

**COUNTY OF FLOYD, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**

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**COUNTY OF FLOYD, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021**

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## INTRODUCTORY SECTION

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# COUNTY OF FLOYD, VIRGINIA

## BOARD OF SUPERVISORS

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Jerry W. Boothe, Vice Chair Lauren D. Yoder	Joe D. Turman, Chair	W. Justin Coleman Linda D. Kuchenbuch
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## COUNTY SCHOOL BOARD

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Laura H. LeRoy, Vice Chair Pamela Snead	James Ingram, Chair	C. Gene Bishop Anthony “Tony” Morisco
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## COUNTY SOCIAL SERVICES BOARD

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Molly Hunter-Sloan, Vice Chair Jennifer Claytor	John McEnhill, Chair	Jerry W. Boothe Terra Alagna-Cole
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## OTHER OFFICIALS

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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 .....	John F. Wheeler
Director of Social Services .....	J. Chad Alls
County Administrator .....	Dr. Linda Millsaps
Assistant County Administrator .....	Kim Chiddo
County Attorney .....	Stephen V. Durbin

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Floyd, Virginia's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As described in Note 25 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 25 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. In addition, the County restated beginning balances to correct for the accounting regarding a capital lease as noted in Note 24. Our opinion is not modified with respect to these matters.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-14, 97-99, and 100-112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

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



### *Supplementary and Other Information (Continued)*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the County of Floyd, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 County of Floyd, Virginia'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 of Floyd, Virginia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia  
November 30, 2021

# Management's Discussion and Analysis

As management of the County of Floyd, Virginia we offer the following discussion and analysis of the County's financial performance and overview of the County's financial activities for the fiscal year ended June 30, 2021.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,151,812 (net position).
- The County's governmental funds reported combined ending fund balances of \$28,923,914.
- The County's governmental funds reported combined unassigned fund balance of \$5,761,421.
- The liabilities and deferred inflows of resources of the Component Unit - School Board exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$14,661,781.
- The assets of the Component Unit - Economic Development Authority (EDA) exceeded its liabilities at the close of the most recent fiscal year by \$3,507,421.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County of Floyd's basic financial statements which comprise three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

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

Government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include:

- General Government Administration;
- Judicial Administration;
- Public Safety;
- Public Works;
- Health and Welfare;
- Education;
- Parks, Recreation, and Cultural;
- Community Development;
- Interest on Long-Term Debt.

The financial statements include not only the County of Floyd, Virginia itself (known as the primary government), but also a legally separate school district and an Economic Development Authority for which the County of Floyd, Virginia has incurred a moral obligation to provide funding for the payment of debt. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

Governmental funds - Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out of the balances left at year end that are available for spending. Consequently, the governmental funds statements report financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided following the governmental fund statements that explains the relationship (or difference) between them.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's custodial funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are reported in a separate Statement of Changes in Fiduciary Net Position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of financial statements for the discretely presented component units; School Board and Economic Development Authority. The School Board and Economic Development Authority do not issue separate financial statements.

### **Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a County's financial position. In the case of Floyd County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,515,812 at the close of fiscal year 2021. The largest portion of the County's net position (57.36%) reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The next largest portion the County's net position (41.92%) is unrestricted.

**Summary of Net Position**

	<b>Governmental Activities</b>		<b>Component Units</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 41,725,305	\$ 30,034,073	\$ 5,803,895	\$ 4,774,935
Capital assets	28,177,000	21,130,852	6,295,252	6,043,936
Total assets	<u>69,902,305</u>	<u>51,164,925</u>	<u>12,099,147</u>	<u>10,818,871</u>
Deferred outflows of resources	<u>1,923,835</u>	<u>1,487,422</u>	<u>5,648,604</u>	<u>4,615,211</u>
Other liabilities	6,976,907	4,494,254	2,782,530	2,634,363
Long-term liabilities	<u>44,174,029</u>	<u>28,112,735</u>	<u>24,146,748</u>	<u>22,610,857</u>
Total liabilities	<u>51,150,936</u>	<u>32,606,989</u>	<u>26,929,278</u>	<u>25,245,220</u>
Deferred inflows of resources	<u>5,523,392</u>	<u>5,355,554</u>	<u>1,972,833</u>	<u>2,138,512</u>
Net position:				
Net investment in capital assets	8,691,529	8,348,569	6,152,412	6,043,936
Restricted	108,639	99,189	1,221,009	604,078
Unrestricted	<u>6,351,644</u>	<u>6,242,046</u>	<u>(18,527,781)</u>	<u>(18,597,664)</u>
Total net position	<u>\$ 15,151,812</u>	<u>\$ 14,689,804</u>	<u>\$ (11,154,360)</u>	<u>\$ (11,949,650)</u>

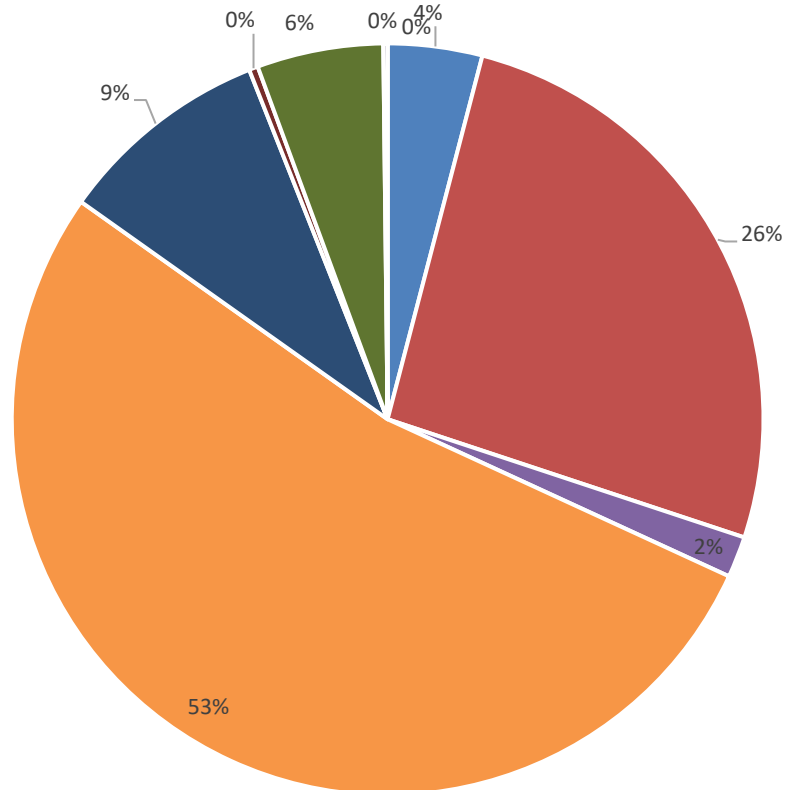
**Governmental Activities:** During the current fiscal year, the County's net position increased by \$462,008.

**Component Units:** The School Board increase net position by \$282,241, after restatement of beginning balances (Note 24), and the Economic Development Authority increased net position by \$240,511.

Key elements of current year activities are as follows:

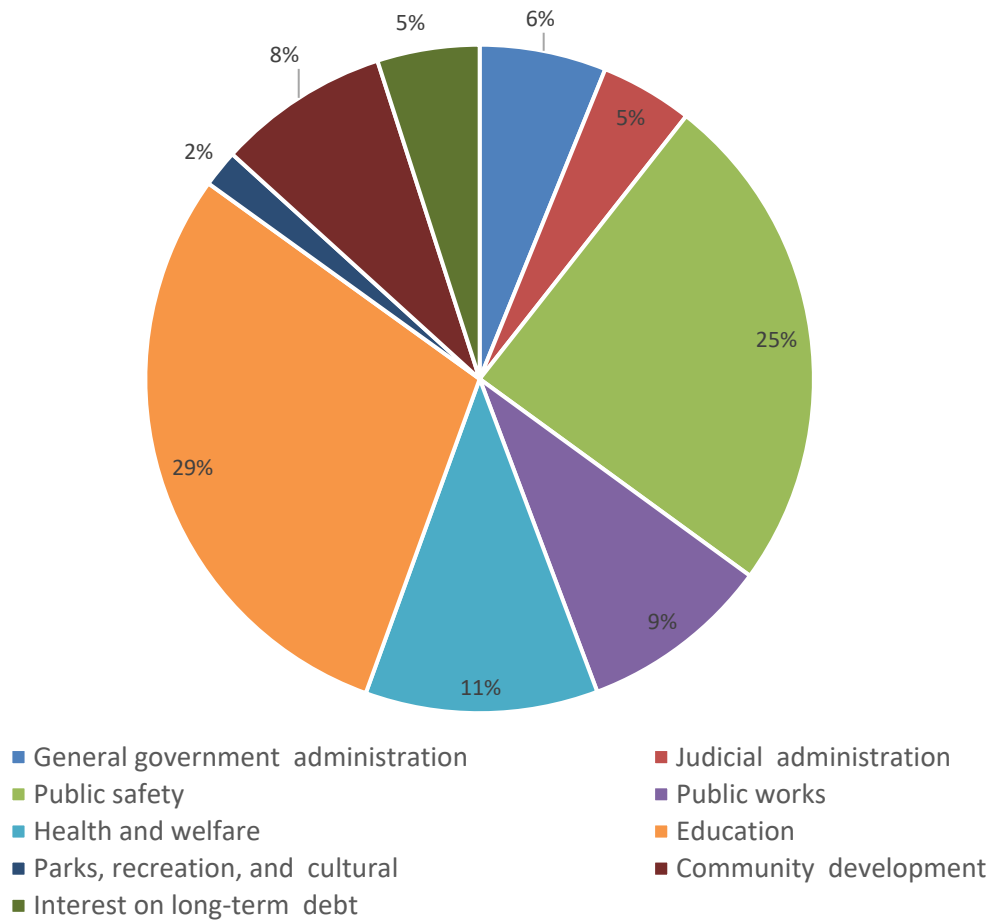
Changes in Net Position				
	Governmental Activities		Component Units	
	2021	2020	2021	2020
<b>Program revenues:</b>				
Charges for services	\$ 1,087,289	\$ 1,241,149	\$ 49,771	\$ 339,441
Operating grants and contributions	6,972,028	4,616,552	16,200,572	15,012,062
Capital grants and contributions	475,593	356,775	-	67,286
<b>General revenues:</b>				
General property taxes	14,181,218	13,297,197	-	-
Other taxes	2,459,551	2,205,679	-	-
Unrestricted revenues from use of money and property	102,811	217,693	79,124	88,645
Grants and contributions not restricted to specific purposes	1,454,512	1,517,347	-	-
Other general revenues	49,664	44,918	319,748	83,726
Payments from Floyd County	-	-	7,865,387	8,024,257
<b>Total revenues</b>	<u>\$ 26,782,666</u>	<u>\$ 23,497,310</u>	<u>\$ 24,514,602</u>	<u>\$ 23,615,417</u>
<b>Expenses:</b>				
General government administration	\$ 1,616,708	\$ 1,716,080	\$ -	\$ -
Judicial administration	1,177,104	1,084,697	-	-
Public safety	6,436,732	4,959,184	-	-
Public works	2,439,481	2,023,420	-	-
Health and welfare	2,967,842	3,334,788	-	-
Education	7,752,963	7,925,654	23,783,455	24,092,628
Parks, recreation, and cultural	473,733	440,308	-	-
Community development	2,190,753	688,725	208,395	168,555
Interest on long-term debt	1,303,774	727,851	-	-
<b>Total expenses</b>	<u>\$ 26,359,090</u>	<u>\$ 22,900,707</u>	<u>\$ 23,991,850</u>	<u>\$ 24,261,183</u>
Change in net position	\$ 423,576	\$ 596,603	\$ 522,752	\$ (645,766)
Net position, beginning, as restated	\$ 14,728,236	\$ 14,093,201	\$ (11,677,112)	\$ (11,303,884)
<b>Net position, ending</b>	<u>\$ 15,151,812</u>	<u>\$ 14,689,804</u>	<u>\$ (11,154,360)</u>	<u>\$ (11,949,650)</u>

## Governmental Activities Revenues



- Charges for services
- Operating grants and contributions
- Capital grants and contributions
- General revenues:
- General property taxes
- Other taxes
- Unrestricted revenues from use of money and property

### Governmental Activities Expenses by Function



## **Financial Analysis of the County's Funds**

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

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

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$28,923,914 an increase of \$9,026,115 in comparison with the prior year. A large portion of this an increase is the result of unspent bond proceeds as of June 30, 2021 that is held in restricted investments. Another portion relates to the county's American Relief Act funds that were received but had not yet been allocated to specific projects. Approximately 19.91% of the combined governmental fund balance, or \$5,761,421 constitutes unassigned fund balances, which are available for spending at the County's discretion. The remainder of the fund balance is not available for new spending because it has already been restricted, committed, or assigned for:

- Capital improvement projects
- American Relief Act targeted expenditures
- Encumbrances and carryovers for expenditures
- Fire and Rescue expenditures
- Long term note receivable from the Floyd-Floyd County Public Service Authority

The general fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,927,802, while the total general fund balance was \$29,232,697.

The fire and rescue fund balance increased by \$57,998 and has an ending deficit balance of \$1,166,381. A significant portion of expenditures in the fire and rescue fund were used to acquire capital items.

The County capital improvement fund is used for significant capital projects for the County and the school system. The capital improvement fund has a fund balance of \$748,959.

Money received from the State by the Sheriff's Office and Commonwealth Attorney's Office is put in the asset forfeiture fund. This fund can only be used for specific expenditures which are reported annually to the State. As of June 30, 2021, the asset forfeiture fund balance was \$108,639.

## **General Fund Budgetary Highlights**

A budget is an estimate of revenues and expenditures for a given period of time. The Floyd County Board of Supervisors adopts an annual appropriated budget for the period of July 1 through June 30 for its governmental funds. Because a budget is an estimate, actual events or opportunities necessitate updating the budget during the course of the fiscal year. Differences between the original expenditure budget of \$26,055,810 and the final amended budget of \$31,280,274 were significant (\$5,224,464 increase in appropriations) and can be briefly summarized as follows:

- COVID-19 Coronavirus Relief Fund: Floyd County's budget amendments included \$1,685,520 in federally provided relief funds. The final amount received was actually \$2,873,066.
- Economic Development Grants: The initial EDA grant estimate was \$2,470,000. The budget was amended to include \$5,585,669 in grant funds. Unfortunately, only \$86,694 was received in the fiscal year.



## REVENUES AND EXPENDITURES GENERAL FUND - BUDGET TO ACTUAL

	Final Budget	Actual	Variance
<b>Revenues:</b>			
Local	\$ 17,423,020	\$ 17,829,572	\$ 406,552
Intergovernmental	13,857,254	8,818,612	(5,038,642)
Total revenues	<u>\$ 31,280,274</u>	<u>\$ 26,648,184</u>	<u>\$ (4,632,090)</u>
<b>Expenditures:</b>			
General government administration	\$ 1,710,981	\$ 1,699,826	\$ 11,155
Judicial administration	1,152,450	1,074,125	78,325
Public Safety	6,470,801	6,346,806	123,995
Public Works	2,223,542	2,197,621	25,921
Health and welfare	3,808,339	2,947,573	860,766
Education	7,420,777	6,987,787	432,990
Parks, recreation and cultural	436,284	426,418	9,866
Community development	3,200,881	1,921,095	1,279,786
Capital Projects	10,484,591	7,627,467	2,857,124
Debt service	2,144,549	2,852,896	(708,347)
Total expenditures	<u>\$ 39,053,195</u>	<u>\$ 34,081,614</u>	<u>\$ 4,971,581</u>

Revenues: Local revenue comprised 66.9% of total actual General Fund Revenue. Total actual local revenue was more than final budget by \$406,552. This was primarily from property taxes. Intergovernmental revenue compromised 33.1% of revenues. This was \$5.04 million less than expected. Most of this shortfall was from unrealized grant funding.

Expenditures: Actual expenditures were over original budget estimates by \$4,971,581, with 57.47% of that being for capital projects. Library improvements cost \$24,115 and the school improvements discussed previously cost \$3,361,184.

### Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2021, totals \$27,784,292 (net of accumulated depreciation) for an increase of \$6,946,394. This investment in capital assets includes land, buildings, and improvements, vehicles and machinery, and equipment. Total accumulated depreciation expense for the year ending June 30, 2021, for all capital assets for Governmental Activities totaled \$17,825,042.

Capital Asset and Debt Administration (Continued)

**Capital Assets - Condensed**  
**As of June 30, 2021**

<b>Governmental Activities</b>	<b>Original Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Capital Assets</b>
Capital assets, not being depreciated:			
Land and land improvements	\$ 1,201,303	\$ -	\$ 1,201,303
Construction in progress	11,254,201	-	11,254,201
Total capital assets, not being depreciated	<u>\$ 12,455,504</u>	<u>\$ -</u>	<u>\$ 12,455,504</u>
Other capital assets:			
Buildings and improvements	\$ 21,241,100	\$ (9,515,398)	\$ 11,725,702
Machinery and equipment	11,912,730	(8,309,644)	3,603,086
Total depreciable capital assets	<u>\$ 33,153,830</u>	<u>\$ (17,825,042)</u>	<u>\$ 15,328,788</u>
Total capital assets	<u>\$ 45,609,334</u>	<u>\$ (17,825,042)</u>	<u>\$ 27,784,292</u>

<b>Component Units: EDA &amp; School Board</b>	<b>Original Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Capital Assets</b>
Capital assets, not being depreciated:			
Land and land improvements	\$ 696,336	\$ -	\$ 696,336
Construction in progress	496,872	-	496,872
Total capital assets, not being depreciated	<u>\$ 1,193,208</u>	<u>\$ -</u>	<u>\$ 1,193,208</u>
Other capital assets:			
Buildings and improvements	\$ 8,850,066	\$ (4,254,629)	\$ 4,595,437
Machinery and equipment	4,210,182	(3,703,575)	506,607
Total depreciable capital assets	<u>\$ 13,060,248</u>	<u>\$ (7,958,204)</u>	<u>\$ 5,102,044</u>
Total capital assets	<u>\$ 14,253,456</u>	<u>\$ (7,958,204)</u>	<u>\$ 6,295,252</u>

Debt Schedules

In FY2021 the Floyd County Board of Supervisors continued to focus on planning capital assets needs in the near future and layering in debt and doing strategic re-financings to meet those needs. This approach keeps expenditures relatively stable and minimizes the needs for annual tax increases. Of the total principal balance of outstanding debt at the end of the year, \$16,028,669 was for General Obligation Bonds and \$17,902,845 (including \$189,845 in drawdown phase) was for Lease Revenue Bonds. General Obligation Bonds amounted to .85% of the County's assessed value for real estate, well below the maximum limit set by the State of 10% of assessed value for real estate. Long-term bonded debt currently outstanding was used to finance school construction projects and other County improvements.

### Capital Asset and Debt Administration (Continued)

Annual requirements to amortize all County (excluding Schools and the Economic Development Authority) long-term debt and related interest, including capital leases, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,729,037	\$1,083,501	\$ 2,812,538
2023	2,176,412	996,565	3,172,977
2024	1,978,232	931,903	2,910,135
2025	1,996,580	867,049	2,863,629
2026	1,999,998	802,840	2,802,838
2027-2031	10,001,000	3,036,584	13,037,584
2032-2036	10,159,000	1,347,421	11,506,421
2037-2041	5,254,000	293,450	5,547,450
Amount in drawdown phase	189,845	-	189,845
Total	<u>\$ 35,484,104</u>	<u>\$ 9,359,313</u>	<u>\$ 44,843,417</u>

All outstanding debt shown in this table was used for the long-term financing of equipment and capital projects.

Annual debt service paid amounted to \$2,334,387 for principal and interest combined for the reporting period.

### CONTACT THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions concerning any information provided in this report or need additional financial information, contact:

County Administrator or Deputy County Administrator  
Floyd County  
P. O. Box 218  
Floyd, VA 24091  
Phone number (540) 745-9300

## **Basic Financial Statements**

County of Floyd, Virginia  
Statement of Net Position  
June 30, 2021

	Primary Government Governmental Activities	Component Unit School Board	Component Unit EDA
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 13,554,327	\$ 2,081,739	\$ 172,986
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,894,203	-	-
Accounts receivable	240,488	-	49,325
Notes receivable - current portion	18,899	-	13,725
Capital lease receivable - current portion	162,500	-	16,700
Due from primary government	-	1,910,908	-
Intergovernmental receivable	893,495	662,614	-
Inventories	-	36,035	246,180
Prepaid items	76,754	308,707	-
Total current assets	\$ 20,840,666	\$ 5,000,003	\$ 498,916
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 1,839,881	\$ -	\$ 135,702
Investments	18,737,391	-	-
Notes receivable - net of current portion	307,367	-	169,274
Capital lease receivable - net of current portion	392,708	-	-
Capital assets not being depreciated:			
Land	1,201,303	265,917	430,419
Construction in progress	11,254,201	142,840	354,032
Capital assets, net of accumulated depreciation:			
Buildings and improvements	11,725,702	2,659,283	1,936,154
Machinery and equipment	3,603,086	505,677	930
Total noncurrent assets	\$ 49,061,639	\$ 3,573,717	\$ 3,026,511
Total assets	\$ 69,902,305	\$ 8,573,720	\$ 3,525,427
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 1,809,027	\$ 5,189,040	\$ -
OPEB related items	114,808	459,564	-
Total deferred outflows of resources	\$ 1,923,835	\$ 5,648,604	\$ -
<b>LIABILITIES</b>			
Accounts payable	\$ 662,951	\$ 100,114	\$ 2,123
Accounts payable - construction	2,312,817	142,840	-
Accrued liabilities	-	1,910,908	-
Health claim payable	-	610,662	-
Customers' deposits	-	-	12,969
Accrued interest payable	458,112	-	-
Due to component unit	1,910,908	-	-
Unearned revenues	1,632,119	-	2,914
Noncurrent liabilities:			
Due within one year	2,364,497	446,115	-
Due in more than one year	41,809,532	23,700,633	-
Total liabilities	\$ 51,150,936	\$ 26,911,272	\$ 18,006
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 5,511,943	\$ -	\$ -
Pension related items	-	1,786,253	-
OPEB related items	11,449	186,580	-
Total deferred inflows of resources	\$ 5,523,392	\$ 1,972,833	\$ -
<b>NET POSITION</b>			
Net investment in capital assets	\$ 8,691,529	\$ 3,430,877	\$ 2,721,535
Restricted:			
Cafeteria	-	366,183	-
Asset forfeiture	108,639	-	-
Self-health insurance	-	854,826	-
Unrestricted (deficit)	6,351,644	(19,313,667)	785,886
Total Net Position	\$ 15,151,812	\$ (14,661,781)	\$ 3,507,421

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

County of Floyd, Virginia  
Statement of Activities  
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions		School Board	EDA
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,616,708	\$ 174,154	\$ 279,360	\$ -	\$ (1,163,194)		
Judicial administration	1,177,104	1,997	482,315	16,074	(676,718)		
Public safety	6,436,732	675,969	3,843,104	111,500	(1,806,159)		
Public works	2,439,481	205,103	52,378	-	(2,182,000)		
Health and welfare	2,967,842	-	2,223,565	-	(744,277)		
Education	7,752,963	-	-	-	(7,752,963)		
Parks, recreation, and cultural	473,733	30,066	-	-	(443,667)		
Community development	2,190,753	-	91,306	-	(1,751,428)		
Interest on long-term debt	1,303,774	-	-	-	(1,303,774)		
Total primary government	\$ 26,359,090	\$ 1,087,289	\$ 6,972,028	\$ 475,593	\$ (17,824,180)		
<b>COMPONENT UNITS:</b>							
School Board	\$ 23,783,455	\$ 47,146	\$ 16,120,572	\$ -	\$ (7,615,737)	\$ (7,615,737)	\$ -
EDA	208,395	2,625	80,000	-	-	-	(125,770)
Total component units	\$ 23,991,850	\$ 49,771	\$ 16,200,572	\$ -	\$ (7,615,737)	\$ (7,615,737)	\$ (125,770)
General revenues:							
General property taxes					\$ 14,181,218	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					1,313,500	-	-
Consumers' utility taxes					375,570	-	-
Meals taxes					179,896	-	-
Motor vehicle licenses					412,601	-	-
Hotel and motel room taxes					76,735	-	-
Other local taxes					101,249	-	-
Unrestricted revenues from use of money and property					102,811	-	79,124
Miscellaneous					49,664	306,268	13,480
Contributions from the County of Floyd					-	7,591,710	273,677
Grants and contributions not restricted to specific programs					1,454,512	-	-
Total general revenues					\$ 18,247,756	\$ 7,897,978	\$ 366,281
Change in net position					\$ 423,576	\$ 282,241	\$ 240,511
Net position - beginning, as restated					14,728,236	(14,944,022)	3,266,910
Net position - ending					\$ 15,151,812	\$ (14,661,781)	\$ 3,507,421

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

County of Floyd, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2021

	<u>General</u>	<u>Fire and Rescue</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,879,939	\$ -	\$ 109,242	\$ 730,848	\$ 14,720,029
Receivables (net of allowance for uncollectibles):					
Taxes receivable	5,894,203	-	-	-	5,894,203
Accounts receivable	222,377	-	-	18,111	240,488
Due from other governmental units	893,495	-	-	-	893,495
Prepaid items	76,754	-	-	-	76,754
Long term capital lease receivable	555,208	-	-	-	555,208
Long term note receivable - PSA	326,266	-	-	-	326,266
Restricted assets:					
Cash and cash equivalents	1,839,881	-	-	-	1,839,881
Investments	18,737,391	-	-	-	18,737,391
Total assets	<u>\$ 42,425,514</u>	<u>\$ -</u>	<u>\$ 109,242</u>	<u>\$ 748,959</u>	<u>\$ 43,283,715</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,974,486	\$ 679	\$ 603	\$ -	\$ 2,975,768
Reconciled overdraft	-	1,165,702	-	-	1,165,702
Due to component unit	1,910,908	-	-	-	1,910,908
Unearned grant revenue	1,632,119	-	-	-	1,632,119
Total liabilities	<u>\$ 6,517,513</u>	<u>\$ 1,166,381</u>	<u>\$ 603</u>	<u>\$ -</u>	<u>\$ 7,684,497</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 5,614,176	\$ -	\$ -	\$ -	\$ 5,614,176
Unavailable revenue - EMS billings	79,625	-	-	-	79,625
Unavailable revenue - capital lease receivable	555,208	-	-	-	555,208
Unavailable revenue - prepaid taxes	426,295	-	-	-	426,295
Total deferred inflows of resources	<u>\$ 6,675,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,675,304</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	\$ 76,754	\$ -	\$ -	\$ -	\$ 76,754
Long-term note receivable	326,266	-	-	-	326,266
Restricted:					
Unspent bond proceeds	20,577,272	-	-	-	20,577,272
Asset forfeiture	-	-	108,639	-	108,639
Assigned:					
Environmental solid waste	26,519	-	-	-	26,519
Law Library	52,291	-	-	-	52,291
School capital projects	-	-	-	181,540	181,540
County capital projects	-	-	-	567,419	567,419
Courts	112,303	-	-	-	112,303
E-911	838,199	-	-	-	838,199
Courthouse Maintenance	98,291	-	-	-	98,291
Debt service	197,000	-	-	-	197,000
Unassigned	6,927,802	(1,166,381)	-	-	5,761,421
Total fund balances (deficit)	<u>\$ 29,232,697</u>	<u>\$ (1,166,381)</u>	<u>\$ 108,639</u>	<u>\$ 748,959</u>	<u>\$ 28,923,914</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,425,514</u>	<u>\$ -</u>	<u>\$ 109,242</u>	<u>\$ 748,959</u>	<u>\$ 43,283,715</u>

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

County of Floyd, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 28,923,914

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,201,303	
Buildings and improvements	11,725,702	
Machinery and equipment	3,603,086	
Construction in progress	<u>11,254,201</u>	27,784,292

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

Unavailable revenue - property taxes	\$ 528,528	
Unavailable revenue - EMS billings	79,625	
Unavailable revenue - capital lease receivable	<u>555,208</u>	1,163,361

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 1,809,027	
OPEB related items	<u>114,808</u>	1,923,835

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

Loans and bonds payable	\$ (33,931,514)	
Bond premiums	(1,873,114)	
Capital leases	(1,552,590)	
Compensated absences	(482,450)	
Accrued interest payable	(458,112)	
Net pension liability	(4,562,117)	
Net OPEB liability	(383,429)	
Landfill closure/post-closure liability	<u>(1,388,815)</u>	(44,632,141)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB related items		<u>(11,449)</u>
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Net position of governmental activities		<u>\$ 15,151,812</u>
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The notes to the financial statements are an integral part of this statement.



County of Floyd, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2021

	<u>General</u>	<u>Fire and Rescue</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
<b>REVENUES</b>					
General property taxes	\$ 13,737,534	\$ 287,158	\$ -	\$ -	\$ 14,024,692
Other local taxes	2,279,655	-	-	179,896	2,459,551
Permits, privilege fees, and regulatory licenses	124,000	-	-	-	124,000
Fines and forfeitures	19,774	-	-	-	19,774
Revenue from the use of money and property	265,285	-	26	-	265,311
Charges for services	1,083,370	-	-	-	1,083,370
Miscellaneous	49,664	-	-	-	49,664
Recovered costs	270,290	-	-	-	270,290
Intergovernmental:					
Commonwealth	4,773,479	56,609	26,912	-	4,857,000
Federal	4,045,133	-	-	-	4,045,133
Total revenues	<u>\$ 26,648,184</u>	<u>\$ 343,767</u>	<u>\$ 26,938</u>	<u>\$ 179,896</u>	<u>\$ 27,198,785</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,699,826	\$ -	\$ -	\$ -	\$ 1,699,826
Judicial administration	1,074,125	-	-	-	1,074,125
Public safety	6,346,806	285,769	17,488	-	6,650,063
Public works	2,197,621	-	-	-	2,197,621
Health and welfare	2,947,573	-	-	-	2,947,573
Education	6,987,787	-	-	56,580	7,044,367
Parks, recreation, and cultural	426,418	-	-	-	426,418
Community development	1,921,095	-	-	-	1,921,095
Capital projects	7,627,467	-	-	-	7,627,467
Debt service:					
Principal retirement	1,698,946	-	-	-	1,698,946
Bond issuance costs	469,624	-	-	-	469,624
Interest and other fiscal charges	684,326	-	-	-	684,326
Total expenditures	<u>\$ 34,081,614</u>	<u>\$ 285,769</u>	<u>\$ 17,488</u>	<u>\$ 56,580</u>	<u>\$ 34,441,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,433,430)</u>	<u>\$ 57,998</u>	<u>\$ 9,450</u>	<u>\$ 123,316</u>	<u>\$ (7,242,666)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 46,631	\$ -	\$ -	\$ -	\$ 46,631
Transfers out	-	-	-	(46,631)	(46,631)
Issuance of capital lease	140,667	-	-	-	140,667
Issuance of lease revenue bonds	8,250,000	-	-	-	8,250,000
Issuance of current refunding bond premium	1,873,114	-	-	-	1,873,114
Debt service - current refunding	(15,659,000)	-	-	-	(15,659,000)
Issuance of current refunding bonds	21,664,000	-	-	-	21,664,000
Total other financing sources (uses)	<u>\$ 16,315,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,631)</u>	<u>\$ 16,268,781</u>
Net change in fund balances	\$ 8,881,982	\$ 57,998	\$ 9,450	\$ 76,685	\$ 9,026,115
Fund balances - beginning	20,350,715	(1,224,379)	99,189	672,274	19,897,799
Fund balances (deficit) - ending	<u>\$ 29,232,697</u>	<u>\$ (1,166,381)</u>	<u>\$ 108,639</u>	<u>\$ 748,959</u>	<u>\$ 28,923,914</u>

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

County of Floyd, Virginia  
Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds \$ 9,026,115

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 8,140,566	
Depreciation expense	<u>(1,194,172)</u>	6,946,394

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable revenue - property taxes	\$ 156,526	
Increase (decrease) in unavailable revenue - EMS billings	(139,855)	
Increase (decrease) in unavailable revenue - capital lease receivable	<u>(162,500)</u>	(145,829)

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

Issuance of capital lease	\$ (140,667)	
Issuance of lease revenue bonds	(8,250,000)	
Issuance of refunding bond premium	(1,873,114)	
Issuance of refunding bond	(21,664,000)	
Principal payments:		
Loans and bonds	980,174	
Current bond refunding	15,659,000	
Capital leases	<u>718,772</u>	(14,569,835)

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

(Increase) decrease in compensated absences	\$ 10,781	
Change in net pension liability and related deferred items	(680,804)	
Change in net OPEB liability and related deferred items	3,047	
(Increase) decrease in accrued interest payable	(149,824)	
(Increase) decrease in landfill closure/post-closure liability	<u>(16,469)</u>	<u>(833,269)</u>

Change in net position of governmental activities	<u>\$ 423,576</u>
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The notes to the financial statements are an integral part of this statement.

