Finance agrees with the recommendation and will implement to the best of their ability with a small staff.

2024-010: Segregation of Duties (County) – Material Weakness

Condition

The County has designed internal controls around journal entries where the Deputy Administrator prepares entries and the County Administrator approves them; however, the implementation of these controls is not effective. With regard to payroll, the deputy can add/remove employees, modify pay rates, and process payroll.

Criteria

Access should be limited and segregation of duties designed and implemented to the extent possible.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Cause

The County finance department is a small department. The review process is not catching journal entries that have errors or are not following governmental accounting rules. See comments related to fund balance, intergovernmental revenues, and governmental accounting training for additional information.

Effect

Internal controls are designed to safeguard assets and detect loss from employee dishonesty and error.

Recommendation

We recommend improving the implementation of controls surrounding journal entries through training on fund balance, intergovernmental revenue, and governmental accounts training. For payroll, two different individuals should be adding/removing or modifying employee information and processing payroll.

Views of Responsible Officials and Planned Corrective Action

Significant IT and process modifications were put into place for FY25 and FY26. Previous infrastructure would not allow for a better system than the paper process described above for journal entry and payroll. With new technology, additional training for staff, and expansion of skill redundancy, all these issues were addressed before the delivery of this audit.

2024-011: Treasurer's Office Segregation of Duties (Treasurer) – Material Weakness

Condition

The Treasurer can post entries, collect cash receipts, and has access to the Treasurer's Office check stock.

Criteria

Access rights should be limited and segregation of duties designed and implemented to the extent possible.

Cause

The Treasurer's department is a small department.

Effect

Internal controls are designed to safeguard assets and detect loss from employee dishonesty and error.

Recommendation

We recommend that restrictions and/or segregation of duties be implemented in the Treasurer's Office.

Views of Responsible Officials and Planned Corrective Action

Treasurer agrees with recommendation and will implement segregation of duties to the extent possible given the small size of the staff.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

2024-012: Treasurer's Investment Reconciliation (Treasurer) – Material Weakness

Condition

Investment accounts are not being reconciled regularly between the investment statements, the Treasurer's Accountability Fund, and the County's trial balance.

Criteria

Investment accounts should be reconciled between the investment statements, Treasurer's Accountability Fund, and the County's trial balance to ensure accuracy and completeness.

Cause

This was caused by a lack of coordination and identified responsibilities between departments, as well as a weak understanding of governmental accounting.

Effect

This resulted in audit adjustments related to investment account balances and revenue accounts.

Recommendation

We recommend reconciliations be performed by someone in the Treasurer's Office and reviewed by a supervisor. We also recommend that the preparation and review be signed, dated, and kept as documented evidence. Investment accounts should be reconciled to the Treasurer's Accountability Fund and to the County's trial balance.

Views of Responsible Officials and Planned Corrective Action

Treasurer agrees with recommendation and will do a complete reconciliation.

2024-013: Self-Insurance Bank Account (Schools) – Material Weakness

Condition

The self-insurance bank statement is downloaded and reconciled by one person with no evidence of supervisor review and approval. Additionally, the self-insurance funds are being tracked outside of the accounting system.

Criteria

Self-Insurance bank statements should be reconciled and approved by two different people.

Cause

The School Board Department of Finance is a small department.

Effect

This results in self-insurance funds being tracked without review or approval.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Recommendation

We recommend review and approval of self-insurance monthly bank statements by someone other than the person who downloads and reconciles the balance. The supervisor could sign and date a statement (paper or electronic) and reconciliation as evidence of review and approval. We also recommend creating a self-insurance fund within the Schools' (or County's) accounting system that tracks activity and balances.

Views of Responsible Officials and Planned Corrective Action

The Schools' Director of Finance agrees with the recommendation and will implement to the best of their ability with a small staff.

2024-014: Governmental Accounting Training (County, Schools, EDA) – Significant Deficiency

Condition

Generally accepted accounting principles, especially related to governmental accounting, were not followed and applied consistently.

Criteria

Governmental accounting has its own unique accounting principles that should be understood and applied.

Cause

This is caused by lack of training and implementation of government accounting principles.

Effect

This resulted in several audit findings and audit adjustments necessary to present financial statements in accordance with generally accepted accounting principles as well as governmental accounting principles.

Recommendation

We recommend governmental accounting training and continuing education for County, Schools, and EDA staff. More specifically, we recommend training related to year-end accruals, grants, long-term debt, capital assets, fund balance, and interdepartmental reconciling.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the need for additional training. The County notes that the level of training needed will vary by department. The County further agrees with each department assisting the County Finance Unit with the year-end audit requirements.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

2024-015: Multi-Year Grants (County) – Significant Deficiency

Condition

Some grants are not being reconciled or recorded in the proper period. As a result, auditor adjustments were required to correct grant revenue and unearned grant revenue balances. All grants should be individually tracked and reconciled to the general ledger. Grants from federal and state agencies are typically on a reimbursement basis; however, some grants such as Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) and Local Assistance and Tribal Consistency Funds (LATCF) are received in advance. Funds received in advance that are not expended and not on a reimbursement basis, such as CSLFRF and LATCF, need to be recorded as unearned grant revenue until expended.

Criteria

Grants should be tracked, reconciled, and properly recorded as unearned grant revenue when applicable.

Cause

Grants were not being individually tracked and reconciled to the general ledger.

Effect

This resulted in audit adjustments to unearned grant revenue and corrections to the Schedule of Expenditures of Federal Awards.

Recommendation

We recommend that funds received up front are recorded as unearned grant revenue until expended. Federal expenditures should be reported on the Schedule of Expenditures of Federal Awards after being reconciled and should factor in year-end accruals.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the recommendation and will make appropriate modifications.

C – Findings and Questioned Costs – Major Federal Award Program Audit

None.

D – Findings – Commonwealth of Virginia

2024-016: Virginia Public Procurement Act Compliance

Condition

The County's General Procurement Act form does not include specific language and guidelines that is required by the Virginia Public Procurement Act (VPPA).

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

Recommendation

We recommend that the County develop a new General Procurement Act form, which includes the language and guidelines required by the VPPA.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the recommendation and will develop one procurement manual that applies to all departments.

2024-017: General Government Budget Appropriation

Condition

Judicial Administration and Public Works expenditures exceeded budget appropriations. The County is required to keep expenditures within budgeted amounts.

Recommendation

Steps be taken to ensure that excess expenditures over budgeted appropriations be approved by the County Board of Supervisors and budget amended accordingly.

Views of Responsible Officials and Planned Corrective Action

We agree with the findings and will improve the appropriations process.

County of Floyd, Virginia
Summary Schedule of Prior Audit Findings
June 30, 2024

A – Findings – Financial Statement Audit

2023-001: Audit Adjustments – Financial Statement Audit (Material Weakness)

Criteria

An auditee should have controls in place to prepare financial statements in accordance with current reporting standards.

Condition

The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, adjustments were proposed, that were material, to the financial statements.

Cause

The County staff is working to provide properly adjusted trial balance and related schedules but is still learning the nuances of the process.

Effect

There is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected by the County's internal controls over financial reporting.

Recommendation

The County should review the auditor's proposed audit adjustments for 2023 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Current Status

Still applicable for the current year. See findings 2024-001 through 2024-015.