

**COUNTY OF FLOYD, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**COUNTY OF FLOYD, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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## INTRODUCTORY SECTION

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# COUNTY OF FLOYD, VIRGINIA

## BOARD OF SUPERVISORS

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

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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

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Molly Hunter-Sloan, Vice Chair Jennifer Claytor	John McEnhill, Chair	Jerry W. Boothe Kim Chiddo
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## ECONOMIC DEVELOPMENT AUTHORITY (EDA) OF FLOYD COUNTY, VIRGINIA BOARD

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Andy Finn, Vice Chair Marty Holliday Ryan Baker	Jon Beegle, Chair	Jim Newlin, Secretary/Treasurer Melissa Cox Draken Thompson
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## OTHER OFFICIALS

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

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## FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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## Independent Auditors' Report

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

### Report on the 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, 2023, 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, 2023, 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 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. 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 January 2, 2024, 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 black ink that reads "Robinson, Famer, Cox Associates". The script is cursive and fluid.

Blacksburg, Virginia  
January 2, 2024

## **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, 2023. Please read it in conjunction with the rest of the report, including the financial statements that follow.

### **Financial Highlights for FY23**

- The total assets and deferred outflows of resources of the County's governmental activities exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$16,967,142 (net position). Of this amount, \$4,976,109 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The governmental activities net position of \$16,967,142 represents an increase in net position of \$2,124,894 over the previous year.
- The County's operating revenues have increased by 8.38%, with 7.82% coming from various taxes, fees, and charges for services, and 9.18% drawn from intergovernmental revenues.
- Expenditure increased by a slightly smaller amount, 8.27%, over the last five years. Of this, 5.97% was a result of general operating expenditures and 1.13% was a result of debt service.
- The County's unassigned fund balance was \$5,985,006. This equates to an ending unassigned fund balance of 12.26% of operating expenditures, which is an increase from the previous year's amount of 11.03%. This represents a shift as this amount decreased in previous years.
- Total revenue from local sources again exceeded the budgeted amount by \$1,413,708 (Schedule 1). Property tax revenues exceeded the budget by \$1,397,949. Revenues from local sales and use taxes, hotel and motel room taxes, and revenues from the use of money were also significantly above budget. However, this was somewhat overshadowed by receiving more than \$1.0 less than expected from the Commonwealth and the federal government.
- Two significant and unexpected additions to revenue were \$54,628 from Opioid Settlements, a grant to support a school resource officer, and a more than \$200,000 increase in EMS revenues. The latter is attributed to shifting to a third-party billing system that allows the County to capture more payments from non-residents and third-party payers (insurance).

### **Financial Highlights for FY23 (Continued)**

- The County continues to report a high current tax collection rate of 99.73%. In addition, the Treasurer collected \$519,404 in delinquent taxes. This level of delinquent collections exceeded previous amounts for at least the last ten years and pushed the percent of total tax collections to tax levy to 102.58%.
- The audit does show some significant revenue shortfalls, when compared to the budget, for categorical aid. This is similar to the County's experience for previous years and is generally a reflection of reimbursement timing and not under collection. In addition, the audit does not make allowance for the Department of Social Services Fiscal Year beginning in May.
- This year the County received \$5,783,138 in grant funds. This is an increase of \$1.2 million over the previous year.
- The assets and deferred outflows of resources of the EDA's activities exceed its liabilities and deferred inflows of resources by approximately \$9,670,710 (net position). Most 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 the last two fiscal years as the Board of Supervisors allowed the PSA to "skip" their regular note payment in FY22 and FY23.
- On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. On June 24, 2021, the County received its share of the first half of the ARPA funding. Unspent funds in the amount of \$1,703,189 from the allocation are reported as unearned revenue as of June 30, 2023.
- The County issued a lease revenue bond in the amount of \$2,000,000 on June 30, 2023, that was used to purchase the Skyline Bank Building on August 7, 2023. As a result, the Bank agreed to rent the first two floors at an amount of \$8,000 per month for a term of two years.

## **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 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.

## **Overview of the Financial Statements (Continued)**

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

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Floyd, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 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 shortly 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 explain 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 \$16,967,142 at the close of fiscal year 2023. The largest portion of the County's net position (68.72%) 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 (29.33%) is unrestricted.

### Financial Analysis of the County as a Whole

Summary of Net Position						
	Governmental Activities		Component Units			
	2023	2022	School	EDA	Total	Total
	2023	2022	2023	2022		
<b>Current and Other Assets</b>	31,766,353	32,468,329	5,777,576	1,360,536	7,138,112	6,569,343
<b>Capital Assets</b>	36,013,159	34,303,715	10,148,004	9,014,567	19,162,571	14,188,789
<b>Total Assets</b>	67,779,512	66,772,044	15,925,580	10,375,103	26,300,683	20,758,132
<b>Deferred Outflows of Resources</b>	1,229,679	1,631,061	3,719,084	-	3,719,084	4,600,956
<b>Long-term (Noncurrent) Liabilities</b>	39,887,070	39,176,728	16,327,548	-	16,327,548	14,236,091
<b>Other Liabilities</b>	5,309,710	5,760,073	3,403,130	305,776	3,708,906	3,374,656
<b>Total Liabilities</b>	45,196,780	44,936,801	19,730,678	305,776	20,036,454	17,610,747
<b>Deferred Inflow of Resources</b>	6,845,269	8,624,056	3,631,868	398,617	4,030,485	8,900,892
<b>Net Position:</b>						
<b>Net Investment in Capital Assets</b>	11,659,994	8,158,613	10,017,878	8,827,508	18,845,386	14,188,789
<b>Restricted</b>	331,039	330,459	1,042,055	-	1,042,055	957,093
<b>Unrestricted</b>	4,976,109	6,353,176	(14,777,815)	843,202	(13,934,613)	(16,464,313)
<b>Total Net Position</b>	16,967,142	14,842,248	(3,717,882)	9,670,710	5,952,828	(1,318,431)

**Governmental Activities:** During the current fiscal year, the County's net position improved by \$2,124,894.

**Component Units:** The combined net position of the School Board and the Economic Development Authority improved significantly with an increase in Capital assets and in Net Investment in Capital Assets.

## Government-Wide Financial Analysis (Continued)

Key elements of current year activities are as follows:

Summary of Activities				
FY23				
			<b>Governmental Activities</b>	
			<b>2023</b>	<b>2022</b>
Program Revenue:				
	Charge for Services		1,598,659	1,483,490
	Operating Grants and Contributions		5,783,138	4,575,523
	Capital Grants and Contributions		259,296	926,428
General Revenue:				
	General Property Taxes		17,334,236	15,656,209
	Other Taxes		2,776,310	2,625,367
Unrestricted Revenues:				
	From Use of Money and Property		394,904	66,881
	Grants and Contributions		1,435,793	1,466,891
Other General Revenues (Misc.):			64,408	241,602
<b>TOTAL REVENUES</b>			<b>29,646,744</b>	<b>27,042,391</b>
Expenses:				
	General Government Administration		1,700,456	1,735,845
	Judicial Administration		1,115,010	1,125,066
	Public Safety		5,811,195	5,545,961
	Public Works		2,651,824	2,789,445
	Health and Welfare		3,444,164	2,906,744
	Education		9,133,197	8,001,411
	Parks, Recreation and Cultural		589,282	528,649
	Community Development		2,306,329	3,360,572
	Interest on Long Term Debt		770,393	772,872
<b>TOTAL EXPENSES</b>			<b>27,521,850</b>	<b>26,766,565</b>
<b>CHANGE IN NET POSITION</b>			<b>2,124,894</b>	<b>275,826</b>



### **Government-Wide Financial Analysis (Continued)**

For the Fiscal Year ending June 30, 2023, revenues from governmental activities totaled \$29.65 million, an increase of \$2,604,353. This represents a net increase in all categories of revenue. Some key drivers included:

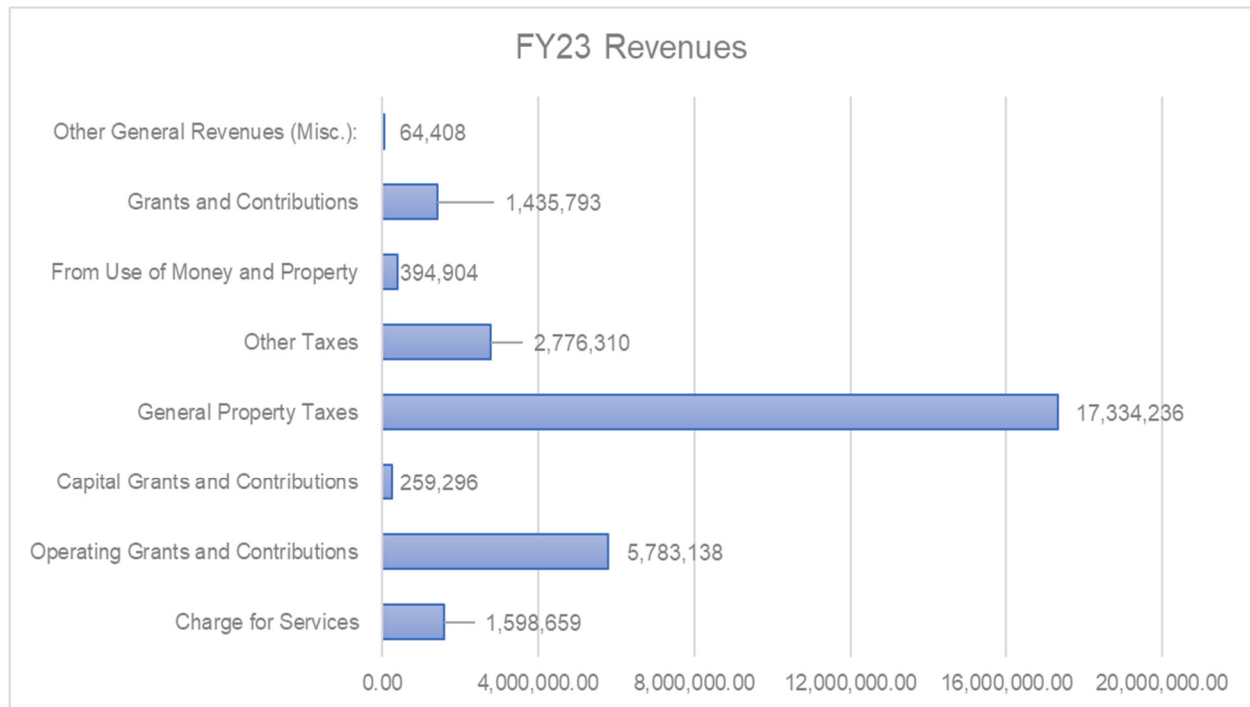
- An increase of \$328,023 in revenues from the use of money and property. This is the result of an increase in CD rates of return at our current financial institution, substantial interest income related to bond proceeds, and increased use of state investment options. This represents the equivalent of 2 cents of real estate tax.
- Increased book values for personal property including vehicles.
- A \$1,207,615 increase in Operating Grants and Contributions. This includes increases in every category of governmental activities including \$983,131 in Community Development, \$257,081 in Health and Welfare, and \$131,069 in Public Safety.
- The elimination of \$926,428 in Capital Grants for Public Works muted increases in all categories of activities in Operating Grants and Contributions. This was the result of the completion of work on a new Commerce Center facility.

In terms of expenditures, the year-over-year comparison is mixed.

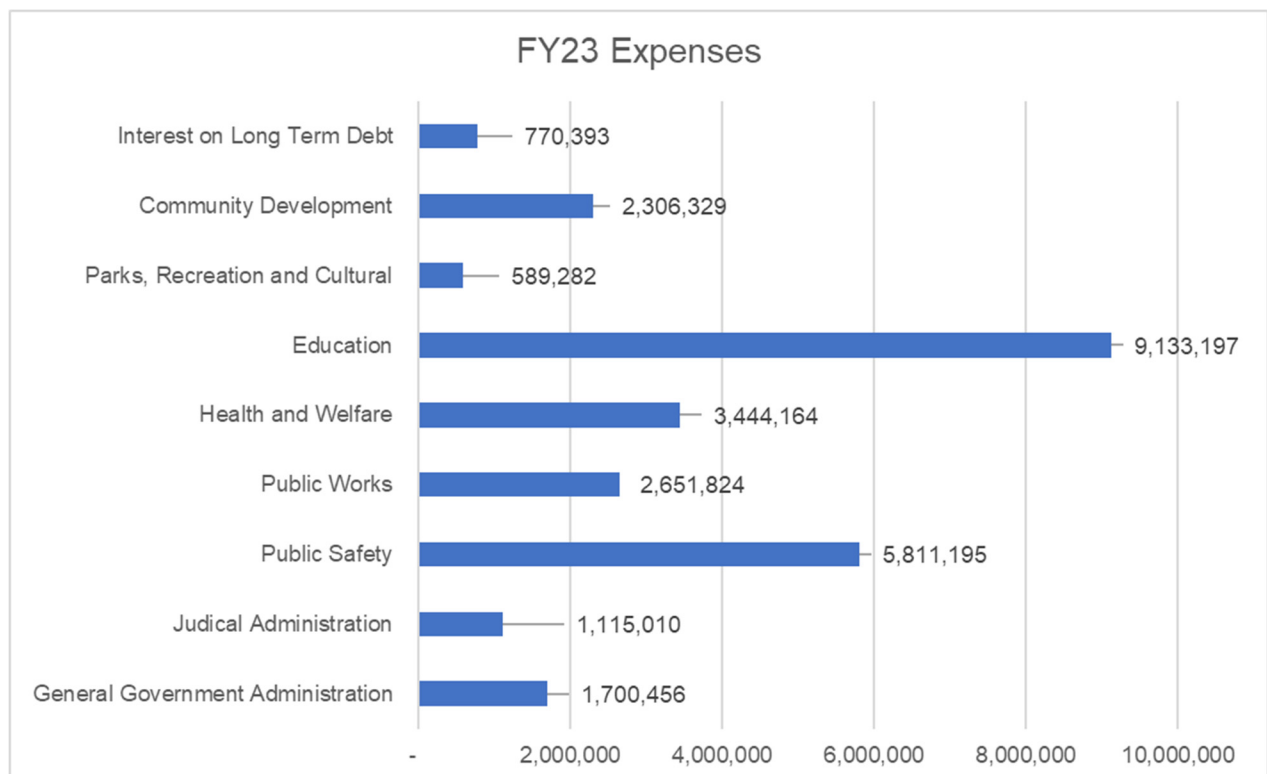
- Community Development expenses declined by a whopping \$1,054,243 due to reduced construction expenditures in the Commerce Center as work was completed.
- Other expense reductions were seen in Public Works (\$137,621), General Government Administration (\$35,389), Judicial Administration (\$10,056), and Interest on Long Term Debt (\$2,479). The latter is the result of the County paying off earlier loans.
- Education expenses increased by \$1,131,786. This is also reflected in a similar increase in the School Board component unit.
- Increases in expenses were seen in Health and Welfare (\$537,420), Public Safety (\$265,234), and Parks and Recreation (\$60,633).

