

COUNTY OF FLOYD, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

**COUNTY OF FLOYD, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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INTRODUCTORY SECTION

COUNTY OF FLOYD, VIRGINIA

BOARD OF SUPERVISORS

Jerry W. Boothe, Vice Chair Levi Cox	Joe D. Turman, Chair	Kalinda Bechtold Linda D. Kuchenbuch
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COUNTY SCHOOL BOARD

Laura H. LeRoy, Vice Chair Deborah M. Snellings	James Ingram, Chair	C. Gene Bishop Anthony “Tony” Morisco
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COUNTY SOCIAL SERVICES BOARD

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

Clerk of the Circuit Court	Rhonda Vaughn
Commonwealth’s Attorney	William Eric Branscom
Commissioner of the Revenue	Lisa D. Baker
Treasurer	Melissa M. Keith
Sheriff.....	Brian Craig
Superintendent of Schools.....	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

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Floyd, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Floyd, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2022, the County restated beginning balances as a result of adopting GASB Statement No. 87, *Leases* to remove capital leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Floyd, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Floyd, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Floyd, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2023, 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 County of Floyd, Virginia's internal control over financial reporting and compliance.

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

Blacksburg, Virginia
February 7, 2023

Management Discussion and Analysis

The following discussion and analysis of Floyd County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2022. Please read it in conjunction with the rest of the report, including the financial statements that follow.

Financial Highlights for FY22

- The total assets and deferred outflows of resources of the County's governmental activities exceeds its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$14,842,248 (net position). Of this amount \$6,353,176 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The governmental activities net position of \$14,842,248 represents an increase in net position of \$275,826 over the previous year.
- The County's operating revenue and expenditures have grown at about the same rate (7%) over the past five years.
- The County's unassigned fund balance was \$5,408,547. This equates to approximately 11.0% of revenues, which is 2.6% below FY21 and 7.2% below FY20.
- Revenue from general property taxes exceeded the budgeted amount by \$559,999. Both real and personal property tax collections exceeded budget expectations, while public service corporation taxes, as well as machinery and tool taxes underperformed.
- Revenue from other local sources were also generally above budget. Local sales and use taxes exceeded budget by \$191,841 or about 1.5%. Utility taxes and motor vehicle licenses underperformed by a total of \$23,050. Court fines and forfeitures came in well under expected as the number of court cases was still limited due to COVID. Revenues from charges for law enforcement and traffic control did not meet budget but were significantly closer to budget than the previous audit year.
- The County reports a tax collection rate on property taxes of 96.33%. This is slightly stronger than FY21 (95.68%).

Financial Highlights for FY22 (Continued)

- As noted on Schedule 1 of the audit report, the County had several revenues that fell significantly below budgeted expectations. During the budgeting process, it can be difficult to determine the timing of the completion of projects and grant related expenditures. Under generally accepted accounting principles, grant revenues are recorded based on when the eligible expenditures are incurred. Grant receivables are recorded if the reimbursement request was filed in a timely manner in an order to match the expenditure and revenue within a reporting period. If the grant included an upfront payment, funds on hand that did not have an eligible expenditure were recorded as unearned grant revenue which is reported as a liability on Exhibit 3.
 - Further, the County budgeted \$1,535,119 in COVID-19 Coronavirus State and Local Fiscal Recovery Funds during FY22 based on receipt of that amount, but the County only incurred \$1,106,699 in eligible expenditures during FY22.
 - Similarly, the County budgeted \$2,693,423 in economic development grants but only reported related revenues of \$5,593 during FY22. This is because the budgeted amount includes several grants and the larger federal grant reimbursements are revenue in the EDA.
 - The County's budgeted revenues for welfare and Children's Service Act (CSA) payments also fell under budget as the caseloads were lower than expected which resulted in under budget expenditures as well.
- In essence, these projects with grant funds are generally multi-year projects. During FY21, County Administration made the decision to start listing in the budget the full project grant revenues at the beginning of the project, and then carrying over to the next year all remaining expected grant funds. So, in most years, we would have significant unspent/undrawn grant revenues.
- The assets and deferred outflows of resources of the EDA's activities exceeds its liabilities and deferred inflows of resources by approximately \$7,982,230 (net position). The vast majority of these resources are in existing and under construction buildings.
- The County continues to hold a long-term note receivable for the PSA in the amount of \$307,367. This is the same amount as last fiscal year as the Board of Supervisors allowed the PSA to "skip" their regular note payment in FY22.
- On June 30, 2022, Floyd County had \$7,031,017 in remaining outstanding construction and capital commitments. Of that amount, \$5,119,807, or 72.8*% was related to school projects while \$1,911,210, or 27.2%, was tied to the Growth Center and playground equipment.

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.

Overview of the Financial Statements (Continued)

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 \$14,842,248 at the close of fiscal year 2022. The largest portion of the County's net position (54.97%) 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 of the County's net position (42.80%) is unrestricted.

Government-Wide Financial Analysis (Continued)

Financial Analysis of the County as a Whole

Summary of Net Position				
	Governmental Activities		Component Units	
	2022	2021	2022	2021
Current and other assets	\$ 32,468,329	\$ 41,725,305	\$ 6,403,463	\$ 5,803,895
Capital assets	34,303,715	28,177,000	14,188,789	6,295,252
Total assets	<u>66,772,044</u>	<u>69,902,305</u>	<u>20,592,252</u>	<u>12,099,147</u>
Deferred outflows of resources	<u>1,631,061</u>	<u>1,923,835</u>	<u>4,600,956</u>	<u>5,648,604</u>
Other liabilities	5,760,073	6,976,907	3,811,178	2,782,530
Long-term liabilities	39,176,728	44,174,029	13,799,569	24,146,748
Total liabilities	<u>44,936,801</u>	<u>51,150,936</u>	<u>17,610,747</u>	<u>26,929,278</u>
Deferred inflows of resources	<u>8,624,056</u>	<u>5,523,392</u>	<u>8,900,892</u>	<u>1,972,833</u>
Net position:				
Net investment in capital assets	8,158,613	8,691,529	14,107,359	6,152,412
Restricted	330,459	108,639	957,093	1,221,009
Unrestricted	6,353,176	6,351,644	(16,382,883)	(18,527,781)
Total net position	<u>\$ 14,842,248</u>	<u>\$ 15,151,812</u>	<u>\$ (1,318,431)</u>	<u>\$ (11,154,360)</u>

Governmental Activities: During the current fiscal year, the County's net position decreased \$309,564. The chart above is not restated for the implementation of GASB Statement No. 87 Leases, which decreased 2021 net position by \$585,390. The net decrease of that restatement along with the normal increase of \$275,826 results in the net decrease in net position of \$309,564.

Component Units: The combined net position of the School Board and the Economic Development Authority improved significantly with the significant reduction in Noncurrent Liabilities and the increase in Net Investment in Capital Assets. This is the result of a major decrease in the allocated VRS net pension liability for teachers and the construction project assets for EDA and School buildings.

Government-Wide Financial Analysis (Continued)

Key elements of current year activities are as follows:

	Changes in Net Position			
	Governmental Activities		Component Units	
	2022	2021	2022	2021
Program revenues:				
Charges for services	\$ 1,483,490	\$ 1,087,289	\$ 83,794	\$ 49,771
Operating grants and contributions	4,575,523	6,972,028	19,729,515	16,200,572
Capital grants and contributions	926,428	475,593	2,023,698	-
General revenues:				
General property taxes	15,656,209	14,181,218	-	-
Other taxes	2,625,367	2,459,551	-	-
Unrestricted revenues from use of money	66,881	102,811	85,768	79,124
Grants and contributions not restricted to specific purposes	1,466,891	1,454,512	-	-
Other general revenues	241,602	49,664	755,327	319,748
Payments from Floyd County	-	-	10,543,716	7,865,387
Total revenues	<u>\$ 27,042,391</u>	<u>\$ 26,782,666</u>	<u>\$ 33,221,818</u>	<u>\$ 24,514,602</u>
Expenses:				
General government administration	\$ 1,735,845	\$ 1,616,708	\$ -	\$ -
Judicial administration	1,125,066	1,177,104	-	-
Public safety	5,545,961	6,436,732	-	-
Public works	2,789,445	2,439,481	-	-
Health and welfare	2,906,744	2,967,842	-	-
Education	8,001,411	7,752,963	23,049,307	23,783,455
Parks, recreation, and cultural	528,649	473,733	-	-
Community development	3,360,572	2,190,753	336,582	208,395
Interest on long-term debt	772,872	1,303,774	-	-
Total expenses	<u>\$ 26,766,565</u>	<u>\$ 26,359,090</u>	<u>\$ 23,385,889</u>	<u>\$ 23,991,850</u>
Change in net position	<u>\$ 275,826</u>	<u>\$ 423,576</u>	<u>\$ 9,835,929</u>	<u>\$ 522,752</u>
Net position, beginning, as restated	<u>\$ 14,566,422</u>	<u>\$ 14,728,236</u>	<u>\$ (11,154,360)</u>	<u>\$ (11,677,112)</u>
Net position, ending	<u><u>\$ 14,842,248</u></u>	<u><u>\$ 15,151,812</u></u>	<u><u>\$ (1,318,431)</u></u>	<u><u>\$ (11,154,360)</u></u>

For the Fiscal Year ended June 30, 2022, revenues from governmental activities totaled \$27.04 million, an increase of 259,725. Primary reasons for the increase were:

- The infusion of \$1.6 million in ARPA funds, of which \$1.1 million is recognized as revenue in the audit.
- The Board of Supervisors increased the tax rate for both real and personal property.

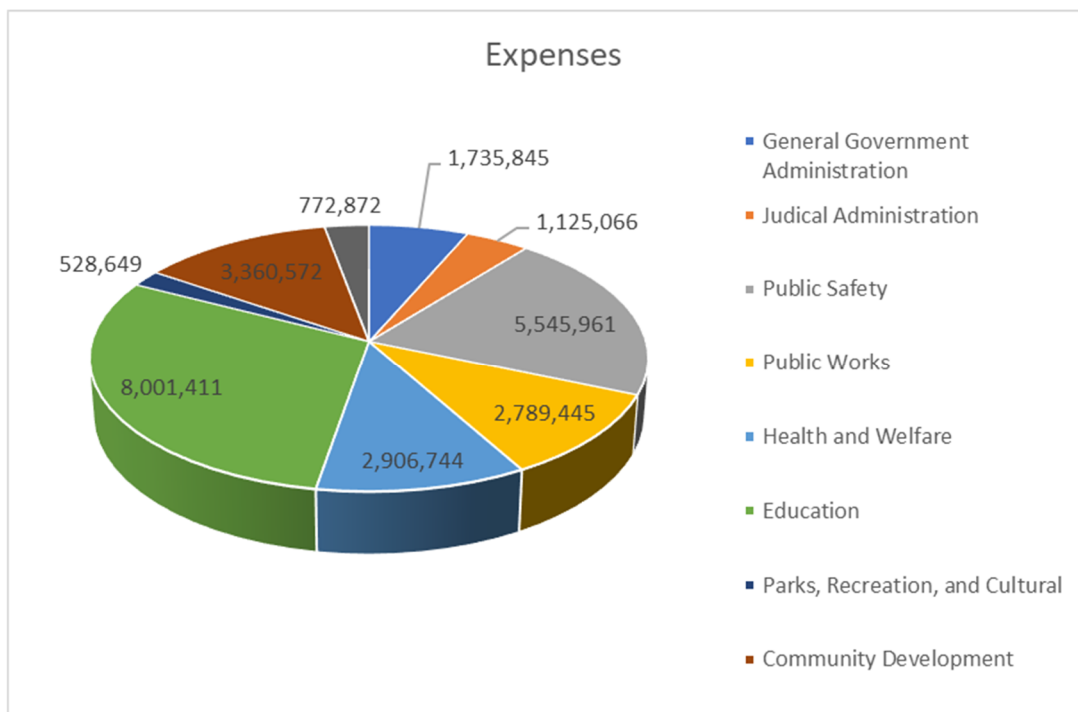
Government-Wide Financial Analysis (Continued)

Expenses for government activities totaled \$26.8 million, an increase of \$407,475. Primary reasons for the increase were:

- Substantial investment in a building at the Commerce Center, which helped increased the Community Development line item by \$1.17 million.
- An increase in public works costs associated with the transfer station and the county's closed landfill.
- A \$248,448 increase in costs associated with the schools.
- An increase of \$119,137 in general government administration, which was primarily the result of an investment in IT equipment and staff associated with moving from a third party vendor to a staff member to address the county's growing IT needs.

There was a substantial reduction in public safety costs and a reduction in interest costs on long-term debt.

Total expenses by governmental function are shown below. Education continues to be the largest county expense, making up 29.9% of expenditures. The next largest expense area is public safety at 20.7%. Community development is the only other area that makes up greater than 10% of the expenditures at 12.6%.



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 financial 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.

At the close of FY22, the County's governmental funds reported a combined ending balance of \$19,923,756. This is a decline of \$9,000,158 from the previous year, but also brings the ending balance in line with what the county experienced in FY20. The primary reason for the large variance is the draw down and expenditure of bond proceeds that were previously held in restricted investments.

Approximately 27.15% of the combined fund balance, or \$5,408,547, is the unassigned fund balance. This is the amount of funds available for spending at the County's discretion. The remainder of the fund balance is not available as it has already been restricted, committed, or assigned for:

- Capital improvement projects.
- American Relief Act targeted expenditures.
- Encumbrances and carryovers for expenditures.
- Long-term notes receivable.

General Fund Budgetary Highlights

Revenues fell short of budget expectations by \$3.1 million. This shortfall was driven primarily by less than budgeted revenues from both the Commonwealth and the Federal Government. However, a large portion of this shortfall is related to timing of categorical aid and choices made about how to represent particular large grant inflows and outflows in the audit. Some of this was offset by property tax revenues that exceeded expectations.

Expenditures

Expenditures were approximately \$4.76 million less than budgeted. This number was driven primarily by far less than expected investment in capital and the building in the Commerce Center. Much of the lower expenditures was due to supply chain issues.

Financial Analysis of the County's Funds (Continued)

REVENUES AND EXPENDITURES GENERAL FUND - BUDGET TO ACTUAL

	Final Budget	Actual	Variance
Revenues:			
Local	\$ 18,345,988	\$ 19,231,004	\$ 885,016
Intergovernmental	10,863,767	6,877,631	(3,986,136)
Total revenues	<u>\$ 29,209,755</u>	<u>\$ 26,108,635</u>	<u>\$ (3,101,120)</u>
Expenditures:			
General government administration	\$ 2,028,950	\$ 1,745,320	\$ 283,630
Judicial administration	1,211,374	1,164,736	46,638
Public Safety	5,068,186	4,672,237	395,949
Public Works	3,888,742	3,186,783	701,959
Health and welfare	3,758,461	2,980,660	777,801
Education	7,252,415	7,227,727	24,688
Parks, recreation and cultural	544,776	526,041	18,735
Community development	4,383,982	3,370,400	1,013,582
Capital Projects	8,341,825	6,792,350	1,549,475
Debt service	2,952,997	3,005,671	(52,674)
Total expenditures	<u>\$ 39,431,708</u>	<u>\$ 34,671,925</u>	<u>\$ 4,759,783</u>

Capital Asset and Debt Administration

Floyd County's investment in capital assets for its governmental funds as of June 30, 2022, totals \$34,303,715 (net of accumulated depreciation). This is an increase of \$6,519,423. This investment in capital assets includes land, buildings and improvements, vehicles and machinery, and equipment.