County of Floyd, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2021

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 36,273
	<hr/>
<b>NET POSITION</b>	
Restricted for welfare recipients	\$ 36,273
	<hr/> <hr/>

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

County of Floyd, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2021

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Donations	\$ 30,340
Miscellaneous	3,422
Intergovernmental - Social Security payments	11,485
Total contributions	<u>\$ 45,247</u>
Total additions	<u>\$ 45,247</u>
 <b>DEDUCTIONS</b>	
Checks for SS & SSI Recipients	\$ 5,955
Other welfare	22,475
Total deductions	<u>\$ 28,430</u>
 Net increase (decrease) in fiduciary net position	 \$ 16,817
 Net position - beginning, as restated	 <u>19,456</u>
Net position - ending	<u><u>\$ 36,273</u></u>

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

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**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 more 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. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) 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. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

The County has no blended component units to be included for the fiscal year ended June 30, 2021.

***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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

A. Financial Reporting Entity (Continued)

*Discretely Presented Component Units (Continued)*

Floyd County Economic Development Authority - The Floyd County Economic Development Authority (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, 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.

*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.

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 \$36,000 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 \$91,174 to the Library for the current year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

A. Financial Reporting Entity (Continued)

*Jointly Governed Organizations (Continued)*

New River Valley Community Services

The County and the Counties of Montgomery, Giles, Pulaski, and the City of Radford participate in supporting New River Valley Community Services. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$37,723 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 \$437,146 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*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County reports no *business-type activities*. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of net position is designed to display the financial position of the primary government (governmental and business-type 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**B. Government-Wide and Fund Financial Statements (Continued)**

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their 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 Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 un-collectible 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

The government 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, of 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.

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 projects 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:

School Operating Fund - This 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 Board reports the following nonmajor governmental fund:

School Activity Fund - This fund accounts for the activities of the bank accounts held at the individual schools under the direction of each corresponding principal.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**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 generally accepted accounting principles (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.
9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is part of the County's accounting system.

**Excess of expenditures over appropriations**

At June 30, 2021, there were no departments with expenditures in excess of appropriations.

**Deficit fund balance**

At June 30, 2021, the Fire and Rescue Fund had deficit fund balance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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. Restricted cash at year end consists of unspent capital lease proceeds.

2. Investments

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 stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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 5<sup>th</sup> and June 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The County bills and collects its own property taxes. *Due to the COVID-19 pandemic, the County delayed the June 5, 2020 collection deadline until August 5, 2020. The County also delayed the December 5, 2020 collection deadline until January 5, 2021.*

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 \$76,225 for property taxes and \$1,158,379 for EMS billings at June 30, 2021.

6. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance  
(Continued)

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, which include property, plant and equipment, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Expenditures for capital assets and improvements are capitalized as projects are completed.

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

<b>Assets</b>	<b>Years</b>
Buildings	40
Building improvements	40
Machinery and equipment	4-30

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)**

**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, governmental fund types recognize bond premiums and discounts during the current period. 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**

The County reports fund balance in accordance with current financial reporting standards. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaid expenditures) or are required to be maintained intact (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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)**

**11. Fund Balance (Continued)**

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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable and EMS billings 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 and uncollected EMS revenue are reported as deferred inflows of resources. In addition certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

**E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)**

**13. Net Position**

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

*The County's net position is classified as follows:*

Net Investment in Capital Assets - This category represents the net value of capital assets (property, plant, and equipment less accumulated depreciation) reduced by the debt incurred to acquire or construct the asset.

Restricted- This category includes resources for which the County is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted - Unrestricted net position represents resources derived from charges to customers for goods received, services rendered or privileges provided, operating grants and contributions, and capital grants and contributions. These resources are used for transactions relating to the operations of the County and may be used at the County's discretion to meet current expenses for any lawful purposes.

**14. Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the 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.

**15. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's 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 Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

E. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance  
(Continued)

16. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources 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.

**Note 2—Deposits and Investments:**

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.

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

**Custodial Credit Risk (Investments)**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2021, the County and the Component Unit - School Board did not hold any investments that were subject to custodial credit risk.

**Concentration of Credit Risk**

At June 30, 2021, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 2—Deposits and Investments: (Continued)**

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
SNAP	\$ 18,737,391

External Investment Pools

The value of the positions in the external investment pools (State Non-Arbitrage Pool) 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

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)		
Investment Type	Fair Value	Less than 1 year
SNAP	\$ 18,737,391	\$ 18,737,391

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 3—Due from Other Governmental Units:**

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<b><u>Commonwealth of Virginia:</u></b>		
Local sales tax	\$ 248,994	\$ -
State sales tax	-	367,946
Noncategorical aid	87,326	-
Categorical aid - shared expenses	120,585	-
Categorical aid - welfare payments	55,398	-
Categorical aid - CSA funds	132,274	-
Categorical aid - other	123,840	-
<b><u>Federal Government:</u></b>		
Categorical aid	125,078	-
School federal programs	-	294,668
	<u>                    </u>	<u>                    </u>
Totals	\$ <u>893,495</u>	\$ <u>662,614</u>

**Note 4-Interfund/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>	\$ <u>1,910,908</u>
Component Unit:		
School Board	\$ <u>1,910,908</u>	\$ <u>-</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 4-Interfund/Component-Unit Obligations: (Continued)**

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. During the fiscal year, the County had the following transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 46,631	\$ -
Capital Improvement Fund	-	46,631
Total	<u>\$ 46,631</u>	<u>\$ 46,631</u>

**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, 2021:

	<u>Beginning Balance, as restated</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct borrowings and direct placements:				
General obligation bonds	\$ 3,609,843	\$ 13,150,000	\$ (731,174)	\$ 16,028,669
Lease revenue bonds	17,046,845	16,764,000	(15,908,000)	17,902,845
Bond premiums	-	1,873,114	-	1,873,114
Capital leases	2,130,695	140,667	(718,772)	1,552,590
Landfill closure/post-closure liability	1,372,346	16,469	-	1,388,815
Compensated absences	493,231	359,141	(369,922)	482,450
Net pension liability	3,311,408	2,249,908	(999,199)	4,562,117
Net OPEB liability	372,189	136,914	(125,674)	383,429
Total	<u>\$ 28,336,557</u>	<u>\$ 34,690,213</u>	<u>\$ (18,852,741)</u>	<u>\$ 44,174,029</u>

The County issued \$21,664,000 in refunding bonds to current refund \$15,659,000 in general obligation bonds, cover bond issuance costs, and provide \$7,324,384 in new funding for school projects. The refunding was undertaken to reduce future debt service payments by \$664,246 over the next fifteen years. The refunding resulted in a net present value gain of \$594,196 using a discount rate of 2.30% (the effective interest rate on the new debt).

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 5—Long-Term Obligations: (Continued)**

Primary Government - Governmental Activities Indebtedness: (Continued)

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	
	Principal	Interest	Principal	Interest
2022	\$ 555,677	\$ 689,481	\$ 681,000	\$ 368,823
2023	566,288	557,250	1,090,000	418,223
2024	595,976	529,057	1,111,000	392,472
2025	690,420	498,457	1,070,000	366,171
2026	835,308	461,857	1,132,000	340,111
2027-2031	3,355,000	1,804,128	6,646,000	1,232,456
2032-2036	4,280,000	922,835	5,879,000	424,586
2037-2041	5,150,000	289,730	104,000	3,720
Totals	<u>\$ 16,028,669</u>	<u>\$ 5,752,795</u>	<u>\$ 17,713,000</u>	<u>\$ 3,546,562</u>
	Amount in Drawdown Phase:		\$ 189,845	
	Adjusted Total:		<u>\$ 17,902,845</u>	

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 5—Long-Term Obligations: (Continued)**

**Primary Government - Governmental Activities Indebtedness: (Continued)**

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<b>Direct Borrowings and Direct Placements:</b>						
<i>General Obligation Bonds:</i>						
General obligation bonds (VPSA)	4.60-5.10%	11/10/2005	7/15/2025	\$ 10,259,045	\$ 2,878,669	\$ 555,677
General obligation bonds (VPSA)	Varies	11/16/2020	7/15/2040	13,150,000	13,150,000	-
G.O. bond premium (VPSA)	Varies	11/16/2020	7/15/2040	1,873,114	1,873,114	273,655
Total general obligation bonds					<u>\$ 17,901,783</u>	<u>\$ 829,332</u>
<i>Lease Revenue Bonds:</i>						
Lease revenue bond	2.40%	8/4/2016	1/31/2038	\$ 903,000	\$ 761,000	\$ 39,000
Lease revenue bond	1.70%	8/4/2016	1/31/2024	734,000	305,000	100,000
Lease revenue bond*	3.25%	6/28/2019	2/1/2023	3,500,000	189,845	-
Lease revenue bond	2.30%	7/16/2020	2/1/2035	6,849,000	6,839,000	175,000
Lease revenue bond	2.28%	7/16/2020	2/1/2029	820,000	776,000	42,000
Lease revenue bond	2.83%	7/16/2020	2/1/2034	845,000	782,000	54,000
Lease revenue bond	2.43%	5/21/2021	2/1/2036	4,980,000	4,980,000	56,000
Lease revenue bond	3.07%	5/21/2021	2/1/2036	1,877,000	1,877,000	50,000
Lease revenue bond	2.89%	5/21/2021	2/1/2036	361,000	361,000	22,000
Lease revenue bond	1.85%	5/21/2021	2/1/2026	434,000	434,000	86,000
Lease revenue bond	2.74%	5/21/2021	2/1/2031	598,000	598,000	57,000
Total lease revenue bonds					<u>\$ 17,902,845</u>	<u>\$ 681,000</u>
Total direct borrowings and direct placements					<u>\$ 35,804,628</u>	<u>\$ 1,510,332</u>
<b>Capital Leases:</b>						
Capital lease - County equipment	4.00%	10/3/2018	10/3/2023	\$ 22,782	\$ 11,226	\$ 4,672
Capital lease - County equipment	1.95%	5/29/2015	6/15/2025	1,750,000	742,798	179,876
Capital lease - School network	0.00%	3/29/2018	8/15/2022	551,628	197,223	98,611
Capital lease - School buses	2.53%	6/1/2017	8/1/2022	900,849	156,394	-
Capital lease - County equipment	2.15%	6/13/2017	6/20/2022	650,000	135,644	135,644
Capital lease - Enterprise vehicles	2.47%-5.41%	Various	Various	411,908	309,305	73,524
Total capital leases					<u>\$ 1,552,590</u>	<u>\$ 492,327</u>
<b>Other Obligations:</b>						
Landfill closure/post-closure liability					\$ 1,388,815	\$ -
Compensated absences					482,450	361,838
Net pension liability					4,562,117	-
Net OPEB liability					383,429	-
Total other obligations					<u>\$ 6,816,811</u>	<u>\$ 361,838</u>
Total long-term obligations					<u>\$ 44,174,029</u>	<u>\$ 2,364,497</u>

\*bond is in drawdown phase at year-end

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 5—Long-Term Obligations: (Continued)**

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

***Collateral:***

The County's \$6,849,000 lease revenue bond issued in July 2020 is secured by Indian Valley Elementary School.

***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.

**Note 6—Long-Term Obligations - Component Units:**

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, 2021:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Compensated absences	\$ 636,923	\$ 435,591	\$ (477,692)	\$ 594,822
Net pension liability	19,177,039	7,520,379	(6,053,325)	20,644,093
Net OPEB liabilities	2,796,895	735,855	(624,917)	2,907,833
Total	<u>\$ 22,610,857</u>	<u>\$ 8,691,825</u>	<u>\$ (7,155,934)</u>	<u>\$ 24,146,748</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<b><u>Other Obligations:</u></b>		
Compensated absences	\$ 594,822	\$ 446,115
Net pension liability	20,644,093	-
Net OPEB liabilities	2,907,833	-
Total other obligations	<u>\$ 24,146,748</u>	<u>\$ 446,115</u>
Total long-term obligations	<u>\$ 24,146,748</u>	<u>\$ 446,115</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 6—Long-Term Obligations - Component Units: (Continued)**

**Discretely Presented Component Unit - EDA-Indebtedness:**

The Economic Development Authority opened a line of credit on July 19, 2019 in the amount of \$100,000 with an interest rate of Prime plus .25% or 5.75% but did not draw on the line during fiscal year 2021 and had a zero balance at year end.

**Note 7—Capital Leases:**

**Primary Government**

The County has entered into capital leases to finance the acquisition of various items as noted below. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of the minimum lease payments at the date of inception.

Total capital assets acquired through capital leases are as follows:

Ambulances	\$	331,210
Fire trucks		903,685
School buses		1,136,424
Voting machine		80,710
Utility trailer		28,818
Police vehicles		88,128
Network Refresh		585,914
Animal control vehicles		57,550
CAMA software		125,062
Forklift		22,782
Public works vehicles		191,537
Enterprise Vehicles		496,764
Less: Accumulated depreciation		(1,673,097)
Net capital assets	\$	<u>2,375,487</u>



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 7—Capital Leases: (Continued)**

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, were as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2022	\$ 517,557
2023	541,215
2024	281,630
2025	238,581
2026	<u>33,563</u>
Sub-total	\$ 1,612,546
Less: Amount representing interest	<u>(59,956)</u>
Present Value of Lease Agreements	<u>\$ 1,552,590</u>

**Note 8—Pension Plans:**

***Plan Description***

All full-time, salaried permanent employees of the County and (Nonprofessional) employees of the public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through County of Floyd, Virginia and the participating entities 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans: (Continued)**

***Benefit Structures***

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans:** (Continued)

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 12.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$579,458 and \$469,155 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans: (Continued)**

***Net Pension Liability***

At June 30, 2021, the County reported a liability of \$4,562,117 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 and 2019 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2020 and 2019, the County's proportion was 95.10% and 95.61% respectively.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County of Floyd, Virginia's Retirement Plan and the Component Unit School Board's (Nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans: (Continued)**

***Actuarial Assumptions - General Employees (Continued)***

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans: (Continued)**

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

**Mortality rates:**

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans: (Continued)**

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 8—Pension Plans: (Continued)**

***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 8—Pension Plans: (Continued)**

***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 Component Unit School Board (Nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions 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.

***Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the County's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the County's proportionate share of the net pension liability would be if it were 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% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County's proportionate share of the County of Floyd's Retirement Plan Net Pension Liability (Asset)	\$ 7,146,075	\$ 4,562,117	\$ 2,420,244

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

For the year ended June 30, 2021, the County recognized pension expense of \$1,260,264. 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.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 8—Pension Plans: (Continued)**

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

At June 30, 2021, the County 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	\$ 534,616	\$ -
Change in assumptions	231,821	-
Net difference between projected and actual earnings on pension plan investments	461,059	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,073	-
Employer contributions subsequent to the measurement date	579,458	-
Total	\$ 1,809,027	\$ -

\$579,458 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. 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 Ended June 30	Primary Government
2022	\$ 451,554
2023	414,815
2024	215,766
2025	147,434
2026	-
Thereafter	-

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans: (Continued)**

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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.

***Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	92
Inactive members:	
Vested inactive members	16
Non-vested inactive members	25
Inactive members active elsewhere in VRS	15
Total inactive members	56
Active members	69
Total covered employees	217

***Contributions***

The Component Unit School Board's contractually required employer contribution rate for Nonprofessional employees for the year ended June 30, 2021 was 12.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans:** (Continued)

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

***Contributions (Continued)***

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Floyd County School Board's Nonprofessional employees were \$200,899 and \$207,282 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net Pension Liability***

The net pension liability (NPL) 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. The Component Unit School Board's (Nonprofessional) net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 8—Pension Plans: (Continued)**

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

***Changes in Net Pension Liability***

	Component Unit - School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 8,129,721	\$ 6,350,954	\$ 1,778,767
Changes for the year:			
Service cost	\$ 131,852	\$ -	\$ 131,852
Interest	529,662	-	529,662
Differences between expected and actual experience	39,219	-	39,219
Assumption changes	-	-	-
Contributions - employer	-	207,282	(207,282)
Contributions - employee	-	75,913	(75,913)
Net investment income	-	118,476	(118,476)
Benefit payments, including refunds of employee contributions	(565,742)	(565,742)	-
Administrative expenses	-	(4,250)	4,250
Other changes	-	(139)	139
Net changes	\$ 134,991	\$ (168,460)	\$ 303,451
Balances at June 30, 2020	\$ 8,264,712	\$ 6,182,494	\$ 2,082,218

***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 were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Current		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 2,866,327	\$ 2,082,218	\$ 1,394,855

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans:** (Continued)

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

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

For the year ended June 30, 2021, the Component Unit School Board (Nonprofessional) recognized pension expense of \$291,368. At June 30, 2021, 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	\$ 18,577	\$ 4,895
Change in assumptions	8,942	-
Net difference between projected and actual earnings on pension plan investments	184,665	-
Employer contributions subsequent to the measurement date	200,899	-
Total	\$ 413,083	\$ 4,895

\$200,899 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, 2022.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans:** (Continued)

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

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

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:

<u>Year Ended June 30</u>	<u>Component Unit School Board (Nonprofessional)</u>
2022	\$ 23,710
2023	59,134
2024	64,340
2025	60,105
2026	-
Thereafter	-

**Component Unit School Board (Professional)**

***Plan Description***

All full-time, salaried permanent (Professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system).

Additional information regarding the plan description 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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$1,793,926 and \$1,694,630 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 8—Pension Plans: (Continued)**

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

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

At June 30, 2021, the school division reported a liability of \$18,561,875 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.12750% as compared to 0.13220% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$1,947,134. 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.

At June 30, 2021, 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	\$ -	\$ 1,088,012
Change in assumptions	1,267,081	-
Net difference between projected and actual earnings on pension plan investments	1,411,836	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	303,114	693,346
Employer contributions subsequent to the measurement date	1,793,926	-
Total	\$ 4,775,957	\$ 1,781,358



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans: (Continued)**

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

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

\$1,793,926 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board (Professional)</u>
2022	\$ (106,410)
2023	397,498
2024	577,380
2025	379,432
2026	(47,227)
Thereafter	-

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8—Pension Plans: (Continued)**

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

***Actuarial Assumptions (Continued)***

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 8—Pension Plans: (Continued)**

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

***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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%
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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 were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 27,234,439	\$ 18,561,875	\$ 11,388,568

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 8—Pension Plans: (Continued)**

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

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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 (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,809,027	\$ -	\$ 4,562,117	\$ 1,260,264	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	413,083	4,895	2,082,218	291,368
School Board Professional	-	-	-	-	4,775,957	1,781,358	18,561,875	1,947,134
Totals	<u>\$ 1,809,027</u>	<u>\$ -</u>	<u>\$ 4,562,117</u>	<u>\$ 1,260,264</u>	<u>\$ 5,189,040</u>	<u>\$ 1,786,253</u>	<u>\$ 20,644,093</u>	<u>\$ 2,238,502</u>

**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan):**

**Plan Description**

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. 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 Plan, it is not included as part of the GLI Plan OPEB.

## COUNTY OF FLOYD, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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#### **Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

##### ***Plan Description (continued)***

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

##### ***Eligible Employees***

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

##### ***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

##### ***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ( $1.34\% \times 60\%$ ) and the employer component was 0.54% ( $1.34\% \times 40\%$ ). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$25,991 and \$24,731 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Contributions (continued)***

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Nonprofessional) were \$9,063 and \$8,638 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Professional) were \$60,607 and \$58,582 for the years ended June 30, 2021 and June 30, 2020, respectively.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB***

**Primary Government**

At June 30, 2021, the entity reported a liability of \$383,429 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.0230% as compared to 0.02270% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$24,530. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

**Component Unit School Board (Nonprofessional)**

At June 30, 2021, the entity reported a liability of \$134,675 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00810% as compared to 0.00811% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$4,527. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)***

Component Unit School Board (Professional)

At June 30, 2021, the entity reported a liability of \$913,354 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.05470% as compared to 0.05686% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$30,464. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,593	\$ 3,443	\$ 8,638	\$ 1,210	\$ 58,583	\$ 8,203
Net difference between projected and actual earnings on GLI OPEB program investments	11,517	-	4,046	-	27,436	-
Change in assumptions	19,176	8,006	6,735	2,812	45,678	19,071
Changes in proportionate share	33,531	-	-	3,328	16,014	37,638
Employer contributions subsequent to the measurement date	25,991	-	9,063	-	60,607	-
Total	\$ 114,808	\$ 11,449	\$ 28,482	\$ 7,350	\$ 208,318	\$ 64,912

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)***

\$25,991, \$9,063, and \$60,607 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2022	\$ 15,684	\$ 1,420	\$ 9,391
2023	18,936	2,563	17,139
2024	20,260	3,605	26,560
2025	17,402	3,652	27,525
2026	4,738	773	2,858
Thereafter	348	56	(674)

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Actuarial Assumptions (continued)***

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

**Actuarial Assumptions (continued)**

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Actuarial Assumptions (continued)***

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Net GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan’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, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

The total GLI OPEB 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 GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)***Long-Term Expected Rate of Return***

The long-term expected rate of return on the System's 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 System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's 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 GLI OPEB liability.

**Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 504,046	\$ 383,429	\$ 285,475
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan			
Net OPEB Liability	177,040	134,675	100,270
Component Unit School Board's (professional) proportionate share of the GLI Plan			
Net OPEB Liability	1,200,674	913,354	680,024

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 10-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (Professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. 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 HIC 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.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

***Eligible Employees***

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (Professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

***Benefit Amounts***

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other Professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other Professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Plan (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 10-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 from the school division to the VRS Teacher Employee HIC Plan were \$135,781 and \$134,567 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2021, the school division reported a liability of \$1,668,477 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.12790% as compared to 0.13289% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$128,048. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 10-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)***

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 22,282
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	7,394	-
Change in assumptions	32,983	9,116
Change in proportionate share	32,004	82,920
Employer contributions subsequent to the measurement date	<u>135,781</u>	<u>-</u>
Total	\$ <u>208,162</u>	\$ <u>114,318</u>

\$135,781 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (8,590)
2023	(7,857)
2024	(8,102)
2025	(4,516)
2026	(1,543)
Thereafter	(11,329)

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 10-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

**Mortality Rates - Teachers**

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 10- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions (continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,304,516
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

The long-term expected rate of return on the VRS 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

***Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,867,686	\$ 1,668,477	\$ 1,499,164

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF FLOYD, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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#### **Note 11—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, 2021 was \$28,256.

#### **Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan):**

##### ***Plan Description***

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. 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 HIC 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.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

##### ***Eligible Employees***

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Benefit Amounts***

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

***Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>-</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>-</u>
Total inactive members	<u>-</u>
Active members	<u>69</u>
Total covered employees	<u>69</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2021 was .87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 from the School Board to the HIC Plan were \$14,602 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net HIC OPEB Liability***

The School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Actuarial Assumptions (continued)***

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Long-Term Expected Rate of Return***

The long-term expected rate of return on the System's 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 System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Long-term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's 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 HIC OPEB liability.

**Changes in Net HIC OPEB Liability**

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	\$ -	\$ -	\$ -
Interest	-	-	-
Benefit changes	191,327	-	191,327
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Contribution - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	\$ 191,327	\$ -	\$ 191,327
Balances at June 30, 2020	\$ 191,327	\$ -	\$ 191,327

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Sensitivity of the School Board's HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County of Floyd, Virginia School Board's Net HIC OPEB Liability	\$ 208,695	\$ 191,327	\$ 176,166

***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB***

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$191,327. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	-
Change in assumptions	-	-
Employer contributions subsequent to the measurement date	14,602	-
Total	\$ 14,602	\$ -

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)***

\$14,602 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2022	\$	-
2023		-
2024		-
2025		-
2026		-
Thereafter		-

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 13—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 (Note 9)								
County	\$ 114,808	\$ 11,449	\$ 383,429	\$ 24,530	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	28,482	7,350	134,675	4,527
School Board Professional	-	-	-	-	208,318	64,912	913,354	30,464
Teacher HIC Plan (Note 10)	-	-	-	-	208,162	114,318	1,668,477	128,048
School Board Nonprofessional HIC Plan (Note 12)	-	-	-	-	14,602	-	191,327	191,327
Totals	\$ 114,808	\$ 11,449	\$ 383,429	\$ 24,530	\$ 459,564	\$ 186,580	\$ 2,907,833	\$ 354,366

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 14—Capital Assets:**

Primary Government

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,201,303	\$ -	\$ -	\$ 1,201,303
Construction in progress	3,973,054	7,281,147	-	11,254,201
Total capital assets not being depreciated	<u>\$ 5,174,357</u>	<u>\$ 7,281,147</u>	<u>\$ -</u>	<u>\$ 12,455,504</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,213,657	\$ 27,443	\$ -	\$ 21,241,100
Machinery and equipment	11,080,754	831,976	-	11,912,730
Total capital assets being depreciated	<u>\$ 32,294,411</u>	<u>\$ 859,419</u>	<u>\$ -</u>	<u>\$ 33,153,830</u>
Accumulated depreciation:				
Buildings and improvements	\$ (8,983,385)	\$ (532,013)	\$ -	\$ (9,515,398)
Machinery and equipment	(7,647,485)	(662,159)	-	(8,309,644)
Total accumulated depreciation	<u>\$ (16,630,870)</u>	<u>\$ (1,194,172)</u>	<u>\$ -</u>	<u>\$ (17,825,042)</u>
Total capital assets being depreciated, net	<u>\$ 15,663,541</u>	<u>\$ (334,753)</u>	<u>\$ -</u>	<u>\$ 15,328,788</u>
Governmental activities capital assets, net	<u>\$ 20,837,898</u>	<u>\$ 6,946,394</u>	<u>\$ -</u>	<u>\$ 27,784,292</u>

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

Governmental Activities:	
General government administration	\$ 53,341
Judicial administration	2,345
Public safety	373,515
Public works	169,241
Health and welfare	4,899
Education	554,996
Parks, recreation, and cultural	35,213
Community development	622
Total depreciation expense-governmental activities	<u>\$ 1,194,172</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 14—Capital Assets: (Continued)**

Discretely Presented Component Unit - School Board

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 265,917	\$ -	\$ -	\$ 265,917
Construction in progress	-	142,840	-	142,840
Total capital assets not being depreciated	\$ 265,917	\$ 142,840	\$ -	\$ 408,757
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,538,238	\$ -	\$ -	\$ 6,538,238
Machinery and equipment	3,921,172	216,745	-	4,137,917
Total capital assets being depreciated	\$ 10,459,410	\$ 216,745	\$ -	\$ 10,676,155
Accumulated depreciation:				
Buildings and improvements	\$ (3,728,826)	\$ (150,129)	\$ -	\$ (3,878,955)
Machinery and equipment	(3,479,343)	(152,897)	-	(3,632,240)
Total accumulated depreciation	\$ (7,208,169)	\$ (303,026)	\$ -	\$ (7,511,195)
Total capital assets being depreciated, net	\$ 3,251,241	\$ (86,281)	\$ -	\$ 3,164,960
Governmental activities capital assets, net	\$ 3,517,158	\$ 56,559	\$ -	\$ 3,573,717

*The remainder of this page is left blank intentionally.*

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 14—Capital Assets: (Continued)**

**Discretely Presented Component Unit - EDA**

Capital asset activity for the Authority for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 430,419	\$ -	\$ -	\$ 430,419
Construction in progress	99,623	254,409	-	354,032
Total capital assets not being depreciated	<u>\$ 530,042</u>	<u>\$ 254,409</u>	<u>\$ -</u>	<u>\$ 784,451</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 2,311,828	\$ -	\$ -	\$ 2,311,828
Machinery and equipment	72,265	-	-	72,265
Total capital assets being depreciated	<u>\$ 2,384,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,384,093</u>
Accumulated depreciation:				
Buildings and improvements	\$ (317,878)	\$ (57,796)	\$ -	\$ (375,674)
Machinery and equipment	(69,479)	(1,856)	-	(71,335)
Total accumulated depreciation	<u>\$ (387,357)</u>	<u>\$ (59,652)</u>	<u>\$ -</u>	<u>\$ (447,009)</u>
Total capital assets being depreciated, net	<u>\$ 1,996,736</u>	<u>\$ (59,652)</u>	<u>\$ -</u>	<u>\$ 1,937,084</u>
Business-type activities capital assets, net	<u>\$ 2,526,778</u>	<u>\$ 194,757</u>	<u>\$ -</u>	<u>\$ 2,721,535</u>

**Note 15—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.



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 16—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.

**Note 17—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 Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 528,528
Tax assessments due after June 30	5,085,648	5,085,648
Unavailable EMS revenue representing uncollected EMS billings that are not available for funding of current expenditures.	-	79,625
Capital lease receivable	-	555,208
Prepaid taxes relating to taxes due in a future period.	426,295	426,295
Total deferred/unavailable revenue	\$ 5,511,943	\$ 6,675,304

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 18-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 \$1,388,815. 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.

**Note 19 - Operating Lease**

The County leases a manufacturing building to Legacy, Inc. The agreement was for a ten-year term that initially ended on January 31, 2010. However, the lease has been renewed annually for additional one year periods through January 31, 2022. The lease requires Legacy maintain a certain level of employment at the facility or the County can declare the company in default and take possession of the building. Legacy has an option to purchase the building at any time during the term of the lease at a then determined fair market appraised value of the property. The 2021 minimum monthly rental payment under this lease is \$4,500.

**Note 20-Capital Lease Receivable**

During the fiscal year ending June 30, 2014, the County purchased a building and related land with debt proceeds and subsequently transferred ownership to the Floyd County Economic Development Authority (EDA). During fiscal year 2015, the EDA leased the building to a local corporation and assigned all rental payments to the County. For financial reporting purposes, the lease is considered a capital lease. As such, the County has recorded a long-term receivable (\$555,208 as of June 30, 2021) for anticipated lease payments. Terms of the lease agreement require monthly payments of \$13,542 for a period of ten years beginning on December 1, 2014.

# COUNTY OF FLOYD, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

### Note 21—Litigation:

As of June 30, 2021, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

As of June 30, 2021, the Floyd County School Board has a disputed claim with a prior third-party administrator in the amount of \$389,664. The School Board is confident that unpaid open claims are substantially lower than that amount but reasonably estimates the maximum potential liability is \$200,000 and therefore the School Board has accrued \$200,000 as a liability. Since this liability is related to the self-health insurance this liability has been recorded in that fund.

### Note 22-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 2021, a total of \$1,734,796 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$1,488,134. 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 or \$1,656,498 in the aggregate. Incurred but not reported claims of \$410,662 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 two prior fiscal years 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
2019-21	\$ 657,324	\$ 1,488,134	\$ (1,734,796)	\$ 410,662
2019-20	354,218	1,904,112	(1,601,006)	657,324
2018-19	142,945	1,551,099	(1,339,826)	354,218

### Note 23—Commitments:

At June 30, 2021, the County had the following outstanding construction commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Collaboration and Career Development Center (Construction)	\$ 12,067,514	\$ 8,279,939	\$ 1,859,534	\$ 189,379
Collaboration and Career Development Center (Engineering)	910,097	43,275	5,296	-
Floyd County School HVAC Upgrades (Construction)	2,439,628	278,012	17,773	108,081
Floyd County School Boiler Project (Construction)	3,003,060	30,101	13,005	118,995
Floyd County EDA - Lot 4 (Engineering)	75,856	199	754	-
Floyd County EDA - Growth Center Building (Construction)	6,046,250	6,046,250	-	-
Floyd County Schools IAQ	236,977	236,977	-	-
Floyd County Schools IAQ Phase 2	591,355	448,515	142,840	-
Total	\$ 25,370,737	\$ 15,363,268	\$ 2,039,202	\$ 416,455

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 24—Restatement:**

The County restated beginning net position to include a capital lease and related vehicles as further review determined the lease was a capital lease and not an operating lease.