Total Revenues by category are shown below. It should be noted that Floyd is becoming increasingly dependent on general property tax revenues (58.5%) and grants (25.2%) for income. Local sales and use taxes, which are subsumed in the “Other Taxes” category, make up an anemic 5.2% of local revenues. Meals taxes only generate \$199,996 or 0.67% of local revenues, while transient occupancy taxes make up 0.45% percent or \$133,762 of revenues. This means our more tourism-focused taxes are only generating slightly more than one percent of the County’s revenue (1.13%). These weak consumption tax numbers are a result of a large proportion of taxable activity occurring outside of the County or inside the Town limits (where consumption taxes flow to the Town and not the County).

## Government-Wide Financial Analysis (Continued)



Our two largest expenditure areas - education and public safety - slightly increased their proportion of the county budget over FY22. Education increased from 29.9% to 33.19%, while public safety increased from 20.7% to 21.11% of expenditures.



## Financial Analysis of 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. 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 FY23, the County's governmental funds reported a fund balance of \$19,898,632. This is a decrease from the previous year of \$25,124. However, the amount of the unassigned fund balance increased by \$576,459 over the previous year to \$5,985,006. 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.

The ending unassigned fund balance is approximately 12.26% of operating expenditures. This is an improvement from the previous year but has not yet met the target of 16.67% set by the Governmental Finance Officers Association (GFOA).

## General Funds Budgetary Highlights

On balance, the variance between the final budget and actual revenues/expenditures was limited.

On the revenue side, actual inflows exceeded the final budget numbers by \$380,755. Actual revenues exceeded the budget in revenues from local sources by \$1.4 million. This was primarily a result of increased vehicle valuations. Sales tax revenues also exceeded the forecast, primarily due to conservative forecasting. Higher than expected income was also recognized in EMS services due to improved third-party billing. The audit also shows significant negative variances in miscellaneous revenues and other recovered costs. These are primarily related to the first responders' radio system process. Also, as in previous years, there are significant gaps between budget and actual in social services areas. Most of the variance is related to the CSA program. County Administration staff will work with DSS staff to determine the cause and a solution to this issue. It should be noted that almost equal amounts were budgeted for revenue and expenditures.

## General Funds Budgetary Highlights (Continued)

On the expenditure side, there was more variance with expenditure coming in \$3.1 million less than budgeted. A significant portion of that related to \$1.7 million in ARPA funds that were included in the final budget but were not expended. Pending grant applications that would cover much of the expected costs of building a road to the newest portion of the Commerce Center were in play, so the funds were held. In addition, costs associated with school improvements came to \$750,309 under budget primarily due to delays in the project and some still outstanding punch list issues. Similarly, almost \$900,000 of housing rehabilitation funds were held due to construction delays. Areas of expenditures that exceeded the budget included CSA funding, additional school expenditures, and building maintenance.

### Asset Discussion

FY23 saw a reduction in non-capital assets of \$847,874. This was driven primarily by a reduction in the amount of cash and cash equivalents which did not outweigh increases in several other asset categories including monies due from other funds and governmental units, as well as restricted cash assets. Much of this again relates to Commerce Center activities and investment in our schools. This change is reflected in the increase of \$1.7 million in capital assets from the previous year.

There were also significant improvements in our pension-related positions.

When combined the County improved its net position by \$2.12 million between FY22 and FY23.

### Economic Factors

In May 2023 Floyd County's unemployment rate was 2.5 percent, compared with 2.7% for Virginia as a whole. Floyd's unemployment rate was the same in May of 2022. Floyd's labor force participation rate continues to be high. Supply chain disruption has had an impact on the local economy in general and the County budget in particular. Discussions with business leaders in the community confirm that the area's economy has improved significantly since the end of the pandemic.

### 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, 2023

	Primary Government Governmental Activities	Component Unit School Board	Component Unit EDA
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 11,483,412	\$ 1,994,542	\$ 320,880
Receivables (net of allowance for uncollectibles):			
Taxes receivable	6,199,597	-	-
Accounts receivable	355,756	-	259,116
Notes receivable	307,367	-	142,297
Leases receivable	225,948	-	399,737
Due from primary government	-	2,042,013	-
Due from component unit	278,497	-	-
Intergovernmental receivable	1,328,724	744,835	-
Inventories	-	18,998	238,506
Prepaid items	105,130	977,188	-
Restricted assets:			
Cash and cash equivalents	1,859,710	-	187,059
Investments	9,622,212	-	-
Capital assets not being depreciated:			
Land	1,249,768	265,917	430,419
Construction in progress	15,332,910	61,203	6,576,525
Capital assets, net of accumulated depreciation/amortization:			
Buildings and improvements	10,895,167	2,672,050	1,820,564
Machinery and equipment	8,264,646	7,019,263	-
Right to use assets:			
Buildings and improvements - lease	38,956	-	-
Machinery and equipment - lease	231,712	70,673	-
Subscription assets	-	58,898	-
Total noncurrent assets	\$ 47,495,081	\$ 10,148,004	\$ 9,014,567
Total assets	\$ 67,779,512	\$ 15,925,580	\$ 10,375,103
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 1,141,024	\$ 3,314,486	\$ -
OPEB related items	88,655	404,598	-
Total deferred outflows of resources	\$ 1,229,679	\$ 3,719,084	\$ -
<b>LIABILITIES</b>			
Accounts payable	\$ 377,600	\$ 73,236	\$ 11,396
Accounts payable - construction	924,963	-	-
Accrued liabilities	-	2,073,302	-
Health claim payable	-	470,804	-
Customers' deposits	-	-	12,969
Accrued interest payable	201,545	-	-
Due to primary government	-	-	278,497
Due to component unit	2,042,013	-	-
Unearned revenues	1,763,589	785,788	2,914
Noncurrent liabilities:			
Due within one year	2,609,695	478,754	-
Due in more than one year	37,277,375	15,848,794	-
Total liabilities	\$ 45,196,780	\$ 19,730,678	\$ 305,776
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 5,652,241	\$ -	\$ -
Pension related items	913,914	3,275,817	-
OPEB related items	57,745	356,051	-
Lease related items	221,369	-	398,617
Total deferred inflows of resources	\$ 6,845,269	\$ 3,631,868	\$ 398,617
<b>NET POSITION</b>			
Net investment in capital assets	\$ 11,659,994	\$ 10,017,878	\$ 8,827,508
Restricted:			
Opioid settlement funds	222,505	-	-
Cafeteria	-	366,466	-
Asset forfeiture	108,534	-	-
Grant funds	-	69,974	-
Self-health insurance	-	605,615	-
Unrestricted (deficit)	4,976,109	(14,777,815)	843,202
Total Net Position	\$ 16,967,142	\$ (3,717,882)	\$ 9,670,710

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, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions		School Board	EDA
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,700,456	\$ 144,317	\$ 228,465	\$ 114,480	\$ (1,213,194)		
Judicial administration	1,115,010	1,631	485,253	35,809	(592,317)		
Public safety	5,811,195	937,515	1,430,012	30,483	(3,413,185)		
Public works	2,651,824	212,897	74,246	-	(2,364,681)		
Health and welfare	3,444,164	-	2,501,257	-	(942,907)		
Education	9,133,197	-	-	-	(9,133,197)		
Parks, recreation, and cultural	589,282	64,764	30,508	37,500	(456,510)		
Community development	2,306,329	237,535	1,033,397	41,024	(994,373)		
Interest on long-term debt	770,393	-	-	-	(770,393)		
Total primary government	\$ 27,521,850	\$ 1,598,659	\$ 5,783,138	\$ 259,296	\$ (19,880,757)		
<b>COMPONENT UNITS:</b>							
School Board	\$ 25,285,899	\$ 154,367	\$ 20,765,646	\$ -	\$ (4,365,886)	\$ -	\$ -
EDA	192,735	-	12,500	807,392	-	-	627,157
Total component units	\$ 25,478,634	\$ 154,367	\$ 20,778,146	\$ 807,392	\$ (4,365,886)	\$ (4,365,886)	\$ 627,157
General revenues:							
General property taxes					\$ 17,334,236	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					1,544,926	-	-
Consumers' utility taxes					386,213	-	-
Meals taxes					199,996	-	-
Motor vehicle licenses					416,575	-	-
Hotel and motel room taxes					133,762	-	-
Other local taxes					94,838	-	-
Unrestricted revenues from use of money					394,904	-	118,198
Miscellaneous					64,408	822,241	4,934
Contributions from the County of Floyd					-	9,126,424	938,191
Grants and contributions not restricted to specific programs					1,435,793	-	-
Total general revenues					\$ 22,005,651	\$ 9,948,665	\$ 1,061,323
Change in net position					\$ 2,124,894	\$ 5,582,779	\$ 1,688,480
Net position - beginning					14,842,248	(9,300,661)	7,982,230
Net position - ending					\$ 16,967,142	\$ (3,717,882)	\$ 9,670,710

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

County of Floyd, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2023

	<u>General</u>	<u>Fire and Rescue</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,528,104	\$ -	\$ 108,534	\$ 846,774	\$ 11,483,412
Receivables (net of allowance for uncollectibles):					
Taxes receivable	6,199,597	-	-	-	6,199,597
Accounts receivable	336,945	-	-	18,811	355,756
Lease receivable	225,948	-	-	-	225,948
Due from other funds	1,507,744	-	-	-	1,507,744
Due from component unit	278,497	-	-	-	278,497
Due from other governmental units	1,328,724	-	-	-	1,328,724
Prepaid items	101,777	3,353	-	-	105,130
Long term note receivable - PSA	307,367	-	-	-	307,367
Restricted assets:					
Cash and cash equivalents	1,859,710	-	-	-	1,859,710
Investments	9,622,212	-	-	-	9,622,212
Total assets	<u>\$ 32,296,625</u>	<u>\$ 3,353</u>	<u>\$ 108,534</u>	<u>\$ 865,585</u>	<u>\$ 33,274,097</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,284,771	\$ 17,792	\$ -	\$ -	\$ 1,302,563
Due to other funds	-	1,507,744	-	-	1,507,744
Due to component unit	2,042,013	-	-	-	2,042,013
Unearned grant revenue	1,763,589	-	-	-	1,763,589
Total liabilities	<u>\$ 5,090,373</u>	<u>\$ 1,525,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,615,909</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 6,040,766	\$ -	\$ -	\$ -	\$ 6,040,766
Unavailable revenue - EMS billings	12,168	-	-	-	12,168
Unavailable revenue - opioid settlement	160,476	-	-	-	160,476
Lease related items	221,369	-	-	-	221,369
Unavailable revenue - prepaid taxes	324,777	-	-	-	324,777
Total deferred inflows of resources	<u>\$ 6,759,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,759,556</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	\$ 101,777	\$ 3,353	\$ -	\$ -	\$ 105,130
Long-term note receivable	307,367	-	-	-	307,367
Restricted:					
Unspent bond proceeds	11,481,922	-	-	-	11,481,922
Asset forfeiture	-	-	108,534	-	108,534
Opioid Settlement Fund	62,029	-	-	-	62,029
Assigned:					
Law Library	55,647	-	-	-	55,647
School capital projects	-	-	-	403,531	403,531
County capital projects	-	-	-	462,054	462,054
Courts	136,585	-	-	-	136,585
Courthouse Maintenance	104,827	-	-	-	104,827
Debt service	686,000	-	-	-	686,000
Unassigned	7,510,542	(1,525,536)	-	-	5,985,006
Total fund balances (deficit)	<u>\$ 20,446,696</u>	<u>\$ (1,522,183)</u>	<u>\$ 108,534</u>	<u>\$ 865,585</u>	<u>\$ 19,898,632</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,296,625</u>	<u>\$ 3,353</u>	<u>\$ 108,534</u>	<u>\$ 865,585</u>	<u>\$ 33,274,097</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 19,898,632

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

Land	\$ 1,249,768	
Buildings and improvements	10,895,167	
Machinery and equipment	8,264,646	
Construction in progress	15,332,910	
Lease assets - buildings and improvements	38,956	
Lease assets - machinery and equipment	<u>231,712</u>	36,013,159

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	\$ 713,302	
Unavailable revenue - opioid settlement funds	160,476	
Unavailable revenue - EMS billings	<u>12,168</u>	885,946

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

Pension related items	\$ 1,141,024	
OPEB related items	<u>88,655</u>	1,229,679

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	\$ (32,828,705)	
Bond premiums	(1,425,083)	
Lease liabilities	(275,130)	
Financed purchases	(381,206)	
Compensated absences	(418,426)	
Accrued interest payable	(201,545)	
Net pension liability	(2,714,153)	
Net OPEB liability	(288,525)	
Landfill closure/post-closure liability	<u>(1,555,842)</u>	(40,088,615)

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

Pension related items		(913,914)
OPEB related items		<u>(57,745)</u>

Net position of governmental activities \$ 16,967,142

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, 2023

	<u>General</u>	<u>Fire and Rescue</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
<b>REVENUES</b>					
General property taxes	\$ 17,049,682	\$ 353,144	\$ -	\$ -	\$ 17,402,826
Other local taxes	2,576,314	-	-	199,996	2,776,310
Permits, privilege fees, and regulatory licenses	141,232	-	-	-	141,232
Fines and forfeitures	24,982	-	-	-	24,982
Revenue from the use of money and property	632,424	-	15	-	632,439
Charges for services	1,264,856	-	-	-	1,264,856
Miscellaneous	109,592	-	-	-	109,592
Recovered costs	210,552	-	-	-	210,552
Intergovernmental:					
Commonwealth	4,722,965	97,242	3,252	-	4,823,459
Federal	2,654,768	-	-	-	2,654,768
Total revenues	<u>\$ 29,387,367</u>	<u>\$ 450,386</u>	<u>\$ 3,267</u>	<u>\$ 199,996</u>	<u>\$ 30,041,016</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,929,325	\$ -	\$ -	\$ -	\$ 1,929,325
Judicial administration	1,146,216	-	-	-	1,146,216
Public safety	5,304,009	318,118	12,131	-	5,634,258
Public works	2,474,762	-	-	-	2,474,762
Health and welfare	3,486,392	-	-	-	3,486,392
Education	7,769,713	-	-	-	7,769,713
Parks, recreation, and cultural	753,370	-	-	-	753,370
Community development	1,662,893	-	-	-	1,662,893
Nondepartmental	19,319	-	-	-	19,319
Capital projects	3,888,391	-	-	-	3,888,391
Debt service:					
Principal retirement	2,295,164	-	-	-	2,295,164
Bond issuance costs	140,290	-	-	-	140,290
Interest and other fiscal charges	1,007,779	-	-	-	1,007,779
Total expenditures	<u>\$ 31,877,623</u>	<u>\$ 318,118</u>	<u>\$ 12,131</u>	<u>\$ -</u>	<u>\$ 32,207,872</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,490,256)</u>	<u>\$ 132,268</u>	<u>\$ (8,864)</u>	<u>\$ 199,996</u>	<u>\$ (2,166,856)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of lease liabilities	\$ 141,732	\$ -	\$ -	\$ -	\$ 141,732
Issuance of lease revenue bonds	2,000,000	-	-	-	2,000,000
Total other financing sources (uses)	<u>\$ 2,141,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,141,732</u>
Net change in fund balances	\$ (348,524)	\$ 132,268	\$ (8,864)	\$ 199,996	\$ (25,124)
Fund balances (deficit) - beginning	<u>20,795,220</u>	<u>(1,654,451)</u>	<u>117,398</u>	<u>665,589</u>	<u>19,923,756</u>
Fund balances (deficit) - ending	<u>\$ 20,446,696</u>	<u>\$ (1,522,183)</u>	<u>\$ 108,534</u>	<u>\$ 865,585</u>	<u>\$ 19,898,632</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, 2023

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

Net change in fund balances - total governmental funds	\$	(25,124)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.

