

COUNTY OF FLOYD, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

**COUNTY OF FLOYD, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

COUNTY OF FLOYD, VIRGINIA

BOARD OF SUPERVISORS

Jerry W. Boothe, Vice Chair
Lauren D. Yoder

Joe D. Turman, Chair

W. Justin Coleman
Linda D. Kuchenbuch

COUNTY SCHOOL BOARD

Laura H. LeRoy, Vice Chair
Pamela Snead

James Ingram, Chair

C. Gene Bishop
Anthony "Tony" Morisco

COUNTY SOCIAL SERVICES BOARD

Molly Hunter-Sloan, Vice Chair
Jennifer Claytor

John McEnhill, Chair

Jerry W. Boothe
Terra Alagna-Cole

OTHER OFFICIALS

Clerk of the Circuit Court	Rhonda Vaughn
Commonwealth's Attorney	William Eric Branscom
Commissioner of the Revenue	Lisa D. Baker
Treasurer	Melissa M. Keith
Sheriff.....	Brian Craig
Superintendent of Schools.....	John F. Wheeler
Director of Social Services.....	J. Chad Alls
County Administrator.....	Terri W. Morris
Assistant County Administrator.....	Cynthia Ryan
County Attorney.....	Stephen V. Durbin

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Floyd, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd, Virginia, as of June 30, 2020, 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.

Restatement of Beginning Balances

As described in Note 23 to the financial statements, in 2020, the County restated beginning balances to correct a capital lease balance in the prior financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-14, 88-90, and 91-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of the County of Floyd, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Floyd, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Floyd, Virginia's internal control over financial reporting and compliance.



Blacksburg, Virginia
November 25, 2020

Management's Discussion and Analysis

As management of the County of Floyd, Virginia we offer the following discussion and analysis of the County's financial performance and overview of the County's financial activities for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,689,804 (net position).
- The County's governmental funds reported combined ending fund balances of \$19,897,799.
- The County's governmental funds reported combined unassigned fund balance of \$7,114,048.
- The liabilities and deferred inflows of resources of the Component Unit - School Board exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$15,216,560.
- The assets of the Component Unit - Economic Development Authority (EDA) exceeded its liabilities at the close of the most recent fiscal year by \$3,266,910.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency 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.

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Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a County's financial position. In the case of Floyd County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,689,804 at the close of fiscal year 2020. The largest portion of the County's net position (56.8%) reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The next largest portion the County's net position (42.5%) is unrestricted.

Summary of Net Position

	Governmental Activities		Component Units	
	2020	2019	2020	2019
Current and other assets	\$30,034,073	\$23,940,888	\$4,774,935	\$4,685,470
Capital assets	21,130,852	18,316,997	6,043,936	6,316,856
Total assets	<u>51,164,925</u>	<u>42,257,885</u>	<u>10,818,871</u>	<u>11,002,326</u>
Deferred outflows of resources	1,487,422	1,212,365	4,615,211	2,930,030
Other liabilities	4,494,254	2,885,340	2,634,363	2,382,574
Long-term liabilities	28,112,735	21,228,298	22,610,857	20,306,174
Total liabilities	<u>32,606,989</u>	<u>24,083,638</u>	<u>25,245,220</u>	<u>22,688,748</u>
Deferred inflows of resources	<u>5,355,554</u>	<u>5,327,697</u>	<u>2,138,512</u>	<u>2,547,492</u>
Net position:				
Net investment in capital assets	8,348,569	7,177,172	6,043,936	6,175,653
Restricted	99,189	94,080	604,078	1,377,824
Unrestricted	<u>6,242,046</u>	<u>6,787,663</u>	<u>(18,597,664)</u>	<u>(18,857,361)</u>
Total net position	<u>\$14,689,804</u>	<u>\$14,058,915</u>	<u>\$ (11,949,650)</u>	<u>\$ (11,303,884)</u>

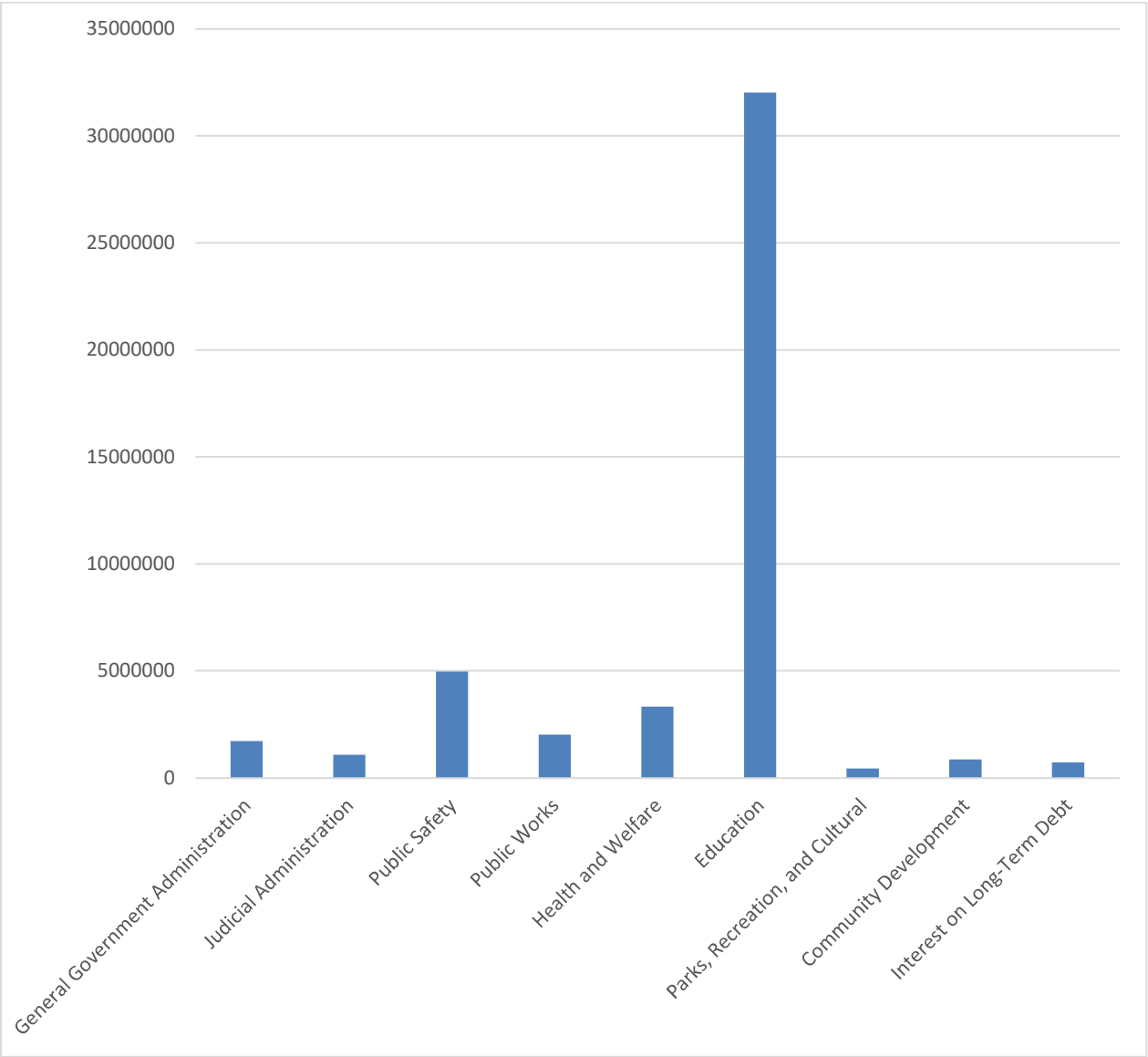
Governmental Activities: During the current fiscal year, the County's net position increased by \$630,889.