		County
		<u>Governmental Activities</u>
Net position as previously reported 6/30/2020	\$	14,689,804
Correction of capital assets for Enterprise lease capital assets		262,254
Correction of long-term obligations for Enterprise capital lease		(223,822)
Net position as restated 6/30/2020	\$	<u>14,728,236</u>

**Note 25— Adoption of Accounting Principle:**

The County and School Board implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of fund balance and net position by the inclusion of school activity funds and change in reporting of special welfare funds. Special welfare funds were determined to be a custodial fund and \$19,456 previously reported as liability in the fiduciary funds is now restated to be reported as net position in this fund. The school activity fund impact is below:

Fund balance, as previously reported 6/30/2020	\$	-
Inclusion of School Activity Fund (per GASB 84)		272,538
Fund balance, as restated 6/30/2020	\$	<u>272,538</u>
School Board Net position, as previously reported 6/30/2020	\$	(15,216,560)
Inclusion of School Activity Fund (per GASB 84)		272,538
School Board Net position, as restated 6/30/2020	\$	<u>(14,944,022)</u>

**Note 26—COVID-19 Pandemic:**

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

## COUNTY OF FLOYD, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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#### **Note 26—COVID-19 Pandemic: (Continued)**

##### CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$2,748,080. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$311,990. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$102,590 are reported as unearned revenue as of June 30.

##### 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). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 24, 2021, the County received its share of the first half of the CSLFRF funds. 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 \$1,529,529 from the initial allocation are reported as unearned revenue as of June 30.

##### ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

#### **Note 27—Upcoming Pronouncements:**

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 27—Upcoming Pronouncements: (Continued)**

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

## **Required Supplementary Information**

County of Floyd, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 13,716,668	\$ 13,722,168	\$ 13,737,534	\$ 15,366
Other local taxes	1,966,532	1,966,532	2,279,655	313,123
Permits, privilege fees, and regulatory licenses	122,501	122,501	124,000	1,499
Fines and forfeitures	23,000	23,001	19,774	(3,227)
Revenue from the use of money and property	249,867	249,867	265,285	15,418
Charges for services	1,057,943	1,060,683	1,083,370	22,687
Miscellaneous	46,500	46,500	49,664	3,164
Recovered costs	75,000	231,768	270,290	38,522
Intergovernmental:				
Commonwealth	4,882,241	5,089,124	4,773,479	(315,645)
Federal	3,915,558	8,768,130	4,045,133	(4,722,997)
Total revenues	\$ 26,055,810	\$ 31,280,274	\$ 26,648,184	\$ (4,632,090)
EXPENDITURES				
Current:				
General government administration	\$ 1,502,594	\$ 1,710,981	\$ 1,699,826	\$ 11,155
Judicial administration	1,062,421	1,152,450	1,074,125	78,325
Public safety	4,381,907	6,470,801	6,346,806	123,995
Public works	1,874,482	2,223,542	2,197,621	25,921
Health and welfare	3,806,808	3,808,339	2,947,573	860,766
Education	7,252,777	7,420,777	6,987,787	432,990
Parks, recreation, and cultural	450,702	436,284	426,418	9,866
Community development	586,951	3,200,881	1,921,095	1,279,786
Capital projects	3,705,000	10,484,591	7,627,467	2,857,124
Debt service:				
Principal retirement	1,947,842	1,460,223	1,698,946	(238,723)
Bond issuance costs	-	-	469,624	(469,624)
Interest and other fiscal charges	684,326	684,326	684,326	-
Total expenditures	\$ 27,255,810	\$ 39,053,195	\$ 34,081,614	\$ 4,971,581
Excess (deficiency) of revenues over (under) expenditures	\$ (1,200,000)	\$ (7,772,921)	\$ (7,433,430)	\$ 339,491
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 46,631	\$ 46,631
Issuance of capital lease	-	-	140,667	140,667
Issuance of lease revenue bonds	1,200,000	6,133,022	8,250,000	2,116,978
Issuance of current refunding bond premium	-	-	1,873,114	1,873,114
Debt service - current refunding	-	-	(15,659,000)	(15,659,000)
Issuance of current refunding bonds	-	-	21,664,000	21,664,000
Total other financing sources (uses)	\$ 1,200,000	\$ 6,133,022	\$ 16,315,412	\$ 10,182,390
Net change in fund balances	\$ -	\$ (1,639,899)	\$ 8,881,982	\$ 10,521,881
Fund balances - beginning	-	1,639,899	20,350,715	18,710,816
Fund balances - ending	\$ -	\$ -	\$ 29,232,697	\$ 29,232,697



County of Floyd, Virginia  
Fire and Rescue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ -	\$ -	\$ 287,158	\$ 287,158
Intergovernmental:				
Commonwealth	84,500	86,723	56,609	(30,114)
Total revenues	<u>\$ 84,500</u>	<u>\$ 86,723</u>	<u>\$ 343,767</u>	<u>\$ 257,044</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 306,700	\$ 308,923	\$ 285,769	\$ 23,154
Total expenditures	<u>\$ 306,700</u>	<u>\$ 308,923</u>	<u>\$ 285,769</u>	<u>\$ 23,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (222,200)</u>	<u>\$ (222,200)</u>	<u>\$ 57,998</u>	<u>\$ 280,198</u>
Net change in fund balances	<u>\$ (222,200)</u>	<u>\$ (222,200)</u>	<u>\$ 57,998</u>	<u>\$ 280,198</u>
Fund balances - beginning	222,200	222,200	(1,224,379)	(1,446,579)
Fund balances (deficit) - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,166,381)</u></u>	<u><u>\$ (1,166,381)</u></u>

County of Floyd, Virginia  
 Asset Forfeiture Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 26	\$ 26
Intergovernmental:				
Commonwealth	-	-	26,912	26,912
Total revenues	\$ -	\$ -	\$ 26,938	\$ 26,938
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ -	\$ 17,488	\$ (17,488)
Total expenditures	\$ -	\$ -	\$ 17,488	\$ (17,488)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 9,450	\$ 9,450
Net change in fund balances	\$ -	\$ -	\$ 9,450	\$ 9,450
Fund balances - beginning	-	-	99,189	99,189
Fund balances - ending	\$ -	\$ -	\$ 108,639	\$ 108,639

County of Floyd, Virginia  
Schedule of the Employer's Proportionate Share of the Net Pension Liability  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2020

Measurement Date	Proportion of the Net Pension Liability (NPL)	Proportionate Share of the NPL	Covered Employee Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
<b>Primary Government - Floyd County Retirement Plan</b>					
6/30/2020	95.0985%	\$ 4,562,117	\$ 4,785,755	95.33%	77.18%
6/30/2019	95.6190%	3,311,408	4,414,382	75.01%	82.33%
6/30/2018	93.4793%	2,459,808	4,008,077	61.37%	85.30%
6/30/2017	93.5572%	2,166,478	3,699,615	58.56%	86.27%
6/30/2016	93.9623%	1,653,111	3,350,265	49.34%	88.35%
6/30/2015	93.9623%	1,710,798	3,243,562	52.74%	87.93%
6/30/2014	93.9623%	1,559,230	3,158,882	49.36%	88.43%
<b>Component Unit - School Board (professional)</b>					
6/30/2020	0.1275%	\$ 18,561,875	\$ 11,213,939	165.53%	71.47%
6/30/2019	0.1322%	17,398,272	11,146,168	156.09%	73.51%
6/30/2018	0.1309%	15,393,000	10,651,747	144.51%	74.81%
6/30/2017	0.1281%	15,747,000	10,175,499	154.75%	72.92%
6/30/2016	0.1333%	18,685,000	10,166,273	183.79%	68.28%
6/30/2015	0.1313%	16,527,000	9,762,551	169.29%	70.68%
6/30/2014	0.1360%	16,432,000	9,943,630	165.25%	70.88%

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

County of Floyd, Virginia  
Schedule of Changes in Net Pension Liability and Related Ratios  
Component Unit School Board (nonprofessional)

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 131,852	\$ 134,845	\$ 133,029	\$ 136,373	\$ 135,188	\$ 141,862	\$ 141,371
Interest	529,662	536,032	532,720	511,312	508,111	494,918	484,197
Differences between expected and actual experience	39,219	(102,799)	(79,455)	302,461	(38,179)	99,493	-
Changes of assumptions	-	187,790	-	(98,446)	-	-	-
Benefit payments	(565,742)	(567,484)	(510,474)	(581,269)	(537,531)	(558,076)	(386,746)
<b>Net change in total pension liability</b>	\$ 134,991	\$ 188,384	\$ 75,820	\$ 270,431	\$ 67,589	\$ 178,197	\$ 238,822
<b>Total pension liability - beginning</b>	<u>8,129,721</u>	<u>7,941,337</u>	<u>7,865,517</u>	<u>7,595,086</u>	<u>7,527,497</u>	<u>7,349,300</u>	<u>7,110,478</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 8,264,712</u></u>	<u><u>\$ 8,129,721</u></u>	<u><u>\$ 7,941,337</u></u>	<u><u>\$ 7,865,517</u></u>	<u><u>\$ 7,595,086</u></u>	<u><u>\$ 7,527,497</u></u>	<u><u>\$ 7,349,300</u></u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 207,282	\$ 202,602	\$ 169,734	\$ 161,903	\$ 151,165	\$ 146,934	\$ 120,805
Contributions - employee	75,913	73,870	74,558	71,504	75,643	72,990	71,995
Net investment income	118,476	405,356	441,480	679,894	94,757	265,834	838,193
Benefit payments	(565,742)	(567,484)	(510,474)	(581,269)	(537,531)	(558,076)	(386,746)
Administrator charges	(4,250)	(4,205)	(3,956)	(4,184)	(3,838)	(3,938)	(4,638)
Other	(139)	(254)	(387)	(593)	(42)	(57)	45
<b>Net change in plan fiduciary net position</b>	\$ (168,460)	\$ 109,885	\$ 170,955	\$ 327,255	\$ (219,846)	\$ (76,313)	\$ 639,654
<b>Plan fiduciary net position - beginning</b>	<u>6,350,954</u>	<u>6,241,069</u>	<u>6,070,114</u>	<u>5,742,859</u>	<u>5,962,705</u>	<u>6,039,018</u>	<u>5,399,364</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 6,182,494</u></u>	<u><u>\$ 6,350,954</u></u>	<u><u>\$ 6,241,069</u></u>	<u><u>\$ 6,070,114</u></u>	<u><u>\$ 5,742,859</u></u>	<u><u>\$ 5,962,705</u></u>	<u><u>\$ 6,039,018</u></u>
<b>School Division's net pension liability - ending (a) - (b)</b>	\$ 2,082,218	\$ 1,778,767	\$ 1,700,268	\$ 1,795,403	\$ 1,852,227	\$ 1,564,792	\$ 1,310,282
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	74.81%	78.12%	78.59%	77.17%	75.61%	79.21%	82.17%
<b>Covered payroll</b>	\$ 1,661,301	\$ 1,589,082	\$ 1,590,936	\$ 1,505,465	\$ 1,480,882	\$ 1,423,176	\$ 1,449,434
<b>School Division's net pension liability as a percentage of covered payroll</b>	125.34%	111.94%	106.87%	119.26%	125.08%	109.95%	90.40%

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

County of Floyd, Virginia  
Schedule of Employer Contributions  
Pension Plans  
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)* (1) - (2)	Employer's Covered Payroll	Contributions as a % of Covered Payroll (2)/(4)
	(1)	(2)	(3)	(4)	(5)
<b>Primary Government - Floyd County Retirement Plan</b>					
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%
2014	378,434	378,434	-	3,158,882	11.98%
2013	370,739	370,739	-	3,094,649	11.98%
2012	305,053	305,053	-	2,896,988	10.53%
<b>Component Unit School Board (nonprofessional)</b>					
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%
2014	172,641	120,805	51,836	1,449,434	8.33%
2013	160,342	112,199	48,143	1,337,294	8.39%
2012	95,527	95,527	-	1,296,159	7.37%
<b>Component Unit School Board (professional) (1)</b>					
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%
2014	1,159,427	1,159,427	-	9,943,630	11.66%

(1) Only 8 years of information are available.

County of Floyd, Virginia  
Notes to Required Supplementary Information  
Pension Plans  
For the Year Ended June 30, 2021

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Component Unit School Board - Professional Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Floyd, Virginia  
Schedule of County's Share of Net OPEB Liability  
Group Life Insurance (GLI) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government - Floyd County Retirement Plan</b>					
2020	0.0230%	\$ 383,429	\$ 4,785,755	8.01%	52.64%
2019	0.0227%	372,189	4,414,382	8.43%	52.00%
2018	0.0211%	319,699	4,008,077	7.98%	51.22%
2017	0.0201%	302,190	3,699,615	8.17%	48.86%
<b>Component Unit - School Board (non-professional)</b>					
2020	0.0081%	\$ 134,675	\$ 1,661,301	8.11%	52.64%
2019	0.0081%	131,971	1,589,082	8.30%	52.00%
2018	0.0084%	128,000	1,590,936	8.05%	51.22%
2017	0.0082%	123,000	1,505,465	8.17%	48.86%
<b>Component Unit - School Board (professional)</b>					
2020	0.0547%	\$ 913,354	\$ 11,213,939	8.14%	52.64%
2019	0.0569%	925,264	11,146,168	8.30%	52.00%
2018	0.0560%	851,000	10,651,747	7.99%	51.22%
2017	0.0552%	831,000	10,175,499	8.17%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Floyd, Virginia  
Schedule of Employer Contributions  
Group Life Insurance (GLI) Plan  
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government - County</b>					
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%
2014	15,163	15,163	-	3,158,882	0.48%
2013	14,854	14,854	-	3,094,649	0.48%
2012	8,112	8,112	-	2,896,988	0.28%
<b>Component Unit School Board (nonprofessional)</b>					
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%
2014	6,957	6,957	-	1,449,434	0.48%
2013	6,419	6,419	-	1,337,294	0.48%
2012	3,629	3,629	-	1,296,159	0.28%
<b>Component Unit School Board (professional)</b>					
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%
2014	47,747	47,747	-	9,943,630	0.48%
2013	44,344	44,344	-	9,114,430	0.49%
2012	25,821	25,821	-	9,145,953	0.28%



**County of Floyd, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2021**

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Floyd, Virginia  
Schedule of School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2020

For the Measurement Dates of June 30, 2017 through June 30, 2020						
Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability	
(1)	(2)	(3)	(4)	(5)	(6)	
2020	0.1279% \$	1,668,477 \$	11,213,939	14.88%	9.95%	
2019	0.1329%	1,739,660	11,146,168	15.61%	8.97%	
2018	0.1317%	1,672,000	10,651,747	15.70%	8.08%	
2017	0.1289%	1,636,000	10,175,499	16.08%	7.04%	

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Floyd, Virginia  
Schedule of Employer Contributions  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2012 through June 30, 2021

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Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
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%
2014	110,374	110,374	-	9,943,630	1.11%
2013	101,170	101,170	-	9,114,430	1.11%
2012	54,876	54,876	-	9,145,953	0.60%

County of Floyd, Virginia  
Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2021

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**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Floyd, Virginia  
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios  
Health Insurance Credit (HIC) Plan - School Board Nonprofessional  
For the Measurement Date of June 30, 2020

	<u>2020</u>
<b>Total HIC OPEB Liability</b>	
Service cost	\$ -
Interest	-
Differences between expected and actual experience	-
Changes of assumptions	-
Change in benefit terms	191,327
<b>Net change in total HIC OPEB liability</b>	\$ 191,327
<b>Total HIC OPEB Liability - beginning</b>	-
<b>Total HIC OPEB Liability - ending (a)</b>	<u>\$ 191,327</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ -
Contributions - employee	-
Net investment income	-
Benefit payments	-
Administrator charges	-
Other	-
<b>Net change in plan fiduciary net position</b>	\$ -
<b>Plan fiduciary net position - beginning</b>	-
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>
 <b>School Board's net HIC OPEB liability - ending (a) - (b)</b>	\$ 191,327
 <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	 0.00%
 <b>Covered payroll</b>	 \$ -
 <b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>	 N/A

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not applicable as the School Board was not included in the plan prior to the 2020 valuation. However, additional years will be included as they become available.