Capital asset additions	\$ 3,842,133		
Reversion of assets to schools (net)	(766,193)		
Depreciation/amortization expense	<u>(1,366,496)</u>		1,709,444

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	\$ (68,590)		
Increase (decrease) in unavailable revenue - EMS billings	(69,946)		
Increase (decrease) in unavailable revenue - Opioid settlement funds	<u>(45,184)</u>		(183,720)

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	\$ (141,732)		
Issuance of lease revenue bonds	(2,000,000)		
Principal payments:			
Loans and bonds	1,866,132		
Lease liabilities	142,176		
Financed purchases	<u>286,856</u>		153,432

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	\$ 13,116		
Change in net pension liability and related deferred items	168,848		
Change in net OPEB liability and related deferred items	14,364		
(Increase) decrease in accrued interest payable	203,300		
(Increase) decrease in bond premium	174,376		
(Increase) decrease in landfill closure/post-closure liability	<u>(103,142)</u>		<u>470,862</u>

Change in net position of governmental activities	\$	<u><u>2,124,894</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 Fiduciary Net Position  
Fiduciary Funds  
June 30, 2023

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	Custodial Funds
	Special Welfare Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 26,257
<b>NET POSITION</b>	
Restricted:	
Welfare recipients	\$ 26,257

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, 2023

	<u>Custodial Funds</u>
	<u>Special Welfare Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Donations	\$ 49,735
Miscellaneous	11,851
Intergovernmental - Social Security payments	16,255
Total contributions	<u>\$ 77,841</u>
Total additions	<u>\$ 77,841</u>
<b>DEDUCTIONS</b>	
Checks for SS & SSI Recipients	\$ 15,251
Other welfare	90,217
Total deductions	<u>\$ 105,468</u>
 Net increase (decrease) in fiduciary net position	 \$ (27,627)
 Net position - beginning	 <u>53,884</u>
Net position - ending	<u><u>\$ 26,257</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, 2023

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**Note 1—Summary of Significant Accounting Policies:**

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

**A. Financial Reporting Entity**

The County is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

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

The County has no blended component units to be included for the fiscal year ended June 30, 2023.

***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, 2023

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

A. Financial Reporting Entity (Continued)

*Discretely Presented Component Units (Continued)*

Economic Development Authority of Floyd County, Virginia (EDA) - The Economic Development Authority of Floyd County, Virginia (EDA) was created to encourage and provide financing for economic development in the County. The EDA's directors are appointed by the Board of Supervisors and the County is financially accountable for the EDA in that it provides local funding for the EDA's activities. The EDA is authorized to acquire, own, lease, 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. The Board of Supervisors granted an interest free one year extension during fiscal year 2023 extending the final maturity to June 30, 2038.

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 \$110,821 to the Library for the current year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

A. Financial Reporting Entity (Continued)

*Jointly Governed Organizations (Continued)*

New River Valley Community Services

The County and the Counties of Montgomery, Giles, Pulaski, and the City of Radford participate in supporting New River Valley Community Services. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$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 \$389,492 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, 2023

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

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

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

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

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

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

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

The 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, 2023

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

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

The government-wide 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 and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for 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, 2023

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

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

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

The government reports the following major governmental funds:

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, 2023

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**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, 2023

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

D. Budgets and Budgetary Accounting

Excess of expenditures over appropriations

At June 30, 2023, there were no departments with expenditures in excess of appropriations.

Deficit fund balance

At June 30, 2023, 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. Restricted cash and cash equivalents consist of unspent bond proceeds.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end. 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 5<sup>th</sup> and June 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The County bills and collects its own property taxes.

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 \$107,993 for property taxes and \$106,481 for EMS billings at June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

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

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 and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building and improvements	40
Machinery and equipment	4-30
Lease - Machinery and equipment	4-30
Lease - Buildings and improvements	40
Subscription assets	2

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

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

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

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaid expenditures) or are legally or contractually required to be maintained 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, 2023

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**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, 2023

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

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

13. Net Position

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

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

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

14. 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, 2023

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

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

15. 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.

16. Leases and Subscription-Based IT Arrangements

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

*Lessee*

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

*Lessor*

The County and Component 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).

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

16. Leases (Continued)

*Subscriptions*

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

*Key Estimates and Judgments*

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

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

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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, 2023, the County had \$9,622,212 in restricted investments related to unspent bond proceeds.

**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, 2023, 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, 2023, 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, 2023 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	\$ 9,622,212

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

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	\$ 9,622,212	\$ 9,622,212

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

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

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 270,038	\$ -
State sales tax	-	444,449
Noncategorical aid	74,498	-
Categorical aid - shared expenses	135,494	-
Categorical aid - welfare payments	63,915	-
Categorical aid - CSA funds	266,735	-
Categorical aid - other	32,452	-
<u>Federal Government:</u>		
Categorical aid	485,592	-
School federal programs	-	300,386
Totals	\$ 1,328,724	\$ 744,835

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 4-Interfund/Component-Unit Obligations:**

At year end, due to or due from obligations between the funds within the County consisted of the following:

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	\$ 1,507,744
Fire and Rescue Fund	1,507,744	-
Total	<u>\$ 1,507,744</u>	<u>\$ 1,507,744</u>

The balances above resulted from a pooled checking account and repayment terms have not been decided as of release of these financial statements.

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

<u>Fund</u>	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General Fund	<u>\$ -</u>	<u>\$ 2,042,013</u>
Component Unit:		
School Board	<u>\$ 2,042,013</u>	<u>\$ -</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization. During the fiscal year, the County had no transfers.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 15,472,992	\$ -	\$ (586,288)	\$ 14,886,704
Lease revenue bonds	17,221,845	2,000,000	(1,279,844)	17,942,001
Bond premiums	1,599,459	-	(174,376)	1,425,083
Financed purchases	668,062	-	(286,856)	381,206
Lease liabilities	275,574	141,732	(142,176)	275,130
Landfill closure/post-closure liability	1,452,700	103,142	-	1,555,842
Compensated absences	431,542	310,540	(323,656)	418,426
Net pension liability	1,783,107	2,061,239	(1,130,193)	2,714,153
Net OPEB liability	271,447	186,068	(168,990)	288,525
Total	\$ 39,176,728	\$ 4,802,721	\$ (4,092,379)	\$ 39,887,070

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
2024	\$ 680,976	\$ 528,552	\$ 1,111,000	\$ 453,662	\$ 188,756	\$ 5,706	\$ 137,667	\$ 9,752
2025	825,420	495,806	1,070,000	470,570	192,450	461	72,829	4,945
2026	1,200,308	455,797	1,242,000	441,640	-	-	49,310	1,769
2027	635,000	411,553	1,444,000	408,164	-	-	15,324	172
2028	670,000	379,485	1,480,000	369,305	-	-	-	-
2029-2033	3,880,000	1,362,449	7,246,000	1,246,705	-	-	-	-
2034-2038	4,870,000	568,553	4,349,001	289,451	-	-	-	-
2039-2041	2,125,000	73,600	-	-	-	-	-	-
Totals	\$ 14,886,704	\$ 4,275,795	\$ 17,942,001	\$ 3,679,497	\$ 381,206	\$ 6,167	\$ 275,130	\$ 16,638

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

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

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<b>Direct Borrowings and Direct Placements:</b>						
<i>General Obligation Bonds:</i>						
General obligation bonds (VPSA)	4.60-5.10%	11/10/2005	7/15/2025	\$ 10,259,045	\$ 1,756,704	\$ 575,976
General obligation bonds (VPSA)	Varies	11/16/2020	7/15/2040	13,150,000	13,130,000	105,000
G.O. bond premium (VPSA)	Varies	11/16/2020	7/15/2040	1,873,114	1,425,083	177,476
Total general obligation bonds					<u>\$ 16,311,787</u>	<u>\$ 858,452</u>
<i>Lease Revenue Bonds:</i>						
Lease revenue bond	2.40%	8/4/2016	1/31/2038	\$ 903,000	\$ 684,000	\$ 38,000
Lease revenue bond	1.70%	8/4/2016	1/31/2024	734,000	103,000	103,000
Lease revenue bond	2.30%	7/16/2020	2/1/2035	6,849,000	6,202,001	455,000
Lease revenue bond	2.28%	7/16/2020	2/1/2029	820,000	705,000	28,000
Lease revenue bond	2.83%	7/16/2020	2/1/2034	845,000	673,000	57,000
Lease revenue bond	2.43%	5/21/2021	2/1/2036	4,980,000	4,785,000	158,000
Lease revenue bond	3.07%	5/21/2021	2/1/2036	1,877,000	1,721,000	110,000
Lease revenue bond	2.89%	5/21/2021	2/1/2036	361,000	319,000	21,000
Lease revenue bond	1.85%	5/21/2021	2/1/2026	434,000	263,000	86,000
Lease revenue bond	2.74%	5/21/2021	2/1/2031	598,000	487,000	55,000
Lease revenue bond	5.22%	6/30/2023	8/1/2037	2,000,000	2,000,000	-
Total lease revenue bonds					<u>\$ 17,942,001</u>	<u>\$ 1,111,000</u>
Total direct borrowings and direct placements					<u>\$ 34,253,788</u>	<u>\$ 1,969,452</u>
<b>Financed Purchases:</b>						
Financed purchase - County equipment	4.00%	10/3/2018	10/3/2023	\$ 22,782	\$ 1,699	\$ 1,699
Financed purchase - County equipment	1.95%	5/29/2015	6/15/2025	1,750,000	379,507	187,057
Total financed purchases					<u>\$ 381,206</u>	<u>\$ 188,756</u>
<b>Lease Liabilities*</b>						
County Enterprise vehicle leases	2.58-13.83%	10/12/2018 to 7/29/2022	9/12/2023 to 4/12/2027	\$25,140 - 41,672	\$ 217,342	\$ 97,867
County copier leases	2.00%	12/5/2019 to 3/15/2022	11/5/2024 to 2/15/2027	33,641	17,712	6,772
Drug Court building lease	5.00%	1/1/2022	12/1/2024	33,449	17,877	11,677
County admin building leases	2.00%	9/1/2022	7/1/2024	\$9,188 - 19,196	22,199	21,351
Total lease liabilities					<u>\$ 275,130</u>	<u>\$ 137,667</u>
<b>Other Obligations:</b>						
Landfill closure/post-closure liability					\$ 1,555,842	\$ -
Compensated absences					418,426	313,820
Net pension liability					2,714,153	-
Net OPEB liability					288,525	-
Total other obligations					<u>\$ 4,976,946</u>	<u>\$ 313,820</u>
Total long-term obligations					<u>\$ 39,887,070</u>	<u>\$ 2,609,695</u>

\*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, 2023

**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, 2023:

	Beginning Balance	GASB No. 96 Adjustments	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Compensated absences	\$ 523,796	\$ -	\$ 391,287	\$ (392,847)	\$ 522,236
Net pension liability	11,081,189	-	9,950,185	(7,834,125)	13,197,249
Net OPEB liabilities	2,549,676	-	756,190	(827,929)	2,477,937
Lease Liabilities	81,430	-	33,501	(42,999)	71,932
Subscription Liabilities	-	102,567	-	(44,373)	58,194
Total	\$ 14,236,091	\$ -	\$ 11,131,163	\$ (9,142,273)	\$ 16,327,548

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

Year Ending June 30,	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 43,868	\$ 1,038	\$ 43,209	\$ 771
2025	27,232	225	14,985	300
2026	832	1	-	-
Totals	\$ 71,932	\$ 1,264	\$ 58,194	\$ 1,071

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

**Discretely Presented Component Unit - School Board-Indebtedness: (Continued)**

Details of long-term indebtedness:

	Interest Rates	Implementation/ Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<b>Lease Liabilities:</b>						
School copier leases	2.00%	1/1/2019	12/1/2024	\$ 197,481	\$ 51,526	\$ 34,179
School touchless water system lease	2.00%	8/1/2020	7/1/2025	47,664	20,406	9,689
Total lease liabilities					<u>\$ 71,932</u>	<u>\$ 43,868</u>
<b>Subscription Liabilities:</b>						
Security Webfilter	2.00%	7/1/2022	7/1/2023	\$ 39,710	\$ 19,658	\$ 19,659
Classroom mangement	2.00%	7/1/2022	7/1/2023	11,193	5,541	5,541
IXL	2.00%	7/1/2022	7/1/2024	44,965	29,679	14,693
Eplus	2.00%	7/1/2022	7/1/2023	6,699	3,316	3,316
					<u>\$ 58,194</u>	<u>\$ 43,209</u>
<b>Other Obligations:</b>						
Compensated absences					\$ 522,236	\$ 391,677
Net pension liability					13,197,249	-
Net OPEB liabilities					2,477,937	-
Total other obligations					<u>\$ 16,197,422</u>	<u>\$ 391,677</u>
Total long-term obligations					<u>\$ 16,327,548</u>	<u>\$ 478,754</u>

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

The Economic Development Authority renewed a line of credit on August 22, 2022 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 2023 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 7—Pension Plans: (Continued)**

***Plan Description (Continued)***

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.

***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, 2023 was 14.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$743,510 and \$624,811 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 7—Pension Plans: (Continued)**

***Net Pension Liability***

At June 30, 2023, the County reported a liability of \$2,714,153 for its proportionate share of the net pension liability. The County’s net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 and 2021 was used as a basis for allocation to determine the County’s proportionate share of the net pension liability. At June 30, 2022 and 2021, the County’s proportion was 95.41% and 95.28% 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, 2021, 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, 2022.

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, 2023

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**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, 2021 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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, 2021, 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, 2022.