	Beginning Balance	GASB No. 87 Adjustment/ Restatement	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,201,303	\$ -	\$ -	\$ -	\$ 1,201,303
Construction in progress	11,254,201	-	6,868,302	-	18,122,503
Total capital assets not being depreciated	\$ 12,455,504	\$ -	\$ 6,868,302	\$ -	\$ 19,323,806
Capital assets, being depreciated:					
Buildings and improvements	\$ 21,241,100	\$ -	\$ -	\$ -	\$ 21,241,100
Machinery and equipment	11,912,730	(496,764)	859,466	-	12,275,432
Total capital assets being depreciated	\$ 33,153,830	\$ (496,764)	\$ 859,466	\$ -	\$ 33,516,532
Accumulated depreciation:					
Buildings and improvements	\$ (9,515,398)	\$ -	\$ (534,486)	\$ -	\$ (10,049,884)
Machinery and equipment	(8,309,644)	157,277	(607,412)	-	(8,759,779)
Total accumulated depreciation	\$ (17,825,042)	\$ 157,277	\$ (1,141,898)	\$ -	\$ (18,809,663)
Total capital assets being depreciated, net	\$ 15,328,788	\$ (339,487)	\$ (282,432)	\$ -	\$ 14,706,869
Intangible right-to-use assets, being amortized:					
Buildings and improvements	\$ -	\$ -	\$ 33,449	\$ -	\$ 33,449
Machinery and equipment	-	291,812	44,290	-	336,102
Total intangible right-to-use assets being amortized	\$ -	\$ 291,812	\$ 77,739	\$ -	\$ 369,551
Accumulated amortization					
Buildings and improvements	\$ -	\$ -	\$ (5,498)	\$ -	\$ (5,498)
Machinery and equipment	-	-	(91,013)	-	(91,013)
Total accumulated amortization	\$ -	\$ -	\$ (96,511)	\$ -	\$ (96,511)
Net intangible right-to-use assets	\$ -	\$ 291,812	\$ (18,772)	\$ -	\$ 273,040
Governmental activities capital assets, net	\$ 27,784,292	\$ (47,675)	\$ 6,567,098	\$ -	\$ 34,303,715

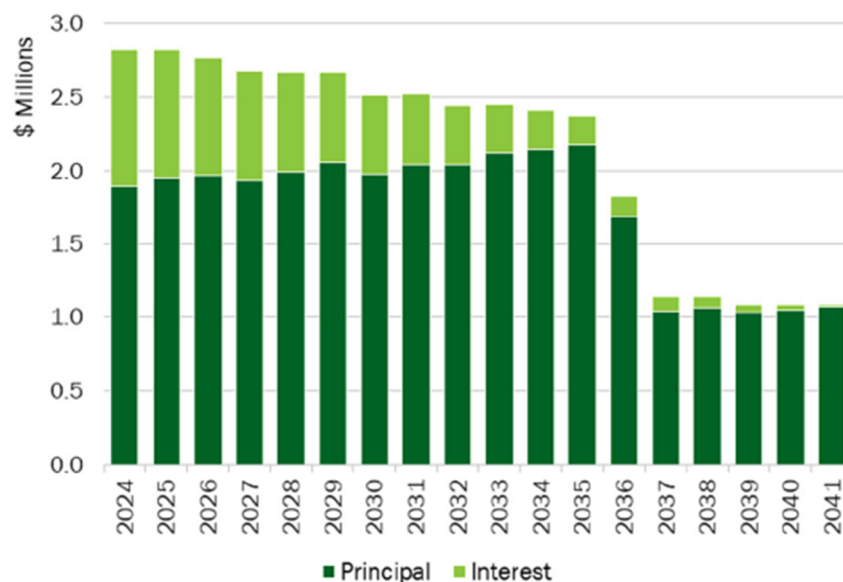
Capital Asset and Debt Administration (Continued)

Below is the aggregate tax supported debt service for the county.

Aggregate Tax Supported Debt Service

FY	Principal	Interest	Total	10-Year Payout Ratio
Total	\$31,228,164	\$7,273,312	\$38,501,475	
2024	1,895,698	927,243	2,822,941	64%
2025	1,951,158	866,648	2,817,806	69%
2026	1,967,308	801,968	2,769,276	75%
2027	1,933,000	739,363	2,672,363	79%
2028	1,992,000	675,432	2,667,432	82%
2029	2,055,000	609,135	2,664,135	85%
2030	1,976,000	540,374	2,516,374	89%
2031	2,045,000	472,279	2,517,279	94%
2032	2,041,000	401,559	2,442,559	100%
2033	2,116,000	334,157	2,450,157	100%
2034	2,143,000	268,342	2,411,342	100%
2035	2,171,000	201,389	2,372,389	100%
2036	1,688,000	141,973	1,829,973	100%
2037	1,038,000	103,287	1,141,287	100%
2038	1,061,000	81,567	1,142,567	100%
2039	1,030,000	59,433	1,089,433	100%
2040	1,050,000	36,800	1,086,800	100%
2041	1,075,000	12,363	1,087,363	100%

The county currently holds \$15,472,992 in net bonded debt. That is a reduction of \$555,677 from the previous fiscal year. For FY22 the net bonded debt per capita was \$994. This is a decrease of \$55 per person from the previous fiscal year, but is also reflective of the substantial increase in per capita debt of \$236 per capita in fiscal year 2020.



Capital Asset and Debt Administration (Continued)

As the graph above shows, with current commitments debt service is expected to slowly decline until 2035, after which much larger amounts of debt will be eliminated. More information about the county's long-term debt can be found elsewhere in the audit.

Economic Factors

In May 2022 Floyd County's unemployment rate was 2.5 percent, compared with 3.0% for Virginia as a whole. This is also a reduction from the May 2021 rate of 3.4%.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the County Administrator, 120 W. Oxford Street, Floyd, Virginia, 24091.

Basic Financial Statements

County of Floyd, Virginia
Statement of Net Position
June 30, 2022

	Primary Government Governmental Activities	Component Unit School Board	Component Unit EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,825,815	\$ 1,874,125	\$ 225,335
Receivables (net of allowance for uncollectibles):			
Taxes receivable	6,130,925	-	-
Accounts receivable	414,902	-	730,293
Notes receivable	307,367	-	159,243
Leases receivable	380,696	-	76,101
Due from primary government	-	1,959,389	-
Due from component unit	713,876	-	-
Intergovernmental receivable	903,677	646,253	-
Inventories	-	40,617	238,506
Prepaid items	168,336	287,721	-
Restricted assets:			
Cash and cash equivalents	-	-	165,880
Investments	11,622,735	-	-
Capital assets not being depreciated:			
Land	1,201,303	265,917	430,419
Construction in progress	18,122,503	3,257,434	4,888,744
Capital assets, net of accumulated depreciation/amortization:			
Buildings and improvements	11,191,216	2,513,459	1,878,360
Machinery and equipment	3,515,653	873,763	-
Lease assets:			
Buildings and improvements	27,951	-	-
Machinery and equipment	245,089	80,693	-
Total assets	<u>\$ 66,772,044</u>	<u>\$ 11,799,371</u>	<u>\$ 8,792,881</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 1,527,597	\$ 4,165,300	\$ -
OPEB related items	103,464	435,656	-
Total deferred outflows of resources	<u>\$ 1,631,061</u>	<u>\$ 4,600,956</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 395,531	\$ 89,193	\$ 5,419
Accounts payable - construction	2,529,905	-	-
Accrued liabilities	-	1,959,389	-
Health claim payable	-	590,896	-
Customers' deposits	-	-	12,969
Accrued interest payable	404,845	-	-
Due to primary government	-	-	713,876
Due to component unit	1,959,389	-	-
Unearned revenues	470,403	-	2,914
Noncurrent liabilities:			
Due within one year	2,544,448	436,522	-
Due in more than one year	36,632,280	13,799,569	-
Total liabilities	<u>\$ 44,936,801</u>	<u>\$ 16,875,569</u>	<u>\$ 735,178</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 5,742,627	\$ -	\$ -
Pension related items	2,400,381	8,375,669	-
OPEB related items	103,996	449,750	-
Lease related items	377,052	-	75,473
Total deferred inflows of resources	<u>\$ 8,624,056</u>	<u>\$ 8,825,419</u>	<u>\$ 75,473</u>
NET POSITION			
Net investment in capital assets	\$ 8,158,613	\$ 6,909,836	\$ 7,197,523
Restricted:			
Opioid settlement funds	213,061	-	-
Cafeteria	-	471,490	-
Asset forfeiture	117,398	-	-
Self-health insurance	-	485,603	-
Unrestricted (deficit)	6,353,176	(17,167,590)	784,707
Total Net Position	<u>\$ 14,842,248</u>	<u>\$ (9,300,661)</u>	<u>\$ 7,982,230</u>

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, 2022

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Governmental Activities	Component Units	
			Grants and Contributions	Contributions			School Board	EDA
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,735,845	\$ 173,425	\$ 363,116	\$ -	-	(1,199,304)		
Judicial administration	1,125,066	1,320	558,158	-	-	(565,588)		
Public safety	5,545,961	824,371	1,298,943	-	-	(3,422,647)		
Public works	2,789,445	209,478	56,364	926,428	-	(1,597,175)		
Health and welfare	2,906,744	-	2,244,176	-	-	(662,568)		
Education	8,001,411	-	-	-	-	(8,001,411)		
Parks, recreation, and cultural	528,649	58,113	4,500	-	-	(466,036)		
Community development	3,360,572	216,783	50,266	-	-	(3,093,523)		
Interest on long-term debt	772,872	-	-	-	-	(772,872)		
Total primary government	\$ 26,766,565	\$ 1,483,490	\$ 4,575,523	\$ 926,428	\$ 926,428	\$ (19,781,124)		
COMPONENT UNITS:								
School Board	\$ 23,049,307	\$ 82,877	\$ 19,722,015	\$ -	-	\$ (3,244,415)	\$ -	
EDA	336,582	917	7,500	2,023,698	-	-	-	1,695,533
Total component units	\$ 23,385,889	\$ 83,794	\$ 19,729,515	\$ 2,023,698	\$ 2,023,698	\$ (3,244,415)	\$ 1,695,533	
General revenues:								
General property taxes						\$ 15,656,209	\$ -	\$ -
Other local taxes:								
Local sales and use taxes						1,441,841	-	-
Consumers' utility taxes						380,735	-	-
Meals taxes						183,639	-	-
Motor vehicle licenses						421,215	-	-
Hotel and motel room taxes						91,779	-	-
Other local taxes						106,158	-	-
Unrestricted revenues from use of money						66,881	-	85,768
Miscellaneous						241,602	611,171	1,830
Contributions from the County of Floyd						-	7,994,364	2,549,352
Grants and contributions not restricted to specific programs						-	-	-
Gain on sale of capital assets						1,466,891	-	-
Total general revenues						\$ 20,056,950	\$ 8,605,535	\$ 2,779,276
Change in net position						\$ 275,826	\$ 5,361,120	\$ 4,474,809
Net position - beginning, as restated						14,566,422	(14,661,781)	3,507,421
Net position - ending						14,842,248	\$ (9,300,661)	\$ 7,982,230

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

County of Floyd, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Fire and Rescue</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 12,714,818	\$ -	\$ 117,398	\$ 647,241	\$ 13,479,457
Receivables (net of allowance for uncollectibles):					
Taxes receivable	6,130,925	-	-	-	6,130,925
Accounts receivable	396,554	-	-	18,348	414,902
Lease receivable	380,696	-	-	-	380,696
Due from component unit	713,876	-	-	-	713,876
Due from other governmental units	903,677	-	-	-	903,677
Prepaid items	168,336	-	-	-	168,336
Long term note receivable - PSA	307,367	-	-	-	307,367
Restricted assets:					
Investments	11,622,735	-	-	-	11,622,735
Total assets	<u>\$ 33,338,984</u>	<u>\$ -</u>	<u>\$ 117,398</u>	<u>\$ 665,589</u>	<u>\$ 34,121,971</u>
LIABILITIES					
Accounts payable	\$ 2,924,627	\$ 809	\$ -	\$ -	\$ 2,925,436
Reconciled overdraft	-	1,653,642	-	-	1,653,642
Due to component unit	1,959,389	-	-	-	1,959,389
Unearned grant revenue	470,403	-	-	-	470,403
Total liabilities	<u>\$ 5,354,419</u>	<u>\$ 1,654,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,008,870</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 6,019,028	\$ -	\$ -	\$ -	\$ 6,019,028
Unavailable revenue - EMS billings	82,114	-	-	-	82,114
Unavailable revenue - opioid settlement	205,660	-	-	-	205,660
Lease related items	377,052	-	-	-	377,052
Unavailable revenue - prepaid taxes	505,491	-	-	-	505,491
Total deferred inflows of resources	<u>\$ 7,189,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,189,345</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 168,336	\$ -	\$ -	\$ -	\$ 168,336
Long-term note receivable	307,367	-	-	-	307,367
Restricted:					
Unspent bond proceeds	11,622,735	-	-	-	11,622,735
Asset forfeiture	-	-	117,398	-	117,398
Opioid Settlement Fund	7,401	-	-	-	7,401
Assigned:					
Law Library	53,818	-	-	-	53,818
School capital projects	-	-	-	403,531	403,531
County capital projects	-	-	-	262,058	262,058
Courts	114,353	-	-	-	114,353
E-911	670,846	-	-	-	670,846
Courthouse Maintenance	101,366	-	-	-	101,366
Debt service	686,000	-	-	-	686,000
Unassigned	7,062,998	(1,654,451)	-	-	5,408,547
Total fund balances (deficit)	<u>\$ 20,795,220</u>	<u>\$ (1,654,451)</u>	<u>\$ 117,398</u>	<u>\$ 665,589</u>	<u>\$ 19,923,756</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,338,984</u>	<u>\$ -</u>	<u>\$ 117,398</u>	<u>\$ 665,589</u>	<u>\$ 34,121,971</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 19,923,756

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	11,191,216	
Machinery and equipment	3,515,653	
Construction in progress	18,122,503	
Lease assets - buildings and improvements	27,951	
Lease assets - machinery and equipment	<u>245,089</u>	34,303,715

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	\$ 781,892	
Unavailable revenue - opioid settlement funds	205,660	
Unavailable revenue - EMS billings	<u>82,114</u>	1,069,666