Component Units: The School Board decreased net position by \$770,178 and the Economic Development Authority increased net position by \$124,412.

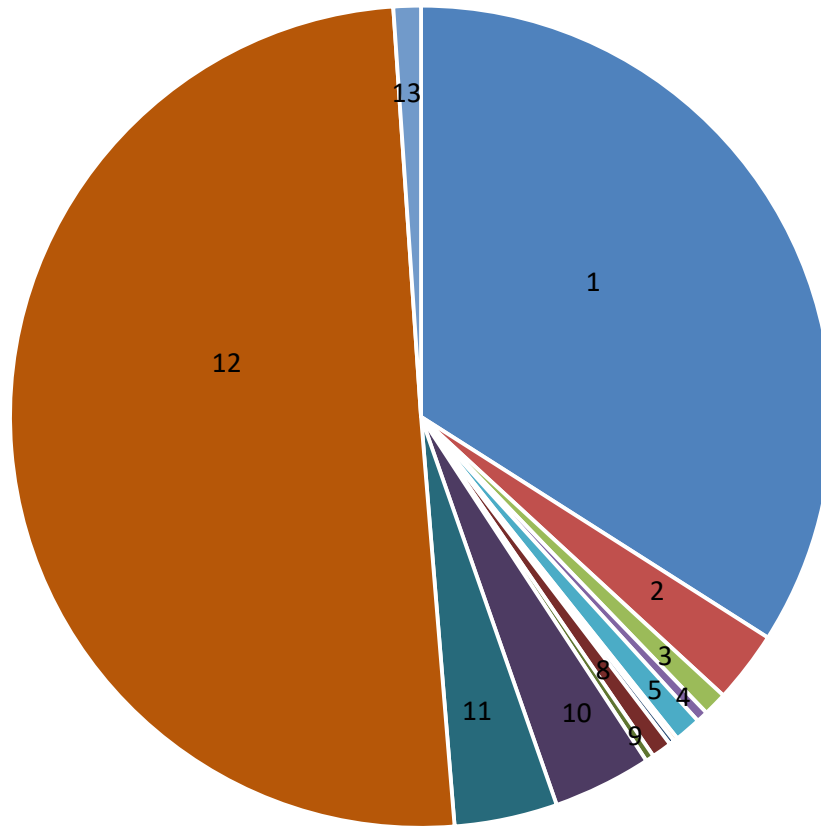
Key elements of current year activities are as follows:

	Changes in Net Position			
	Governmental Activities		Component Units	
	2020	2019	2020	2019
Program revenues:				
Charges for services	\$1,241,149	\$835,754	\$339,441	\$358,472
Operating grants and contributions	4,616,552	3,729,780	15,012,062	14,342,592
Capital grants and contributions	356,775	9,572	67,286	712,265
General revenues:				
General property taxes	13,297,197	12,922,871	--	--
Other taxes	2,205,679	2,083,309	--	--
Unrestricted revenues from use of money and property	217,693	203,394	88,645	85,884
Grants and contributions not restricted to specific purposes	1,517,347	1,522,993	--	--
Other general revenues	44,918	102,511	83,726	58,437
Payments from Floyd County	--	--	8,024,257	7,814,159
Total revenues	<u>23,497,310</u>	<u>21,410,184</u>	<u>23,615,417</u>	<u>23,371,809</u>
Expenses:				
General government administration	1,716,080	1,378,421	--	--
Judicial administration	1,084,697	938,783	--	--
Public safety	4,959,184	4,669,593	--	--
Public works	2,023,420	2,066,819	--	--
Health and welfare	3,334,788	2,508,243	--	--
Education	7,925,654	7,821,380	22,092,628	22,164,187
Parks, recreation, and cultural	440,308	337,520	--	--
Community development	688,725	864,007	168,555	793,484
Interest on long-term debt	727,851	848,498	--	--
Total expenses	<u>22,900,707</u>	<u>21,433,264</u>	<u>24,261,183</u>	<u>22,957,671</u>
Change in net position	596,603	(23,080)	(645,766)	414,138
Net position, beginning, as restated	14,093,201	14,081,995	(11,303,884)	(11,718,022)
Net position, ending	<u>\$14,689,804</u>	<u>\$14,058,915</u>	<u>\$(11,949,650)</u>	<u>\$(11,303,884)</u>

Expenses for Primary Government and Component Units by Governmental Activity



Revenues by Source for Primary Government and Component Units



- 1 - General Property Taxes (34.02%)
- 2 - Local Sales and Use Taxes (2.83%)
- 3 - Consumers' Utility Taxes (.94%)
- 4 - Meals Taxes (.46%)
- 5 - Motor Vehicle Licenses (1.04%)
- 6 - Hotel and Motel Room Taxes (.15%)
- 7 - Other Local Taxes (.21%)
- 8 - Unrestricted Revenues from Use of Money and Property (.78%)
- 9 - Miscellaneous (.33%)
- 10 - Grants and Contributions Not Restricted to Specific Programs (3.88%)
- 11 - Charges for Services (4.04%)
- 12 - Operating Grants and Contributions (50.22%)
- 13 - Capital Grants and Contributions (1.09%)

Financial Analysis of the County's Funds

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

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

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$19,897,799 an increase of \$4,266,000 in comparison with the prior year. Of this an increase of \$4,229,646 is the result of unspent bond proceeds as of June 30, 2020 that is held in restricted investments. Approximately 35.8% of the combined governmental fund balance, or \$7,114,048 constitutes unassigned fund balances, which are available for spending at the County's discretion. The remainder of the fund balance is not available for new spending because it has already been restricted, committed, or assigned for:

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

The general fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,338,427, while the total general fund balance was \$20,350,715. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents 32.1% of total general fund expenditures, while this amount represents 41.9% of total fund balances.