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, 2023

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**Note 7—Pension Plans: (Continued)**

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

The actuarial assumptions used in the June 30, 2021 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, 2023

**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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\* The above allocation provides a one-year expected return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2023

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**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, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, 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, 2022 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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>Discount Rate</u>	<u>(7.75%)</u>
		<u>(6.75%)</u>	
County's proportionate share of the			
County of Floyd's Retirement Plan			
Net Pension Liability (Asset)	\$ 5,578,327	\$ 2,714,153	\$ 371,324

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

For the year ended June 30, 2023, the County recognized pension expense of \$574,659. 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, 2023

**Note 7—Pension Plans: (Continued)**

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

At June 30, 2023, 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	\$ 64,550	\$ 356,497
Change in assumptions	332,964	-
Net difference between projected and actual earnings on pension plan investments	-	551,099
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	6,318
Employer contributions subsequent to the measurement date	743,510	-
Total	\$ 1,141,024	\$ 913,914

\$743,510 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, 2024. 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
2024	\$ (124,133)
2025	(261,701)
2026	(392,650)
2027	262,084
2028	-
Thereafter	-

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 7—Pension Plans:** (Continued)

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Component Unit School Board Nonprofessional</u></b>
Inactive members or their beneficiaries currently receiving benefits	89
Inactive members:	
Vested inactive members	15
Non-vested inactive members	36
Inactive members active elsewhere in VRS	17
Total inactive members	68
Active members	71
Total covered employees	228

***Contributions***

The Component Unit School Board's contractually required employer contribution rate for Nonprofessional employees for the year ended June 30, 2023 was 12.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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 \$213,089 and \$206,172 for the years ended June 30, 2023 and June 30, 2022, 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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, 2021	\$ 8,772,412	\$ 7,550,357	\$ 1,222,055
Changes for the year:			
Service cost	\$ 141,276	\$ -	\$ 141,276
Interest	582,886	-	582,886
Differences between expected and actual experience	(357,063)	-	(357,063)
Assumption changes	-	-	-
Contributions - employer	-	206,171	(206,171)
Contributions - employee	-	77,438	(77,438)
Net investment income	-	(4,460)	4,460
Benefit payments, including refunds of employee contributions	(556,679)	(556,679)	-
Administrative expenses	-	(4,756)	4,756
Other changes	-	171	(171)
Net changes	\$ (189,580)	\$ (282,115)	\$ 92,535
Balances at June 30, 2022	\$ 8,582,832	\$ 7,268,242	\$ 1,314,590

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

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

	Current		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 2,205,514	\$ 1,314,590	\$ 569,009

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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, 2023, the Component Unit School Board (Nonprofessional) recognized pension expense of \$74,587. At June 30, 2023, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Component Unit-School Board (Nonprofessional)</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,942	\$ 176,728
Change in assumptions	3,866	-
Net difference between projected and actual earnings on pension plan investments	-	221,242
Employer contributions subsequent to the measurement date	213,089	-
Total	<u>\$ 218,897</u>	<u>\$ 397,970</u>

\$213,089 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, 2024.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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>
2024	\$ (255,457)
2025	(88,772)
2026	(148,879)
2027	100,946
2028	-
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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,893,113 and \$1,850,572 for the years ended June 30, 2023 and June 30, 2022, respectively. In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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, 2023, the school division reported a liability of \$11,882,659 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.12481% as compared to 0.12700% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$454,385. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, 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	\$ -	\$ 819,356
Change in assumptions	1,120,295	-
Net difference between projected and actual earnings on pension plan investments	-	1,549,250
Changes in proportion and differences between employer contributions and proportionate share of contributions	82,181	509,241
Employer contributions subsequent to the measurement date	1,893,113	-
Total	\$ 3,095,589	\$ 2,877,847

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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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)*

\$1,893,113 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, 2024. 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>
2024	\$ (507,586)
2025	(702,455)
2026	(1,118,302)
2027	652,972
2028	-
Thereafter	-

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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, 2023

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**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, 2021 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, 2023

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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	9,520,598
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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)	\$ 21,223,339	\$ 11,882,659	\$ 4,277,292

# COUNTY OF FLOYD, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

### 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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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	\$ 1,141,024	\$ 913,914	\$ 2,714,153	\$ 574,659	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	218,897	397,970	1,314,590	74,587
School Board Professional	-	-	-	-	3,095,589	2,877,847	11,882,659	454,385
Totals	\$ 1,141,024	\$ 913,914	\$ 2,714,153	\$ 574,659	\$ 3,314,486	\$ 3,275,817	\$ 13,197,249	\$ 528,972

### 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, 2023

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#### **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 \$8,984 as of June 30, 2023.

##### ***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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits 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 \$30,268 and \$28,150 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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 \$9,862 and \$9,377 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Professional) were \$64,627 and \$62,749 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

***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, 2023, the entity reported a liability of \$288,525 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.0239% as compared to 0.0235% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$21,240. 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, 2023, the entity reported a liability of \$96,087 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00800% as compared to 0.00810% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$2,187. 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, 2023

**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, 2023, the entity reported a liability of \$643,228 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.05340% as compared to 0.05440% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$12,583. 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, 2023, 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	\$ 22,847	\$ 11,575	\$ 7,609	\$ 3,855	\$ 50,936	\$ 25,805
Net difference between projected and actual earnings on GLI OPEB program investments	-	18,028	-	6,004	-	40,192
Change in assumptions	10,761	28,104	3,584	9,359	23,991	62,653
Changes in proportionate share	24,779	38	591	3,606	7,720	33,499
Employer contributions subsequent to the measurement date	30,268	-	9,862	-	64,627	-
Total	\$ 88,655	\$ 57,745	\$ 21,646	\$ 22,824	\$ 147,274	\$ 162,149



COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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)***

\$30,268, \$9,862, and \$64,627 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, 2024. 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)
2024	\$ 5,320	\$ (2,565)	\$ (16,883)
2025	2,463	(2,520)	(15,926)
2026	(10,613)	(5,361)	(40,056)
2027	4,482	469	344
2028	(1,010)	(1,063)	(6,981)
Thereafter	-	-	-

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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, 2023

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**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, 2021 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, 2023

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**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, 2021 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, 2023

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**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, 2021 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, 2023

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**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, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
		<hr/>
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
		<hr/>
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023**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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2023

**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, 2022, 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, 2022 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	\$ 419,837	\$ 288,525	\$ 182,406
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	139,818	96,087	60,746
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	935,972	643,228	406,651

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023

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**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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$144,813 and \$140,605 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

***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, 2023, the school division reported a liability of \$1,557,311 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, 2022 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, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.12468% as compared to 0.12688% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$108,494. 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 proportionate share and differences between actual and expected contributions.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 63,478
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,563
Change in assumptions	45,497	3,977
Change in proportionate share and differences between actual and expected contributions	18,810	84,545
Employer contributions subsequent to the measurement date	<u>144,813</u>	<u>-</u>
Total	\$ <u>209,120</u>	\$ <u>153,563</u>

\$144,813 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (20,716)
2025	(17,149)
2026	(14,184)
2027	(13,021)
2028	(13,763)
Thereafter	(10,423)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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, 2021, 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, 2022.

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, 2023

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

**Actuarial Assumptions (continued)**

The actuarial assumptions used in the June 30, 2021 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, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2023

**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, 2022, 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, 2022 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	\$ 1,755,108	\$ 1,557,311	\$ 1,389,644

***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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023

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#### **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, 2023 was \$27,715.

#### **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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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, 2021 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>31</u>
Active members	<u>71</u>
Total covered employees	<u><u>102</u></u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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, 2023 was 1.05% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 \$19,176 and \$15,108 for the years ended June 30, 2023 and June 30, 2022, 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, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

***Actuarial Assumptions***

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

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, 2023

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**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, 2021 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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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, 2023

**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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 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, 2021	\$ 210,071	\$ 16,541	\$ 193,530
Changes for the year:			
Service cost	\$ 4,431	\$ -	\$ 4,431
Interest	14,298	-	14,298
Differences between expected and actual experience	(22,759)	-	(22,759)
Assumption changes	6,646	-	6,646
Contribution - employer	-	15,108	(15,108)
Net investment income	-	(223)	223
Benefit payments	(5,350)	(5,350)	-
Administrative expenses	-	(50)	50
Net changes	\$ (2,734)	\$ 9,485	\$ (12,219)
Balances at June 30, 2022	\$ 207,337	\$ 26,026	\$ 181,311

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County of Floyd, Virginia School Board's Net HIC OPEB Liability	\$ 198,067	\$ 181,311	\$ 166,759

***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, 2023, the School Board recognized HIC Plan OPEB expense of \$14,503. At June 30, 2023, 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	\$ 427	\$ 17,515
Change in assumptions	6,955	-
Employer contributions subsequent to the measurement date	19,176	-
Total	\$ 26,558	\$ 17,515

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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)***

\$19,176 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2024	\$	(2,831)
2025		(2,831)
2026		(3,542)
2027		(929)
2028		-
Thereafter		-

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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	\$ 88,655	\$ 57,745	\$ 288,525	\$ 21,240	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	21,646	22,824	96,087	2,187
School Board Professional	-	-	-	-	147,274	162,149	643,228	12,583
Teacher HIC Plan (Note 10)	-	-	-	-	209,120	153,563	1,557,311	108,494
School Board Nonprofessional HIC Plan (Note 12)	-	-	-	-	26,558	17,515	181,311	14,503
Totals	<u>\$ 88,655</u>	<u>\$ 57,745</u>	<u>\$ 288,525</u>	<u>\$ 21,240</u>	<u>\$ 404,598</u>	<u>\$ 356,051</u>	<u>\$ 2,477,937</u>	<u>\$ 137,767</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 13—Capital Assets:**

**Primary Government**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,201,303	\$ 48,465	\$ -	\$ 1,249,768
Construction in progress	18,122,503	3,482,588	(6,272,181)	15,332,910
Total capital assets not being depreciated/amortized	<u>\$ 19,323,806</u>	<u>\$ 3,531,053</u>	<u>\$ (6,272,181)</u>	<u>\$ 16,582,678</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 21,241,100	\$ 252,187	\$ -	\$ 21,493,287
Machinery and equipment	12,275,432	6,189,342	(1,568,496)	16,896,278
Right-to-use lease buildings and improvements	33,449	39,734	-	73,183
Right-to-use lease machinery and equipment	336,102	101,998	-	438,100
Total capital assets being depreciated/amortized	<u>\$ 33,886,083</u>	<u>\$ 6,583,261</u>	<u>\$ (1,568,496)</u>	<u>\$ 38,900,848</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (10,049,884)	\$ (548,236)	\$ -	\$ (10,598,120)
Machinery and equipment	(8,759,779)	(674,156)	802,303	(8,631,632)
Right-to-use lease buildings and improvements	(5,498)	(28,729)	-	(34,227)
Right-to-use lease machinery and equipment	(91,013)	(115,375)	-	(206,388)
Total accumulated depreciation/amortization	<u>\$ (18,906,174)</u>	<u>\$ (1,366,496)</u>	<u>\$ 802,303</u>	<u>\$ (19,470,367)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 14,979,909</u>	<u>\$ 5,216,765</u>	<u>\$ (766,193)</u>	<u>\$ 19,430,481</u>
Governmental activities capital assets, net	<u>\$ 34,303,715</u>	<u>\$ 8,747,818</u>	<u>\$ (7,038,374)</u>	<u>\$ 36,013,159</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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	\$ 63,233
Judicial administration	13,451
Public safety	389,644
Public works	231,846
Health and welfare	16,145
Education	598,044
Parks, recreation, and cultural	53,511
Community development	622

Total depreciation/amortization expense-governmental activities	<u>\$ 1,366,496</u>
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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 13—Capital Assets: (Continued)**

**Discretely Presented Component Unit - School Board**

Capital asset activity for the School Board for the year ended June 30, 2023 was as follows:

	Beginning Balance	GASB 96 adjustment	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 265,917	\$ -	\$ -	\$ -	\$ 265,917
Construction in progress	3,257,434	-	2,490,603	(5,686,834)	61,203
Total capital assets not being depreciated/amortized	<u>\$ 3,523,351</u>	<u>\$ -</u>	<u>\$ 2,490,603</u>	<u>\$ (5,686,834)</u>	<u>\$ 327,120</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	\$ 6,538,238	\$ -	\$ 308,198	\$ -	\$ 6,846,436
Machinery and equipment	4,631,263	-	7,256,220	-	11,887,483
Subscription assets	-	102,567	-	-	102,567
Right-to-use lease machinery and equipment	124,241	-	32,840	-	157,081
Total capital assets being depreciated/amortized	<u>\$ 11,293,742</u>	<u>\$ 102,567</u>	<u>\$ 7,597,258</u>	<u>\$ -</u>	<u>\$ 18,993,567</u>
Accumulated depreciation/amortization:					
Buildings and improvements	\$ (4,024,779)	\$ -	\$ (149,607)	\$ -	\$ (4,174,386)
Machinery and equipment	(3,757,500)	-	(1,110,720)	-	(4,868,220)
Subscription assets	-	-	(43,669)	-	(43,669)
Right-to-use lease machinery and equipment	(43,548)	-	(42,860)	-	(86,408)
Total accumulated depreciation/amortization	<u>\$ (7,825,827)</u>	<u>\$ -</u>	<u>\$ (1,346,856)</u>	<u>\$ -</u>	<u>\$ (9,172,683)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 3,467,915</u>	<u>\$ 102,567</u>	<u>\$ 6,250,402</u>	<u>\$ -</u>	<u>\$ 9,820,884</u>
Governmental activities capital assets, net	<u>\$ 6,991,266</u>	<u>\$ 102,567</u>	<u>\$ 8,741,005</u>	<u>\$ (5,686,834)</u>	<u>\$ 10,148,004</u>

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 13—Capital Assets: (Continued)**

Discretely Presented Component Unit - EDA

Capital asset activity for the Authority for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 430,419	\$ -	\$ -	\$ 430,419
Construction in progress	4,888,744	1,687,781	-	6,576,525
Total capital assets not being depreciated	<u>\$ 5,319,163</u>	<u>\$ 1,687,781</u>	<u>\$ -</u>	<u>\$ 7,006,944</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 2,311,828	\$ -	\$ -	\$ 2,311,828
Machinery and equipment	48,655	-	-	48,655
Total capital assets being depreciated	<u>\$ 2,360,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,360,483</u>
Accumulated depreciation:				
Buildings and improvements	\$ (433,468)	\$ (57,796)	\$ -	\$ (491,264)
Machinery and equipment	(48,655)	-	-	(48,655)
Total accumulated depreciation	<u>\$ (482,123)</u>	<u>\$ (57,796)</u>	<u>\$ -</u>	<u>\$ (539,919)</u>
Total capital assets being depreciated, net	<u>\$ 1,878,360</u>	<u>\$ (57,796)</u>	<u>\$ -</u>	<u>\$ 1,820,564</u>
Business-type activities capital assets, net	<u>\$ 7,197,523</u>	<u>\$ 1,629,985</u>	<u>\$ -</u>	<u>\$ 8,827,508</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, 2023

**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.	\$ -	\$ 713,302	\$ -
Tax assessments due after June 30	5,327,464	5,327,464	-
Prepaid taxes relating to taxes due in a future period.	324,777	324,777	-
Unavailable EMS revenue representing uncollected EMS billings that are not available for funding of current expenditures.	-	12,168	-
Opioid settlement receivable	-	160,476	-
Lease related items	221,369	221,369	398,617
Total deferred/unavailable revenue	\$ 5,873,610	\$ 6,759,556	\$ 398,617

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**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 \$1,555,842. 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, 2023, 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. However, on December 4, 2023, the County received notice of an alleged breach of contract claim in the amount of \$188,824. The claim is in the early stages of review and the County is unable to predict the outcome of the claim, but it intends to contest the matter vigorously. Due to the uncertainty of the outcome, the County has not recorded a liability for any potential impact in its FY2023 financial statements.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**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 2023, a total of \$1,605,544 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$1,655,452. 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 \$470,804 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:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2022-23	\$ 420,896	\$ 1,655,452	\$ (1,605,544)	\$ 470,804
2021-22	410,662	1,469,277	(1,459,043)	420,896
2020-21	657,324	1,488,134	(1,734,796)	410,662

**Note 20—Commitments:**

At June 30, 2023, the County had the following outstanding construction and capital commitments:

<u>Project</u>	<u>Amount of Contract</u>	<u>Amount Outstanding</u>	<u>Accounts Payable</u>	<u>Retainage Payable</u>
Collaboration and Career Development Center (Construction)	\$ 12,523,664	\$ 656,471	\$ -	\$ 624,589
Floyd County EDA - Growth Center Building (Construction)	6,007,473	314,632	-	300,374
Total	<u>\$ 18,531,137</u>	<u>\$ 971,103</u>	<u>\$ -</u>	<u>\$ 924,963</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 21—Lease Receivable:**

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 380,696	\$ -	\$ (154,748)	\$ 225,948	\$ 7,752

Lease revenue recognized during the fiscal year was \$154,748.