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

Pension related items	\$ 1,527,597	
OPEB related items	<u>103,464</u>	1,631,061

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	\$ (32,694,837)	
Bond premiums	(1,599,459)	
Lease liabilities	(275,574)	
Financed purchases	(668,062)	
Compensated absences	(431,542)	
Accrued interest payable	(404,845)	
Net pension liability	(1,783,107)	
Net OPEB liability	(271,447)	
Landfill closure/post-closure liability	<u>(1,452,700)</u>	(39,581,573)

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

Pension related items		(2,400,381)
OPEB related items		<u>(103,996)</u>

Net position of governmental activities		<u><u>\$ 14,842,248</u></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, 2022

	<u>General</u>	<u>Fire and Rescue</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 15,088,573	\$ 314,272	\$ -	\$ -	\$ 15,402,845
Other local taxes	2,441,728	-	-	183,639	2,625,367
Permits, privilege fees, and regulatory licenses	138,505	-	-	-	138,505
Fines and forfeitures	6,059	-	-	-	6,059
Revenue from the use of money and property	283,637	-	27	-	283,664
Charges for services	1,119,654	-	-	-	1,119,654
Miscellaneous	35,942	-	-	-	35,942
Recovered costs	116,906	-	-	-	116,906
Intergovernmental:					
Commonwealth	4,544,096	78,786	12,425	-	4,635,307
Federal	2,333,535	-	-	-	2,333,535
Total revenues	<u>\$ 26,108,635</u>	<u>\$ 393,058</u>	<u>\$ 12,452</u>	<u>\$ 183,639</u>	<u>\$ 26,697,784</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,745,320	\$ -	\$ -	\$ -	\$ 1,745,320
Judicial administration	1,164,736	-	-	-	1,164,736
Public safety	4,672,237	881,128	3,693	-	5,557,058
Public works	3,186,783	-	-	-	3,186,783
Health and welfare	2,980,660	-	-	-	2,980,660
Education	7,227,727	-	-	218,935	7,446,662
Parks, recreation, and cultural	526,041	-	-	-	526,041
Community development	3,370,400	-	-	-	3,370,400
Capital projects	6,792,350	-	-	-	6,792,350
Debt service:					
Principal retirement	1,905,877	-	-	-	1,905,877
Interest and other fiscal charges	1,099,794	-	-	-	1,099,794
Total expenditures	<u>\$ 34,671,925</u>	<u>\$ 881,128</u>	<u>\$ 3,693</u>	<u>\$ 218,935</u>	<u>\$ 35,775,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,563,290)</u>	<u>\$ (488,070)</u>	<u>\$ 8,759</u>	<u>\$ (35,296)</u>	<u>\$ (9,077,897)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 48,074	\$ -	\$ -	\$ -	\$ 48,074
Transfers out	-	-	-	(48,074)	(48,074)
Issuance of lease liabilities	77,739	-	-	-	77,739
Total other financing sources (uses)	<u>\$ 125,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,074)</u>	<u>\$ 77,739</u>
Net change in fund balances	<u>\$ (8,437,477)</u>	<u>\$ (488,070)</u>	<u>\$ 8,759</u>	<u>\$ (83,370)</u>	<u>\$ (9,000,158)</u>
Fund balances (deficit) - beginning	<u>29,232,697</u>	<u>(1,166,381)</u>	<u>108,639</u>	<u>748,959</u>	<u>28,923,914</u>
Fund balances (deficit) - ending	<u>\$ 20,795,220</u>	<u>\$ (1,654,451)</u>	<u>\$ 117,398</u>	<u>\$ 665,589</u>	<u>\$ 19,923,756</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, 2022

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

Net change in fund balances - total governmental funds \$ (9,000,158)

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/amortization in the current period.

Capital asset additions	\$ 7,805,507	
Depreciation/amortization expense	<u>(1,238,409)</u>	6,567,098

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	\$ 253,364	
Increase (decrease) in unavailable revenue - EMS billings	2,489	
Increase (decrease) in unavailable revenue - Opioid settlement funds	<u>205,660</u>	461,513

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 lease liability	\$ (77,739)	
Principal payments:		
Loans and bonds	1,236,677	
Lease liabilities	93,977	
Financed purchases	<u>575,223</u>	1,828,138

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	\$ 50,908	
Change in net pension liability and related deferred items	97,199	
Change in net OPEB liability and related deferred items	8,091	
(Increase) decrease in accrued interest payable	53,267	
(Increase) decrease in bond premium	273,655	
(Increase) decrease in landfill closure/post-closure liability	<u>(63,885)</u>	419,235

Change in net position of governmental activities		<u>\$ 275,826</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, 2022

	Custodial Funds
	Special Welfare Fund
ASSETS	
Cash and cash equivalents	\$ 53,884
NET POSITION	
Restricted:	
Welfare recipients	\$ 53,884

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, 2022

	<u>Custodial Funds</u>
	<u>Special Welfare Fund</u>
ADDITIONS	
Contributions:	
Donations	\$ 50,319
Miscellaneous	11,511
Intergovernmental - Social Security payments	13,300
Total contributions	<u>\$ 75,130</u>
Total additions	<u>\$ 75,130</u>
DEDUCTIONS	
Checks for SS & SSI Recipients	\$ 11,489
Other welfare	46,030
Total deductions	<u>\$ 57,519</u>
 Net increase (decrease) in fiduciary net position	 \$ 17,611
 Net position - beginning	 <u>36,273</u>
Net position - ending	<u><u>\$ 53,884</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, 2022

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, 2022.

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, 2022

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.

In 2022, the County contributed \$878,543 to the PSA to make water and sewer improvements. These funds were awarded by the County from their allocation of the COVID-19 Coronavirus State and Local Fiscal Recovery Funds.

Floyd-Floyd County Tourism Authority

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

Montgomery-Floyd Regional Library

The County, in conjunction with Montgomery County, participates in the Montgomery-Floyd Regional Library. The governing board is composed of members from each of the participating localities. The County contributed \$107,887 to the Library for the current year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 \$41,500 to NRVCS for the current year.

New River Valley Regional Jail Authority

The County, in conjunction with the Counties of Bland, Carroll, Giles, Grayson, and Pulaski, and the City of Radford, participates in the New River Valley Regional Jail Authority. Each member jurisdiction pays a per-diem charge for each day that one of its prisoners is at the regional jail facility. In accordance with the service agreement, the Authority has divided the per-diem charge into an operating component and a debt service component. The per-diem charge is based upon an assumed number of prisoner days, and is subject to adjustment at the end of each fiscal year. The County paid the Authority \$363,518 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, 2022

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

The government reports the following major governmental funds:

The *general fund* is the County's primary operating fund of the County. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

D. Budgets and Budgetary Accounting

Excess of expenditures over appropriations

At June 30, 2022, there were no departments with expenditures in excess of appropriations.

Deficit fund balance

At June 30, 2022, the Fire and Rescue Fund had deficit fund balance.

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

1. Cash and Cash Equivalents

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

2. 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. Restricted investments consist of unspent bond proceeds.

3. Receivables and Payables

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$71,210 for property taxes and \$1,323,500 for EMS billings at June 30, 2022.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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.

7. Prepaid Items

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

8. Capital Assets

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

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

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

Assets	Years
Buildings	40
Building and improvements	40
Machinery and equipment	4-30
Lease - Machinery and equipment	4-30
Lease - Buildings and improvements	40

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

9. Compensated Absences

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

10. Long-Term Obligations

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

In the fund financial statements, 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 either not in spendable form (such as inventory and prepaid expenditures) or are legally or contractually 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;

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

11. Fund Balance (Continued)

- 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.

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

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(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 pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets 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, EMS billings receivable, and opioid receivable are reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and uncollected EMS revenue are reported as deferred inflows of resources. In addition certain items related pension, OPEB, leases, and opioid settlement are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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.

17. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

Lessor

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

17. Leases (Continued)

Key Estimates and Judgments

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

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

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

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 & 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).

As of June 30, 2022, the County had \$11,622,735 in restricted investments related to unspent bond proceeds.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 2—Deposits and Investments: (Continued)

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, 2022, 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, 2022, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

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, 2022 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
SNAP	\$ 11,622,735

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	\$ 11,622,735	\$ 11,622,735

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 243,064	\$ -
State sales tax	-	513,731
Noncategorical aid	84,241	-
Categorical aid - shared expenses	129,093	-
Categorical aid - welfare payments	57,539	-
Categorical aid - CSA funds	255,593	-
Categorical aid - other	28,203	-
<u>Federal Government:</u>		
Categorical aid	105,944	-
School federal programs	-	132,522
	<u> </u>	<u> </u>
Totals	\$ <u>903,677</u>	\$ <u>646,253</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	\$ -	\$ 1,959,389
	<u> </u>	<u> </u>
Component Unit:		
School Board	\$ 1,959,389	\$ -
	<u> </u>	<u> </u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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	\$ 48,074	\$ -
Capital Improvement Fund	-	48,074
Total	<u>\$ 48,074</u>	<u>\$ 48,074</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, 2022:

	<u>Beginning Balance</u>	<u>Restatement/ GASB No. 87 Adjustments</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct borrowings and direct placements:					
General obligation bonds	\$ 16,028,669	\$ -	\$ -	\$ (555,677)	\$ 15,472,992
Lease revenue bonds	17,902,845	-	-	(681,000)	17,221,845
Bond premiums	1,873,114	-	-	(273,655)	1,599,459
Financed purchases	1,552,590	(309,305)	-	(575,223)	668,062
Lease liabilities	-	291,812	77,739	(93,977)	275,574
Landfill closure/post-closure liability	1,388,815	-	63,885	-	1,452,700
Compensated absences	482,450	-	310,929	(361,837)	431,542
Net pension liability	4,562,117	-	2,657,831	(5,436,841)	1,783,107
Net OPEB liability	383,429	-	108,256	(220,238)	271,447
Total	<u>\$ 44,174,029</u>	<u>\$ -</u>	<u>\$ 3,218,640</u>	<u>\$ (8,198,448)</u>	<u>\$ 39,176,728</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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		Financed Purchases		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 566,288	\$ 557,250	\$ 1,090,000	\$ 368,823	286,922	9483	103,204	11720
2024	595,976	529,057	1,111,000	418,223	188,756	5706	94,411	6957
2025	690,420	498,457	1,070,000	392,472	192,384	526	49,269	3206
2026	835,308	461,857	1,132,000	366,171	-	-	25,760	869
2027	605,000	426,829	1,328,000	340,111	-	-	2,930	22
2028-2032	3,525,000	1,630,408	6,584,000	1,232,456	-	-	-	-
2033-2037	4,490,000	770,517	4,666,000	424,586	-	-	-	-
2038-2041	4,165,000	188,939	51,000	3,720	-	-	-	-
Totals	\$ 15,472,992	\$ 5,063,314	\$ 17,032,000	\$ 3,546,562	\$ 668,062	\$ 15,715	\$ 275,574	\$ 22,774
	Amount in Drawdown Phase: \$		189,845					
	Adjusted Total: \$		17,221,845					

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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
Direct Borrowings and Direct Placements:						
<i>General Obligation Bonds:</i>						
General obligation bonds (VPSA)	4.60-5.10%	11/10/2005	7/15/2025	\$ 10,259,045	\$ 2,322,992	\$ 566,288
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	1,599,459	174,377
Total general obligation bonds					<u>\$ 17,072,451</u>	<u>\$ 740,665</u>
<i>Lease Revenue Bonds:</i>						
Lease revenue bond	2.40%	8/4/2016	1/31/2038	\$ 903,000	\$ 722,000	\$ 38,000
Lease revenue bond	1.70%	8/4/2016	1/31/2024	734,000	205,000	102,000
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	6,664,000	462,000
Lease revenue bond	2.28%	7/16/2020	2/1/2029	820,000	734,000	29,000
Lease revenue bond	2.83%	7/16/2020	2/1/2034	845,000	728,000	55,000
Lease revenue bond	2.43%	5/21/2021	2/1/2036	4,980,000	4,924,000	139,000
Lease revenue bond	3.07%	5/21/2021	2/1/2036	1,877,000	1,827,000	106,000
Lease revenue bond	2.89%	5/21/2021	2/1/2036	361,000	339,000	20,000
Lease revenue bond	1.85%	5/21/2021	2/1/2026	434,000	348,000	85,000
Lease revenue bond	2.74%	5/21/2021	2/1/2031	598,000	541,000	54,000
Total lease revenue bonds					<u>\$ 17,221,845</u>	<u>\$ 1,090,000</u>
Total direct borrowings and direct placements					<u>\$ 34,294,296</u>	<u>\$ 1,830,665</u>
Financed Purchases:						
Financed purchase - County equipment	4.00%	10/3/2018	10/3/2023	\$ 22,782	\$ 6,561	\$ 4,863
Financed purchase - County equipment	1.95%	5/29/2015	6/15/2025	1,750,000	562,890	183,448
Financed purchase - School network	0.00%	3/29/2018	8/15/2022	551,628	98,611	98,611
Total financed purchases					<u>\$ 668,062</u>	<u>\$ 286,922</u>
Lease Liabilities**						
County Enterprise vehicle leases	2.58-13.83%	10/12/2018 to 8/1/2021	9/12/2023 to 7/1/2026	\$25,140 - 41,672	\$ 222,832	\$ 86,051
County copier leases	2.00%	12/5/2019 to 3/15/2022	11/5/2024 to 2/15/2027	33,641	24,350	6,638
Drug Court building lease	5.00%	1/1/2022	12/1/2024	33,449	28,392	10,515
Total lease liabilities					<u>\$ 275,574</u>	<u>\$ 103,204</u>
Other Obligations:						
Landfill closure/post-closure liability					\$ 1,452,700	\$ -
Compensated absences					431,542	323,657
Net pension liability					1,783,107	-
Net OPEB liability					271,447	-
Total other obligations					<u>\$ 3,938,796</u>	<u>\$ 323,657</u>
Total long-term obligations					<u>\$ 39,176,728</u>	<u>\$ 2,544,448</u>

*bond is in drawdown phase at year-end

**the lease issue dates are from the onset of the lease agreement. The amounts included in the GASB 87 implementation are as of July, 1 2021, the date of implementation. Original information is included for informational purposes only.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022:

	Beginning Balance	GASB No. 87 Adjustments	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Compensated absences	\$ 594,822	\$ -	\$ 375,091	\$ (446,116)	\$ 523,796
Net pension liability	20,644,093	-	4,789,263	(14,352,167)	11,081,189
Net OPEB liabilities	2,907,833	-	552,343	(910,500)	2,549,676
Lease Liabilities	-	124,241	-	(42,811)	81,430
Total	<u>\$ 24,146,748</u>	<u>\$ -</u>	<u>\$ 5,716,697</u>	<u>\$ (15,751,594)</u>	<u>\$ 14,236,091</u>

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2023	43,676	1230
2024	27,036	421
2025	9,885	124
2026	833	1
Totals	<u>\$ 81,430</u>	<u>\$ 1,776</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Discretely Presented Component Unit - School Board-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
Lease Liabilities						
School copier leases	2.00%	1/1/2019	12/1/2023	\$ 166,189	\$ 51,526	\$ 34,179
School touchless water system lease	2.00%	8/1/2020	7/1/2025	47,664	29,904	9,497
Total lease liabilities					<u>\$ 81,430</u>	<u>\$ 43,676</u>
Other Obligations:						
Compensated absences					\$ 523,796	\$ 392,846
Net pension liability					11,081,189	-
Net OPEB liabilities					2,549,676	-
Total other obligations					<u>\$ 14,154,661</u>	<u>\$ 392,846</u>
Total long-term obligations					<u>\$ 14,236,091</u>	<u>\$ 436,522</u>

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 2022 and had a zero balance at year end.