County of Floyd, Virginia  
Schedule of Employer Contributions  
Health Insurance Credit (HIC) Plan - School Board Nonprofessional  
For the Year Ended June 30, 2021

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Date	Contributions in				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
School Board					
2021	\$ 14,602	\$ 14,602	\$ -	\$ 1,678,340	0.87%

Schedule is intended to show information for 10 years but the School Board only joined the plan in 2021.

County of Floyd, Virginia  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan - School Board Nonprofessional  
For the Year Ended June 30, 2021

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**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

## **Other Supplementary Information**



County of Floyd, Virginia  
 Capital Improvement Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ 250,000	\$ 250,000	\$ 179,896	\$ (70,104)
Total revenues	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 179,896</u>	<u>\$ (70,104)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ -	\$ -	\$ 56,580	\$ (56,580)
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,580</u>	<u>\$ (56,580)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 123,316</u>	<u>\$ (126,684)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,631)</u>	<u>\$ (46,631)</u>
Net change in fund balances	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 76,685</u>	<u>\$ (173,315)</u>
Fund balances - beginning	<u>(250,000)</u>	<u>(250,000)</u>	<u>672,274</u>	<u>922,274</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 748,959</u></u>	<u><u>\$ 748,959</u></u>

County of Floyd, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2021

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,795,636	\$ 286,103	\$ 2,081,739
Due from primary government	1,910,908	-	1,910,908
Due from other governmental units	662,614	-	662,614
Inventories	36,035	-	36,035
Prepaid items	308,707	-	308,707
Total assets	<u>\$ 4,713,900</u>	<u>\$ 286,103</u>	<u>\$ 5,000,003</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 242,954	\$ -	\$ 242,954
Accrued payroll liabilities	1,910,908	-	1,910,908
Health claim payable	610,662	-	610,662
Total liabilities	<u>\$ 2,764,524</u>	<u>\$ -</u>	<u>\$ 2,764,524</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items and inventory	\$ 344,742	\$ -	\$ 344,742
Restricted:			
Cafeteria	330,148	-	330,148
Self health insurance	854,826	-	854,826
Committed:			
School activities	-	286,103	286,103
Unassigned	419,660	-	419,660
Total fund balances	<u>\$ 1,949,376</u>	<u>\$ 286,103</u>	<u>\$ 2,235,479</u>
Total liabilities and fund balances	<u>\$ 4,713,900</u>	<u>\$ 286,103</u>	<u>\$ 5,000,003</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above	\$ 2,235,479
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 265,917
Buildings and improvements	2,659,283
Machinery and equipment	505,677
Construction in progress	<u>142,840</u>
	3,573,717
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 5,189,040
OPEB related items	<u>459,564</u>
	5,648,604
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (594,822)
Net pension liability	(20,644,093)
Net OPEB liabilities	<u>(2,907,833)</u>
	(24,146,748)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (1,786,253)
OPEB related items	<u>(186,580)</u>
	(1,972,833)
Net position of governmental activities	<u>\$ (14,661,781)</u>

County of Floyd, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2021

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
<b>REVENUES</b>			
Charges for services	\$ 47,146	\$ -	\$ 47,146
Miscellaneous	42,109	264,159	306,268
Recovered costs	230,825	-	230,825
Intergovernmental:			
Local government	7,036,714	-	7,036,714
Commonwealth	13,138,269	-	13,138,269
Federal	2,982,303	-	2,982,303
Total revenues	<u>\$ 23,477,366</u>	<u>\$ 264,159</u>	<u>\$ 23,741,525</u>
<b>EXPENDITURES</b>			
Current:			
Education	<u>\$ 22,928,430</u>	<u>\$ 250,594</u>	<u>\$ 23,179,024</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 548,936</u>	<u>\$ 13,565</u>	<u>\$ 562,501</u>
Net change in fund balances	<u>\$ 548,936</u>	<u>\$ 13,565</u>	<u>\$ 562,501</u>
Fund balances - beginning, as restated	<u>1,400,440</u>	<u>272,538</u>	<u>1,672,978</u>
Fund balances - ending	<u><u>\$ 1,949,376</u></u>	<u><u>\$ 286,103</u></u>	<u><u>\$ 2,235,479</u></u>

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

Net change in fund balances - total governmental funds - per above \$ 562,501

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. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 359,585	
Depreciation expense	<u>(303,026)</u>	56,559

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

Change in compensated absences	\$ 42,101	
Change in net pension liability and related deferred items	(244,734)	
Change in net OPEB liability and related deferred items	<u>(134,186)</u>	(336,819)

Change in net position of governmental activities	<u>\$ 282,241</u>	
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## **DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**

### **MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund accounts for and reports the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Floyd, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 473,567	\$ 473,567	\$ 47,146	\$ (426,421)
Miscellaneous	40,500	40,500	42,109	1,609
Recovered costs	81,000	145,698	230,825	85,127
Intergovernmental:				
Local government	7,245,124	7,469,704	7,036,714	(432,990)
Commonwealth	13,012,308	13,138,447	13,138,269	(178)
Federal	1,868,758	2,711,686	2,982,303	270,617
Total revenues	\$ 22,721,257	\$ 23,979,602	\$ 23,477,366	\$ (502,236)
EXPENDITURES				
Current:				
Education	\$ 22,721,257	\$ 23,979,602	\$ 22,928,430	\$ 1,051,172
Total expenditures	\$ 22,721,257	\$ 23,979,602	\$ 22,928,430	\$ 1,051,172
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 548,936	\$ 548,936
Net change in fund balances	\$ -	\$ -	\$ 548,936	\$ 548,936
Fund balances - beginning	-	-	1,400,440	1,400,440
Fund balances - ending	\$ -	\$ -	\$ 1,949,376	\$ 1,949,376

**DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC  
DEVELOPMENT AUTHORITY**

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**PROPRIETARY FUNDS**

Enterprise Fund - The Enterprise Fund accounts for the operations of the County's Economic Development Authority. Financing is provided by charges for services and the Federal government, as well as contributions from the General Fund.

County of Floyd, Virginia  
Discretely Presented Component Unit  
Economic Development Authority  
Statement of Net Position - Proprietary Fund  
June 30, 2021

	Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 172,986
Accounts receivable	49,325
Loan receivable - current portion	13,725
Lease receivable	16,700
Inventory, held for resale	246,180
Total current assets	<u>\$ 498,916</u>
Noncurrent assets:	
Other assets:	
Loan receivable - net of current portion	\$ 169,274
Restricted cash and cash equivalents	135,702
Capital assets:	
Land	430,419
Construction in progress	354,032
Machinery and equipment	72,265
Building	2,311,828
Accumulated depreciation	(447,009)
Total capital assets	<u>\$ 2,721,535</u>
Total noncurrent assets	<u>\$ 3,026,511</u>
Total assets	<u>\$ 3,525,427</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 2,123
Customers' deposits	12,969
Unearned revenue	2,914
Total liabilities	<u>\$ 18,006</u>
<b>NET POSITION</b>	
Investment in capital assets	\$ 2,721,535
Unrestricted	785,886
Total net position	<u><u>\$ 3,507,421</u></u>

County of Floyd, Virginia  
Discretely Presented Component Unit  
Economic Development Authority  
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund  
For the Year Ended June 30, 2021

	<u>Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
IRB Fees	\$ 2,625
Use of property	74,480
Miscellaneous revenue	13,480
Intergovernmental:	
Local government	19,268
State	80,000
Total operating revenues	<u>\$ 189,853</u>
<b>OPERATING EXPENSES</b>	
Operations	\$ 75,071
Community engagement	73,672
Depreciation	59,652
Total operating expenses	<u>\$ 208,395</u>
Operating income (loss)	<u>\$ (18,542)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 4,644
Contributed capital from County of Floyd	254,409
Total nonoperating revenues (expenses)	<u>\$ 259,053</u>
Change in net position	\$ 240,511
Net position - beginning	3,266,910
Net position - ending	<u><u>\$ 3,507,421</u></u>



County of Floyd, Virginia  
Discretely Presented Component Unit  
Economic Development Authority  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2021

	Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 145,513
Payments to suppliers	(154,527)
Net cash provided by (used for) operating activities	<u>\$ (9,014)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 4,644
Loans/notes issued to customers	(1,556)
Payments received on notes/loans receivable	36,037
Net cash provided by (used for) investing activities	<u>\$ 39,125</u>
Net increase (decrease) in cash and cash equivalents	\$ 30,111
Cash and cash equivalents - beginning (including restricted cash of \$97,213)	278,577
Cash and cash equivalents - ending (including restricted cash of \$135,702)	<u><u>\$ 308,688</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ (18,542)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 59,652
(Increase) decrease in accounts receivable	(46,360)
(Increase) decrease in lease receivable	1,200
(Increase) decrease in prepaid items	339
Increase (decrease) in customer deposits	73
Increase (decrease) in accounts payables	(6,123)
Increase (decrease) in unearned revenue	747
Total adjustments	<u>\$ 9,528</u>
Net cash provided by (used for) operating activities	<u><u>\$ (9,014)</u></u>
Noncash financing, investing, and capital activities:	
Contributed capital assets from Floyd County, Virginia	\$ 254,409

## **Supporting Schedules**

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,289,062	\$ 10,289,062	\$ 10,014,246	\$ (274,816)
Real and personal public service corporation taxes	388,936	388,936	451,411	62,475
Personal property taxes	2,474,620	2,474,620	2,701,135	226,515
Mobile home taxes	63,550	63,550	55,850	(7,700)
Machinery and tools taxes	278,000	278,000	235,909	(42,091)
Merchant's capital	75,500	75,500	77,402	1,902
DMV Stops and administration fees	17,000	22,500	14,613	(7,887)
Penalties	80,000	80,000	118,009	38,009
Interest	50,000	50,000	68,959	18,959
Total general property taxes	\$ 13,716,668	\$ 13,722,168	\$ 13,737,534	\$ 15,366
Other local taxes:				
Local sales and use taxes	\$ 1,028,532	\$ 1,028,532	\$ 1,313,500	\$ 284,968
Consumers' utility taxes	400,000	400,000	375,570	(24,430)
Consumption taxes	-	-	47,683	47,683
Motor vehicle licenses	425,000	425,000	412,601	(12,399)
Recordation tax	6,000	6,000	5,343	(657)
Hotel and motel room taxes	75,000	75,000	76,735	1,735
Other local taxes	32,000	32,000	48,223	16,223
Total other local taxes	\$ 1,966,532	\$ 1,966,532	\$ 2,279,655	\$ 313,123
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,632	\$ (368)
Transfer fees	1,000	1,000	887	(113)
Building permits	90,000	90,000	100,851	10,851
Land use application fees	15,000	15,000	5,250	(9,750)
Other permits and licenses	6,501	6,501	7,380	879
Total permits, privilege fees, and regulatory licenses	\$ 122,501	\$ 122,501	\$ 124,000	\$ 1,499
Fines and forfeitures:				
Court fines and forfeitures	\$ 23,000	\$ 23,001	\$ 19,774	\$ (3,227)
Revenue from use of money and property:				
Revenue from use of money	\$ 33,367	\$ 33,367	\$ 48,691	\$ 15,324
Revenue from use of property	216,500	216,500	216,594	94
Total revenue from use of money and property	\$ 249,867	\$ 249,867	\$ 265,285	\$ 15,418
Charges for services:				
Charges for law enforcement and traffic control	\$ 277,943	\$ 280,683	\$ 216,378	\$ (64,305)
Charges for courthouse maintenance	3,500	3,500	2,677	(823)
Charges for courthouse security	10,000	10,000	16,378	6,378
Charges for recordation	105,000	105,000	160,637	55,637
Charges for recreation	45,000	45,000	28,263	(16,737)
Charges for Commonwealth's Attorney	2,000	2,000	1,997	(3)
Charges for sanitation and waste removal	213,000	213,000	202,426	(10,574)
Charges for emergency medical services	400,000	400,000	452,811	52,811
Charges for library	1,500	1,500	1,803	303
Total charges for services	\$ 1,057,943	\$ 1,060,683	\$ 1,083,370	\$ 22,687

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 46,500	\$ 46,500	\$ 49,664	\$ 3,164
Recovered costs:				
Welfare recoveries	\$ 30,000	\$ 30,000	\$ 62,593	\$ 32,593
Insurance recoveries	20,000	133,904	143,979	10,075
Other recovered costs	25,000	67,864	63,718	(4,146)
Total recovered costs	\$ 75,000	\$ 231,768	\$ 270,290	\$ 38,522
Total revenue from local sources	\$ 17,258,011	\$ 17,423,020	\$ 17,829,572	\$ 406,552
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 35,000	\$ 35,000	\$ 56,392	\$ 21,392
Motor vehicle carriers tax	125	125	104	(21)
Motor vehicle rental tax	4,000	4,000	4,069	69
State recordation tax	35,000	35,000	-	(35,000)
Communication tax	596,000	596,000	456,698	(139,302)
Personal property tax relief funds	925,416	925,416	925,741	325
Total noncategorical aid	\$ 1,595,541	\$ 1,595,541	\$ 1,443,004	\$ (152,537)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 258,308	\$ 266,453	\$ 265,290	\$ (1,163)
Sheriff	786,354	786,354	770,614	(15,740)
Commissioner of revenue	101,745	101,745	99,345	(2,400)
Treasurer	90,912	90,912	88,450	(2,462)
Medical examiner	300	300	-	(300)
Registrar/electoral board	42,381	43,179	40,181	(2,998)
Clerk of the Circuit Court	221,717	251,370	217,025	(34,345)
Total shared expenses	\$ 1,501,717	\$ 1,540,313	\$ 1,480,905	\$ (59,408)
Other categorical aid:				
Welfare payments	\$ 724,504	\$ 724,504	\$ 503,143	\$ (221,361)
CSA payments	1,000,571	1,011,358	762,796	(248,562)
Arts grant	4,500	4,500	-	(4,500)
Litter control grant	7,000	7,000	6,304	(696)
E911 PSAP grants	40,000	47,500	44,463	(3,037)
School resource officer grant	-	-	46,074	46,074
VATI broadband grant	-	-	348,019	348,019
VJCCA grant	-	-	6,585	6,585
Tobacco Commission grants	-	-	4,612	4,612
Emergency RSAF grants	-	-	111,500	111,500
VITA mapping grants	-	150,000	-	(150,000)
Clerk of the court technology grant	8,408	8,408	16,074	7,666
Total other categorical aid	\$ 1,784,983	\$ 1,953,270	\$ 1,849,570	\$ (103,700)
Total categorical aid	\$ 3,286,700	\$ 3,493,583	\$ 3,330,475	\$ (163,108)
Total revenue from the Commonwealth	\$ 4,882,241	\$ 5,089,124	\$ 4,773,479	\$ (315,645)