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%	\$ 225,948	\$ 158,661

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, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivables	\$ 76,101	\$ 352,825	\$ (29,189)	\$ 399,737	\$ 2,911

Lease revenue recognized during the fiscal year was \$29,189.

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%	\$ 12,003	\$ 3,668
Tendergrass Farm building lease	9/1/2021	8/31/2026	Monthly	3.00%	46,691	14,269
Pragmatic Enviroment Solutions building lease	5/1/2023	4/30/2028	Monthly	3.00%	341,043	66,567
					<u>\$ 399,737</u>	<u>\$ 84,504</u>

There are no variable payments for the lease receivables above.

Year Ending June 30,	Lease Receivable	
	Principal	Interest
2024	\$ 84,504	\$ 10,836
2025	87,074	8,266
2026	89,722	5,618
2027	76,058	3,072
2028	62,379	861
Totals	<u>\$ 399,737</u>	<u>\$ 28,653</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 22—Adoption of Accounting Principle:**

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2022 related to the subscription(s):

		Component Unit
		School Board
Lessee activity:		
Subscription assets	\$	102,567
Subscription liabilities	\$	102,567

**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 \$1,703,198 from the allocation are reported as unearned revenue as of June 30.

**ESF Funding**

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 24—Subsequent Events:**

The County issued a lease revenue bond in the amount of \$2,000,000 on June 30, 2023, that was used to purchase the Skyline bank building on August 7, 2023. As a result of that purchase, the Bank agreed to rent the first floor at an amount of \$8,000 per month for a term of two years.

**Note 25—Upcoming Pronouncements:**

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.

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.

Implementation Guide No. 2021-1, *Implementation Guidance Update-2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update-2023*, effective for fiscal years beginning after June 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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 15,637,683	\$ 15,651,733	\$ 17,049,682	\$ 1,397,949
Other local taxes	2,245,250	2,245,250	2,576,314	331,064
Permits, privilege fees, and regulatory licenses	138,600	138,600	141,232	2,632
Fines and forfeitures	25,000	25,000	24,982	(18)
Revenue from the use of money and property	245,500	245,500	632,424	386,924
Charges for services	994,769	1,070,802	1,264,856	194,054
Miscellaneous	49,000	539,582	109,592	(429,990)
Recovered costs	280,549	679,459	210,552	(468,907)
Intergovernmental:				
Commonwealth	5,002,868	5,060,212	4,722,965	(337,247)
Federal	1,193,725	3,350,474	2,654,768	(695,706)
Total revenues	\$ 25,812,944	\$ 29,006,612	\$ 29,387,367	\$ 380,755
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,735,981	\$ 1,966,713	\$ 1,929,325	\$ 37,388
Judicial administration	1,197,846	1,290,742	1,146,216	144,526
Public safety	5,076,326	5,854,796	5,304,009	550,787
Public works	2,313,794	2,412,553	2,474,762	(62,209)
Health and welfare	3,664,098	3,685,218	3,486,392	198,826
Education	7,535,415	7,535,415	7,769,713	(234,298)
Parks, recreation, and cultural	520,126	595,020	753,370	(158,350)
Community development	663,818	944,429	1,662,893	(718,464)
Nondepartmental	270,505	2,006,753	19,319	1,987,434
Capital projects	190,550	5,615,418	3,888,391	1,727,027
Debt service:				
Principal retirement	1,955,971	2,152,988	2,295,164	(142,176)
Bond issuance costs	-	-	140,290	(140,290)
Interest and other fiscal charges	908,673	908,673	1,007,779	(99,106)
Total expenditures	\$ 26,033,103	\$ 34,968,718	\$ 31,877,623	\$ 3,091,095
Excess (deficiency) of revenues over (under) expenditures	\$ (220,159)	\$ (5,962,106)	\$ (2,490,256)	\$ 3,471,850
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of lease liabilities	\$ -	\$ -	\$ 141,732	\$ 141,732
Issuance of lease revenue bonds	-	-	2,000,000	2,000,000
Total other financing sources (uses)	\$ -	\$ -	\$ 2,141,732	\$ 2,141,732
Net change in fund balances	\$ (220,159)	\$ (5,962,106)	\$ (348,524)	\$ 5,613,582
Fund balances - beginning	220,159	5,962,106	20,795,220	14,833,114
Fund balances - ending	\$ -	\$ -	\$ 20,446,696	\$ 20,446,696

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ -	\$ -	\$ 353,144	\$ 353,144
Intergovernmental:				
Commonwealth	112,000	117,472	97,242	(20,230)
Total revenues	<u>\$ 112,000</u>	<u>\$ 117,472</u>	<u>\$ 450,386</u>	<u>\$ 332,914</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 296,840	\$ 304,825	\$ 318,118	\$ (13,293)
Total expenditures	<u>\$ 296,840</u>	<u>\$ 304,825</u>	<u>\$ 318,118</u>	<u>\$ (13,293)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (184,840)</u>	<u>\$ (187,353)</u>	<u>\$ 132,268</u>	<u>\$ 319,621</u>
Net change in fund balances	\$ (184,840)	\$ (187,353)	\$ 132,268	\$ 319,621
Fund balances - beginning	184,840	187,353	(1,654,451)	(1,841,804)
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,522,183)</u>	<u>\$ (1,522,183)</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 15	\$ 15
Intergovernmental:				
Commonwealth	-	-	3,252	3,252
Total revenues	\$ -	\$ -	\$ 3,267	\$ 3,267
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ -	\$ 12,131	\$ (12,131)
Total expenditures	\$ -	\$ -	\$ 12,131	\$ (12,131)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (8,864)	\$ (8,864)
Net change in fund balances	\$ -	\$ -	\$ (8,864)	\$ (8,864)
Fund balances - beginning	-	-	117,398	117,398
Fund balances - ending	\$ -	\$ -	\$ 108,534	\$ 108,534

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, 2022

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)
<b>Primary Government - Floyd County Retirement Plan</b>					
6/30/2022	95.4069%	\$ 2,714,153	\$ 5,233,615	51.86%	87.47%
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%
<b>Component Unit - School Board (professional)</b>					
6/30/2022	0.1248%	\$ 11,882,659	\$ 11,625,317	102.21%	82.61%
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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 141,276	\$ 137,356	\$ 131,852	\$ 134,845	\$ 133,029	\$ 136,373	\$ 135,188	\$ 141,862	\$ 141,371
Interest	582,886	538,913	529,662	536,032	532,720	511,312	508,111	494,918	484,197
Differences between expected and actual experience	(357,063)	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	(556,679)	(561,645)	(565,742)	(567,484)	(510,474)	(581,269)	(537,531)	(558,076)	(386,746)
Net change in total pension liability	(189,580)	507,700	134,991	188,384	75,820	270,431	67,589	178,197	238,822
<b>Total pension liability - beginning</b>	<b>8,772,412</b>	<b>8,264,712</b>	<b>8,129,721</b>	<b>7,941,337</b>	<b>7,865,517</b>	<b>7,595,086</b>	<b>7,527,497</b>	<b>7,349,300</b>	<b>7,110,478</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 8,582,832</b>	<b>\$ 8,772,412</b>	<b>\$ 8,264,712</b>	<b>\$ 8,129,721</b>	<b>\$ 7,941,337</b>	<b>\$ 7,865,517</b>	<b>\$ 7,595,086</b>	<b>\$ 7,527,497</b>	<b>\$ 7,349,300</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 206,171	\$ 200,898	\$ 207,282	\$ 202,602	\$ 169,734	\$ 161,903	\$ 151,165	\$ 146,934	\$ 120,805
Contributions - employee	77,438	76,043	75,913	73,870	74,558	71,504	75,643	72,990	71,995
Net investment income	(4,460)	1,656,697	118,476	405,356	441,480	679,894	94,757	265,834	838,193
Benefit payments	(556,679)	(561,645)	(565,742)	(567,484)	(510,474)	(581,269)	(537,531)	(558,076)	(386,746)
Administrator charges	(4,756)	(4,285)	(4,250)	(4,205)	(3,956)	(4,184)	(3,838)	(3,938)	(4,638)
Other	171	155	(139)	(254)	(387)	(593)	(42)	(57)	45
Net change in plan fiduciary net position	(282,115)	1,367,863	(168,460)	109,885	170,955	327,255	(219,846)	(76,313)	639,654
<b>Plan fiduciary net position - beginning</b>	<b>7,550,357</b>	<b>6,182,494</b>	<b>6,350,954</b>	<b>6,241,069</b>	<b>6,070,114</b>	<b>5,742,859</b>	<b>5,962,705</b>	<b>6,039,018</b>	<b>5,399,364</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 7,268,242</b>	<b>\$ 7,550,357</b>	<b>\$ 6,182,494</b>	<b>\$ 6,350,954</b>	<b>\$ 6,241,069</b>	<b>\$ 6,070,114</b>	<b>\$ 5,742,859</b>	<b>\$ 5,962,705</b>	<b>\$ 6,039,018</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 1,314,590</b>	<b>\$ 1,222,055</b>	<b>\$ 2,082,218</b>	<b>\$ 1,778,767</b>	<b>\$ 1,700,268</b>	<b>\$ 1,795,403</b>	<b>\$ 1,852,227</b>	<b>\$ 1,564,792</b>	<b>\$ 1,310,282</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.68%</b>	<b>86.07%</b>	<b>74.81%</b>	<b>78.12%</b>	<b>78.59%</b>	<b>77.17%</b>	<b>75.61%</b>	<b>79.21%</b>	<b>82.17%</b>
<b>Covered payroll</b>	<b>\$ 1,736,511</b>	<b>\$ 1,678,340</b>	<b>\$ 1,661,301</b>	<b>\$ 1,589,082</b>	<b>\$ 1,590,936</b>	<b>\$ 1,505,465</b>	<b>\$ 1,480,882</b>	<b>\$ 1,423,176</b>	<b>\$ 1,449,434</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>75.70%</b>	<b>72.81%</b>	<b>125.34%</b>	<b>111.94%</b>	<b>106.87%</b>	<b>119.26%</b>	<b>125.08%</b>	<b>109.95%</b>	<b>90.40%</b>

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, 2014 through June 30, 2023

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)* (1) - (2)	Employer's Covered Payroll	Contributions as a % of Covered Payroll (2)/(4)
	(1)*	(2)*	(3)	(4)	(5)
<b>Primary Government - Floyd County Retirement Plan</b>					
2023	\$ 743,510	\$ 743,510	\$ -	\$ 5,580,030	13.32%
2022	624,811	624,811	-	5,233,615	11.94%
2021	579,458	579,458	-	4,806,639	12.06%
2020	469,155	469,155	-	4,785,755	9.80%
2019	443,606	443,606	-	4,414,382	10.05%
2018	311,388	311,388	-	4,008,077	7.77%
2017	298,223	298,223	-	3,699,615	8.06%
2016	366,184	366,184	-	3,350,265	10.93%
2015	347,839	347,839	-	3,243,562	10.72%
2014	378,434	378,434	-	3,158,882	11.98%
<b>Component Unit School Board (nonprofessional)</b>					
2023	\$ 213,089	\$ 213,089	\$ -	\$ 1,826,251	11.67%
2022	206,172	206,172	-	1,736,511	11.87%
2021	200,899	200,899	-	1,678,340	11.97%
2020	207,282	207,282	-	1,661,301	12.48%
2019	202,604	202,604	-	1,589,082	12.75%
2018	169,734	169,734	-	1,590,936	10.67%
2017	161,903	161,903	-	1,505,465	10.75%
2016	191,774	150,059	41,715	1,480,882	10.13%
2015	184,301	146,934	37,367	1,423,176	10.32%
2014	172,641	120,805	51,836	1,449,434	8.33%
<b>Component Unit School Board (professional)</b>					
2023	\$ 1,893,113	\$ 1,893,113	\$ -	\$ 11,966,933	15.82%
2022	1,850,572	1,850,572	-	11,625,317	15.92%
2021	1,793,926	1,793,926	-	11,221,551	15.99%
2020	1,694,630	1,694,630	-	11,213,939	15.11%
2019	1,691,707	1,691,707	-	11,146,168	15.18%
2018	1,713,031	1,713,031	-	10,651,747	16.08%
2017	1,486,250	1,486,250	-	10,175,499	14.61%
2016	1,411,023	1,411,023	-	10,166,273	13.88%
2015	1,415,570	1,415,570	-	9,762,551	14.50%
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.