Note 7—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, 2022

Note 7—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.

Note 7—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, 2022 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 \$624,811 and \$579,458 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—Pension Plans: (Continued)

Net Pension Liability

At June 30, 2022, the County reported a liability of \$1,783,107 for its proportionate share of the net pension liability. The County’s net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 and 2020 was used as a basis for allocation to determine the County’s proportionate share of the net pension liability. At June 30, 2021 and 2020, the County’s proportion was 95.28% and 95.10% 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, 2020, 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, 2021.

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

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—Pension Plans: (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 7—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, 2021, 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, 2021, 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, 2021 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)	\$ 4,617,324	\$ 1,783,107	\$ (552,552)

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

For the year ended June 30, 2022, the County recognized pension expense of \$527,616. 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, 2022

Note 7—Pension Plans: (Continued)

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

At June 30, 2022, 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	\$ 254,716	\$ 293,851
Change in assumptions	648,070	-
Net difference between projected and actual earnings on pension plan investments	-	2,089,771
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	16,759
Employer contributions subsequent to the measurement date	624,811	-
Total	\$ 1,527,597	\$ 2,400,381

\$624,811 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, 2023. 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
2023	\$ (109,245)
2024	(308,294)
2025	(445,862)
2026	(634,194)
2027	-
Thereafter	-

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	92
Inactive members:	
Vested inactive members	13
Non-vested inactive members	27
Inactive members active elsewhere in VRS	19
Total inactive members	59
Active members	73
Total covered employees	224

Contributions

The Component Unit School Board's contractually required employer contribution rate for Nonprofessional employees for the year ended June 30, 2022 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, 2022

Note 7—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 \$206,172 and \$200,899 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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, 2020	\$ 8,264,712	\$ 6,182,494	\$ 2,082,218
Changes for the year:			
Service cost	\$ 137,356	\$ -	\$ 137,356
Interest	538,913	-	538,913
Differences between expected and actual experience	131,462	-	131,462
Assumption changes	261,614	-	261,614
Contributions - employer	-	200,898	(200,898)
Contributions - employee	-	76,043	(76,043)
Net investment income	-	1,656,697	(1,656,697)
Benefit payments, including refunds of employee contributions	(561,645)	(561,645)	-
Administrative expenses	-	(4,285)	4,285
Other changes	-	155	(155)
Net changes	\$ 507,700	\$ 1,367,863	\$ (860,163)
Balances at June 30, 2021	\$ 8,772,412	\$ 7,550,357	\$ 1,222,055

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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 2,111,276	\$ 1,222,055	\$ 466,215

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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, 2022, the Component Unit School Board (Nonprofessional) recognized pension expense of \$164,305. At June 30, 2022, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit-School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,702	\$ -
Change in assumptions	132,740	-
Net difference between projected and actual earnings on pension plan investments	-	815,723
Employer contributions subsequent to the measurement date	206,172	-
Total	\$ 405,614	\$ 815,723

\$206,172 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, 2023.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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>
2023	\$ 2,943
2024	(179,677)
2025	(189,720)
2026	(249,827)
2027	-
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, 2022 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 \$1,850,572 and \$1,793,926 for the years ended June 30, 2022 and June 30, 2021, respectively. In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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, 2022, the school division reported a liability of \$9,859,134 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.12700% as compared to 0.12750% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$25,161. 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, 2022, 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	\$ -	\$ 839,742
Change in assumptions	1,727,294	6,212,962
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	181,820	507,242
Employer contributions subsequent to the measurement date	1,850,572	-
Total	\$ 3,759,686	\$ 7,559,946

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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)

\$1,850,572 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, 2023. 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>
2023	\$ (1,342,781)
2024	(1,163,482)
2025	(1,360,813)
2026	(1,785,301)
2027	1,545
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement:

Rates projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	\$	7,763,263

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%
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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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 19,027,594	\$ 9,859,134	\$ 2,316,850

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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	\$ 1,527,597	\$ 2,400,381	\$ 1,783,107	\$ 527,616	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	405,614	815,723	1,222,055	164,305
School Board Professional	-	-	-	-	3,759,686	7,559,946	9,859,134	25,161
Totals	<u>\$ 1,527,597</u>	<u>\$ 2,400,381</u>	<u>\$ 1,783,107</u>	<u>\$ 527,616</u>	<u>\$ 4,165,300</u>	<u>\$ 8,375,669</u>	<u>\$ 11,081,189</u>	<u>\$ 189,466</u>

Note 8—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, 2022

Note 8-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, seatbelt 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 \$8,722 as of June 30, 2022.

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, 2022 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 \$28,150 and \$25,991 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-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 \$9,377 and \$9,063 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Professional) were \$62,749 and \$60,607 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the entity reported a liability of \$271,447 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0235% as compared to 0.0230% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$21,547. 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, 2022, the entity reported a liability of \$94,655 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.00810% as compared to 0.00810% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$3,229. 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, 2022

Note 8-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, 2022, the entity reported a liability of \$632,899 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.05440% as compared to 0.05470% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$19,375. 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, 2022, 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	\$ 30,960	\$ 64,788	\$ 10,796	\$ 721	\$ 72,184	\$ 4,822
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,068	-	22,592	-	151,059
Change in assumptions	14,965	37,140	5,218	12,951	34,891	86,594
Changes in proportionate share	29,389	-	739	2,579	11,867	32,727
Employer contributions subsequent to the measurement date	28,150	-	9,377	-	62,749	-
Total	\$ 103,464	\$ 103,996	\$ 26,130	\$ 38,843	\$ 181,691	\$ 275,202

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-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)

\$28,150, \$9,377, and \$62,749 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, 2023. 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)
2023	\$ (2,947)	\$ (5,312)	\$ (37,733)
2024	(1,572)	(4,262)	(28,359)
2025	(4,414)	(4,215)	(27,397)
2026	(17,203)	(7,118)	(51,912)
2027	(2,546)	(1,183)	(10,859)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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, 2022

Note 8-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement:

Rates projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-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:

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-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 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, 2021, 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, 2021 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	\$ 396,595	\$ 271,447	\$ 170,385
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan			
Net OPEB Liability	138,295	94,655	59,414
Component Unit School Board's (professional) proportionate share of the GLI Plan			
Net OPEB Liability	924,687	632,898	397,265

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9-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.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-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, 2022 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 \$140,605 and \$135,781 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the school division reported a liability of \$1,628,593 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.12688% as compared to 0.12790% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$119,224. 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, 2022

Note 9-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, 2022, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 28,419
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	21,453
Change in assumptions	44,024	6,545
Change in proportionate share	25,407	78,078
Employer contributions subsequent to the measurement date	140,605	-
Total	\$ 210,036	\$ 134,495

\$140,605 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, 2023. 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:

Year Ended June 30

2023	\$ (15,404)
2024	(15,648)
2025	(12,068)
2026	(9,097)
2027	(7,851)
Thereafter	(4,996)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-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, 2020, 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, 2021.

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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee Net HIC OPEB Liability (Asset)	\$	1,283,569
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9- 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9- 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, 2021, 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, 2021 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	\$ 1,833,344	\$ 1,628,593	\$ 1,455,324

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022

Note 10—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, 2022 was \$27,906.

Note 11 - 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, 2022

Note 11 - 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, 2020 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>35</u>
Active members	<u>73</u>
Total covered employees	<u>108</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11 - 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, 2022 was .87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$15,108 and \$14,602 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11 - 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:

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11 - 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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	\$ 191,327	\$ -	\$ 191,327
Changes for the year:			
Service cost	\$ 2,288	\$ -	\$ 2,288
Interest	12,914	-	12,914
Assumption changes	3,542	-	3,542
Contribution - employer	-	14,602	(14,602)
Net investment income	-	2,004	(2,004)
Administrative expenses	-	(65)	65
Net changes	\$ 18,744	\$ 16,541	\$ 2,203
Balances at June 30, 2021	\$ 210,071	\$ 16,541	\$ 193,530

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11 - 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	\$ 211,820	\$ 193,530	\$ 177,659

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, 2022, the School Board recognized HIC Plan OPEB expense of \$15,324. At June 30, 2022, 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
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 1,210
Change in assumptions	2,691	-
Employer contributions subsequent to the measurement date	15,108	-
Total	\$ 17,799	\$ 1,210

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11 - 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)

\$15,108 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, 2023. 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:

<u>Year Ended June 30</u>	
2023	\$ 548
2024	548
2025	548
2026	(163)
2027	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12—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	\$ 103,464	\$ 103,996	\$ 271,447	\$ 21,547	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	26,130	38,843	94,655	3,229
School Board Professional	-	-	-	-	181,691	275,202	632,898	19,375
Teacher HIC Plan (Note 10)	-	-	-	-	210,036	134,495	1,628,593	119,224
School Board Nonprofessional HIC Plan (Note 12)	-	-	-	-	17,799	1,210	193,530	15,324
Totals	<u>\$ 103,464</u>	<u>\$ 103,996</u>	<u>\$ 271,447</u>	<u>\$ 21,547</u>	<u>\$ 435,656</u>	<u>\$ 449,750</u>	<u>\$ 2,549,676</u>	<u>\$ 157,152</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	GASB No. 87 Adjustment/ Restatement	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,201,303	\$ -	\$ -	\$ -	\$ 1,201,303
Construction in progress	11,254,201	-	6,868,302	-	18,122,503
Total capital assets not being depreciated	<u>\$ 12,455,504</u>	<u>\$ -</u>	<u>\$ 6,868,302</u>	<u>\$ -</u>	<u>\$ 19,323,806</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 21,241,100	\$ -	\$ -	\$ -	\$ 21,241,100
Machinery and equipment	11,912,730	(496,764)	859,466	-	12,275,432
Total capital assets being depreciated	<u>\$ 33,153,830</u>	<u>\$ (496,764)</u>	<u>\$ 859,466</u>	<u>\$ -</u>	<u>\$ 33,516,532</u>
Accumulated depreciation:					
Buildings and improvements	\$ (9,515,398)	\$ -	\$ (534,486)	\$ -	\$ (10,049,884)
Machinery and equipment	(8,309,644)	157,277	(607,412)	-	(8,759,779)
Total accumulated depreciation	<u>\$ (17,825,042)</u>	<u>\$ 157,277</u>	<u>\$ (1,141,898)</u>	<u>\$ -</u>	<u>\$ (18,809,663)</u>
Total capital assets being depreciated, net	<u>\$ 15,328,788</u>	<u>\$ (339,487)</u>	<u>\$ (282,432)</u>	<u>\$ -</u>	<u>\$ 14,706,869</u>
Intangible right-to-use assets, being amortized:					
Buildings and improvements	\$ -	\$ -	\$ 33,449	\$ -	\$ 33,449
Machinery and equipment	-	291,812	44,290	-	336,102
Total intangible right-to-use assets being amortized	<u>\$ -</u>	<u>\$ 291,812</u>	<u>\$ 77,739</u>	<u>\$ -</u>	<u>\$ 369,551</u>
Accumulated amortization					
Buildings and improvements	\$ -	\$ -	\$ (5,498)	\$ -	\$ (5,498)
Machinery and equipment	-	-	(91,013)	-	(91,013)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,511)</u>	<u>\$ -</u>	<u>\$ (96,511)</u>
Net intangible right-to-use assets	<u>\$ -</u>	<u>\$ 291,812</u>	<u>\$ (18,772)</u>	<u>\$ -</u>	<u>\$ 273,040</u>
Governmental activities capital assets, net	<u>\$ 27,784,292</u>	<u>\$ (47,675)</u>	<u>\$ 6,567,098</u>	<u>\$ -</u>	<u>\$ 34,303,715</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Capital Assets:

Primary Government: Continued

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

Governmental Activities:	
General government administration	\$ 57,126
Judicial administration	7,799
Public safety	379,338
Public works	187,857
Health and welfare	15,430
Education	554,996
Parks, recreation, and cultural	35,241
Community development	622
	<hr/>
Total depreciation/amortization expense-governmental activities	<u><u>\$ 1,238,409</u></u>

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit - School Board

Capital asset activity for the School Board for the year ended June 30, 2022 was as follows:

	Beginning Balance	GASB No. 87 Adjustment/ Restatement	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 265,917	\$ -	\$ -	\$ -	\$ 265,917
Construction in progress	142,840	-	3,351,571	(236,977)	3,257,434
Total capital assets not being depreciated	<u>\$ 408,757</u>	<u>\$ -</u>	<u>\$ 3,351,571</u>	<u>\$ (236,977)</u>	<u>\$ 3,523,351</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 6,538,238	\$ -	\$ -	\$ -	\$ 6,538,238
Machinery and equipment	4,137,917	-	493,346	-	4,631,263
Total capital assets being depreciated	<u>\$ 10,676,155</u>	<u>\$ -</u>	<u>\$ 493,346</u>	<u>\$ -</u>	<u>\$ 11,169,501</u>
Accumulated depreciation:					
Buildings and improvements	\$ (3,878,955)	\$ -	\$ (145,824)	\$ -	\$ (4,024,779)
Machinery and equipment	(3,632,240)	-	(125,260)	-	(3,757,500)
Total accumulated depreciation	<u>\$ (7,511,195)</u>	<u>\$ -</u>	<u>\$ (271,084)</u>	<u>\$ -</u>	<u>\$ (7,782,279)</u>
Total capital assets being depreciated, net	<u>\$ 3,164,960</u>	<u>\$ -</u>	<u>\$ 222,262</u>	<u>\$ -</u>	<u>\$ 3,387,222</u>
Intangible right-to-use assets, being amortized:					
Machinery and equipment	\$ -	\$ 124,241	\$ -	\$ -	\$ 124,241
Total intangible right-to-use assets being amortized	<u>\$ -</u>	<u>\$ 124,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,241</u>
Accumulated amortization					
Machinery and equipment	\$ -	\$ -	\$ (43,548)	\$ -	\$ (43,548)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,548)</u>	<u>\$ -</u>	<u>\$ (43,548)</u>
Net intangible right-to-use assets	<u>\$ -</u>	<u>\$ 124,241</u>	<u>\$ (43,548)</u>	<u>\$ -</u>	<u>\$ 80,693</u>
Governmental activities capital assets, net	<u>\$ 3,573,717</u>	<u>\$ 124,241</u>	<u>\$ 3,530,285</u>	<u>\$ (236,977)</u>	<u>\$ 6,991,266</u>