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 13,390	\$ 13,390	\$ 11,508	\$ (1,882)
Categorical aid:				
Welfare payments	\$ 1,298,495	\$ 1,298,495	\$ 901,761	\$ (396,734)
Children's Services Act funds	74,069	74,069	55,865	(18,204)
COVID-19 Coronavirus Relief Fund	-	1,685,520	2,873,066	1,187,546
Economic development grants	2,470,000	5,585,669	86,694	(5,498,975)
DMV grants	11,791	11,791	11,791	-
COVID-19 Election grant	-	51,384	51,384	-
Emergency management performance grant	7,500	7,500	7,500	-
COVID-19 Provider Relief Funds	-	-	12,886	12,886
Violence against women grants	31,000	31,000	31,000	-
Bulletproof vest partnership grants	9,313	9,312	1,678	(7,634)
Total categorical aid	\$ 3,902,168	\$ 8,754,740	\$ 4,033,625	\$ (4,721,115)
Total revenue from the federal government	\$ 3,915,558	\$ 8,768,130	\$ 4,045,133	\$ (4,722,997)
Total General Fund	\$ 26,055,810	\$ 31,280,274	\$ 26,648,184	\$ (4,632,090)
<b>Special Revenue Funds:</b>				
<b>Fire and Rescue Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 202,268	\$ 202,268
Real and personal public service corporation taxes	-	-	8,656	8,656
Personal property taxes	-	-	75,137	75,137
Mobile home taxes	-	-	1,097	1,097
Total general property taxes	\$ -	\$ -	\$ 287,158	\$ 287,158
Total revenue from local sources	\$ -	\$ -	\$ 287,158	\$ 287,158
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program funds	\$ 54,500	\$ 56,723	\$ 56,609	\$ (114)
Four-for-life	30,000	30,000	-	(30,000)
Total categorical aid	\$ 84,500	\$ 86,723	\$ 56,609	\$ (30,114)
Total revenue from the Commonwealth	\$ 84,500	\$ 86,723	\$ 56,609	\$ (30,114)
Total Fire and Rescue Fund	\$ 84,500	\$ 86,723	\$ 343,767	\$ 257,044

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds: (Continued)</b>				
<b>Asset Forfeiture Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 26	\$ 26
Total revenue from local sources	\$ -	\$ -	\$ 26	\$ 26
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 26,912	\$ 26,912
Total revenue from the Commonwealth	\$ -	\$ -	\$ 26,912	\$ 26,912
Total Asset Forfeiture Fund	\$ -	\$ -	\$ 26,938	\$ 26,938
<b>Capital Projects Fund:</b>				
<b>Capital Improvements Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Meals taxes	\$ 250,000	\$ 250,000	\$ 179,896	\$ (70,104)
Total Capital Improvements Fund	\$ 250,000	\$ 250,000	\$ 179,896	\$ (70,104)
Total Primary Government	\$ 26,390,310	\$ 31,616,997	\$ 27,198,785	\$ (4,418,212)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition and payments from other divisions	\$ 10,000	\$ 10,000	\$ 9,344	\$ (656)
Cafeteria	453,067	453,067	37,802	(415,265)
Other charges for services	10,500	10,500	-	(10,500)
Total charges for services	\$ 473,567	\$ 473,567	\$ 47,146	\$ (426,421)
Miscellaneous:				
Sale of supplies and equipment	\$ 500	\$ 500	\$ 2,809	\$ 2,309
Other miscellaneous	40,000	40,000	39,300	(700)
Total miscellaneous	\$ 40,500	\$ 40,500	\$ 42,109	\$ 1,609
Recovered costs:				
Rebates and refunds	\$ 6,000	\$ 6,000	\$ 10,120	\$ 4,120
Insurance recoveries	-	64,698	80,415	15,717
Medicaid payments	75,000	75,000	140,290	65,290
Total recovered costs	\$ 81,000	\$ 145,698	\$ 230,825	\$ 85,127
Total revenue from local sources	\$ 595,067	\$ 659,765	\$ 320,080	\$ (339,685)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Floyd, Virginia	\$ 7,245,124	\$ 7,469,704	\$ 7,036,714	\$ (432,990)
Total revenues from local governments	\$ 7,245,124	\$ 7,469,704	\$ 7,036,714	\$ (432,990)

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,666,930	\$ 2,689,403	\$ 2,857,949	\$ 168,546
Basic school aid	6,130,900	6,130,900	5,964,037	(166,863)
Remedial summer education	54,884	54,884	-	(54,884)
Foster care	-	-	4,081	4,081
Gifted and talented	63,176	63,176	61,597	(1,579)
Remedial education	214,560	214,560	209,199	(5,361)
Special education	643,680	643,680	627,597	(16,083)
Textbook payment	128,104	128,104	124,903	(3,201)
Vocational standards of quality payments	185,952	185,952	181,306	(4,646)
School food	24,009	24,009	11,473	(12,536)
Social security fringe benefits	371,904	371,904	362,612	(9,292)
Retirement fringe benefits	867,776	867,776	846,094	(21,682)
Group life insurance benefits	26,224	26,224	25,569	(655)
State lottery payments	432,401	432,401	484,665	52,264
Early reading intervention	46,798	46,798	44,458	(2,340)
Homebound education	1,532	1,532	829	(703)
ISAEF	8,386	8,386	8,387	1
Vocational education - equipment	4,400	4,400	5,015	615
Vocational occupational preparedness	11,011	11,011	41,746	30,735
Special education - foster care	41,141	41,141	23,501	(17,640)
At risk payments	322,751	322,751	314,792	(7,959)
Primary class size	180,003	180,003	179,669	(334)
Technology	180,000	180,000	180,000	-
Standards of Learning algebra readiness	28,363	28,363	28,363	-
At risk four-year olds	158,223	158,223	120,954	(37,269)
Mentor teach program	843	843	900	57
English as a second language	34,951	34,951	33,062	(1,889)
Other state funds	183,406	287,072	395,511	108,439
Total categorical aid	\$ 13,012,308	\$ 13,138,447	\$ 13,138,269	\$ (178)
Total revenue from the Commonwealth	\$ 13,012,308	\$ 13,138,447	\$ 13,138,269	\$ (178)

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 477,000	\$ 477,000	\$ 502,190	\$ 25,190
Title VI-B, special education flow-through	507,429	507,429	517,623	10,194
Title VI-B, special education pre-school	23,013	23,013	23,074	61
Vocational education	37,677	37,677	43,606	5,929
Improving teacher quality	76,858	76,858	86,327	9,469
English language acquisition skills	3,950	3,950	-	(3,950)
School food	709,927	1,131,502	1,167,696	36,194
Student support	32,904	32,904	32,075	(829)
COVID-19 grants	-	421,353	572,443	151,090
Temporary Assistance for Needy Families (TANF)	-	-	37,269	37,269
Total categorical aid	<u>\$ 1,868,758</u>	<u>\$ 2,711,686</u>	<u>\$ 2,982,303</u>	<u>\$ 270,617</u>
Total revenue from the federal government	<u>\$ 1,868,758</u>	<u>\$ 2,711,686</u>	<u>\$ 2,982,303</u>	<u>\$ 270,617</u>
Total School Operating Fund	<u>\$ 22,721,257</u>	<u>\$ 23,979,602</u>	<u>\$ 23,477,366</u>	<u>\$ (502,236)</u>
<b>School Activity Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 264,159	\$ 264,159
Total Discretely Presented Component Unit - School Board	<u>\$ 22,721,257</u>	<u>\$ 23,979,602</u>	<u>\$ 23,741,525</u>	<u>\$ (238,077)</u>



County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 105,631	\$ 112,025	\$ 120,038	\$ (8,013)
General and financial administration:				
County administrator	\$ 362,404	\$ 366,575	\$ 349,051	\$ 17,524
Legal services	55,000	71,100	71,024	76
Commissioner of revenue	322,688	301,188	294,472	6,716
Reassessment	15,000	15,000	-	15,000
Audit	60,000	60,000	59,100	900
Treasurer	250,185	260,265	251,289	8,976
COVID-19 Information technology	-	29,267	29,267	-
Information technology	136,823	225,871	255,790	(29,919)
Total general and financial administration	\$ 1,202,100	\$ 1,329,266	\$ 1,309,993	\$ 19,273
Board of elections:				
Electoral board and officials	\$ 44,423	\$ 131,852	\$ 131,737	\$ 115
Registrar	150,440	137,838	138,058	(220)
Total board of elections	\$ 194,863	\$ 269,690	\$ 269,795	\$ (105)
Total general government administration	\$ 1,502,594	\$ 1,710,981	\$ 1,699,826	\$ 11,155
Judicial administration:				
Courts:				
Circuit court	\$ 15,010	\$ 15,048	\$ 14,311	\$ 737
General district court	4,000	4,000	3,918	82
Magistrates office	750	750	390	360
Clerk of the circuit court	332,005	402,966	372,824	30,142
Sheriff (court)	371,806	382,691	340,262	42,429
Total courts	\$ 723,571	\$ 805,455	\$ 731,705	\$ 73,750
Commonwealth's attorney:				
Commonwealth's attorney	\$ 338,850	\$ 346,995	\$ 342,420	\$ 4,575
Total judicial administration	\$ 1,062,421	\$ 1,152,450	\$ 1,074,125	\$ 78,325
Public safety:				
Law enforcement and traffic control:				
New River Criminal Justice Academy	\$ 19,000	\$ 19,400	\$ 19,400	\$ -
Sheriff	1,889,395	1,976,056	1,958,142	17,914
Total law enforcement and traffic control	\$ 1,908,395	\$ 1,995,456	\$ 1,977,542	\$ 17,914
Fire and rescue services:				
Public safety	\$ 58,703	\$ 59,112	\$ 87,143	\$ (28,031)
COVID-19 Public safety and EMS services	-	1,740,876	1,628,732	112,144
E-911	334,731	385,140	376,473	8,667
Emergency medical services	1,212,667	1,461,637	1,461,257	380
Total fire and rescue services	\$ 1,606,101	\$ 3,646,765	\$ 3,553,605	\$ 93,160

County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Payments to New River Juvenile Detention	\$ 27,900	\$ 27,900	\$ 25,499	\$ 2,401
Payments to New River Regional Jail	490,000	437,200	437,146	54
Total correction and detention	\$ 517,900	\$ 465,100	\$ 462,645	\$ 2,455
Inspections:				
Building	\$ 150,818	\$ 158,586	\$ 159,447	\$ (861)
Other protection:				
Forest service	\$ 11,106	\$ 11,107	\$ 11,106	\$ 1
Animal control	187,387	193,387	182,101	11,286
Medical examiner	200	400	360	40
Total other protection	\$ 198,693	\$ 204,894	\$ 193,567	\$ 11,327
Total public safety	\$ 4,381,907	\$ 6,470,801	\$ 6,346,806	\$ 123,995
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,453,890	\$ 1,687,464	\$ 1,610,044	\$ 77,420
COVID-19 refuse costs	-	89,148	89,148	-
Recycling program	117,601	118,404	194,258	(75,854)
Total sanitation and waste removal	\$ 1,571,491	\$ 1,895,016	\$ 1,893,450	\$ 1,566
Maintenance of general buildings and grounds:				
Maintenance of properties	\$ 302,991	\$ 328,526	\$ 304,171	\$ 24,355
Total public works	\$ 1,874,482	\$ 2,223,542	\$ 2,197,621	\$ 25,921
Health and welfare:				
Health:				
Supplement of local health department	\$ 103,400	\$ 103,400	\$ 100,759	\$ 2,641
Behavioral Health and Development Services:				
Contribution to New River Valley Community Services Board	\$ 37,723	\$ 37,723	\$ 37,723	\$ -
Welfare:				
Public assistance	\$ 2,259,023	\$ 2,280,054	\$ 1,668,693	\$ 611,361
Comprehensive Services Act	1,400,000	1,380,500	1,133,736	246,764
New River Valley Area on Aging	6,662	6,662	6,662	-
Total welfare	\$ 3,665,685	\$ 3,667,216	\$ 2,809,091	\$ 858,125
Total health and welfare	\$ 3,806,808	\$ 3,808,339	\$ 2,947,573	\$ 860,766

County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contribution to Community College	\$ 7,653	\$ 7,653	\$ 7,653	\$ -
Contribution to County School Board	7,245,124	7,413,124	6,980,134	432,990
Total education	\$ 7,252,777	\$ 7,420,777	\$ 6,987,787	\$ 432,990
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 153,459	\$ 170,062	\$ 159,924	\$ 10,138
Library:				
County library	\$ 297,243	\$ 266,222	\$ 266,494	\$ (272)
Total parks, recreation, and cultural	\$ 450,702	\$ 436,284	\$ 426,418	\$ 9,866
Community development:				
Planning and community development:				
Community services programs	\$ 166,268	\$ 154,568	\$ 138,467	\$ 16,101
Community development	234,778	1,517,136	272,361	1,244,775
Planning	4,000	4,000	1,637	2,363
New River Valley Planning District Commission	19,613	19,613	19,613	-
Contribution to the County Economic Development Authority	-	19,268	19,268	-
COVID-19 business grants	-	646,439	646,439	-
COVID-19 broadband	-	311,480	311,480	-
Virginia broadband	-	348,019	348,019	-
Economic development	45,093	62,525	55,435	7,090
Total planning and community development	\$ 469,752	\$ 3,083,048	\$ 1,812,719	\$ 1,270,329
Environmental management:				
Soil conservation	\$ 13,650	\$ 13,650	\$ 13,650	\$ -
Cooperative extension program:				
Extension office	\$ 103,549	\$ 104,183	\$ 94,726	\$ 9,457
Total community development	\$ 586,951	\$ 3,200,881	\$ 1,921,095	\$ 1,279,786
Capital projects:				
Commerce park improvements	\$ 3,705,000	\$ 5,551,569	\$ 266,059	\$ 5,285,510
School improvements	-	4,933,022	7,361,408	(2,428,386)
Total capital projects	\$ 3,705,000	\$ 10,484,591	\$ 7,627,467	\$ 2,857,124
Debt service:				
Principal retirement	\$ 1,947,842	\$ 1,460,223	\$ 1,698,946	\$ (238,723)
Bond issuance costs	-	-	469,624	(469,624)
Interest and other fiscal charges	684,326	684,326	684,326	-
Total debt service	\$ 2,632,168	\$ 2,144,549	\$ 2,852,896	\$ (708,347)
Total General Fund	\$ 27,255,810	\$ 39,053,195	\$ 34,081,614	\$ 4,971,581

County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds:</b>				
<b>Fire and Rescue Fund:</b>				
Public safety:				
Fire and rescue services	\$ 306,700	\$ 308,923	\$ 285,769	\$ 23,154
Total Fire and Rescue Fund	\$ 306,700	\$ 308,923	\$ 285,769	\$ 23,154
<b>Asset Forfeiture Fund:</b>				
Public Safety				
Asset forfeiture	\$ -	\$ -	\$ 17,488	\$ (17,488)
Total public safety	\$ -	\$ -	\$ 17,488	\$ (17,488)
Total Asset Forfeiture Fund	\$ -	\$ -	\$ 17,488	\$ (17,488)
<b>Capital Projects Fund:</b>				
<b>Capital Improvements Fund:</b>				
Education:				
Contribution to County School Board	\$ -	\$ -	\$ 56,580	\$ (56,580)
Total education	\$ -	\$ -	\$ 56,580	\$ (56,580)
Total Capital Projects Fund	\$ -	\$ -	\$ 56,580	\$ (56,580)
Total Primary Government	\$ 27,562,510	\$ 39,362,118	\$ 34,441,451	\$ 4,920,667
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration and health services	\$ 1,007,564	\$ 1,007,564	\$ 988,285	\$ 19,279
Instructional costs:				
Instructional costs	\$ 15,104,321	\$ 15,309,592	\$ 14,928,979	\$ 380,613
Operating costs:				
Pupil transportation	\$ 1,686,670	\$ 1,686,670	\$ 1,427,536	\$ 259,134
Operation and maintenance services	2,579,839	2,925,171	2,966,853	(41,682)
School food service	1,187,007	1,608,582	1,237,541	371,041
Technology	1,155,856	1,442,023	1,379,236	62,787
Total operating costs	\$ 6,609,372	\$ 7,662,446	\$ 7,011,166	\$ 651,280
Total School Operating Fund	\$ 22,721,257	\$ 23,979,602	\$ 22,928,430	\$ 1,051,172
<b>School Activity Fund:</b>				
Education:				
Instructional costs:				
Instructional costs	\$ -	\$ -	\$ 250,594	\$ (250,594)
Total Discretely Presented Component Unit - School Board	\$ 22,721,257	\$ 23,979,602	\$ 23,179,024	\$ 800,578

## **Other Statistical Information**

Table 1

**County of Floyd, Virginia**  
**Government-Wide Expenses by Function**  
**Last Ten Fiscal Years**

Fiscal Year	General Government Administration (1)	Judicial Administration (2)	Public Safety	Public Works (1)	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development (3)	Interest on Long-Term Debt	Total
2020-21	\$ 1,616,708	\$ 1,177,104	\$ 6,436,732	\$ 2,439,481	\$ 2,967,842	\$ 7,752,963	\$ 473,733	\$ 2,190,753	\$ 1,303,774	\$ 26,359,090
2019-20	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
2018-19	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
2017-18	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
2016-17	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
2015-16	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
2014-15	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
2013-14	1,121,324	901,284	3,383,379	1,629,690	2,017,139	6,826,189	294,817	1,794,392	586,840	18,555,054
2012-13	1,441,385	653,873	3,378,798	1,337,042	1,724,585	5,363,536	299,345	426,620	626,805	15,251,989
2011-12	1,370,445	662,893	3,369,356	1,344,955	1,708,336	4,907,803	284,145	387,713	677,762	14,713,408

## Notes:

- 1.) Maintenance of properties was reported under general government administration prior to the 2013-2014 fiscal year. Thereafter, same is reported in public works.
- 2.) Cost related to court activity of the Sheriff was reported in public safety prior to the 2013-2014 fiscal year. Thereafter, same is reported in judicial administration.
- 3.) Includes the transfer of a building and land during the 2013-2014 fiscal year totaling \$1,363,850.