The general fund balance increased by \$4,115,441 during the current fiscal year, or 25.3%.

The fire and rescue fund balance decreased by \$10,627 and has an ending deficit balance of \$1,224,379. A significant portion of expenditures in the fire and rescue fund were used to acquire capital items.

The County capital improvement fund is used for significant capital projects for the school system. The capital improvement fund has a fund balance of \$672,274.

Money received from the State by the Sheriff's Office and Commonwealth Attorney's Office is put in the asset forfeiture fund. This fund can only be used for specific expenditures which are reported annually to the State. As of June 30, 2020, the asset forfeiture fund balance was \$99,189.

General Fund Budgetary Highlights

A budget is an estimate of revenues and expenditures for a given period of time. The Floyd County Board of Supervisors adopts an annual appropriated budget for the period of July 1 through June 30 for its governmental funds. Because a budget is an estimate, actual events or opportunities necessitate updating the budget during the course of the fiscal year. Differences between the original expenditure budget of \$21,778,489 and the final amended budget of \$26,528,957 were significant (\$4,750,468 increase in appropriations) and can be briefly summarized as follows:

- Capital Projects: Floyd County entered into a project to replace the coal burners at all of the County schools. The boiler replacement and heating, ventilation, and air conditioning project at all of the County schools was financed by the issuance of lease revenue bonds. The expenditure budget was amended by \$3,068,492 for this project.
- Health and Welfare: In FY20 supplemental appropriations were made to Floyd County Children Services' Act in the amount of \$567,047 because of increased funding from the State of Office of Children's Services for increased foster care caseload and services being provided. Also in FY20 supplemental appropriations were made to Floyd County Social Services in the amount of \$196,553 because of increased State funding for increased caseload in several other programs.

REVENUES AND EXPENDITURES GENERAL FUND - BUDGET TO ACTUAL

	Final Budget	Actual	Variance
Revenues:			
Local	\$16,346,266	\$16,730,318	\$384,052
Intergovernmental	6,206,246	6,037,969	(168,277)
Total revenues	<u>\$22,552,512</u>	<u>\$22,768,287</u>	<u>\$215,775</u>
Expenditures:			
General government administration	\$1,562,206	\$1,635,292	\$(73,086)
Judicial administration	1,058,344	1,005,806	52,538
Public Safety	4,469,023	4,211,778	257,245
Public Works	2,020,381	1,982,252	38,129
Health and welfare	3,301,426	3,322,370	(20,944)
Education	7,276,155	7,119,187	156,968
Parks, recreation and cultural	394,969	378,195	16,774
Community development	1,053,761	673,757	380,004
Capital Projects	3,092,607	3,385,299	(292,692)
Debt service	2,300,085	2,294,041	6,044
Total expenditures	<u>\$26,528,957</u>	<u>\$26,007,977</u>	<u>\$520,980</u>

Revenues: Local revenue comprised 73.5% of total actual General Fund Revenue. Total actual local revenue was more than final budget by \$384,052 or 1.7%. The majority of this increase was from general property taxes.

Intergovernmental revenue comprised 26.5% of total actual General Fund Revenue. Actual intergovernmental revenue was \$168,277 less than final budget or .75%.

Expenditures: Actual expenditures were over original budget estimates by \$4,229,488, with 80% of that being for capital projects. Library improvements cost \$24,115 and the school improvements discussed previously cost \$3,361,184.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2020 totals \$20,575,644 (net of accumulated depreciation) for an increase of \$2,976,353. This investment in capital assets includes land, buildings, and improvements, vehicles and machinery, and equipment. Total accumulated depreciation for the year ending June 30, 2020 for all capital assets for Governmental Activities totaled \$16,554,411.

Capital Assets - Condensed As of June 30, 2020

Governmental Activities	Original Cost	Accumulated Depreciation	Net Capital Assets
Capital assets, not being depreciated:			
Land and land improvements	\$1,201,303	--	\$1,201,303
Construction in progress	3,973,054	--	3,973,054
Total capital assets, not being depreciated	<u>5,174,357</u>	<u>--</u>	<u>5,174,357</u>
Other capital assets:			
Buildings and improvements	21,213,657	(8,983,385)	12,230,272
Machinery and equipment	10,742,041	(7,571,026)	3,171,015
Total depreciable capital assets	<u>31,955,698</u>	<u>(16,554,411)</u>	<u>15,401,287</u>
Total capital assets	<u><u>\$37,130,055</u></u>	<u><u>\$(16,554,411)</u></u>	<u><u>\$20,575,644</u></u>
Component Units: EDA & School Board	Original Cost	Accumulated Depreciation	Net Capital Assets
Capital assets, not being depreciated:			
Land and land improvements	\$696,336	--	\$696,336
Construction in progress	99,623	--	99,623
Total capital assets, not being depreciated	<u>795,959</u>	<u>--</u>	<u>795,959</u>
Other capital assets:			
Buildings and improvements	8,850,066	(4,046,704)	4,803,362
Machinery and equipment	3,993,437	(3,548,822)	444,615
Total capital assets, depreciable	<u>12,843,503</u>	<u>(7,595,526)</u>	<u>5,247,977</u>
Total capital assets	<u><u>\$13,639,462</u></u>	<u><u>\$(7,595,526)</u></u>	<u><u>\$6,043,936</u></u>

Capital Asset and Debt Administration (Continued)

Debt Schedules

In FY20 the Floyd County Board of Supervisors continued to focus in planning capital assets needs in the near future and layering in debt and doing strategic re-financings to meet those needs. This approach keeps expenditures relatively stable and minimizes the needs for annual tax increases. Of the total principal balance of outstanding debt at the end of the year, \$3,609,843 was for General Obligation Bonds and \$17,046,845 (including \$189,845 in drawdown phase) was for Lease Revenue Bonds. General Obligation Bonds amounted to .18% of the County's assessed value for real estate, well below the maximum limit set by the State of 10% of assessed value for real estate. Long-term bonded debt currently outstanding was used to finance school construction projects and other County improvements.