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit - EDA

Capital asset activity for the Authority for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 430,419	\$ -	\$ -	\$ 430,419
Construction in progress	354,032	4,534,712	-	4,888,744
Total capital assets not being depreciated	<u>\$ 784,451</u>	<u>\$ 4,534,712</u>	<u>\$ -</u>	<u>\$ 5,319,163</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 2,311,828	\$ -	\$ -	\$ 2,311,828
Machinery and equipment	72,265	-	(23,610)	48,655
Total capital assets being depreciated	<u>\$ 2,384,093</u>	<u>\$ -</u>	<u>\$ (23,610)</u>	<u>\$ 2,360,483</u>
Accumulated depreciation:				
Buildings and improvements	\$ (375,674)	\$ (57,794)	\$ -	\$ (433,468)
Machinery and equipment	(71,335)	(930)	23,610	(48,655)
Total accumulated depreciation	<u>\$ (447,009)</u>	<u>\$ (58,724)</u>	<u>\$ 23,610</u>	<u>\$ (482,123)</u>
Total capital assets being depreciated, net	<u>\$ 1,937,084</u>	<u>\$ (58,724)</u>	<u>\$ -</u>	<u>\$ 1,878,360</u>
Business-type activities capital assets, net	<u>\$ 2,721,535</u>	<u>\$ 4,475,988</u>	<u>\$ -</u>	<u>\$ 7,197,523</u>

Note 14—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, 2022

Note 15—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 16—Deferred/Unavailable Revenue:

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

	Government-wide Statements	Balance Sheet	Component Unit
	Governmental Activities	Governmental Funds	EDA
Primary Government:			
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 781,892	\$ -
Tax assessments due after June 30	5,237,136	5,237,136	-
Unavailable EMS revenue representing uncollected EMS billings that are not available for funding of current expenditures.	-	82,114	-
Opioid settlement receivable	-	205,660	-
Lease related items	377,052	377,052	75,473
Prepaid taxes relating to taxes due in a future period.	505,491	505,491	-
Total deferred/unavailable revenue	\$ 6,119,679	\$ 7,189,345	\$ 75,473

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 17-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 \$1,452,700. 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 18—Litigation:

As of June 30, 2022, 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, 2022, 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 \$170,000 and therefore the School Board has accrued \$170,000 as a liability. Since this liability is related to the self-health insurance this liability has been recorded in that fund- in addition to the \$420,896 IBNR liability (Note 19).

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 19-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 2022, a total of \$1,459,043 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$1,469,277. 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 \$420,896 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
2021-22*	\$ 410,662	\$ 1,469,277	\$ (1,459,043)	\$ 420,896
2020-21	657,324	1,488,134	(1,734,796)	410,662
2019-20	354,218	1,904,112	(1,601,006)	657,324

*The amount as reported in the financial statements includes the \$170,000 estimated liability as described in Note 18.

Note 20—Commitments:

At June 30, 2022, the County had the following outstanding construction and capital commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Collaboration and Career Development Center (Construction)	\$ 13,081,806	\$ 3,564,126	\$ 821,128	\$ 482,979
Collaboration and Career Development Center (Engineering)	919,492	2,915	4,266	-
Floyd County School HVAC Upgrades (Construction)	2,439,628	273,404	200,000	73,404
Floyd County School Boiler Project (Construction)	3,018,449	-	50,000	10,635
Floyd County EDA - Growth Center Building (Construction)	6,046,250	1,873,710	613,632	219,607
Floyd County Schools IAQ	1,133,678	373,150	-	-
Floyd County Schools IAQ Phase 2	2,810,055	906,212	-	-
Public Safety Communication System	16,754	-	16,754	-
Park Playground Equipment	75,000	37,500	37,500	-
Total	\$ 29,541,112	\$ 7,031,017	\$ 1,743,280	\$ 786,625

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 21—Lease Receivable:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2022:

	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 532,735	\$ -	\$ (152,039)	\$ 380,696	\$ 10,461

Lease revenue recognized during the fiscal year was \$152,039.

Details of lease receivable:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Hollingsworth & Vose - Building Lease	12/31/2014	11/30/2024	Monthly	2.50%	\$ 380,696	\$ 154,748

There are no variable payments for the lease receivable above.

The following is a summary of leases receivable transactions of the component unit EDA for the year ended June 30, 2022:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivables	\$ -	\$ 90,439	\$ (14,338)	\$ 76,101	\$ 1,872

Lease revenue recognized during the fiscal year was \$14,338.

Details of lease receivable:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Tendergrass Farm Storage Lease	9/1/2021	8/31/2026	Monthly	3.00%	\$ 15,563	\$ 3,560
Tendergrass Farm building lease	9/1/2021	8/31/2026	Monthly	3.00%	60,538	13,847
					<u>\$ 76,101</u>	<u>\$ 17,407</u>

There are no variable payments for the lease receivables above.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 22—Adoption of Accounting Principle:

The County and Component Units implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* during the fiscal year ended June 30, 2022. 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. Using the facts and circumstances that existed at the beginning of the year of implementation, the following net position restatement and balances were recognized as of July 1, 2021 related to the leases:

Primary Government:	Governmental Activities	General Fund	Component Unit School Board
Lessee activity:			
Lease asset	\$ 291,812	\$ -	\$ 124,241
Lease liability	\$ 291,812	\$ -	\$ 124,241
Lessor activity:			
Leases receivable	\$ 532,735	\$ 532,735	\$ -
Deferred inflows of resources leases	\$ 532,735	\$ 532,735	\$ -
		Governmental Activities	
Net position, as previously stated		\$ 15,151,812	
GASB 87 Implementation		(585,390)	
Net position, as restated		\$ 14,566,422	

Note 23—COVID-19 Pandemic Funding:

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 \$470,403 from the initial allocation are reported as unearned revenue as of June 30.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 23—COVID-19 Pandemic Funding: (Continued)

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 24—Upcoming Pronouncements:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 24—Upcoming Pronouncements: (Continued)

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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, 2022

	<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>
REVENUES				
General property taxes	\$ 14,517,424	\$ 14,528,574	\$ 15,088,573	\$ 559,999
Other local taxes	2,243,750	2,243,750	2,441,728	197,978
Permits, privilege fees, and regulatory licenses	117,500	117,500	138,505	21,005
Fines and forfeitures	20,600	20,600	6,059	(14,541)
Revenue from the use of money and property	236,676	236,676	283,637	46,961
Charges for services	983,269	1,074,814	1,119,654	44,840
Miscellaneous	40,800	51,971	35,942	(16,029)
Recovered costs	30,000	72,103	116,906	44,803
Intergovernmental:				
Commonwealth	5,009,350	5,242,424	4,544,096	(698,328)
Federal	1,383,551	5,621,343	2,333,535	(3,287,808)
Total revenues	<u>\$ 24,582,920</u>	<u>\$ 29,209,755</u>	<u>\$ 26,108,635</u>	<u>\$ (3,101,120)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,643,849	\$ 1,853,305	\$ 1,745,320	\$ 107,985
Judicial administration	1,127,929	1,211,374	1,164,736	46,638
Public safety	4,691,437	5,068,186	4,672,237	395,949
Public works	2,255,199	3,888,742	3,186,783	701,959
Health and welfare	3,756,091	3,758,461	2,980,660	777,801
Education	7,252,415	7,252,415	7,227,727	24,688
Parks, recreation, and cultural	474,332	544,776	526,041	18,735
Community development	596,188	4,383,982	3,370,400	1,013,582
Nondepartmental	250,000	175,645	-	175,645
Capital projects	45,643	8,341,825	6,792,350	1,549,475
Debt service:				
Principal retirement	1,905,877	1,905,877	1,905,877	-
Interest and other fiscal charges	1,047,120	1,047,120	1,099,794	(52,674)
Total expenditures	<u>\$ 25,046,080</u>	<u>\$ 39,431,708</u>	<u>\$ 34,671,925</u>	<u>\$ 4,759,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (463,160)</u>	<u>\$ (10,221,953)</u>	<u>\$ (8,563,290)</u>	<u>\$ 1,658,663</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 197,000	\$ 197,000	\$ 48,074	\$ (148,926)
Issuance of lease liabilities	-	-	77,739	77,739
Total other financing sources (uses)	<u>\$ 197,000</u>	<u>\$ 197,000</u>	<u>\$ 125,813</u>	<u>\$ (71,187)</u>
Net change in fund balances	<u>\$ (266,160)</u>	<u>\$ (10,024,953)</u>	<u>\$ (8,437,477)</u>	<u>\$ 1,587,476</u>
Fund balances - beginning	<u>266,160</u>	<u>10,024,953</u>	<u>29,232,697</u>	<u>19,207,744</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,795,220</u>	<u>\$ 20,795,220</u>

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, 2022

	<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>
REVENUES				
General property taxes	\$ 316,000	\$ 316,000	\$ 314,272	\$ (1,728)
Intergovernmental:				
Commonwealth	103,250	125,071	78,786	(46,285)
Total revenues	<u>\$ 419,250</u>	<u>\$ 441,071</u>	<u>\$ 393,058</u>	<u>\$ (48,013)</u>
EXPENDITURES				
Current:				
Public safety	\$ 328,090	\$ 948,564	\$ 881,128	\$ 67,436
Total expenditures	<u>\$ 328,090</u>	<u>\$ 948,564</u>	<u>\$ 881,128</u>	<u>\$ 67,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 91,160</u>	<u>\$ (507,493)</u>	<u>\$ (488,070)</u>	<u>\$ 19,423</u>
Net change in fund balances	\$ 91,160	\$ (507,493)	\$ (488,070)	\$ 19,423
Fund balances - beginning	(91,160)	507,493	(1,166,381)	(1,673,874)
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,654,451)</u>	<u>\$ (1,654,451)</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, 2022

	<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>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 27	\$ 27
Intergovernmental:				
Commonwealth	-	-	12,425	12,425
Total revenues	\$ -	\$ -	\$ 12,452	\$ 12,452
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 3,693	\$ (3,693)
Total expenditures	\$ -	\$ -	\$ 3,693	\$ (3,693)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 8,759	\$ 8,759
Net change in fund balances	\$ -	\$ -	\$ 8,759	\$ 8,759
Fund balances - beginning	-	-	108,639	108,639
Fund balances - ending	\$ -	\$ -	\$ 117,398	\$ 117,398

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, 2021

Measurement Date	Employer's Proportion of the Net Pension Liability (NPL)	Employer's Proportionate Share of the NPL	Employer's Covered Employee Payroll	Employer's Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government - Floyd County Retirement Plan					
6/30/2021	95.2762%	\$ 1,783,107	\$ 4,806,639	37.10%	91.51%
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%
Component Unit - School Board (professional)					
6/30/2021	0.1270%	\$ 9,859,134	\$ 11,221,551	87.86%	85.46%
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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 137,356	\$ 131,852	\$ 134,845	\$ 133,029	\$ 136,373	\$ 135,188	\$ 141,862	\$ 141,371
Interest	538,913	529,662	536,032	532,720	511,312	508,111	494,918	484,197
Differences between expected and actual experience	131,462	39,219	(102,799)	(79,455)	302,461	(38,179)	99,493	-
Changes of assumptions	261,614	-	187,790	-	(98,446)	-	-	-
Benefit payments	(561,645)	(565,742)	(567,484)	(510,474)	(581,269)	(537,531)	(558,076)	(386,746)
Net change in total pension liability	\$ 507,700	\$ 134,991	\$ 188,384	\$ 75,820	\$ 270,431	\$ 67,589	\$ 178,197	\$ 238,822
Total pension liability - beginning	8,264,712	8,129,721	7,941,337	7,865,517	7,595,086	7,527,497	7,349,300	7,110,478
Total pension liability - ending (a)	\$ 8,772,412	\$ 8,264,712	\$ 8,129,721	\$ 7,941,337	\$ 7,865,517	\$ 7,595,086	\$ 7,527,497	\$ 7,349,300
Plan fiduciary net position								
Contributions - employer	\$ 200,898	\$ 207,282	\$ 202,602	\$ 169,734	\$ 161,903	\$ 151,165	\$ 146,934	\$ 120,805
Contributions - employee	76,043	75,913	73,870	74,558	71,504	75,643	72,990	71,995
Net investment income	1,656,697	118,476	405,356	441,480	679,894	94,757	265,834	838,193
Benefit payments	(561,645)	(565,742)	(567,484)	(510,474)	(581,269)	(537,531)	(558,076)	(386,746)
Administrator charges	(4,285)	(4,250)	(4,205)	(3,956)	(4,184)	(3,838)	(3,938)	(4,638)
Other	155	(139)	(254)	(387)	(593)	(42)	(57)	45
Net change in plan fiduciary net position	\$ 1,367,863	\$ (168,460)	\$ 109,885	\$ 170,955	\$ 327,255	\$ (219,846)	\$ (76,313)	\$ 639,654
Plan fiduciary net position - beginning	6,182,494	6,350,954	6,241,069	6,070,114	5,742,859	5,962,705	6,039,018	5,399,364
Plan fiduciary net position - ending (b)	\$ 7,550,357	\$ 6,182,494	\$ 6,350,954	\$ 6,241,069	\$ 6,070,114	\$ 5,742,859	\$ 5,962,705	\$ 6,039,018
School Division's net pension liability - ending (a) - (b)	\$ 1,222,055	\$ 2,082,218	\$ 1,778,767	\$ 1,700,268	\$ 1,795,403	\$ 1,852,227	\$ 1,564,792	\$ 1,310,282
Plan fiduciary net position as a percentage of the total pension liability	86.07%	74.81%	78.12%	78.59%	77.17%	75.61%	79.21%	82.17%
Covered payroll	\$ 1,678,340	\$ 1,661,301	\$ 1,589,082	\$ 1,590,936	\$ 1,505,465	\$ 1,480,882	\$ 1,423,176	\$ 1,449,434
School Division's net pension liability as a percentage of covered payroll	72.81%	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, 2013 through June 30, 2022

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)
Primary Government - Floyd County Retirement Plan					
2022	\$ 624,811	\$ 624,811	\$ -	\$ 5,233,615	11.94%
2021	579,458	579,458	-	4,806,639	12.06%
2020	469,155	469,155	-	4,785,755	9.80%
2019	443,606	443,606	-	4,414,382	10.05%
2018	311,388	311,388	-	4,008,077	7.77%
2017	298,223	298,223	-	3,699,615	8.06%
2016	366,184	366,184	-	3,350,265	10.93%
2015	347,839	347,839	-	3,243,562	10.72%
2014	378,434	378,434	-	3,158,882	11.98%
2013	370,739	370,739	-	3,094,649	11.98%
Component Unit School Board (nonprofessional)					
2022	\$ 206,172	\$ 206,172	\$ -	\$ 1,736,511	11.87%
2021	200,899	200,899	-	1,678,340	11.97%
2020	207,282	207,282	-	1,661,301	12.48%
2019	202,604	202,604	-	1,589,082	12.75%
2018	169,734	169,734	-	1,590,936	10.67%
2017	161,903	161,903	-	1,505,465	10.75%
2016	191,774	150,059	41,715	1,480,882	10.13%
2015	184,301	146,934	37,367	1,423,176	10.32%
2014	172,641	120,805	51,836	1,449,434	8.33%
2013	160,342	112,199	48,143	1,337,294	8.39%
Component Unit School Board (professional) (a)					
2022	\$ 1,850,572	\$ 1,850,572	\$ -	\$ 11,625,317	15.92%
2021	1,793,926	1,793,926	-	11,221,551	15.99%
2020	1,694,630	1,694,630	-	11,213,939	15.11%
2019	1,691,707	1,691,707	-	11,146,168	15.18%
2018	1,713,031	1,713,031	-	10,651,747	16.08%
2017	1,486,250	1,486,250	-	10,175,499	14.61%
2016	1,411,023	1,411,023	-	10,166,273	13.88%
2015	1,415,570	1,415,570	-	9,762,551	14.50%
2014	1,159,427	1,159,427	-	9,943,630	11.66%

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

(a) Only 9 years of information are available.