Table 2

County of Floyd, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2020-21	\$ 1,087,289	\$ 6,972,028	\$ 475,593	\$	\$ 14,181,218	\$ 2,459,551	\$ 102,811	\$ 49,664	\$ 1,454,512	\$ 26,782,666
2019-20	1,241,149	4,616,552	356,775		13,297,197	2,205,679	217,693	44,918	1,517,347	23,497,310
2018-19	835,754	3,729,780	9,572		12,922,871	2,083,309	203,394	102,511	1,522,993	21,410,184
2017-18	969,098	3,457,698	25,000		12,360,981	1,789,751	75,193	26,636	1,564,750	20,269,107
2016-17	934,788	3,042,936	36,300		11,722,686	1,786,832	72,008	45,178	1,611,233	19,251,961
2015-16	740,546	2,695,822	12,750		11,357,048	1,682,658	70,273	57,260	1,614,105	18,230,462
2014-15	964,336	2,717,408	90,729		10,884,157	1,684,197	90,873	52,641	1,600,210	18,084,551
2013-14	792,635	3,152,668	26,535		10,476,419	1,632,967	263,667	5,219	1,620,369	17,970,479
2012-13	828,529	2,703,733	18,655		10,026,812	2,332,055	36,829	7,133	947,258	16,901,004
2011-12	867,964	3,227,246	17,420		9,978,277	2,279,216	37,118	6,228	950,845	17,364,314

Note: State communications tax allocations are reported as other local taxes prior to the 2013-14 fiscal year, thereafter they are reported as grants and contributions not restricted to specific programs.

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

Fiscal Year	General Government Administration (3)	Judicial Administration(4)	Public Safety (4)	Public Works (3)	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development (5)	Debt Service	Total
2020-21	\$ 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
2019-20	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
2018-19	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
2017-18	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
2016-17	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
2015-16	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
2014-15	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
2013-14	1,146,905	896,080	3,268,916	1,539,330	2,045,758	19,583,094	263,000	1,791,284	1,878,772	32,413,139
2012-13	1,399,783	643,972	3,179,691	1,169,183	1,716,104	18,550,878	267,787	427,993	1,887,332	29,242,723
2011-12	1,344,702	652,992	3,152,116	1,156,775	1,703,558	17,860,304	252,587	383,339	1,880,725	28,387,098

(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 and capital projects.

(3) Maintenance of properties was reported under general government administration prior to the 2013-2014 fiscal year. Thereafter, same is reported in public works.

(4) Cost related to court activity of the Sheriff was reported in public safety prior to the 2013-2014 fiscal year. Thereafter, same is reported in judicial administration.

(5) Includes the transfer of a building and land during the 2013-2014 fiscal year totaling \$1,363,850.



Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2020-21	\$ 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
2019-20	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
2018-19	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
2017-18	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
2016-17	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
2015-16	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
2014-15	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
2013-14	10,313,229	1,632,967	114,441	3,357	263,667	990,430	47,943	108,587	17,805,672	31,280,293
2012-13	9,999,012	2,293,901	118,534	1,296	76,380	1,129,802	38,987	279,633	16,665,184	30,602,729
2011-12	10,023,595	2,249,172	113,667	2,019	80,318	1,232,726	17,790	340,457	16,756,774	30,816,518

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2020-21	\$ 14,446,942	\$ 13,386,607	92.66%	\$ 436,504	\$ 13,823,111	95.68%
2019-20	13,696,223	12,895,241	94.15%	314,352	13,209,593	96.45%
2018-19	12,780,768	12,526,551	98.01%	189,690	12,716,241	99.50%
2017-18	12,133,218	11,921,139	98.25%	242,154	12,163,293	100.25%
2016-17	11,525,353	11,321,050	98.23%	196,835	11,517,885	99.94%
2015-16	11,145,856	10,715,502	96.14%	428,572	11,144,074	99.98%
2014-15	10,667,263	10,382,783	97.33%	395,208	10,777,991	101.04%
2013-14	10,567,840	10,225,051	96.76%	310,415	10,535,466	99.69%
2012-13	11,638,602	11,320,876	97.27%	127,339	11,448,215	98.36%
2011-12	11,503,857	11,199,325	97.35%	136,163	11,335,488	98.54%

(1) Exclusive of penalties and interest. For years prior to 2013-14, the levy and collections included PPTRA payments from the Commonwealth and taxes abated under relief programs and land use programs of the County.

Table 6

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Public Service Corporation	Mobile Homes	Total
2020-21	\$ 1,895,793,350	\$ 127,351,279	\$ 14,974,542	\$ 2,260,643	\$ 69,950,158	\$ 9,110,101	\$ 2,119,440,073
2019-20	1,840,185,250	121,949,141	17,162,535	2,152,888	60,073,354	9,612,230	2,051,135,398
2018-19	1,784,109,250	116,778,191	14,850,736	1,622,331	62,753,816	9,294,008	1,989,408,332
2017-18	1,769,881,050	113,534,666	11,834,401	1,836,526	60,397,417	8,960,280	1,966,444,340
2016-17	1,754,973,700	108,545,983	12,221,078	1,835,453	58,852,393	8,827,356	1,945,255,963
2015-16	1,741,451,550	101,444,306	8,498,992	1,798,177	58,207,051	8,610,200	1,920,010,276
2014-15	1,729,802,350	100,337,126	9,001,502	2,166,141	56,699,842	9,805,608	1,907,812,569
2013-14	1,718,580,400	99,049,234	9,547,310	1,978,236	52,179,669	9,624,608	1,890,959,457
2012-13	1,713,460,100	96,726,393	9,576,889	1,668,252	51,951,775	9,642,650	1,883,026,059
2011-12	1,698,467,400	94,384,042	10,213,298	1,540,093	56,284,341	9,685,700	1,870,574,874

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Mobile Homes
2020-21	\$0.60/63	\$ 2.95	\$ 1.55	\$ 3.50	\$0.60/63
2019-20	0.60	2.95	1.55	3.50	0.60
2018-19	0.60	2.95	1.55	3.50	0.60
2017-18	0.55/0.60	2.95	1.55	3.50	0.55
2016-17	0.55	2.95	1.55	3.50	0.55
2015-16	0.55	2.95	1.55	3.50	0.55
2014-15	0.50	2.95	1.55	3.50	0.50
2013-14	0.50	2.95	1.55	3.50	0.50
2012-13	0.50	2.95	1.55	3.50	0.50
2011-12	0.50	2.95	1.55	3.50	0.50

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value(2)	Net Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020-21	15,279	\$ 2,119,440,073	\$ 16,028,669	\$ 16,028,669	0.76%	\$ 1,049
2019-20	15,279	2,051,135,398	3,609,843	3,609,843	0.18%	236
2018-19	15,279	1,989,408,332	4,327,693	4,327,693	0.22%	283
2017-18	15,279	1,966,444,340	6,083,166	6,083,166	0.31%	398
2016-17	15,279	1,945,255,963	6,996,782	6,996,782	0.36%	458
2015-16	15,279	1,920,010,276	7,893,718	7,893,718	0.41%	517
2014-15	15,279	1,907,812,569	8,963,331	8,963,331	0.47%	587
2013-14	15,279	1,890,959,457	10,566,179	10,566,179	0.56%	692
2012-13	15,279	1,883,026,059	11,680,581	11,680,581	0.62%	764
2011-12	15,279	1,870,574,874	12,875,145	12,875,145	0.69%	843

(1) Bureau of the Census.

(2) Assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.  
Excludes lease revenue bonds, net OPEB obligation, capital leases, and compensated absences.

Table 9

County of Floyd, Virginia  
Ratio of Annual Debt Service Expenditures for General Bonded  
Debt to Total General Governmental Expenditures (1)  
Last Ten Fiscal Years

Fiscal Year	Principal	Interest (2)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2020-21	\$ 1,698,946	\$ 684,326	\$ 2,383,272	\$ 42,956,294	5.55%
2019-20	1,677,626	558,948	2,236,574	39,226,574	5.70%
2018-19	1,717,789	709,419	2,427,208	37,287,948	6.51%
2017-18	1,686,473	406,061	2,092,534	37,007,284	5.65%
2016-17	1,284,947	484,344	1,769,291	33,352,918	5.30%
2015-16	1,466,817	525,905	1,992,722	32,063,536	6.21%
2014-15	1,262,310	554,927	1,817,237	30,947,828	5.87%
2013-14	1,274,664	604,108	1,878,772	32,413,139	5.80%
2012-13	1,194,564	559,182	1,753,746	29,242,723	6.00%
2011-12	1,116,234	623,310	1,739,544	28,387,098	6.13%

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

(2) Excludes bond issuance and other costs.

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**COMPLIANCE SECTION**

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

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**To the 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*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd, Virginia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Floyd, Virginia's basic financial statements and have issued our report thereon dated November 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Floyd, Virginia'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Floyd, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Floyd, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2021-001, that we consider to be a material weakness.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Floyd, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## The County of Floyd, Virginia's Response to the Finding

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

## Purpose of this Report

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

A handwritten signature in black ink that reads "Robinson, James, Cox Associates". The signature is written in a cursive, flowing style.

Blacksburg, Virginia  
November 30, 2021



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the County of Floyd, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Floyd, Virginia's major federal programs for the year ended June 30, 2021. The County of Floyd, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the County of Floyd, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Blacksburg, Virginia  
November 30, 2021

County of Floyd, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures	Expenditures to Subrecipients
<b>Department of Health and Human Services:</b>					
Direct Payments:					
COVID-19 Provider Relief Fund (PRF)	93.498	Not applicable		\$ 12,886	
Pass Through Payments:					
Virginia Department of Education:					
Temporary Assistance for Needy Families	93.558	APE40274	\$ 37,269		
Pass Through Payments:					
Department of Social Services:					
Temporary Assistance for Needy Families	93.558	0400120, 0400121	103,716	140,985	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120, 0500121		216	
Low-Income Home Energy Assistance	93.568	0600420, 0600421		16,508	
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120, 0760121		21,972	
Adoption and Legal Guardianship Incentive Payments	93.603	1130118		36	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120, 0900111		66	
Foster Care - Title IV-E	93.658	1100120, 1100121		169,494	
Adoption Assistance	93.659	1120120, 1120121		155,419	
Social Services Block Grant	93.667	1000120, 1000121		133,918	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120, 9150121		1,054	
Children's Health Insurance Program	93.767	0540120, 0540121		1,793	
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950119, 0950120		938	
Medicaid Cluster:					
Medical Assistance Program	93.778	1200120, 1200121		150,392	
Total Department of Health and Human Services				\$ 805,677	
<b>Department of Housing and Urban Development:</b>					
Pass Through Payments:					
Department of Housing and Community Development:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD50790		\$ 25,000	
<b>Department of Agriculture:</b>					
Pass Through Payments:					
Child Nutrition Cluster:					
Department of Agriculture and Consumer Services:					
COVID-19 Summer Food Service Program for Children	10.559	Not available	\$ 205,122		
Summer Food Service Program for Children	10.559	Not available	836,185	\$ 1,041,307	
Food Distribution (Note 3)	10.555	Not available	\$ 58,386		
Department of Education:					
COVID-19 National School Lunch Program	10.555	APE40264	42,968	101,354	
COVID-19 School Breakfast Program	10.553	APE40253		25,035	
Total Child Nutrition Cluster				\$ 1,167,696	
Department of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010120, 0010121 0040120, 0040121		202,104	
Total Department of Agriculture				\$ 1,369,800	
<b>Department of Justice:</b>					
Pass Through Payments:					
Department of Criminal Justice Services:					
Violence Against Women Formula Grants	16.588	20WFAX0011		\$ 31,000	
Bulletproof Vest Partnership Program	16.607	Not available		1,678	
Total Department of Justice				\$ 32,678	
<b>Department of Transportation:</b>					
Pass Through Payments:					
Department of Motor Vehicles:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	FSC-2021-51140-21140		\$ 11,791	
Virginia Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	ARC0-31-647		61,694	
Total Department of Transportation				\$ 73,485	

County of Floyd, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>Department of Treasury:</b>				
Pass Through Payments:				
Virginia Department of Accounts:				
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 2,873,066	
Virginia Department of Education:				
COVID-19 Coronavirus Relief Fund	21.019	APE70056	311,990	\$ 387,244
<b>US Election Assistance Commission:</b>				
Pass Through Payments:				
Virginia Department of Elections:				
COVID-19 HAVA Election Security Grants	90.404	Not available	\$ 51,384	
<b>Department of Homeland Security:</b>				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2019-EP-00006	\$ 7,500	
<b>Department of Education:</b>				
Pass Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	APE42901	\$ 502,190	
Special Education Cluster:				
Special Education - Grants to States	84.027	APE43071	\$ 517,623	
Special Education - Preschool Grants	84.173	APE62521	23,074	
Total Special Education Cluster				540,697
Career and Technical Education: Basic Grants to States	84.048	APE61095		43,606
Supporting Effective Instruction State Grant	84.367	APE61480		86,327
Education Stabilization Fund:				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	APE70037	\$ 72,654	
		APE60041, APE60042, APE60173, APE60177	187,799	260,453
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425D			32,075
Student Support and Academic Enrichment Program	84.424	APE60019		32,075
Total Department of Education			\$ 1,465,348	
Total Expenditures of Federal Awards			\$ 7,015,928	\$ 387,244

**Notes to Schedule of Expenditures of Federal Awards**

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal 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, 2021. 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.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

Note 3 -- Food Distribution

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

Note 4 -- COVID-19 Provider Relief Fund (PRF)

For entities with June 30 fiscal year-ends, the first SEFA reporting period for PRF expenditures (including lost revenue) is June 30, 2021. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Service Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2021 SEFA is based upon the PRF reporting portal guidelines for period 1, as specified by HHS.

Note 5 -- Relationship to the Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 4,045,133
Less: Payment in lieu of taxes	(11,508)
Total primary government	\$ 4,033,625
Component Unit School Board:	
School Operating Fund	\$ 2,982,303
Component Unit EDA:	\$ -
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 7,015,928

County of Floyd, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

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## Section I - Summary of Auditors' Results

### Financial Statements

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

### Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Identification of major programs:	

#### Assistance Listing #

#### Name of Federal Program or Cluster

21.019	COVID-19 Coronavirus Relief Fund (CRF)
84.425C	COVID-19 Governor's Emergency Education Relief Fund
84.425D	COVID-19 Elementary and Secondary Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**County of Floyd, Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

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**Section II - Financial Statement Findings**

**2021-001**

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

Effect of Condition: 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 auditors' proposed audit adjustments for 2021 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Management's Response: The County will review the auditors' proposed audit adjustments for 2021 and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

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

None

County of Floyd, Virginia  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2021

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*Finding 2020-001 was corrected in the prior year. Finding 2020-002 repeated in the current year as 2021-001.*

**Finding 2020-002:**

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.

Current Status: The County has made efforts and has made improvements in preparing financial information in accordance with current standards but significant adjustments were still noted during the 2021 audit. The County may consider hiring a consultant before future audits.