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

Year Ending June 30,	Principal	Interest	Total
2021	\$1,497,253	\$683,920	\$2,181,173
2022	1,476,053	614,119	2,090,172
2023	9,135,605	566,002	9,701,607
2024	1,390,698	362,377	1,753,075
2025	1,319,799	309,274	1,629,073
2026-2030	4,103,308	1,005,890	5,109,198
2031-2035	3,297,000	373,814	3,670,814
2036-2040	154,000	7,416	161,416
Amount in drawdown phase	189,845		189,845
Total	<u>\$22,563,561</u>	<u>\$3,922,812</u>	<u>\$26,486,373</u>

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

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

CONTACT THE COUNTY'S FINANCIAL MANAGEMENT

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

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

Basic Financial Statements

County of Floyd, Virginia
Statement of Net Position
June 30, 2020

	Primary Government Governmental Activities	Component Unit School Board	Component Unit EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,181,898	\$ 1,217,568	\$ 181,364
Receivables (net of allowance for uncollectibles):			
Taxes receivable	10,589,608	-	-
Accounts receivable	352,569	-	2,965
Notes receivable - current portion	18,711	-	16,171
Capital lease receivable - current portion	162,500	-	17,900
Due from primary government	-	1,928,274	-
Intergovernmental receivable	955,593	450,559	-
Inventories	-	43,834	246,180
Prepaid items	110,442	371,259	339
Total current assets	\$ 19,371,321	\$ 4,011,494	\$ 464,919
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 97,213
Investments	10,336,486	-	-
Notes receivable - net of current portion	326,266	-	201,309
Capital lease receivable - net of current portion	555,208	-	-
Capital assets not being depreciated:			
Land	1,201,303	265,917	430,419
Construction in progress	3,973,054	-	99,623
Capital assets, net of accumulated depreciation:			
Buildings and improvements	12,230,272	2,809,412	1,993,950
Machinery and equipment	3,171,015	441,829	2,786
Total noncurrent assets	\$ 31,793,604	\$ 3,517,158	\$ 2,825,300
Total assets	\$ 51,164,925	\$ 7,528,652	\$ 3,290,219
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 1,374,654	\$ 4,177,001	\$ -
OPEB related items	112,768	438,210	-
Total deferred outflows of resources	\$ 1,487,422	\$ 4,615,211	\$ -
LIABILITIES			
Accounts payable	\$ 606,652	\$ 48,941	\$ 8,246
Accrued liabilities	-	1,904,789	-
Health claim payable	-	657,324	-
Customers' deposits	-	-	12,896
Accrued interest payable	308,288	-	-
Due to component unit	1,928,274	-	-
Unearned revenues	1,651,040	-	2,167
Noncurrent liabilities:			
Due within one year	1,867,176	477,692	-
Due in more than one year	26,245,559	22,133,165	-
Total liabilities	\$ 32,606,989	\$ 25,221,911	\$ 23,309
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 5,196,326	\$ -	\$ -
Pension related items	135,532	1,996,534	-
OPEB related items	23,696	141,978	-
Total deferred inflows of resources	\$ 5,355,554	\$ 2,138,512	\$ -
NET POSITION			
Net investment in capital assets	\$ 8,348,569	\$ 3,517,158	\$ 2,526,778
Restricted:			
Cafeteria	-	136,180	-
Asset forfeiture	99,189	-	-
Self-health insurance	-	467,898	-
Unrestricted (deficit)	6,242,046	(19,337,796)	740,132
Total Net Position	\$ 14,689,804	\$ (15,216,560)	\$ 3,266,910

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Governmental Activities	Component Units	
			Grants	Contributions		School Board	EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,716,080	\$ 122,077	\$ 238,028	\$ -	\$ (1,355,975)		
Judicial administration	1,084,697	1,134	465,478	-	(618,085)		
Public safety	4,959,184	920,025	1,193,996	-	(2,845,163)		
Public works	2,023,420	166,446	50,693	-	(1,806,281)		
Health and welfare	3,334,788	-	2,620,933	-	(713,855)		
Education	7,925,654	-	-	-	(7,925,654)		
Parks, recreation, and cultural	440,308	31,467	-	356,775	(52,066)		
Community development	688,725	-	47,424	-	(641,301)		
Interest on long-term debt	727,851	-	-	-	(727,851)		
Total primary government	\$ 22,900,707	\$ 1,241,149	\$ 4,616,552	\$ 356,775	\$ (16,686,231)		
COMPONENT UNITS:							
School Board	\$ 24,092,628	\$ 336,476	\$ 14,978,229	\$ -	\$ (8,777,923)	\$ -	\$ -
EDA	168,555	2,965	33,833	67,286	-	-	(64,471)
Total component units	\$ 24,261,183	\$ 339,441	\$ 15,012,062	\$ 67,286	\$ (8,777,923)	\$ (8,777,923)	\$ (64,471)
General revenues:							
General property taxes					\$ 13,297,197	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					1,107,536	-	-
Consumers' utility taxes					369,071	-	-
Meals taxes					179,851	-	-
Motor vehicle licenses					407,957	-	-
Hotel and motel room taxes					59,470	-	-
Other local taxes					81,794	-	-
Unrestricted revenues from use of money and property					217,693	-	88,645
Miscellaneous					44,918	83,111	615
Contributions from the County of Floyd					-	7,924,634	99,623
Grants and contributions not restricted to specific programs					1,517,347	-	-
Total general revenues					\$ 17,282,834	\$ 8,007,745	\$ 188,883
Change in net position					\$ 596,603	\$ (770,178)	\$ 124,412
Net position - beginning, as restated					14,093,201	(14,446,382)	3,142,498
Net position - ending					\$ 14,689,804	\$ (15,216,560)	\$ 3,266,910