County of Floyd, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2022

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, 2020, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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, 2021

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)
Primary Government - Floyd County Retirement Plan					
2021	0.0235% \$	271,447	\$ 4,806,639	5.65%	67.45%
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%
Component Unit - School Board (non-professional)					
2021	0.0081% \$	94,655	\$ 1,678,340	5.64%	67.45%
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%
Component Unit - School Board (professional)					
2021	0.0544% \$	632,898	\$ 11,221,551	5.64%	67.45%
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, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government - County					
2022	\$ 28,150	\$ 28,150	- \$	5,233,615	0.54%
2021	25,991	25,991	-	4,806,639	0.54%
2020	24,731	24,731	-	4,785,755	0.52%
2019	23,056	23,056	-	4,414,382	0.52%
2018	20,842	20,842	-	4,008,077	0.52%
2017	19,238	19,238	-	3,699,615	0.52%
2016	16,081	16,081	-	3,350,265	0.48%
2015	15,275	15,275	-	3,243,562	0.47%
2014	15,163	15,163	-	3,158,882	0.48%
2013	14,854	14,854	-	3,094,649	0.48%
Component Unit School Board (nonprofessional)					
2022	\$ 9,377	\$ 9,377	- \$	1,736,511	0.54%
2021	9,063	9,063	-	1,678,340	0.54%
2020	8,638	8,638	-	1,661,301	0.52%
2019	8,263	8,263	-	1,589,082	0.52%
2018	8,273	8,273	-	1,590,936	0.52%
2017	7,828	7,828	-	1,505,465	0.52%
2016	7,108	7,108	-	1,480,882	0.48%
2015	6,831	6,831	-	1,423,176	0.48%
2014	6,957	6,957	-	1,449,434	0.48%
2013	6,419	6,419	-	1,337,294	0.48%
Component Unit School Board (professional)					
2022	\$ 62,749	\$ 62,749	- \$	11,625,317	0.54%
2021	60,607	60,607	-	11,221,551	0.54%
2020	58,582	58,582	-	11,213,939	0.52%
2019	57,960	57,960	-	11,146,168	0.52%
2018	55,389	55,389	-	10,651,747	0.52%
2017	52,933	52,933	-	10,175,499	0.52%
2016	48,911	48,911	-	10,166,273	0.48%
2015	46,860	46,860	-	9,762,551	0.48%
2014	47,747	47,747	-	9,943,630	0.48%
2013	44,344	44,344	-	9,114,430	0.49%

County of Floyd, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021

For the Measurement Dates of June 30, 2017 through June 30, 2021						
Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)	
2021	0.1269%	\$ 1,628,593	\$ 11,221,551	14.51%	13.15%	
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, 2013 through June 30, 2022

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)	
2022	\$ 140,605	\$ 140,605	\$ -	\$ 11,625,317	1.21%
2021	135,781	135,781	-	11,221,551	1.21%
2020	134,567	134,567	-	11,213,939	1.20%
2019	133,755	133,755	-	11,146,168	1.20%
2018	131,018	131,018	-	10,651,747	1.23%
2017	112,948	112,948	-	10,175,499	1.11%
2016	107,763	107,763	-	10,166,273	1.06%
2015	103,483	103,483	-	9,762,551	1.06%
2014	110,374	110,374	-	9,943,630	1.11%
2013	101,170	101,170	-	9,114,430	1.11%

County of Floyd, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 2,288	\$ -
Interest	12,914	-
Changes of assumptions	3,542	-
Change in benefit terms	191,327	191,327
Net change in total HIC OPEB liability	\$ 210,071	\$ 191,327
Total HIC OPEB Liability - beginning	-	-
Total HIC OPEB Liability - ending (a)	\$ 210,071	\$ 191,327
 Plan fiduciary net position		
Contributions - employer	\$ 14,602	\$ -
Net investment income	2,004	-
Administrator charges	(65)	-
Net change in plan fiduciary net position	\$ 16,541	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 16,541	\$ -
 School Board's net HIC OPEB liability - ending (a) - (b)	\$ 193,530	\$ 191,327
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.87%	0.00%
 Covered payroll	\$ 1,678,340	\$ -
 School Board's net HIC OPEB liability as a percentage of covered payroll	11.53%	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 Years Ended June 30, 2021 through June 30, 2022

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)
School Board						
2022	\$ 15,108	\$ 15,108	\$ -	\$ 1,736,511	0.87%	
2021	14,602	14,602	-	1,678,340	0.87%	

Schedule is intended to show information for 10 years 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, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2022

	<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>
REVENUES				
Other local taxes	\$ 175,000	\$ 175,000	\$ 183,639	\$ 8,639
Total revenues	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 183,639</u>	<u>\$ 8,639</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ 218,935	\$ (218,935)
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,935</u>	<u>\$ (218,935)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ (35,296)</u>	<u>\$ (210,296)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (175,000)</u>	<u>\$ (175,000)</u>	<u>\$ (48,074)</u>	<u>\$ 126,926</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,370)</u>	<u>\$ (83,370)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>748,959</u>	<u>748,959</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 665,589</u></u>	<u><u>\$ 665,589</u></u>

County of Floyd, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,507,372	\$ 366,753	\$ 1,874,125
Due from primary government	1,959,389	-	1,959,389
Due from other governmental units	646,253	-	646,253
Inventories	40,617	-	40,617
Prepaid items	287,721	-	287,721
Total assets	<u>\$ 4,441,352</u>	<u>\$ 366,753</u>	<u>\$ 4,808,105</u>
LIABILITIES			
Accounts payable	\$ 89,193	\$ -	\$ 89,193
Accrued payroll liabilities	1,959,389	-	1,959,389
Health claim payable	590,896	-	590,896
Total liabilities	<u>\$ 2,639,478</u>	<u>\$ -</u>	<u>\$ 2,639,478</u>
FUND BALANCES			
Nonspendable:			
Prepaid items and inventory	\$ 328,338	\$ -	\$ 328,338
Restricted:			
Cafeteria	430,873	-	430,873
Self health insurance	485,603	-	485,603
Committed:			
School activities	-	366,753	366,753
Unassigned	557,060	-	557,060
Total fund balances	<u>\$ 1,801,874</u>	<u>\$ 366,753</u>	<u>\$ 2,168,627</u>
Total liabilities and fund balances	<u>\$ 4,441,352</u>	<u>\$ 366,753</u>	<u>\$ 4,808,105</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above		\$	2,168,627
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 265,917	
Buildings and improvements		2,513,459	
Machinery and equipment		873,763	
Construction in progress		3,257,434	
Lease assets - machinery and equipment		<u>80,693</u>	6,991,266
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 4,165,300	
OPEB related items		<u>435,656</u>	4,600,956
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		\$ (523,796)	
Lease liabilities		(81,430)	
Net pension liability		(11,081,189)	
Net OPEB liabilities		<u>(2,549,676)</u>	(14,236,091)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (8,375,669)	
OPEB related items		<u>(449,750)</u>	(8,825,419)
Net position of governmental activities			<u>\$ (9,300,661)</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, 2022

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
REVENUES			
Charges for services	\$ 82,877	\$ -	\$ 82,877
Miscellaneous	42,964	568,207	611,171
Recovered costs	130,889	-	130,889
Intergovernmental:			
Local government	7,439,368	-	7,439,368
Commonwealth	13,452,964	-	13,452,964
Federal	6,191,144	-	6,191,144
Total revenues	<u>\$ 27,340,206</u>	<u>\$ 568,207</u>	<u>\$ 27,908,413</u>
EXPENDITURES			
Current:			
Education	\$ 27,442,803	\$ 487,557	\$ 27,930,360
Debt service:			
Principal retirement	42,811	-	42,811
Interest and other fiscal charges	2,094	-	2,094
Total expenditures	<u>\$ 27,487,708</u>	<u>\$ 487,557</u>	<u>\$ 27,975,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (147,502)</u>	<u>\$ 80,650</u>	<u>\$ (66,852)</u>
Net change in fund balances	\$ (147,502)	\$ 80,650	\$ (66,852)
Fund balances - beginning	1,949,376	286,103	2,235,479
Fund balances - ending	<u>\$ 1,801,874</u>	<u>\$ 366,753</u>	<u>\$ 2,168,627</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			\$ (66,852)
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/amortization in the current period.			
Capital asset additions		\$ 3,607,940	
Depreciation expense/amortization expense		<u>(314,632)</u>	3,293,308
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
<u>Principal Payments</u>			
Lease liabilities			42,811
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		\$ 71,026	
Change in net pension liability and related deferred items		1,949,748	
Change in net OPEB liability and related deferred items		<u>71,079</u>	2,091,853
Change in net position of governmental activities			<u>\$ 5,361,120</u>

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, 2022

	School Operating Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
Charges for services	\$ 501,785	\$ 501,785	\$ 82,877	\$	(418,908)
Miscellaneous	40,949	40,949	42,964		2,015
Recovered costs	81,000	81,000	130,889		49,889
Intergovernmental:					
Local government	7,245,121	7,478,613	7,439,368		(39,245)
Commonwealth	13,444,516	13,556,682	13,452,964		(103,718)
Federal	2,056,777	6,264,313	6,191,144		(73,169)
Total revenues	\$ 23,370,148	\$ 27,923,342	\$ 27,340,206	\$	(583,136)
EXPENDITURES					
Current:					
Education	\$ 23,325,243	\$ 27,878,437	\$ 27,442,803	\$	435,634
Debt service:					
Principal retirement	42,811	42,811	42,811		-
Interest and other fiscal charges	2,094	2,094	2,094		-
Total expenditures	\$ 23,370,148	\$ 27,923,342	\$ 27,487,708	\$	435,634
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (147,502)	\$	(147,502)
Net change in fund balances	\$ -	\$ -	\$ (147,502)	\$	(147,502)
Fund balances - beginning	-	-	1,949,376		1,949,376
Fund balances - ending	\$ -	\$ -	\$ 1,801,874	\$	1,801,874

County of Floyd, Virginia
Discretely Presented Component Unit
Economic Development Authority
Statement of Net Position - Proprietary Fund
June 30, 2022

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 225,335
Accounts receivable	730,293
Loan receivable - current portion	11,943
Lease receivable - current portion	17,408
Inventory, held for resale	238,506
Total current assets	<u>\$ 1,223,485</u>
Noncurrent assets:	
Other assets:	
Loan receivable - net of current portion	\$ 147,300
Lease receivable - net of current portion	58,693
Restricted cash and cash equivalents	165,880
Capital assets:	
Land	430,419
Construction in progress	4,888,744
Machinery and equipment	48,655
Buildings and improvements	2,311,828
Accumulated depreciation	(482,123)
Total capital assets	<u>\$ 7,197,523</u>
Total noncurrent assets	<u>\$ 7,569,396</u>
Total assets	<u>\$ 8,792,881</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5,419
Customers' deposits	12,969
Due to primary government	713,876
Unearned revenue	2,914
Total current liabilities	<u>\$ 735,178</u>
Total liabilities	<u>\$ 735,178</u>
DEFERRED INFLOWS OF RESOURCES	
Lease related items	<u>\$ 75,473</u>
NET POSITION	
Investment in capital assets	\$ 7,197,523
Unrestricted	784,707
Total net position	<u><u>\$ 7,982,230</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, 2022

	<u>Enterprise Fund</u>
OPERATING REVENUES	
IRB Fees	\$ 917
Use of property	76,619
Miscellaneous revenue	1,830
Floyd grown grant	7,500
Intergovernmental:	
Local government	42,779
Total operating revenues	<u>\$ 129,645</u>
OPERATING EXPENSES	
Operations	\$ 277,858
Depreciation	58,724
Total operating expenses	<u>\$ 336,582</u>
Operating income (loss)	<u>\$ (206,937)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental:	
State	\$ 481,690
Federal	1,542,008
Interest income	9,149
Gain on sale of assets	142,326
Contributed capital from County of Floyd	2,506,573
Total nonoperating revenues (expenses)	<u>\$ 4,681,746</u>
Change in net position	\$ 4,474,809
Net position - beginning	3,507,421
Net position - ending	<u><u>\$ 7,982,230</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, 2022

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 178,625
Payments to suppliers	(274,562)
Net cash provided by (used for) operating activities	<u>\$ (95,937)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (4,534,712)
Grants in aid of construction	2,023,698
Gain on sale of asset	150,000
Contributions in aid of construction	2,506,573
Net cash provided by (used for) capital and related financing activities	<u>\$ 145,559</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 9,149
Payments received on notes/loans receivable	23,756
Net cash provided by (used for) investing activities	<u>\$ 32,905</u>
Net increase (decrease) in cash and cash equivalents	\$ 82,527
Cash and cash equivalents - beginning (including restricted cash of \$135,702)	308,688
Cash and cash equivalents - ending (including restricted cash of \$165,800)	<u><u>\$ 391,215</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (206,937)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 58,724
(Increase) decrease in accounts receivable	49,608
Increase (decrease) in accounts payables	3,296
Change in lease receivable and related items	(628)
Total adjustments	<u>\$ 111,000</u>
Net cash provided by (used for) operating activities	<u><u>\$ (95,937)</u></u>
Noncash financing, investing, and capital activities:	
Contributed capital assets from Floyd County, Virginia	\$ 2,506,573