County of Floyd, Virginia  
Notes to Required Supplementary Information  
Pension Plans  
For the Year Ended June 30, 2023

**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, 2021, 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, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government - Floyd County Retirement Plan</b>					
2022	0.0239% \$	288,525	\$ 5,233,615	5.51%	67.21%
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%
<b>Component Unit - School Board (non-professional)</b>					
2022	0.0080% \$	96,087	\$ 1,736,511	5.53%	67.21%
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%
<b>Component Unit - School Board (professional)</b>					
2022	0.0534% \$	643,228	\$ 11,625,317	5.53%	67.21%
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, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government - County</b>					
2023	\$ 30,268	\$ 30,268	- \$	5,580,030	0.54%
2022	28,150	28,150	-	5,233,615	0.54%
2021	25,991	25,991	-	4,806,639	0.54%
2020	24,731	24,731	-	4,785,755	0.52%
2019	23,056	23,056	-	4,414,382	0.52%
2018	20,842	20,842	-	4,008,077	0.52%
2017	19,238	19,238	-	3,699,615	0.52%
2016	16,081	16,081	-	3,350,265	0.48%
2015	15,275	15,275	-	3,243,562	0.47%
2014	15,163	15,163	-	3,158,882	0.48%
<b>Component Unit School Board (nonprofessional)</b>					
2023	\$ 9,862	\$ 9,862	- \$	1,826,251	0.54%
2022	9,377	9,377	-	1,736,511	0.54%
2021	9,063	9,063	-	1,678,340	0.54%
2020	8,638	8,638	-	1,661,301	0.52%
2019	8,263	8,263	-	1,589,082	0.52%
2018	8,273	8,273	-	1,590,936	0.52%
2017	7,828	7,828	-	1,505,465	0.52%
2016	7,108	7,108	-	1,480,882	0.48%
2015	6,831	6,831	-	1,423,176	0.48%
2014	6,957	6,957	-	1,449,434	0.48%
<b>Component Unit School Board (professional)</b>					
2023	\$ 64,627	\$ 64,627	- \$	11,966,933	0.54%
2022	62,749	62,749	-	11,625,317	0.54%
2021	60,607	60,607	-	11,221,551	0.54%
2020	58,582	58,582	-	11,213,939	0.52%
2019	57,960	57,960	-	11,146,168	0.52%
2018	55,389	55,389	-	10,651,747	0.52%
2017	52,933	52,933	-	10,175,499	0.52%
2016	48,911	48,911	-	10,166,273	0.48%
2015	46,860	46,860	-	9,762,551	0.48%
2014	47,747	47,747	-	9,943,630	0.48%

County of Floyd, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance (GLI) Plan  
For the Year Ended June 30, 2023

**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, 2021 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, 2022

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.1247% \$	1,557,311 \$	11,625,317	13.40%	15.08%
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, 2014 through June 30, 2023

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Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2023	\$ 144,813	\$ 144,813	\$ -	\$ 11,966,933	1.21%
2022	140,605	140,605	-	11,625,317	1.21%
2021	135,781	135,781	-	11,221,551	1.21%
2020	134,567	134,567	-	11,213,939	1.20%
2019	133,755	133,755	-	11,146,168	1.20%
2018	131,018	131,018	-	10,651,747	1.23%
2017	112,948	112,948	-	10,175,499	1.11%
2016	107,763	107,763	-	10,166,273	1.06%
2015	103,483	103,483	-	9,762,551	1.06%
2014	110,374	110,374	-	9,943,630	1.11%

County of Floyd, Virginia  
Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 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, 2022

	2022	2021	2020
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 4,431	\$ 2,288	\$ -
Interest	14,298	12,914	-
Differences between expected and actual experience	(22,759)	-	-
Changes of assumptions	6,646	3,542	-
Change in benefit terms	(5,350)	-	191,327
<b>Net change in total HIC OPEB liability</b>	\$ (2,734)	\$ 18,744	\$ 191,327
<b>Total HIC OPEB Liability - beginning</b>	210,071	191,327	-
<b>Total HIC OPEB Liability - ending (a)</b>	\$ <u>207,337</u>	\$ <u>210,071</u>	\$ <u>191,327</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 15,108	\$ 14,602	\$ -
Net investment income	(223)	2,004	-
Benefit payments	(5,350)	-	-
Administrator charges	(50)	(65)	-
<b>Net change in plan fiduciary net position</b>	\$ 9,485	\$ 16,541	\$ -
<b>Plan fiduciary net position - beginning</b>	16,541	-	-
<b>Plan fiduciary net position - ending (b)</b>	\$ <u>26,026</u>	\$ <u>16,541</u>	\$ <u>-</u>
<b>School Board's net HIC OPEB liability - ending (a) - (b)</b>	\$ 181,311	\$ 193,530	\$ 191,327
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	12.55%	7.87%	0.00%
<b>Covered payroll</b>	\$ 1,736,511	\$ 1,678,340	\$ -
<b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>	10.44%	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, 2023

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Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	as a % of Covered Payroll
	(1)	(2)	(3)	(4)	(5)
<b>School Board</b>					
2023	\$ 19,176	\$ 19,176	\$ -	\$ 1,826,251	1.05%
2022	15,108	15,108	-	1,736,511	0.87%
2021	14,602	14,602	-	1,678,340	0.87%

Schedule is intended to show information for 10 years 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, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021, 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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ 180,000	\$ 180,000	\$ 199,996	\$ 19,996
Total revenues	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 199,996</u>	<u>\$ 19,996</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 180,000	\$ 180,000	\$ 199,996	\$ 19,996
Net change in fund balances	\$ 180,000	\$ 180,000	\$ 199,996	\$ 19,996
Fund balances - beginning	(180,000)	(180,000)	665,589	845,589
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 865,585</u>	<u>\$ 865,585</u>

County of Floyd, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2023

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,493,861	\$ 500,681	\$ 1,994,542
Due from primary government	2,042,013	-	2,042,013
Due from other governmental units	744,835	-	744,835
Inventories	18,998	-	18,998
Prepaid items	977,188	-	977,188
Total assets	<u>\$ 5,276,895</u>	<u>\$ 500,681</u>	<u>\$ 5,777,576</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 73,236	\$ -	\$ 73,236
Accrued payroll liabilities	2,073,302	-	2,073,302
Health claim payable	470,804	-	470,804
Unearned revenue	785,788	-	785,788
Total liabilities	<u>\$ 3,403,130</u>	<u>\$ -</u>	<u>\$ 3,403,130</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items and inventory	\$ 996,186	\$ -	\$ 996,186
Restricted:			
Cafeteria	347,468	-	347,468
Self health insurance	605,615	-	605,615
Grants	69,974	-	69,974
Committed:			
School activities	-	500,681	500,681
Unassigned	(145,478)	-	(145,478)
Total fund balances	<u>\$ 1,873,765</u>	<u>\$ 500,681</u>	<u>\$ 2,374,446</u>
Total liabilities and fund balances	<u>\$ 5,276,895</u>	<u>\$ 500,681</u>	<u>\$ 5,777,576</u>

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

Total fund balances per above \$ 2,374,446

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

Land	\$ 265,917	
Buildings and improvements	2,672,050	
Machinery and equipment	7,019,263	
Construction in progress	61,203	
Subscription assets	58,898	
Lease assets - machinery and equipment	70,673	10,148,004

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

Pension related items	\$ 3,314,486	
OPEB related items	404,598	3,719,084

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	\$ (522,236)	
Subscription liabilities	(58,194)	
Lease liabilities	(71,932)	
Net pension liability	(13,197,249)	
Net OPEB liabilities	(2,477,937)	(16,327,548)

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

Pension related items	\$ (3,275,817)	
OPEB related items	(356,051)	(3,631,868)

Net position of governmental activities \$ (3,717,882)

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, 2023

	School Operating Fund	Nonmajor Fund School Activity Fund	Total
<b>REVENUES</b>			
Charges for services	\$ 154,367	\$ -	\$ 154,367
Miscellaneous	22,063	800,178	822,241
Recovered costs	181,820	-	181,820
Intergovernmental:			
Local government	7,762,187	-	7,762,187
Commonwealth	15,651,303	-	15,651,303
Federal	4,528,553	-	4,528,553
Total revenues	<u>\$ 28,300,293</u>	<u>\$ 800,178</u>	<u>\$ 29,100,471</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 28,152,835	\$ 686,040	\$ 28,838,875
Debt service:			
Principal retirement	87,372	-	87,372
Interest and other fiscal charges	1,906	-	1,906
Total expenditures	<u>\$ 28,242,113</u>	<u>\$ 686,040</u>	<u>\$ 28,928,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 58,180</u>	<u>\$ 114,138</u>	<u>\$ 172,318</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 27,205	\$ 46,995	\$ 74,200
Transfers out	(46,995)	(27,205)	(74,200)
Lease issuance	33,501	-	33,501
Total other financing sources and uses	<u>\$ 13,711</u>	<u>\$ 19,790</u>	<u>\$ 33,501</u>
Net change in fund balances	\$ 71,891	\$ 133,928	\$ 205,819
Fund balances - beginning	<u>1,801,874</u>	<u>366,753</u>	<u>2,168,627</u>
Fund balances - ending	<u><u>\$ 1,873,765</u></u>	<u><u>\$ 500,681</u></u>	<u><u>\$ 2,374,446</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above		\$	205,819
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		\$ 2,914,274	
Reversion of assets to schools (net)		766,193	
Depreciation expense/amortization expense		<u>(626,296)</u>	3,054,171
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.			
Lease issuance		\$ (33,501)	
Principal payments:			
Subscription liabilities		44,373	
Lease liabilities		<u>42,999</u>	53,871
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
State non-employer contribution to the pension plan		\$ 552,123	
State non-employer contribution to the OPEB plans		<u>33,667</u>	585,790
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		\$ 1,560	
Change in net pension liability and related deferred items		1,580,855	
Change in net OPEB liability and related deferred items		<u>100,713</u>	1,683,128
Change in net position of governmental activities			<u><u>\$ 5,582,779</u></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, 2023

	School Operating Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
Charges for services	\$ 509,007	\$ 509,007	\$ 154,367	\$	(354,640)
Miscellaneous	31,449	31,449	22,063		(9,386)
Recovered costs	81,000	81,000	181,820		100,820
Intergovernmental:					
Local government	7,509,889	7,690,877	7,762,187		71,310
Commonwealth	14,107,445	15,697,048	15,651,303		(45,745)
Federal	2,187,333	5,036,508	4,528,553		(507,955)
Total revenues	\$ 24,426,123	\$ 29,045,889	\$ 28,300,293	\$	(745,596)
EXPENDITURES					
Current:					
Education	\$ 24,381,218	\$ 29,000,984	\$ 28,152,835	\$	803,776
Debt service:					
Principal retirement	42,811	42,811	87,372		(44,561)
Interest and other fiscal charges	2,094	2,094	1,906		188
Total expenditures	\$ 24,426,123	\$ 29,045,889	\$ 28,242,113	\$	759,403
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 58,180	\$	13,807
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 27,205	\$	27,205
Transfers out	-	-	(46,995)		(46,995)
Lease issuance	-	-	33,501	\$	33,501
Total other financing sources and uses	\$ -	\$ -	\$ 13,711	\$	13,711
Net change in fund balances	\$ -	\$ -	\$ 71,891	\$	27,518
Fund balances - beginning	-	-	1,801,874		1,801,874
Fund balances - ending	\$ -	\$ -	\$ 1,873,765	\$	1,829,392

County of Floyd, Virginia  
Discretely Presented Component Unit  
Economic Development Authority  
Statement of Net Position - Proprietary Fund  
June 30, 2023

	Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 320,880
Accounts receivable	259,116
Loan receivable - current portion	11,943
Lease receivable - current portion	84,504
Inventory, held for resale	238,506
Total current assets	<u>\$ 914,949</u>
Noncurrent assets:	
Other assets:	
Loan receivable - net of current portion	\$ 130,354
Lease receivable - net of current portion	315,233
Restricted cash and cash equivalents	187,059
Capital assets:	
Land	430,419
Construction in progress	6,576,525
Machinery and equipment	48,655
Buildings and improvements	2,311,828
Accumulated depreciation	(539,919)
Total capital assets	<u>\$ 8,827,508</u>
Total noncurrent assets	<u>\$ 9,460,154</u>
Total assets	<u>\$ 10,375,103</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 11,396
Customers' deposits	12,969
Due to primary government	278,497
Unearned revenue	2,914
Total current liabilities	<u>\$ 305,776</u>
Total liabilities	<u>\$ 305,776</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease related items	<u>\$ 398,617</u>
<b>NET POSITION</b>	
Investment in capital assets	\$ 8,827,508
Unrestricted	843,202
Total net position	<u><u>\$ 9,670,710</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, 2023

	<u>Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Use of property	\$ 112,780
Miscellaneous revenue	4,934
Intergovernmental:	
Local government	48,907
State	12,500
Total operating revenues	<u>\$ 179,121</u>
<b>OPERATING EXPENSES</b>	
Operations	\$ 134,939
Depreciation	57,796
Total operating expenses	<u>\$ 192,735</u>
Operating income (loss)	<u>\$ (13,614)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental:	
State	\$ 154,069
Federal	653,323
Interest income	5,418
Contributed capital from County of Floyd	889,284
Total nonoperating revenues (expenses)	<u>\$ 1,702,094</u>
Change in net position	\$ 1,688,480
Net position - beginning	7,982,230
Net position - ending	<u><u>\$ 9,670,710</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, 2023

	Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 180,746
Payments to suppliers	(128,962)
Net cash provided by (used for) operating activities	<u>\$ 51,784</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	\$ (1,233,876)
Grants in aid of construction	1,276,452
Net cash provided by (used for) capital and related financing activities	<u>\$ 42,576</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 5,418
Payments received on notes/loans receivable	16,946
Net cash provided by (used for) investing activities	<u>\$ 22,364</u>
Net increase (decrease) in cash and cash equivalents	\$ 116,724
Cash and cash equivalents - beginning (including restricted cash of \$165,800)	391,215
Cash and cash equivalents - ending (including restricted cash of \$187,059)	<u><u>\$ 507,939</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ (13,614)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 57,796
(Increase) decrease in accounts receivable	2,117
Increase (decrease) in accounts payables	5,977
Change in lease receivable and related items	(492)
Total adjustments	<u>\$ 65,398</u>
Net cash provided by (used for) operating activities	<u><u>\$ 51,784</u></u>
<b>Noncash financing, investing, and capital activities:</b>	
Contributed capital assets from Floyd County, Virginia	\$ 889,284

## **Supporting Schedules**

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,175,970	\$ 11,175,970	\$ 11,294,808	\$ 118,838
Real and personal public service corporation taxes	483,000	483,000	479,706	(3,294)
Personal property taxes	3,424,763	3,424,763	4,709,055	1,284,292
Mobile home taxes	53,000	53,000	60,124	7,124
Machinery and tools taxes	275,000	275,000	212,393	(62,607)
Merchant's capital	75,200	75,200	85,426	10,226
DMV Stops and administration fees	9,250	23,300	25,296	1,996
Penalties	86,500	86,500	107,699	21,199
Interest	55,000	55,000	75,175	20,175
Total general property taxes	\$ 15,637,683	\$ 15,651,733	\$ 17,049,682	\$ 1,397,949
Other local taxes:				
Local sales and use taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,544,926	\$ 294,926
Consumers' utility taxes	400,000	400,000	386,213	(13,787)
Consumption taxes	40,000	40,000	45,315	5,315
Motor vehicle licenses	425,000	425,000	416,575	(8,425)
Recordation tax	6,000	6,000	5,771	(229)
Hotel and motel room taxes	85,000	85,000	133,762	48,762
Other local taxes	39,250	39,250	43,752	4,502
Total other local taxes	\$ 2,245,250	\$ 2,245,250	\$ 2,576,314	\$ 331,064
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 8,304	\$ 2,304
Transfer fees	1,000	1,000	767	(233)
Building permits	113,100	113,100	112,936	(164)
Land use application fees	12,000	12,000	6,220	(5,780)
Other permits and licenses	6,500	6,500	13,005	6,505
Total permits, privilege fees, and regulatory licenses	\$ 138,600	\$ 138,600	\$ 141,232	\$ 2,632
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 24,982	\$ (18)
Revenue from use of money and property:				
Revenue from use of money	\$ 17,000	\$ 17,000	\$ 394,889	\$ 377,889
Revenue from use of property	228,500	228,500	237,535	9,035
Total revenue from use of money and property	\$ 245,500	\$ 245,500	\$ 632,424	\$ 386,924
Charges for services:				
Charges for law enforcement and traffic control	\$ 234,624	\$ 241,044	\$ 219,533	\$ (21,511)
Charges for courthouse maintenance	-	-	3,461	3,461
Charges for courthouse security	15,000	15,000	25,700	10,700
Charges for recordation	125,000	125,000	124,325	(675)
Charges for recreation	37,145	62,935	62,935	-
Charges for Commonwealth's Attorney	1,500	1,500	1,631	131
Charges for sanitation and waste removal	181,000	215,643	209,436	(6,207)
Charges for emergency medical services	400,000	400,000	606,826	206,826
Charges for library	500	500	1,829	1,329
Jail admission fees	-	9,180	9,180	-
Total charges for services	\$ 994,769	\$ 1,070,802	\$ 1,264,856	\$ 194,054