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

County of Floyd, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Fire and Rescue</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 7,650,622	\$ -	\$ 99,241	\$ 655,736	\$ 8,405,599
Receivables (net of allowance for uncollectibles):					
Taxes receivable	10,589,608	-	-	-	10,589,608
Accounts receivable	336,031	-	-	16,538	352,569
Due from other governmental units	955,593	-	-	-	955,593
Prepaid items	110,442	-	-	-	110,442
Long term capital lease receivable	717,708	-	-	-	717,708
Long term note receivable - PSA	344,977	-	-	-	344,977
Restricted assets:					
Investments	10,336,486	-	-	-	10,336,486
Total assets	<u>\$ 31,041,467</u>	<u>\$ -</u>	<u>\$ 99,241</u>	<u>\$ 672,274</u>	<u>\$ 31,812,982</u>
LIABILITIES					
Accounts payable	\$ 605,922	\$ 678	\$ 52	\$ -	\$ 606,652
Reconciled overdraft	-	1,223,701	-	-	1,223,701
Due to component unit	1,928,274	-	-	-	1,928,274
Unearned grant revenue	1,651,040	-	-	-	1,651,040
Total liabilities	<u>\$ 4,185,236</u>	<u>\$ 1,224,379</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 5,409,667</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 5,428,697	\$ -	\$ -	\$ -	\$ 5,428,697
Unavailable revenue - EMS billings	219,480	-	-	-	219,480
Unavailable revenue - capital lease receivable	717,708	-	-	-	717,708
Unavailable revenue - prepaid taxes	139,631	-	-	-	139,631
Total deferred inflows of resources	<u>\$ 6,505,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,505,516</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 110,442	\$ -	\$ -	\$ -	\$ 110,442
Long-term note receivable	344,977	-	-	-	344,977
Restricted:					
Unspent bond proceeds	10,336,486	-	-	-	10,336,486
Asset forfeiture	-	-	99,189	-	99,189
Assigned:					
Environmental solid waste	5,534	-	-	-	5,534
Law Library	50,488	-	-	-	50,488
School capital projects	-	-	-	284,751	284,751
County capital projects	-	-	-	387,523	387,523
Courts	93,226	-	-	-	93,226
E-911	975,521	-	-	-	975,521
Courthouse Maintenance	95,614	-	-	-	95,614
Unassigned	8,338,427	(1,224,379)	-	-	7,114,048
Total fund balances (deficit)	<u>\$ 20,350,715</u>	<u>\$ (1,224,379)</u>	<u>\$ 99,189</u>	<u>\$ 672,274</u>	<u>\$ 19,897,799</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,041,467</u>	<u>\$ -</u>	<u>\$ 99,241</u>	<u>\$ 672,274</u>	<u>\$ 31,812,982</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, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 19,897,799
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,201,303	
Buildings and improvements	12,230,272	
Machinery and equipment	3,171,015	
Construction in progress	3,973,054	20,575,644

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	\$ 372,002	
Unavailable revenue - EMS billings	219,480	
Unavailable revenue - capital lease receivable	717,708	1,309,190

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

Pension related items	\$ 1,374,654	
OPEB related items	112,768	1,487,422

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	\$ (20,656,688)	
Capital leases	(1,906,873)	
Compensated absences	(493,231)	
Accrued interest payable	(308,288)	
Net pension liability	(3,311,408)	
Net OPEB liability	(372,189)	
Landfill closure/post-closure liability	(1,372,346)	(28,421,023)

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

Pension related items	\$ (135,532)	
OPEB related items	(23,696)	(159,228)

Net position of governmental activities	\$ 14,689,804
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The notes to the financial statements are an integral part of this statement.

County of Floyd, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>Fire and Rescue</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 13,113,550	\$ 271,789	\$ -	\$ -	\$ 13,385,339
Other local taxes	2,025,828	-	-	179,851	2,205,679
Permits, privilege fees, and regulatory licenses	105,809	-	-	-	105,809
Fines and forfeitures	5,775	-	-	-	5,775
Revenue from the use of money and property	380,156	-	35	-	380,191
Charges for services	944,269	-	-	-	944,269
Miscellaneous	44,918	-	-	-	44,918
Recovered costs	110,013	-	-	-	110,013
Intergovernmental:					
Commonwealth	4,801,421	54,101	41,829	-	4,897,351
Federal	1,236,548	-	-	-	1,236,548
Total revenues	<u>\$ 22,768,287</u>	<u>\$ 325,890</u>	<u>\$ 41,864</u>	<u>\$ 179,851</u>	<u>\$ 23,315,892</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,635,292	\$ -	\$ -	\$ -	\$ 1,635,292
Judicial administration	1,005,806	-	-	-	1,005,806
Public safety	4,211,778	274,917	49,586	-	4,536,281
Public works	1,982,252	-	-	-	1,982,252
Health and welfare	3,322,370	-	-	-	3,322,370
Education	7,119,187	-	-	258,001	7,377,188
Parks, recreation, and cultural	378,195	-	-	-	378,195
Community development	673,757	-	-	-	673,757
Capital projects	3,385,299	-	-	-	3,385,299
Debt service:					
Principal retirement	1,637,804	39,822	-	-	1,677,626
Bond issuance costs	97,813	-	-	-	97,813
Interest and other fiscal charges	558,424	524	-	-	558,948
Total expenditures	<u>\$ 26,007,977</u>	<u>\$ 315,263</u>	<u>\$ 49,586</u>	<u>\$ 258,001</u>	<u>\$ 26,630,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,239,690)</u>	<u>\$ 10,627</u>	<u>\$ (7,722)</u>	<u>\$ (78,150)</u>	<u>\$ (3,314,935)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 12,831	\$ 212,973	\$ 225,804
Transfers out	(225,804)	-	-	-	(225,804)
Issuance of lease revenue bonds	7,580,935	-	-	-	7,580,935
Total other financing sources (uses)	<u>\$ 7,355,131</u>	<u>\$ -</u>	<u>\$ 12,831</u>	<u>\$ 212,973</u>	<u>\$ 7,580,935</u>
Net change in fund balances	\$ 4,115,441	\$ 10,627	\$ 5,109	\$ 134,823	\$ 4,266,000
Fund balances - beginning	16,235,274	(1,235,006)	94,080	537,451	15,631,799
Fund balances (deficit) - ending	<u>\$ 20,350,715</u>	<u>\$ (1,224,379)</u>	<u>\$ 99,189</u>	<u>\$ 672,274</u>	<u>\$ 19,897,799</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, 2020

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

Net change in fund balances - total governmental funds \$ 4,266,000

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 4,058,514	
Depreciation expense	<u>(1,082,161)</u>	2,976,353

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	\$ (88,142)	
Increase (decrease) in unavailable revenue - EMS billings	185,296	
Increase (decrease) in unavailable revenue - capital lease receivable	<u>(162,498)</u>	(65,344)

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 revenue bonds	\$ (7,580,935)	
Principal payments:		
Loans and bonds	971,850	
Capital leases	<u>705,776</u>	(5,903,309)

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	\$ (88,385)	
Change in net pension liability and related deferred items	(495,122)	
Change in net OPEB liability and related deferred items	439	
(Increase) decrease in accrued interest payable	(71,090)	
(Increase) decrease in landfill closure/post-closure liability	<u>(22,939)</u>	(677,097)

Change in net position of governmental activities	<u><u>\$ 596,603</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, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 19,456
	<u>19,456</u>
LIABILITIES	
Amounts held for social services clients	\$ 19,456
Total liabilities	\$ 19,456
	<u>19,456</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, 2020

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, 2020.