Supporting Schedules

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,430,308	\$ 10,430,308	\$ 10,564,392	\$ 134,084
Real and personal public service corporation taxes	473,000	473,000	451,653	(21,347)
Personal property taxes	3,071,916	3,071,916	3,481,116	409,200
Mobile home taxes	52,000	52,000	56,804	4,804
Machinery and tools taxes	275,000	275,000	217,744	(57,256)
Merchant's capital	75,200	75,200	78,528	3,328
DMV Stops and administration fees	-	11,150	37,912	26,762
Penalties	85,000	85,000	131,984	46,984
Interest	55,000	55,000	68,440	13,440
Total general property taxes	\$ 14,517,424	\$ 14,528,574	\$ 15,088,573	\$ 559,999
Other local taxes:				
Local sales and use taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,441,841	\$ 191,841
Consumers' utility taxes	400,000	400,000	380,735	(19,265)
Consumption taxes	40,000	40,000	46,723	6,723
Motor vehicle licenses	425,000	425,000	421,215	(3,785)
Recordation tax	6,000	6,000	8,320	2,320
Hotel and motel room taxes	85,000	85,000	91,779	6,779
Other local taxes	37,750	37,750	51,115	13,365
Total other local taxes	\$ 2,243,750	\$ 2,243,750	\$ 2,441,728	\$ 197,978
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,852	\$ (148)
Transfer fees	1,000	1,000	852	(148)
Building permits	90,000	90,000	116,086	26,086
Land use application fees	10,000	10,000	5,925	(4,075)
Other permits and licenses	6,500	6,500	5,790	(710)
Total permits, privilege fees, and regulatory licenses	\$ 117,500	\$ 117,500	\$ 138,505	\$ 21,005
Fines and forfeitures:				
Court fines and forfeitures	\$ 20,600	\$ 20,600	\$ 6,059	\$ (14,541)
Revenue from use of money and property:				
Revenue from use of money	\$ 20,176	\$ 20,176	\$ 66,854	\$ 46,678
Revenue from use of property	216,500	216,500	216,783	283
Total revenue from use of money and property	\$ 236,676	\$ 236,676	\$ 283,637	\$ 46,961
Charges for services:				
Charges for law enforcement and traffic control	\$ 231,124	\$ 246,629	\$ 227,010	\$ (19,619)
Charges for courthouse maintenance	-	-	3,075	3,075
Charges for courthouse security	10,000	10,000	22,933	12,933
Charges for recordation	125,000	125,000	160,858	35,858
Charges for recreation	37,145	60,840	56,586	(4,254)
Charges for Commonwealth's Attorney	1,500	1,500	1,320	(180)
Charges for sanitation and waste removal	178,500	230,845	206,403	(24,442)
Charges for emergency medical services	400,000	400,000	439,942	39,942
Charges for library	-	-	1,527	1,527
Total charges for services	\$ 983,269	\$ 1,074,814	\$ 1,119,654	\$ 44,840

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 40,800	\$ 51,971	\$ 35,942	\$ (16,029)
Contribution from EDA	-	-	0	-
Total miscellaneous revenue	\$ 40,800	\$ 51,971	\$ 35,942	\$ (16,029)
Recovered costs:				
Welfare recoveries	\$ 10,000	\$ 10,000	\$ 58,424	\$ 48,424
Insurance recoveries	-	26,303	38,820	12,517
Other recovered costs	20,000	35,800	19,662	(16,138)
Total recovered costs	\$ 30,000	\$ 72,103	\$ 116,906	\$ 44,803
Total revenue from local sources	\$ 18,190,019	\$ 18,345,988	\$ 19,231,004	\$ 885,016
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 40,000	\$ 40,000	\$ 79,727	\$ 39,727
Motor vehicle carriers tax	125	125	35	(90)
Motor vehicle rental tax	4,000	4,000	6,322	2,322
State recordation tax	30,000	30,000	-	(30,000)
Communication tax	520,000	520,000	443,276	(76,724)
Personal property tax relief funds	907,656	907,656	925,741	18,085
Total noncategorical aid	\$ 1,501,781	\$ 1,501,781	\$ 1,455,101	\$ (46,680)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 280,020	\$ 280,020	\$ 277,980	\$ (2,040)
Sheriff	866,875	924,858	844,282	(80,576)
Commissioner of revenue	170,100	170,100	119,881	(50,219)
Treasurer	94,857	94,857	93,302	(1,555)
Registrar/electoral board	66,509	67,240	64,145	(3,095)
Clerk of the Circuit Court	229,777	245,977	266,678	20,701
Total shared expenses	\$ 1,708,138	\$ 1,783,052	\$ 1,666,268	\$ (116,784)
Other categorical aid:				
Welfare payments	\$ 692,507	\$ 692,507	\$ 581,017	\$ (111,490)
CSA payments	1,048,889	1,059,676	616,802	(442,874)
Arts grant	4,500	4,500	4,500	-
Litter control grant	-	-	10,290	10,290
E911 PSAP grants	42,000	42,000	54,603	12,603
Bodyworn camera grant	-	-	50,000	50,000
School resource officer grant	-	-	46,074	46,074
Other public safety grants	-	-	16,983	16,983
VJCCA grant	-	-	6,585	6,585
Tobacco Commission grants	-	35,873	35,873	-
EMS grants	11,535	123,035	-	(123,035)
Total other categorical aid	\$ 1,799,431	\$ 1,957,591	\$ 1,422,727	\$ (534,864)
Total categorical aid	\$ 3,507,569	\$ 3,740,643	\$ 3,088,995	\$ (651,648)
Total revenue from the Commonwealth	\$ 5,009,350	\$ 5,242,424	\$ 4,544,096	\$ (698,328)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 11,500	\$ 11,500	\$ 11,790	\$ 290
Categorical aid:				
Welfare payments	\$ 1,216,450	\$ 1,216,450	\$ 1,020,606	\$ (195,844)
Children's Services Act funds	25,751	25,751	25,751	-
COVID-19 Coronavirus Relief Fund	-	-	102,590	102,590
Economic development grants	-	2,693,423	5,593	(2,687,830)
Community development block grant	-	-	8,800	8,800
DMV grants	-	-	8,883	8,883
Forestry grant	-	9,250	-	(9,250)
Emergency management performance grant	-	-	7,500	7,500
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	-	1,535,119	1,106,699	(428,420)
Edward Byrne Memorial Justice Assistance grants	-	-	4,323	4,323
Violence against women grants	129,850	129,850	31,000	(98,850)
Total categorical aid	\$ 1,372,051	\$ 5,609,843	\$ 2,321,745	\$ (3,288,098)
Total revenue from the federal government	\$ 1,383,551	\$ 5,621,343	\$ 2,333,535	\$ (3,287,808)
Total General Fund	\$ 24,582,920	\$ 29,209,755	\$ 26,108,635	\$ (3,101,120)
Special Revenue Funds:				
Fire and Rescue Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 215,000	\$ 215,000	\$ 213,560	\$ (1,440)
Real and personal public service corporation taxes	10,000	10,000	9,131	(869)
Personal property taxes	90,000	90,000	90,422	422
Mobile home taxes	1,000	1,000	1,159	159
Total general property taxes	\$ 316,000	\$ 316,000	\$ 314,272	\$ (1,728)
Total revenue from local sources	\$ 316,000	\$ 316,000	\$ 314,272	\$ (1,728)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program funds	\$ 57,000	\$ 60,121	\$ 60,121	\$ -
Four-for-life	46,250	64,950	18,665	(46,285)
Total categorical aid	\$ 103,250	\$ 125,071	\$ 78,786	\$ (46,285)
Total revenue from the Commonwealth	\$ 103,250	\$ 125,071	\$ 78,786	\$ (46,285)
Total Fire and Rescue Fund	\$ 419,250	\$ 441,071	\$ 393,058	\$ (48,013)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
Special Revenue Funds: (Continued)				
Asset Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 27	\$ 27
Total revenue from local sources	\$ -	\$ -	\$ 27	\$ 27
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 12,425	\$ 12,425
Total revenue from the Commonwealth	\$ -	\$ -	\$ 12,425	\$ 12,425
Total Asset Forfeiture Fund	\$ -	\$ -	\$ 12,452	\$ 12,452
Capital Projects Fund:				
Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals taxes	\$ 175,000	\$ 175,000	\$ 183,639	\$ 8,639
Total Capital Improvements Fund	\$ 175,000	\$ 175,000	\$ 183,639	\$ 8,639
Total Primary Government	\$ 25,177,170	\$ 29,825,826	\$ 26,697,784	\$ (3,128,042)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition and payments from other divisions	\$ 10,000	\$ 10,000	\$ 7,439	\$ (2,561)
Cafeteria	481,785	481,785	69,477	(412,308)
Other charges for services	10,000	10,000	5,961	(4,039)
Total charges for services	\$ 501,785	\$ 501,785	\$ 82,877	\$ (418,908)
Miscellaneous:				
Sale of supplies and equipment	\$ 949	\$ 949	\$ -	\$ (949)
Other miscellaneous	40,000	40,000	42,964	2,964
Total miscellaneous	\$ 40,949	\$ 40,949	\$ 42,964	\$ 2,015
Recovered costs:				
Rebates and refunds	\$ 6,000	\$ 6,000	\$ 41,088	\$ 35,088
Medicaid payments	75,000	75,000	89,801	14,801
Total recovered costs	\$ 81,000	\$ 81,000	\$ 130,889	\$ 49,889
Total revenue from local sources	\$ 623,734	\$ 623,734	\$ 256,730	\$ (367,004)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Floyd, Virginia	\$ 7,245,121	\$ 7,478,613	\$ 7,439,368	\$ (39,245)
Total revenues from local governments	\$ 7,245,121	\$ 7,478,613	\$ 7,439,368	\$ (39,245)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,669,584	\$ 2,669,584	\$ 3,308,347	\$ 638,763
Basic school aid	6,036,171	6,036,171	5,366,979	(669,192)
Remedial summer education	50,221	50,221	100,083.00	49,862
Foster care	-	-	1,133	1,133
Gifted and talented	61,502	61,502	58,748	(2,754)
Remedial education	210,034	210,034	200,630	(9,404)
Special education	627,780	627,780	599,674	(28,106)
Textbook payment	124,709	124,709	94,598	(30,111)
Vocational standards of quality payments	181,023	181,023	172,919	(8,104)
School food	9,966	9,966	36,502	26,536
Social security fringe benefits	364,368	364,368	348,055	(16,313)
Retirement fringe benefits	850,578	850,578	812,497	(38,081)
Group life insurance benefits	25,529	25,529	24,386	(1,143)
State lottery payments	453,943	453,943	475,008	21,065
Early reading intervention	44,458	44,458	81,897	37,439
Homebound education	838	838	-	(838)
ISAEF	8,386	8,386	8,233	(153)
Vocational education - equipment	4,400	4,400	4,498	98
Vocational occupational preparedness	10,386	10,386	29,476	19,090
Compensation supplement	405,237	405,237	386,777	(18,460)
Special education - foster care	20,302	20,302	16,093	(4,209)
At risk payments	411,948	411,948	393,408	(18,540)
Primary class size	174,130	174,130	172,403	(1,727)
Technology	180,000	180,000	180,000	-
Standards of Learning algebra readiness	28,364	28,364	26,045	(2,319)
At risk four-year olds	186,425	186,425	171,310	(15,115)
Mentor teach program	900	900	1,189	289
English as a second language	36,840	36,840	28,339	(8,501)
Other state funds	266,494	378,660	353,737	(24,923)
Total categorical aid	\$ 13,444,516	\$ 13,556,682	\$ 13,452,964	\$ (103,718)
Total revenue from the Commonwealth	\$ 13,444,516	\$ 13,556,682	\$ 13,452,964	\$ (103,718)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 516,000	\$ 516,000	\$ 501,699	\$ (14,301)
Title VI-B, special education flow-through	513,277	513,277	502,238	(11,039)
Title VI-B, special education pre-school	23,074	23,074	19,039	(4,035)
Vocational education	37,677	37,677	42,294	4,617
Improving teacher quality	79,679	79,679	71,052	(8,627)
School nutrition programs	850,216	1,225,722	1,308,131	82,409
Student support	32,904	50,662	56,123	5,461
Title III	3,950	3,950	-	(3,950)
COVID-19 grants	-	3,814,272	3,690,568	(123,704)
Total categorical aid	\$ 2,056,777	\$ 6,264,313	\$ 6,191,144	\$ (73,169)
Total revenue from the federal government	\$ 2,056,777	\$ 6,264,313	\$ 6,191,144	\$ (73,169)
Total School Operating Fund	\$ 23,370,148	\$ 27,923,342	\$ 27,340,206	\$ (583,136)
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 568,207	\$ 568,207
Total Discretely Presented Component Unit - School Board	\$ 23,370,148	\$ 27,923,342	\$ 27,908,413	\$ (14,929)

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 105,127	\$ 112,625	\$ 126,951	\$ (14,326)
General and financial administration:				
County administrator	\$ 420,007	\$ 522,463	\$ 425,079	\$ 97,384
Legal services	55,000	55,000	55,410	(410)
Commissioner of revenue	322,922	320,239	304,812	15,427
Reassessment	15,000	30,000	-	30,000
Audit	62,000	62,000	61,700	300
Treasurer	255,796	267,136	267,137	(1)
COVID-19 General administration	-	90,583	90,583	-
Information technology	130,000	130,000	207,023	(77,023)
Total general and financial administration	\$ 1,260,725	\$ 1,477,421	\$ 1,411,744	\$ 65,677
Board of elections:				
Electoral board and officials	\$ 69,059	\$ 58,710	\$ 35,849	\$ 22,861
Registrar	208,938	204,549	170,776	33,773
Total board of elections	\$ 277,997	\$ 263,259	\$ 206,625	\$ 56,634
Total general government administration	\$ 1,643,849	\$ 1,853,305	\$ 1,745,320	\$ 107,985
Judicial administration:				
Courts:				
Circuit court	\$ 25,810	\$ 25,810	\$ 11,033	\$ 14,777
General district court	4,400	4,400	4,179	221
Magistrates office	750	750	359	391
Clerk of the circuit court	339,805	368,654	368,533	121
COVID-19 Judicial administration	-	13,500	13,500	-
Sheriff (court)	379,142	433,545	412,014	21,531
Total courts	\$ 749,907	\$ 846,659	\$ 809,618	\$ 37,041
Commonwealth's attorney:				
Commonwealth's attorney	\$ 378,022	\$ 364,715	\$ 355,118	\$ 9,597
Total judicial administration	\$ 1,127,929	\$ 1,211,374	\$ 1,164,736	\$ 46,638
Public safety:				
Law enforcement and traffic control:				
New River Criminal Justice Academy	\$ 20,425	\$ 20,425	\$ 20,370	\$ 55
Sheriff	2,056,546	2,240,116	2,108,136	131,980
Total law enforcement and traffic control	\$ 2,076,971	\$ 2,260,541	\$ 2,128,506	\$ 132,035
Fire and rescue services:				
Public safety	\$ 60,983	\$ 66,033	\$ 53,666	\$ 12,367
COVID-19 Public safety and EMS services	-	147,174	129,632	17,542
E-911	405,103	432,963	363,257	69,706
Emergency medical services	1,278,018	1,286,203	1,278,880	7,323
Total fire and rescue services	\$ 1,744,104	\$ 1,932,373	\$ 1,825,435	\$ 106,938