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 49,000	\$ 539,582	\$ 54,964	\$ (484,618)
Opioid settlements	-	-	54,628	54,628
Total miscellaneous revenue	\$ 49,000	\$ 539,582	\$ 109,592	\$ (429,990)
Recovered costs:				
Welfare recoveries	\$ 10,000	\$ 10,000	\$ 50,765	\$ 40,765
Insurance recoveries	30,000	60,649	29,992	(30,657)
Other recovered costs	240,549	608,810	129,795	(479,015)
Total recovered costs	\$ 280,549	\$ 679,459	\$ 210,552	\$ (468,907)
Total revenue from local sources	\$ 19,616,351	\$ 20,595,926	\$ 22,009,634	\$ 1,413,708
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 45,000	\$ 45,000	\$ 62,671	\$ 17,671
Motor vehicle carriers tax	125	125	28	(97)
Motor vehicle rental tax	4,000	4,000	4,311	311
State recordation tax	30,000	30,000	-	(30,000)
Communication tax	500,000	500,000	430,410	(69,590)
Personal property tax relief funds	907,656	907,656	925,741	18,085
Total noncategorical aid	\$ 1,486,781	\$ 1,486,781	\$ 1,423,161	\$ (63,620)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 290,020	\$ 290,020	\$ 225,285	\$ (64,735)
Sheriff	900,000	910,000	931,037	21,037
Commissioner of revenue	176,245	176,245	123,260	(52,985)
Treasurer	99,000	99,000	97,609	(1,391)
Clerk of the Circuit Court	244,777	244,777	259,968	15,191
Total shared expenses	\$ 1,776,551	\$ 1,786,551	\$ 1,703,243	\$ (83,308)
Other categorical aid:				
Welfare payments	\$ 620,576	\$ 620,576	\$ 575,014	\$ (45,562)
CSA payments	1,050,635	1,050,635	821,518	(229,117)
Arts grant	4,500	4,500	4,500	-
Litter control grant	10,290	10,290	12,340	2,050
E911 PSAP grants	42,000	42,000	48,406	6,406
School resource officer grant	-	-	61,906	61,906
VJCCA grant	-	-	6,585	6,585
EMS grants	11,535	23,070	30,483	7,413
Clerk of the court technology grant	-	35,809	35,809	-
Total other categorical aid	\$ 1,739,536	\$ 1,786,880	\$ 1,596,561	\$ (190,319)
Total categorical aid	\$ 3,516,087	\$ 3,573,431	\$ 3,299,804	\$ (273,627)
Total revenue from the Commonwealth	\$ 5,002,868	\$ 5,060,212	\$ 4,722,965	\$ (337,247)

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 11,500	\$ 11,500	\$ 12,632	\$ 1,132
Categorical aid:				
Welfare payments	\$ 1,080,720	\$ 1,080,720	\$ 1,080,720	\$ -
Children's Services Act funds	24,005	24,005	24,005	-
Economic development grants	-	-	273,812	273,812
Community development block grant	-	481,591	759,585	277,994
Forestry grant	-	5,765	5,765	-
Emergency management performance grant	7,500	7,500	-	(7,500)
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	-	1,544,529	301,343	(1,243,186)
Public safety grants	-	123,445	165,906	42,461
Violence against women grants	70,000	71,419	31,000	(40,419)
Total categorical aid	\$ 1,182,225	\$ 3,338,974	\$ 2,642,136	\$ (696,838)
Total revenue from the federal government	\$ 1,193,725	\$ 3,350,474	\$ 2,654,768	\$ (695,706)
Total General Fund	\$ 25,812,944	\$ 29,006,612	\$ 29,387,367	\$ 380,755
<b>Special Revenue Funds:</b>				
<b>Fire and Rescue Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 222,987	\$ 222,987
Real and personal public service corporation taxes	-	-	9,657	9,657
Personal property taxes	-	-	119,266	119,266
Mobile home taxes	-	-	1,234	1,234
Total general property taxes	\$ -	\$ -	\$ 353,144	\$ 353,144
Total revenue from local sources	\$ -	\$ -	\$ 353,144	\$ 353,144
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program funds	\$ 57,000	\$ 60,294	\$ 60,294	\$ -
Four-for-life	55,000	57,178	36,948	(20,230)
Total categorical aid	\$ 112,000	\$ 117,472	\$ 97,242	\$ (20,230)
Total revenue from the Commonwealth	\$ 112,000	\$ 117,472	\$ 97,242	\$ (20,230)
Total Fire and Rescue Fund	\$ 112,000	\$ 117,472	\$ 450,386	\$ 332,914

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds: (Continued)</b>				
<b>Asset Forfeiture Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15	\$ 15
Total revenue from local sources	\$ -	\$ -	\$ 15	\$ 15
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 3,252	\$ 3,252
Total revenue from the Commonwealth	\$ -	\$ -	\$ 3,252	\$ 3,252
Total Asset Forfeiture Fund	\$ -	\$ -	\$ 3,267	\$ 3,267
<b>Capital Projects Fund:</b>				
<b>Capital Improvements Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Meals taxes	\$ 180,000	\$ 180,000	\$ 199,996	\$ 19,996
Total Capital Improvements Fund	\$ 180,000	\$ 180,000	\$ 199,996	\$ 19,996
Total Primary Government	\$ 26,104,944	\$ 29,304,084	\$ 30,041,016	\$ 736,932
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition and payments from other divisions	\$ 10,000	\$ 10,000	\$ 7,553	\$ (2,447)
Cafeteria	493,507	493,507	132,240	(361,267)
Other charges for services	5,500	5,500	14,574	9,074
Total charges for services	\$ 509,007	\$ 509,007	\$ 154,367	\$ (354,640)
Miscellaneous:				
Sale of supplies and equipment	\$ 449	\$ 449	\$ -	\$ (449)
Other miscellaneous	31,000	31,000	22,063	(8,937)
Total miscellaneous	\$ 31,449	\$ 31,449	\$ 22,063	\$ (9,386)
Recovered costs:				
Rebates and refunds	\$ 6,000	\$ 6,000	\$ 46,961	\$ 40,961
Insurance recoveries	-	-	5,237	5,237
Medicaid payments	75,000	75,000	129,622	54,622
Total recovered costs	\$ 81,000	\$ 81,000	\$ 181,820	\$ 100,820
Total revenue from local sources	\$ 621,456	\$ 621,456	\$ 358,250	\$ (263,206)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Floyd, Virginia	\$ 7,509,889	\$ 7,690,877	\$ 7,762,187	\$ 71,310
Total revenues from local governments	\$ 7,509,889	\$ 7,690,877	\$ 7,762,187	\$ 71,310

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,872,486	\$ 3,023,268	\$ 3,026,597	\$ 3,329
Basic school aid	5,905,935	5,905,935	5,702,235	(203,700)
Remedial summer education	55,690	55,690	45,840	(9,850)
Foster care	-	-	9,224	9,224
Gifted and talented	58,568	58,568	59,526	958
Remedial education	203,391	203,391	206,718	3,327
Special education	648,508	648,508	659,115	10,607
Textbook payment	140,968	140,968	143,274	2,306
Vocational standards of quality payments	232,142	232,142	235,939	3,797
School food	38,114	38,114	27,611	(10,503)
Social security fringe benefits	371,641	371,641	377,720	6,079
Retirement fringe benefits	865,742	865,742	879,903	14,161
Group life insurance benefits	26,622	26,622	27,057	435
State lottery payments	431,771	431,771	437,235	5,464
Early reading intervention	84,842	84,842	58,177	(26,665)
Homebound education	826	826	1,749	923
ISAEF	8,233	8,233	8,203	(30)
Vocational education - equipment	-	4,289	4,289	-
Vocational occupational preparedness	50,090	50,090	44,904	(5,186)
Compensation supplement	378,993	378,993	385,408	6,415
Special education - foster care	18,316	18,316	43,918	25,602
Special education - regional programs	160,832	160,832	206,680	45,848
At risk payments	511,794	511,794	520,632	8,838
Primary class size	164,178	164,178	174,302	10,124
Technology	180,000	180,000	180,000	-
Standards of Learning algebra readiness	24,728	24,728	22,065	(2,663)
At risk four-year olds	168,097	168,097	157,252	(10,845)
Mentor teach program	2,472	2,472	1,531	(941)
English as a second language	31,592	31,592	30,605	(987)
Supplemental food and hygiene	171,953	171,953	171,953	-
Rebenchmarking hold harmless	291,053	291,053	291,053	-
School construction funds	-	1,431,238	1,431,238	-
School security grants	-	-	23,538	23,538
Other state funds	7,868	11,162	55,812	44,650
Total categorical aid	\$ 14,107,445	\$ 15,697,048	\$ 15,651,303	\$ (45,745)
Total revenue from the Commonwealth	\$ 14,107,445	\$ 15,697,048	\$ 15,651,303	\$ (45,745)

County of Floyd, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 502,500	\$ 502,500	\$ 522,863	\$ 20,363
Title VI-B, special education flow-through	516,152	516,152	636,802	120,650
Title VI-B, special education pre-school	23,152	23,152	28,123	4,971
Vocational education	42,811	42,811	40,065	(2,746)
Improving teacher quality	77,731	77,731	78,241	510
English language acquisition skills	3,950	3,950	-	(3,950)
School nutrition programs	811,709	1,055,141	1,222,300	167,159
Student support	32,904	32,904	2,756	(30,148)
EPA clean bus grant	-	785,788	-	(785,788)
COVID-19 grants	176,424	1,996,379	1,997,403	1,024
Total categorical aid	\$ 2,187,333	\$ 5,036,508	\$ 4,528,553	\$ (507,955)
Total revenue from the federal government	\$ 2,187,333	\$ 5,036,508	\$ 4,528,553	\$ (507,955)
Total School Operating Fund	\$ 24,426,123	\$ 29,045,889	\$ 28,300,293	\$ (745,596)
<b>School Activity Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 800,178	\$ 800,178
Total Discretely Presented Component Unit - School Board	\$ 24,426,123	\$ 29,045,889	\$ 29,100,471	\$ 54,582



County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 106,147	\$ 108,245	\$ 130,844	\$ (22,599)
General and financial administration:				
County administrator	\$ 489,170	\$ 519,942	\$ 624,393	\$ (104,451)
Legal services	55,000	76,392	76,391	1
Commissioner of revenue	343,682	362,499	314,487	48,012
Reassessment	19,000	19,000	-	19,000
Audit	67,450	67,450	67,450	-
Treasurer	269,441	283,491	278,666	4,825
COVID-19 Information technology	-	73,449	73,449	-
Information technology	105,000	150,689	91,650	59,039
Total general and financial administration	\$ 1,348,743	\$ 1,552,912	\$ 1,526,486	\$ 26,426
Board of elections:				
Electoral board and officials	\$ 67,727	\$ 86,432	\$ 65,198	\$ 21,234
Registrar	213,364	219,124	206,797	12,327
Total board of elections	\$ 281,091	\$ 305,556	\$ 271,995	\$ 33,561
Total general government administration	\$ 1,735,981	\$ 1,966,713	\$ 1,929,325	\$ 37,388
Judicial administration:				
Courts:				
Circuit court	\$ 25,810	\$ 26,460	\$ 12,667	\$ 13,793
General district court	5,000	5,128	5,116	12
Magistrates office	450	424	424	-
Clerk of the circuit court	367,790	425,640	416,846	8,794
Sheriff (court)	416,555	450,849	402,372	48,477
Total courts	\$ 815,605	\$ 908,501	\$ 837,425	\$ 71,076
Commonwealth's attorney:				
Commonwealth's attorney	\$ 382,241	\$ 382,241	\$ 308,791	\$ 73,450
Total judicial administration	\$ 1,197,846	\$ 1,290,742	\$ 1,146,216	\$ 144,526
Public safety:				
Law enforcement and traffic control:				
New River Criminal Justice Academy	\$ 20,425	\$ 20,370	\$ 20,370	\$ -
Sheriff	2,285,126	2,391,840	2,358,913	32,927
Total law enforcement and traffic control	\$ 2,305,551	\$ 2,412,210	\$ 2,379,283	\$ 32,927
Fire and rescue services:				
Public safety	\$ 72,149	\$ 119,649	\$ 104,872	\$ 14,777
COVID-19 Public safety and EMS services	-	85,826	85,826	-
E-911	505,842	1,074,997	890,141	184,856
Emergency medical services	1,376,720	1,366,933	1,096,370	270,563
Total fire and rescue services	\$ 1,954,711	\$ 2,647,405	\$ 2,177,209	\$ 470,196

County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Payments to New River Juvenile Detention	\$ 27,900	\$ 900	\$ 226	\$ 674
Payments to New River Regional Jail Authority	375,000	375,000	389,492	(14,492)
Total correction and detention	\$ 402,900	\$ 375,900	\$ 389,718	\$ (13,818)
Inspections:				
Building	\$ 182,354	\$ 166,257	\$ 159,683	\$ 6,574
Other protection:				
Forest service	\$ 11,106	\$ 11,107	\$ 11,106	\$ 1
Animal control	219,504	241,557	186,650	54,907
Medical examiner	200	360	360	-
Total other protection	\$ 230,810	\$ 253,024	\$ 198,116	\$ 54,908
Total public safety	\$ 5,076,326	\$ 5,854,796	\$ 5,304,009	\$ 550,787
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,776,095	\$ 1,776,197	\$ 1,778,232	\$ (2,035)
Recycling program	242,712	282,355	281,168	1,187
Total sanitation and waste removal	\$ 2,018,807	\$ 2,058,552	\$ 2,059,400	\$ (848)
Maintenance of general buildings and grounds:				
Maintenance of properties	\$ 294,987	\$ 321,701	\$ 383,062	\$ (61,361)
COVID-19 Maintenance of properties	-	32,300	32,300	-
Total maintenance of general buildings and grounds	\$ 294,987	\$ 354,001	\$ 415,362	\$ (61,361)
Total public works	\$ 2,313,794	\$ 2,412,553	\$ 2,474,762	\$ (62,209)
Health and welfare:				
Health:				
Supplement of local health department	\$ 113,780	\$ 103,400	\$ 103,400	\$ -
Behavioral Health and Development Services:				
Contribution to New River Valley Community Services Board	\$ 41,500	\$ 41,500	\$ 41,500	\$ -
Welfare:				
Public assistance	\$ 2,391,690	\$ 2,442,690	\$ 2,076,838	\$ 365,852
Comprehensive Services Act	1,110,000	1,090,500	1,257,526	(167,026)
New River Valley Area on Aging	7,128	7,128	7,128	-
Total welfare	\$ 3,508,818	\$ 3,540,318	\$ 3,341,492	\$ 198,826
Total health and welfare	\$ 3,664,098	\$ 3,685,218	\$ 3,486,392	\$ 198,826