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, 2020

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

A. Financial Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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

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

Jointly Governed Organizations

Floyd-Floyd County Public Service Authority

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

In 2017, the County issued a note receivable to the PSA in the amount of \$400,000 with a 1% interest rate. The receivable consists of an annual principal and interest payment of \$22,075 from June 30, 2018 through June 30, 2037.

Floyd-Floyd County Recreational Authority

Prior to fiscal year 2020 the County, along with the Town of Floyd, provided support to the Floyd-Floyd County Recreational Authority. The governing body of this organization was appointed by the respective governing bodies of the participating jurisdictions. As of July 1, 2019, the Authority was disbanded and became a department within the County. The County obtained \$356,775 in net capital assets as a result consisting mostly of land in the park. The County also inherited an immaterial dollar amount of payables as of July 1, 2019.

Floyd-Floyd County Tourism Authority

The County, along with the Town of Floyd, provides support to the Floyd-Floyd County Tourism Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$36,000 to the Authority for the current year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

A. Financial Reporting Entity (Continued)

Jointly Governed Organizations (Continued)

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 \$82,432 to the Library for the current year.

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 \$34,294 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 \$514,789 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, 2020

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

The government reports the following major governmental funds:

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

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

The *asset forfeiture fund* accounts for and 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* accounts for and 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 agent or custodian for individuals, private organizations, other governmental units, or other funds. The Special Welfare Fund is reported as an Agency fund. These funds utilize the accrual basis of accounting but have no measurement focus. Fiduciary funds are not included in the government-wide financial statements.

The component unit (School Board) of the government 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

D. Budgets and Budgetary Accounting

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

1. Prior to May 1, the County Administrator submits to the County Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Fire and Rescue, Asset Forfeiture, Capital Improvement, and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the County Board of Supervisors can change the appropriation by function at the County or category at the School Board. The County Administrator is authorized to transfer budgeted amounts within general government activities or departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate capital projects by project.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.
9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is part of the County's accounting system.

Excess of expenditures over appropriations

At June 30, 2020, there were no departments with expenditures in excess of appropriations.

Deficit fund equity

At June 30, 2020, the Fire and Rescue Fund had deficit fund equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

1. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Restricted cash at year end consists of unspent capital lease proceeds.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and Payables

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

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th and June 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes. *Due to the COVID-19 pandemic, the County delayed the June 5, 2020 collection until August 5, 2020.*

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 \$81,320 for property taxes and \$871,643 for EMS billings at June 30, 2020.

6. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

7. Prepaid Items

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

8. Capital Assets

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

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

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

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

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

9. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

10. Long-Term Obligations

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

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

11. Fund Balance

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

11. Fund Balance (Continued)

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

12. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable and EMS billings receivable are reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and uncollected EMS revenue are reported as deferred inflows of resources. In addition certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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

13. Net Position

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

The County's net position is classified as follows:

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

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

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

14. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

15. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

16. Other Postemployment Benefits (OPEB)

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

Note 2—Deposits and Investments:

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

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

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2020, 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, 2020, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
SNAP	\$ 10,336,486

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	\$ 10,336,486	\$ 10,336,486

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 3—Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 210,307	\$ -
State sales tax	-	330,854
Noncategorical aid	96,651	-
Categorical aid - shared expenses	118,322	-
Categorical aid - welfare payments	52,526	-
Categorical aid - CSA funds	162,433	-
Categorical aid - other	168,370	-
<u>Federal Government:</u>		
Categorical aid	146,984	-
School federal programs	-	119,705
	<u> </u>	<u> </u>
Totals	\$ <u>955,593</u>	\$ <u>450,559</u>

Note 4-Interfund/Component-Unit Obligations:

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

<u>Fund</u>	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 1,928,274
	<u> </u>	<u> </u>
Component Unit:		
School Board	\$ 1,928,274	\$ -
	<u> </u>	<u> </u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 225,804
Capital Improvement Fund	212,973	-
Asset Forfeiture Fund	12,831	-
Total	<u>\$ 225,804</u>	<u>\$ 225,804</u>

Note 5—Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2020:

	As Restated, Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements:				
General obligation bonds	\$ 4,327,693	\$ -	\$ (717,850)	\$ 3,609,843
Lease revenue bonds	9,719,910	7,580,935	(254,000)	17,046,845
Capital leases	2,612,649	-	(705,776)	1,906,873
Landfill closure/post-closure liability	1,349,407	22,939	-	1,372,346
Compensated absences	404,846	392,019	(303,634)	493,231
Net pension liability	2,459,808	2,516,337	(1,664,737)	3,311,408
Net OPEB liability	319,699	139,397	(86,907)	372,189
Total	<u>\$ 21,194,012</u>	<u>\$ 10,651,627</u>	<u>\$ (3,732,904)</u>	<u>\$ 28,112,735</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 5—Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 731,174	\$ 158,137	\$ 255,000	\$ 492,878
2022	555,677	125,322	349,000	466,191
2023	566,288	96,712	8,126,000	455,854
2024	575,976	69,025	626,000	287,638
2025	585,420	41,581	542,000	267,193
2026-2030	595,308	13,692	3,508,000	992,198
2031-2035	-	-	3,297,000	373,814
2036-2040	-	-	154,000	7,416
Totals	<u>\$ 3,609,843</u>	<u>\$ 504,469</u>	<u>\$ 16,857,000</u>	<u>\$ 3,343,182</u>
	Amount in Drawdown Phase:		<u>189,845</u>	
	Adjusted Total:		<u>\$ 17,046,845</u>	