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Payments to New River Juvenile Detention	\$ 27,900	\$ 27,900	\$ 19,850	\$ 8,050
Payments to New River Regional Jail Authority	490,000	490,000	363,518	126,482
Total correction and detention	\$ 517,900	\$ 517,900	\$ 383,368	\$ 134,532
Inspections:				
Building	\$ 151,138	\$ 154,838	\$ 152,634	\$ 2,204
Other protection:				
Forest service	\$ 11,106	\$ 11,106	\$ 11,106	\$ -
Animal control	189,898	191,108	170,848	20,260
Medical examiner	320	320	340	(20)
Total other protection	\$ 201,324	\$ 202,534	\$ 182,294	\$ 20,240
Total public safety	\$ 4,691,437	\$ 5,068,186	\$ 4,672,237	\$ 395,949
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,575,881	\$ 1,840,531	\$ 1,719,886	\$ 120,645
COVID-19 Capital contribution to PSA	-	1,312,554	878,543	434,011
Recycling program	209,365	261,710	261,215	495
Total sanitation and waste removal	\$ 1,785,246	\$ 3,414,795	\$ 2,859,644	\$ 555,151
Maintenance of general buildings and grounds:				
Maintenance of properties	\$ 469,953	\$ 473,947	\$ 327,139	\$ 146,808
Total public works	\$ 2,255,199	\$ 3,888,742	\$ 3,186,783	\$ 701,959
Health and welfare:				
Health:				
Supplement of local health department	\$ 103,400	\$ 105,770	\$ 103,400	\$ 2,370
Behavioral Health and Development Services:				
Contribution to New River Valley Community Services Board	\$ 41,500	\$ 41,500	\$ 41,500	\$ -
Welfare:				
Public assistance	\$ 2,204,529	\$ 2,199,082	\$ 1,936,268	\$ 262,814
Comprehensive Services Act	1,400,000	1,405,447	899,492	505,955
New River Valley Area on Aging	6,662	6,662	-	6,662
Total welfare	\$ 3,611,191	\$ 3,611,191	\$ 2,835,760	\$ 775,431
Total health and welfare	\$ 3,756,091	\$ 3,758,461	\$ 2,980,660	\$ 777,801
Education:				
Other instructional costs:				
Contribution to Community College	\$ 7,294	\$ 7,294	\$ 7,294	\$ -
Contribution to County School Board	7,245,121	7,245,121	7,220,433	24,688
Total education	\$ 7,252,415	\$ 7,252,415	\$ 7,227,727	\$ 24,688

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 167,085	\$ 200,030	\$ 199,480	\$ 550
COVID-19 Parks and recreation	-	37,500	37,500	-
Total parks and recreation	\$ 167,085	\$ 237,530	\$ 236,980	\$ 550
Library:				
County library	\$ 307,247	\$ 307,246	\$ 289,061	\$ 18,185
Total parks, recreation, and cultural	\$ 474,332	\$ 544,776	\$ 526,041	\$ 18,735
Community development:				
Planning and community development:				
Community services programs	\$ 166,358	\$ 173,358	\$ 269,353	\$ (95,995)
Community development	245,020	1,507,716	413,588	1,094,128
Planning	2,500	2,500	2,188	312
New River Valley Planning District Commission	20,074	20,074	20,074	-
Contribution to the County Economic Development Authority (EDA)	30,500	30,500	42,779	(12,279)
Commerce park improvements (contributed to EDA)	-	2,506,573	2,506,573	-
Economic development	12,593	24,118	1,266	22,852
Total planning and community development	\$ 477,045	\$ 4,264,839	\$ 3,255,821	\$ 1,009,018
Environmental management:				
Soil conservation	\$ 13,650	\$ 13,650	\$ 13,650	\$ -
Cooperative extension program:				
Extension office	\$ 105,493	\$ 105,493	\$ 100,929	\$ 4,564
Total community development	\$ 596,188	\$ 4,383,982	\$ 3,370,400	\$ 1,013,582
Nondepartmental:				
Contingencies	\$ 250,000	\$ 175,645	\$ -	\$ 175,645
Total nondepartmental	\$ 250,000	\$ 175,645	\$ -	\$ 175,645
Capital projects:				
Rec center project	\$ -	\$ 361,000	\$ 84,000	\$ 277,000
School improvements	45,643	7,980,825	6,708,350	1,272,475
Total capital projects	\$ 45,643	\$ 8,341,825	\$ 6,792,350	\$ 1,549,475
Debt service:				
Principal retirement	\$ 1,905,877	\$ 1,905,877	\$ 1,905,877	\$ -
Interest and other fiscal charges	1,047,120	1,047,120	1,099,794	(52,674)
Total debt service	\$ 2,952,997	\$ 2,952,997	\$ 3,005,671	\$ (52,674)
Total General Fund	\$ 25,046,080	\$ 39,431,708	\$ 34,671,925	\$ 4,759,783
Special Revenue Funds:				
Fire and Rescue Fund:				
Public safety:				
Fire and rescue services	\$ 328,090	\$ 948,564	\$ 881,128	\$ 67,436
Total Fire and Rescue Fund	\$ 328,090	\$ 948,564	\$ 881,128	\$ 67,436

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
Special Revenue Funds: (Continued)				
Asset Forfeiture Fund:				
Public Safety				
Asset forfeiture	\$ -	\$ -	\$ 3,693	\$ (3,693)
Total public safety	\$ -	\$ -	\$ 3,693	\$ (3,693)
Total Asset Forfeiture Fund	\$ -	\$ -	\$ 3,693	\$ (3,693)
Capital Projects Fund:				
Capital Improvements Fund:				
Education:				
Contribution to County School Board	\$ -	\$ -	\$ 218,935	\$ (218,935)
Total education	\$ -	\$ -	\$ 218,935	\$ (218,935)
Total Capital Projects Fund	\$ -	\$ -	\$ 218,935	\$ (218,935)
Total Primary Government	\$ 25,374,170	\$ 40,380,272	\$ 35,775,681	\$ 4,604,591
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,018,108	\$ 1,093,600	\$ 1,100,319	\$ (6,719)
Instructional costs:				
Instructional costs	\$ 15,564,418	\$ 15,578,808	\$ 15,611,747	\$ (32,939)
Operating costs:				
Pupil transportation	\$ 1,698,513	\$ 1,761,157	\$ 1,767,204	\$ (6,047)
Operation and maintenance services	2,566,420	6,356,987	6,200,057	156,930
School food service	1,341,966	1,717,472	1,386,553	330,919
Technology	1,135,818	1,370,413	1,376,923	(6,510)
Total operating costs	\$ 6,742,717	\$ 11,206,029	\$ 10,730,737	\$ 475,292
Debt service:				
Principal retirement	\$ 42,811	\$ 42,811	42,811	\$ -
Interest and other fiscal charges	2,094	2,094	2,094	-
Total debt service	\$ 44,905	\$ 44,905	\$ 44,905	\$ -
Total School Operating Fund	\$ 23,370,148	\$ 27,923,342	\$ 27,487,708	\$ 435,634
School Activity Fund:				
Education:				
Instructional costs:				
Instructional costs	\$ -	\$ -	\$ 487,557	\$ (487,557)
Total Discretely Presented Component Unit - School Board	\$ 23,370,148	\$ 27,923,342	\$ 27,975,265	\$ (51,923)

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
2021-22	\$ 1,735,845	\$ 1,125,066	\$ 5,545,961	\$ 2,789,445	\$ 2,906,744	\$ 8,001,411	\$ 528,649	\$ 3,360,572	\$ 772,872	\$ 26,766,565
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	1,303,744	26,359,060
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

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	Contributions Not Restricted to Specific Programs	Total
2021-22	\$ 1,483,490	\$ 4,575,523	\$ 926,428	\$	\$ 15,656,209	\$ 2,625,367	\$ 66,881	\$ 241,602	\$ 1,466,891	\$ 27,042,391
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

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
2021-22	\$ 1,745,320	\$ 1,164,736	\$ 5,557,058	\$ 3,186,783	\$ 2,980,660	\$ 27,937,654	\$ 526,041	\$ 3,370,400	\$ 3,048,482	\$ 49,517,134
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

(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
2021-22	\$ 15,402,845	\$ 2,625,367	\$ 138,505	\$ 6,059	\$ 283,664	\$ 1,202,531	\$ 647,113	\$ 247,795	\$ 26,831,885	\$ 47,385,764
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

(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
2021-22	\$ 15,742,578	\$ 14,801,060	94.02%	\$ 363,449	\$ 15,164,509	96.33%
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%

(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
2021-22	\$ 1,913,224,500	\$ 141,283,883	\$ 13,866,529	\$ 2,205,190	\$ 71,746,251	\$ 9,200,344	\$ 2,151,526,697
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

(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
2021-22	\$0.63/65	\$ 3.20	\$ 1.55	\$ 3.50	\$0.60/63
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

(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
2021-22	15,566	\$ 2,151,526,697	\$ 15,472,992	\$ 15,472,992	0.72%	\$ 994
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

(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, financed purchases and 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
2021-22	\$ 1,905,877	\$ 1,099,794	\$ 3,005,671	\$ 49,517,134	6.07%
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%

(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.

COMPLIANCE SECTION



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

**To the 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, 2022, 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 February 7, 2023.

Report on 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on 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 Findings

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

Purpose of This Report

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



Blacksburg, Virginia
February 7, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Floyd, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Floyd, Virginia's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Blacksburg, Virginia
February 7, 2023

County of Floyd, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400121, 0400122	\$ 108,159	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120, 0500121	561	
Low-Income Home Energy Assistance	93.568	0600421, 0600422	19,113	
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121, 0760122	24,565	
Adoption and Legal Guardianship Incentive Payments	93.603	1130119	2,691	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900121	244	
Foster Care - Title IV-E	93.658	1100121, 1100122	141,034	
Adoption Assistance	93.659	1120121, 1120122	227,192	
Social Services Block Grant	93.667	1000121, 1000122	118,124	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120, 9150121, 9152121	6,535	
Title IV-E Prevention Program	93.472	1140122	4,774	
Guardianship Assistance	93.090	1110121, 1110122	141	
Elder Abuse Prevention Intervention Program	93.747	8000221, 8000321	170	
Children's Health Insurance Program	93.767	0540121, 0540122	1,344	
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950120, 0950121	1,668	
Medicaid Cluster:				
Medical Assistance Program	93.778	1200121, 1200122	134,897	
Total Department of Health and Human Services			\$ 791,212	
Department of Commerce:				
Direct Payments:				
Economic Adjustment Assistance	11.307	Not applicable	1,542,008	
Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	RID30407	\$ 8,800	
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Agriculture and Consumer Services:				
Summer Food Service Program for Children	10.559	APE60302, APE60303	\$ 6,817	
Food Distribution (Note 3)	10.555	Not available	\$ 88,978	
Department of Education:				
National School Lunch Program	10.555	APE41106, APE41108, APE40254	866,394	955,372
School Breakfast Program	10.553	APE41110, APE40253	345,328	\$ 1,307,517
Total Child Nutrition Cluster				
COVID-19 Pandemic EBT Administrative Costs	10.649	DOE86556		614
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121, 0010122 0040121, 0040122		255,145
Total Department of Agriculture			\$ 1,563,276	
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Violence Against Women Formula Grants	16.588	20WFAX0011, 15JOVW21GG00568STOP	\$ 31,000	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-U1138LO18	4,323	
Total Department of Justice			\$ 35,323	
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FSC-2022-52073-22073	\$ 8,883	
Virginia Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	ARC0-31-647		5,593
Total Department of Transportation			\$ 14,476	

County of Floyd, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Treasury:				
Pass Through Payments:				
Virginia Department of Accounts:				
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 102,590	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	\$ 1,064,716	\$ 884,133
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2207FFARPA	41,983	
Virginia Department of Education:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	APE45277	115,500	1,222,199
Total Department of Treasury			\$ 1,324,789	
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2021-EP-00004	\$ 7,500	
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	APE42901	\$ 501,699	
Special Education Cluster:				
Special Education - Grants to States	84.027	APE43071, APE60304	\$ 502,238	
Special Education - Preschool Grants	84.173	APE62521	19,039	
Total Special Education Cluster				521,277
Career and Technical Education: Basic Grants to States	84.048	APE60031		42,294
Supporting Effective Instruction State Grant	84.367	APE61480		71,052
Education Stabilization Fund:				
COVID-19 Governor's Emergency Education Relief Fund	84.425D	APE50195, APE60177	\$ 1,470,846	
COVID-19 American Rescue Plan Elementary and Secondary Emergency Relief Fund	84.425U	APE50193	2,104,222	3,575,068
Student Support and Academic Enrichment Program	84.424	APE60281		56,123
Total Department of Education			\$ 4,767,513	\$ 884,133
Total Expenditures of Federal Awards			\$ 10,054,897	\$ 884,133

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, 2022. 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 -- 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	\$ 2,333,535
Less: Payment in lieu of taxes	(11,790)
Total primary government	\$ 2,321,745
Component Unit School Board:	
School Operating Fund	\$ 6,191,144
Component Unit EDA:	\$ 1,542,008
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 10,054,897

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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

21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Fund
84.010	Title I - Grants to Local Educational Agencies
11.307	Economic Adjustment Assistance

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, 2022

Section II - Financial Statement Findings

2022-001 - Material Weakness

Criteria:	An auditee should have controls in place to prepare financial statements in accordance with current reporting standards.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, adjustments were proposed, that were material, to the financial statements.
Cause:	The County staff is working to provide properly adjusted trial balances and related schedules but is still learning the nuances of this process.
Effect:	There is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected by the County's internal controls over financial reporting.
Recommendation:	The County should review the auditors' proposed audit adjustments for 2022 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 2022 and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

2022-002 - Material Weakness

Criteria:	An auditee should have controls to ensure monthly reconciliations are accurate.
Condition:	Monthly transfers were posted inaccurately which caused the checking account balance and interfund transfers to be misstated for management use.
Cause:	The accounting records were adjusted after the monthly bank reconciliation process and therefore, no further monitoring procedures were in place to prevent inaccurate entries.
Effect:	There is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected by the County's internal controls over financial reporting.

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II - Financial Statement Findings (Continued)

2022-002 - Material Weakness (Continued)

Recommendation: The County should post all month-end transfers prior to the bank reconciliation process to ensure that all accounts appear reasonable. Further, the County should implement a financial review process for journal entries and monthly financial reports. Finally, the County should reconcile the contribution to the School Board in its accounting system as compared to amounts reported as received from the County in the School Board accounting system.

Management's Response: The County will engage a consulting CPA firm to assist with training staff and preparing for the fiscal 2023 audit.

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, 2022

Finding 2021-001 repeated in the current year as 2021-002.