County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contribution to Community College	\$ 7,526	\$ 7,526	\$ 7,526	\$ -
Contribution to County School Board	7,527,889	7,527,889	7,762,187	(234,298)
Total education	\$ 7,535,415	\$ 7,535,415	\$ 7,769,713	\$ (234,298)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 211,083	\$ 248,477	\$ 413,727	\$ (165,250)
COVID-19 Parks and recreation	-	37,500	37,500	-
Total parks and recreation	\$ 211,083	\$ 285,977	\$ 451,227	\$ (165,250)
Library:				
County library	\$ 309,043	\$ 309,043	\$ 302,143	\$ 6,900
Total parks, recreation, and cultural	\$ 520,126	\$ 595,020	\$ 753,370	\$ (158,350)
Community development:				
Planning and community development:				
Community services programs	\$ 180,599	\$ 211,877	\$ 206,385	\$ 5,492
Community development	265,417	416,538	275,807	140,731
Planning	2,500	2,429	2,428	1
New River Valley Planning District Commission	20,428	20,429	20,428	1
Contribution to the County Economic Development Authority (EDA)	39,000	39,000	28,590	10,410
Commerce park improvements (contributed to EDA)	-	-	889,284	(889,284)
COVID-19 Community development	-	67,668	67,668	-
Economic development	31,000	61,614	47,853	13,761
Total planning and community development	\$ 538,944	\$ 819,555	\$ 1,538,443	\$ (718,888)
Environmental management:				
Soil conservation	\$ 14,333	\$ 14,333	\$ 14,333	\$ -
Cooperative extension program:				
Extension office	\$ 110,541	\$ 110,541	\$ 110,117	\$ 424
Total community development	\$ 663,818	\$ 944,429	\$ 1,662,893	\$ (718,464)
Nondepartmental:				
COVID-19 ARPA funds	\$ -	\$ 1,724,336	\$ -	\$ 1,724,336
Contingencies	270,505	282,417	19,319	263,098
Total nondepartmental	\$ 270,505	\$ 2,006,753	\$ 19,319	\$ 1,987,434
Capital projects:				
Housing rehabilitation	\$ -	\$ 1,051,150	\$ 157,317	\$ 893,833
VATI broadband improvements	-	481,591	481,591	-
School improvements	-	3,892,127	3,141,818	750,309
Other capital projects	190,550	190,550	107,665	82,885
Total capital projects	\$ 190,550	\$ 5,615,418	\$ 3,888,391	\$ 1,727,027

County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 1,955,971	\$ 2,152,988	\$ 2,295,164	\$ (142,176)
Bond issuance costs	-	-	140,290	(140,290)
Interest and other fiscal charges	908,673	908,673	1,007,779	(99,106)
Total debt service	\$ 2,864,644	\$ 3,061,661	\$ 3,443,233	\$ (381,572)
Total General Fund	\$ 26,033,103	\$ 34,968,718	\$ 31,877,623	\$ 3,091,095
<b>Special Revenue Funds:</b>				
<b>Fire and Rescue Fund:</b>				
Public safety:				
Fire and rescue services	\$ 296,840	\$ 304,825	\$ 318,118	\$ (13,293)
Total Fire and Rescue Fund	\$ 296,840	\$ 304,825	\$ 318,118	\$ (13,293)
<b>Asset Forfeiture Fund:</b>				
Public Safety				
Asset forfeiture	\$ -	\$ -	\$ 12,131	\$ (12,131)
Total public safety	\$ -	\$ -	\$ 12,131	\$ (12,131)
Total Asset Forfeiture Fund	\$ -	\$ -	\$ 12,131	\$ (12,131)
<b>Capital Projects Fund:</b>				
<b>Capital Improvements Fund:</b>				
Education:				
Contribution to County School Board	\$ -	\$ -	\$ -	\$ -
Total education	\$ -	\$ -	\$ -	\$ -
Total Capital Projects Fund	\$ -	\$ -	\$ -	\$ -
Total Primary Government	\$ 26,329,943	\$ 35,273,543	\$ 32,207,872	\$ 3,065,671
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration and health services	\$ 1,169,627	\$ 1,279,652	\$ 1,250,021	\$ 29,631
Instructional costs:				
Instructional costs	\$ 15,987,184	\$ 16,300,115	\$ 16,130,179	\$ 169,936
Operating costs:				
Pupil transportation	\$ 2,038,945	\$ 2,819,935	\$ 2,073,172	\$ 746,763
Operation and maintenance services	2,630,444	5,802,831	5,787,247	15,584
School food service	1,343,331	1,586,764	1,689,206	(102,442)
Technology	1,211,687	1,211,687	1,223,010	(11,323)
Total operating costs	\$ 7,224,407	\$ 11,421,217	\$ 10,772,635	\$ 648,582

County of Floyd, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 42,811	\$ 42,811	\$ 87,372	\$ (44,561)
Interest and other fiscal charges	2,094	2,094	1,906	188
Total debt service	<u>\$ 44,905</u>	<u>\$ 44,905</u>	<u>\$ 89,278</u>	<u>\$ (44,373)</u>
Total School Operating Fund	<u>\$ 24,426,123</u>	<u>\$ 29,045,889</u>	<u>\$ 28,242,113</u>	<u>\$ 803,776</u>
<b>School Activity Fund:</b>				
Education:				
Instructional costs:				
Instructional costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686,040</u>	<u>\$ (686,040)</u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 24,426,123</u></u>	<u><u>\$ 29,045,889</u></u>	<u><u>\$ 28,928,153</u></u>	<u><u>\$ 117,736</u></u>

## **Other Statistical Information**

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2022-23	\$ 1,700,456	\$ 1,115,010	\$ 5,811,195	\$ 2,651,824	\$ 3,444,164	\$ 9,133,197	\$ 589,282	\$ 2,306,329	\$ 770,393	\$ 27,521,850
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

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2022-23	\$ 1,598,659	\$ 5,783,138	\$ 259,296	\$	\$ 17,334,236	\$ 2,776,310	\$ 394,904	\$ 64,408	\$ 1,435,793	\$ 29,646,744
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



Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2022-23	\$ 1,948,644	\$ 1,146,216	\$ 5,634,258	\$ 2,474,762	\$ 3,486,392	\$ 28,846,401	\$ 753,370	\$ 1,662,893	\$ 3,530,605	\$ 49,483,541
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

(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.

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
2022-23	\$ 17,402,826	\$ 2,776,310	\$ 141,232	\$ 24,982	\$ 632,439	\$ 1,419,223	\$ 931,833	\$ 392,372	\$ 27,658,083	\$ 51,379,300
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

(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
2022-23	\$ 18,194,884	\$ 18,145,693	99.73%	\$ 519,404	\$ 18,665,097	102.58%
2021-22	16,247,982	16,128,162	99.26%	363,449	16,491,611	101.50%
2020-21	14,950,369	14,763,465	98.75%	436,504	15,199,969	101.67%
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%

(1) Exclusive of penalties and interest.

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
2022-23	\$ 1,724,615,179	\$ 186,352,743	\$ 25,906,166	\$ 1,968,732	\$ 73,486,342	\$ 9,505,080	\$ 2,021,834,242
2021-22	1,705,100,775	141,283,883	13,866,529	2,205,190	71,746,251	9,200,344	1,943,402,972
2020-21	1,690,241,663	127,351,279	14,974,542	2,260,643	69,950,158	9,110,101	1,913,888,386
2019-20	1,639,678,717	121,949,141	17,162,535	2,152,888	60,073,354	9,612,230	1,850,628,865
2018-19	1,588,111,267	116,778,191	14,850,736	1,622,331	62,753,816	9,294,008	1,989,408,332
2017-18	1,576,284,399	113,534,666	11,834,401	1,836,526	60,397,417	8,960,280	1,772,847,689
2016-17	1,563,613,514	108,545,983	12,221,078	1,835,453	58,852,393	8,827,356	1,753,895,777
2015-16	1,550,895,264	101,444,306	8,498,992	1,798,177	58,207,051	8,610,200	1,729,453,990
2014-15	1,538,446,182	100,337,126	9,001,502	2,166,141	56,699,842	9,805,608	1,716,456,401
2013-14	1,528,550,950	99,049,234	9,547,310	1,978,236	52,179,669	9,624,608	1,700,930,007

(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
2022-23	\$ 0.65	\$ 3.20	\$ 1.55	\$ 3.50	\$ 0.65
2021-22	0.63/65	3.20	1.55	3.50	0.63/65
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

(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
2022-23	15,566	\$ 2,021,834,242	\$ 15,472,992	\$ 15,472,992	0.77%	\$ 994
2021-22	15,566	1,943,402,972	15,472,992	15,472,992	0.80%	994
2020-21	15,279	1,913,888,386	16,028,669	16,028,669	0.84%	1,049
2019-20	15,279	1,850,628,865	3,609,843	3,609,843	0.20%	236
2018-19	15,279	1,989,408,332	4,327,693	4,327,693	0.22%	283
2017-18	15,279	1,772,847,689	6,083,166	6,083,166	0.34%	398
2016-17	15,279	1,753,895,777	6,996,782	6,996,782	0.40%	458
2015-16	15,279	1,729,453,990	7,893,718	7,893,718	0.46%	517
2014-15	15,279	1,716,456,401	8,963,331	8,963,331	0.52%	587
2013-14	15,279	1,890,959,457	10,566,179	10,566,179	0.56%	692

(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 pension & OPEB liabilities, 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
2022-23	\$ 2,295,164	\$ 1,007,779	\$ 3,302,943	\$ 49,483,541	6.67%
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%

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

(2) Excludes bond issuance and other costs.

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**COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd, Virginia as of and for the year ended June 30, 2023, 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 January 2, 2024.

**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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2023-001 that we consider to be a material weakness.

## 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 Finding

*Government Auditing Standards* requires the auditor to perform limited procedures on County of Floyd, Virginia's response to the finding 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  
January 2, 2024

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

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

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

***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, 2023. 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, 2023.

***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 cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia  
January 2, 2024

County of Floyd, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Health and Human Services:</b>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Temporary Assistance for Needy Families	93.558	0400122, 0400123	\$ 123,728
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122, 0500123	400
Low-Income Home Energy Assistance	93.568	0600422, 0600423	23,825
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122, 0760123	28,779
Adoption and Legal Guardianship Incentive Payments	93.603	1130119, 1130120	5,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121, 0900122	255
Foster Care - Title IV-E	93.658	1100122, 1100123	92,773
Adoption Assistance	93.659	1120122, 1120123	251,932
Social Services Block Grant	93.667	1000122, 1000123	118,756
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121, 9150122, 9152121	1,250
Title IV-E Prevention Program	93.472	1140122, 1140123	2,506
Guardianship Assistance	93.090	1110122, 1110123	65
Elder Abuse Prevention Intervention Program	93.747	8000221	6,381
Children's Health Insurance Program	93.767	0540122, 0540123	1,302
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950121, 0950122, 0950221	7,750
Medicaid Cluster:			
Medical Assistance Program	93.778	1200122, 1200123	150,046
<i>Virginia Department of Education:</i>			
COVID-19 Public Health Crisis Response	93.354	APE40297	110,025
Total Department of Health and Human Services			<u>\$ 924,773</u>
<b>Department of Commerce:</b>			
Direct Payments:			
Economic Adjustment Assistance	11.307	Not applicable	<u>\$ 653,323</u>
<b>Department of Housing and Urban Development:</b>			
Pass Through Payments:			
<i>Department of Housing and Community Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD50790	<u>\$ 273,290</u>
<b>Department of Agriculture:</b>			
Pass Through Payments:			
Child Nutrition Cluster:			
<i>Department of Agriculture and Consumer Services:</i>			
Summer Food Service Program for Children	10.559	APE60302, APE60303	\$ 2,968
Food Distribution (Note 3)	10.555	Not available	\$ 109,969
<i>Department of Education:</i>			
National School Lunch Program	10.555	APE41108, APE40254	783,927
School Breakfast Program	10.553	APE40253	324,808
Total Child Nutrition Cluster			\$ 1,221,672
COVID-19 Pandemic EBT Administrative Costs	10.649	DOE86556	628
Inflation Reduction Act Urban & Community Forestry Program	10.727	Not available	5,765
<i>Department of Social Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122, 0010123 0040122, 0040123	289,841
Total Department of Agriculture			<u>\$ 1,517,906</u>
<b>Department of Justice:</b>			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	Not applicable	\$ 1,102
Pass Through Payments:			
<i>Department of Criminal Justice Services:</i>			
Violence Against Women Formula Grants	16.588	15JOVW21GG00568STOP	31,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG00258MUMU	2,909
Total Department of Justice			<u>\$ 35,011</u>

County of Floyd, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Transportation:</b>			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2022-52073-22073 BPT-2023-53259-23259	\$ 12,135
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	ARCO-31-647	522
Total Department of Transportation			\$ 12,657
<b>Department of Treasury:</b>			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	\$ 759,585
Virginia Department of Accounts:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	301,343
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	136
Virginia Department of Education:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	APE45277, APE60054	373,937
Total Department of Treasury			\$ 1,435,001
<b>Department of Homeland Security:</b>			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	EMW-2020-SS-00096	\$ 149,760
<b>Department of Education:</b>			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	APE42901	\$ 522,863
Special Education Cluster:			
Special Education - Grants to States	84.027	APE43071	\$ 636,802
Special Education - Preschool Grants	84.173	APE62521	28,123
Total Special Education Cluster			664,925
Career and Technical Education: Basic Grants to States	84.048	APE60031	40,065
Supporting Effective Instruction State Grant	84.367	APE61480	78,241
Education Stabilization Fund:			
COVID-19 Governor's Emergency Education Relief Fund	84.425D	APE50195	\$ 436,677
COVID-19 American Rescue Plan Elementary and Secondary Emergency Relief Fund	84.425U	APE50193	1,076,764
Student Support and Academic Enrichment Program	84.424	APE60281	2,756
Total Department of Education			\$ 2,822,291
Total Expenditures of Federal Awards			\$ 7,824,012

**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, 2023. 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.
- (5) The County did not have any subrecipients in 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.

County of Floyd, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
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			\$ 2,654,768
Less: Payment in lieu of taxes			<u>(12,632)</u>
Total primary government			<u>\$ 2,642,136</u>
Component Unit School Board:			
School Operating Fund			<u>\$ 4,528,553</u>
Component Unit EDA:			<u>\$ 653,323</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards			<u>\$ 7,824,012</u>



County of Floyd, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023

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## Section I - Summary of Auditors' Results

### Financial Statements

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

### Federal Awards

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

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 Education Stabilization Fund

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

**County of Floyd, Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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**Section II - Financial Statement Findings**

**2023-001 - Material Weakness**

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Criteria:	An auditee should have controls in place to prepare financial statements in accordance with current reporting standards.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, adjustments were proposed, that were material, to the financial statements.
Cause:	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 2023 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 2023 and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

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

None

County of Floyd, Virginia  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2023

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*Finding 2022-001 repeated in the current year as 2023-001. Finding 2022-002 was corrected during the current year.*

**Finding 2022-002:**

Condition: Monthly transfers were posted inaccurately which caused the checking account balance and interfund transfers to be misstated for management use.

Current Status: The County has gain experience in the month end close process and corrected the error in fiscal year 2023.