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

Note 5—Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements:						
<i>General Obligation Bonds:</i>						
General obligation bonds (VPSA)	4.60-5.10%	11/10/2005	7/15/2025	\$ 10,259,045	\$ 3,424,264	\$ 545,595
General obligation bonds (VPSA)	5.10-5.80%	11/16/2000	7/15/2020	3,110,483	185,579	185,579
Total general obligation bonds					<u>\$ 3,609,843</u>	<u>\$ 731,174</u>
<i>Lease Revenue Bonds:</i>						
Lease revenue bond	2.40%	8/4/2016	1/31/2038	\$ 903,000	\$ 795,000	\$ 34,000
Lease revenue bond	1.70%	8/4/2016	1/31/2024	734,000	403,000	98,000
Lease revenue bond	1.97%	12/1/2019	2/1/2023	7,500,000	7,500,000	-
Lease revenue bond	3.60%	8/4/2016	1/31/2034	1,008,000	816,000	49,000
Lease revenue bond*	3.25%	6/28/2019	2/1/2023	3,500,000	189,845	-
Lease revenue bond	3.75%	6/28/2019	2/1/2029	865,000	791,000	31,000
Lease revenue bond	3.67%	2/6/2019	2/1/2035	6,552,000	6,552,000	43,000
Total lease revenue bonds					<u>\$ 17,046,845</u>	<u>\$ 255,000</u>
Total direct borrowings and direct placements					<u>\$ 20,656,688</u>	<u>\$ 986,174</u>
Capital Leases:						
Capital lease - County equipment	4.00%	10/3/2018	10/3/2023	\$ 22,782	\$ 15,715	\$ 4,489
Capital lease - County equipment	1.95%	5/29/2015	6/15/2025	1,750,000	919,203	176,437
Capital lease - School network	0.00%	3/29/2018	8/15/2022	585,914	295,834	98,611
Capital lease - School buses	2.53%	6/1/2017	8/1/2022	900,849	407,715	98,781
Capital lease - County equipment	2.15%	6/13/2017	6/20/2022	650,000	268,406	132,761
Total capital leases					<u>\$ 1,906,873</u>	<u>\$ 511,079</u>
Other Obligations:						
Landfill closure/post-closure liability					\$ 1,372,346	\$ -
Compensated absences					493,231	369,923
Net pension liability					3,311,408	-
Net OPEB liability					372,189	-
Total other obligations					<u>\$ 5,549,174</u>	<u>\$ 369,923</u>
Total long-term obligations					<u>\$ 28,112,735</u>	<u>\$ 1,867,176</u>

*bond is in drawdown phase at year-end

Collateral:

The County's \$6,552,000 lease revenue bond issued in February 2019 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.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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, 2020:

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Compensated absences	\$ 561,906	\$ 496,447	\$ (421,429)	\$ 636,923
Net pension liability	17,093,268	7,165,362	(5,081,591)	19,177,039
Net OPEB liabilities	<u>2,651,000</u>	<u>577,395</u>	<u>(431,500)</u>	<u>2,796,895</u>
Total	<u>\$ 20,306,174</u>	<u>\$ 8,239,204</u>	<u>\$ (5,934,520)</u>	<u>\$ 22,610,857</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Compensated absences	\$ 636,923	\$ 477,692
Net pension liability	19,177,039	-
Net OPEB liabilities	2,796,895	-
Total other obligations	<u>\$ 22,610,857</u>	<u>\$ 477,692</u>
Total long-term obligations	<u>\$ 22,610,857</u>	<u>\$ 477,692</u>

Discretely Presented Component Unit - EDA-Indebtedness:

The Economic Development Authority opened a line of credit on July 19, 2019 in the amount of \$100,000 with an interest rate of Prime plus .25% or 5.75% but did not draw on the line during fiscal year 2020 and had a zero balance at year end.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7—Capital Leases:

Primary Government

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

Total capital assets acquired through capital leases are as follows:

Ambulances	\$	331,210
Fire trucks		903,685
School buses		1,136,424
Voting machine		80,710
Utility trailer		28,818
Police vehicles		88,128
Network Refresh		585,914
Animal control vehicles		57,550
CAMA software		125,062
Forklift		22,782
Public works vehicles		191,537
Less: Accumulated depreciation		(1,130,721)
Net capital assets	\$	<u>2,421,099</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020, were as follows:

Year Ending June 30,	Capital Leases
2021	\$ 543,984
2022	593,982
2023	456,753
2024	194,436
2025	<u>192,879</u>
Sub-total	\$ 1,982,034
Less: Amount representing interest	<u>(75,161)</u>
Present Value of Lease Agreements	\$ <u>1,906,873</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

Note 8—Pension Plans:

Plan Description

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

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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 hired 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 hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees hired 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.

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.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

Note 8—Pension Plans: (Continued)

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, 2020 was 10.59% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$469,155 and \$443,606 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

At June 30, 2020, the County reported a liability of \$3,311,408 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 and 2018 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2019 and 2018, the County's proportion was 95.61% and 93.48%, 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, 2018, 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, 2019.

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*

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (Nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, 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, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County's proportionate share of the County of Floyd's Retirement Plan Net Pension Liability (Asset)	\$ 5,789,081	\$ 3,311,408	\$ 1,341,165

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

For the year ended June 30, 2020, the County recognized pension expense of \$955,600. 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, 2020

Note 8—Pension Plans: (Continued)

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

At June 30, 2020, 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	\$ 493,702	\$ -
Change in assumptions	386,368	3,117
Net difference between projected and actual earnings on pension plan investments	-	132,415
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,429	-
Employer contributions subsequent to the measurement date	469,155	-
Total	\$ 1,374,654	\$ 135,532

\$469,155 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, 2021. 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
2021	\$ 474,576
2022	161,921
2023	125,183
2024	8,287
2025	-
Thereafter	-

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	86
Inactive members:	
Vested inactive members	13
Non-vested inactive members	25
Inactive members active elsewhere in VRS	17
Total inactive members	<u>55</u>
Active members	<u>74</u>
Total covered employees	<u>215</u>

Contributions

The Component Unit School Board's contractually required employer contribution rate for Nonprofessional employees for the year ended June 30, 2020 was 13.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Floyd County School Board's Nonprofessional employees were \$207,282 and \$202,604 for the years ended June 30, 2020 and June 30, 2019, 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Changes in Net Pension Liability

	Component Unit - School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 7,941,337	\$ 6,241,069	\$ 1,700,268
Changes for the year:			
Service cost	\$ 134,845	\$ -	\$ 134,845
Interest	536,032	-	536,032
Differences between expected and actual experience	(102,799)	-	(102,799)
Assumption changes	187,790	-	187,790
Contributions - employer	-	202,602	(202,602)
Contributions - employee	-	73,870	(73,870)
Net investment income	-	405,356	(405,356)
Benefit payments, including refunds of employee contributions	(567,484)	(567,484)	-
Administrative expenses	-	(4,205)	4,205
Other changes	-	(254)	254
Net changes	\$ 188,384	\$ 109,885	\$ 78,499
Balances at June 30, 2019	\$ 8,129,721	\$ 6,350,954	\$ 1,778,767

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)	\$ 2,608,908	\$ 1,778,767	\$ 1,106,480

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

For the year ended June 30, 2020, the Component Unit School Board (Nonprofessional) recognized pension expense of \$229,426. At June 30, 2020, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit-School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 57,990
Change in assumptions	98,366	-
Net difference between projected and actual earnings on pension plan investments	-	52,452
Employer contributions subsequent to the measurement date	207,282	-
Total	\$ 305,648	\$ 110,442

\$207,282 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, 2021.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

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

<u>Year Ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2021	\$ 39,635
2022	(54,973)
2023	(972)
2024	4,234
2025	-
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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$1,694,630 and \$1,691,707 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

At June 30, 2020, the school division reported a liability of \$17,398,272 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.13220% as compared to 0.13089% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,845,513. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit-School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,114,084
Change in assumptions	1,722,837	-
Net difference between projected and actual earnings on pension plan investments	-	382,025
Changes in proportion and differences between employer contributions and proportionate share of contributions	453,886	389,983
Employer contributions subsequent to the measurement date	1,694,630	-
Total	\$ 3,871,353	\$ 1,886,092

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

\$1,694,630 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, 2021. 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>
2021	\$ (37,783)
2022	(350,361)
2023	170,768
2024	355,591
2025	152,416
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,552,769
Employers' Net Pension Liability (Asset)	\$	13,130,567

Plan Fiduciary Net Position as a Percentage
of the Total Pension Liability 73.51%

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)	\$ 26,191,957	\$ 17,398,272	\$ 10,127,523

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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	\$ 1,374,654	\$ 135,532	\$ 3,311,408	\$ 955,600	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	305,648	110,442	1,778,767	229,426
School Board Professional	-	-	-	-	3,871,353	1,886,092	17,398,272	1,845,513
Totals	\$ 1,374,654	\$ 135,532	\$ 3,311,408	\$ 955,600	\$ 4,177,001	\$ 1,996,534	\$ 19,177,039	\$ 2,074,939

Note 9—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Plan Description (continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$24,731 and \$23,056 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Contributions (continued)

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Nonprofessional) were \$8,638 and \$8,263 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Professional) were \$58,582 and \$57,960 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

Primary Government

At June 30, 2020, the entity reported a liability of \$372,189 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.02275% as compared to 0.02106% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$17,618. 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, 2020, the entity reported a liability of \$131,971 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.00811% as compared to 0.00837% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$2,405. 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, 2020

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

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

Component Unit School Board (Professional)

At June 30, 2020, the entity reported a liability of \$925,264 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.05686% as compared to 0.05602% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$21,300. 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, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,753	\$ 4,828	\$ 8,777	\$ 1,711	\$ 61,536	\$ 12,001
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,645	-	2,711	-	19,006
Change in assumptions	23,497	11,223	8,332	3,980	58,416	27,901
Changes in proportion	39,787	-	-	3,469	20,161	14,730
Employer contributions subsequent to the measurement date	24,731	-	8,638	-	58,582	-
Total	\$ 112,768	\$ 23,696	\$ 25,747	\$ 11,871	\$ 198,695	\$ 73,638

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

\$24,731, \$8,638, and \$58,582 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, 2021. 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>	<u>Component Unit School Board (Professional)</u>
2021	\$ 10,334	\$ (178)	\$ 3,192
2022	10,335	(178)	3,192
2023	13,572	970	11,242
2024	14,874	2,018	20,939
2025	11,998	2,064	21,915
Thereafter	3,228	542	5,995

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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, 2020

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

Actuarial Assumptions (continued)

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<hr/> 1,627,266 <hr/>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Discount Rate (continued)

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	\$ 488,953	\$ 372,189	\$ 277,497
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	173,374	131,971	98,395
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	1,215,540	925,264	689,857

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (Professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

Eligible Employees

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

Benefit Amounts

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$134,567 and \$133,755 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$1,739,660 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, 2019 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, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.13289% as compared to 0.13171% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$142,267. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

At June 30, 2020, 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	\$ -	\$ 9,854
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	110	-
Change in assumptions	40,490	12,088
Change in proportion	38,601	34,527
Employer contributions subsequent to the measurement date	<u>134,567</u>	<u>-</u>
Total	\$ <u>213,768</u>	\$ <u>56,469</u>

\$134,567 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, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$	739
2022		737
2023		1,500
2024		1,244
2025		4,859
Thereafter		13,653

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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, 2020**Note 10- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 10- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, 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, 2019 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,946,975	\$ 1,739,660	\$ 1,563,546

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020

Note 11—Line of Duty Act (LODA) (OPEB):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2020 was \$26,050.

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	\$ 112,768	\$ 23,696	\$ 372,189	\$ 17,618	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	25,747	11,871	131,971	2,405
School Board Professional	-	-	-	-	198,695	73,638	925,264	21,300
Teacher HIC Plan (Note 10)	-	-	-	-	213,768	56,469	1,739,660	142,267
Totals	\$ 112,768	\$ 23,696	\$ 372,189	\$ 17,618	\$ 438,210	\$ 141,978	\$ 2,796,895	\$ 165,972

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 880,603	\$ 320,700	\$ -	\$ 1,201,303
Construction in progress	498,377	3,474,677	-	3,973,054
Total capital assets not being depreciated	<u>\$ 1,378,980</u>	<u>\$ 3,795,377</u>	<u>\$ -</u>	<u>\$ 5,174,357</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,177,582	\$ 36,075	\$ -	\$ 21,213,657
Machinery and equipment	10,514,979	227,062	-	10,742,041
Total capital assets being depreciated	<u>\$ 31,692,561</u>	<u>\$ 263,137</u>	<u>\$ -</u>	<u>\$ 31,955,698</u>
Accumulated depreciation:				
Buildings and improvements	\$ (8,450,807)	\$ (532,578)	\$ -	\$ (8,983,385)
Machinery and equipment	(7,021,443)	(549,583)	-	(7,571,026)
Total accumulated depreciation	<u>\$ (15,472,250)</u>	<u>\$ (1,082,161)</u>	<u>\$ -</u>	<u>\$ (16,554,411)</u>
Total capital assets being depreciated, net	<u>\$ 16,220,311</u>	<u>\$ (819,024)</u>	<u>\$ -</u>	<u>\$ 15,401,287</u>
Governmental activities capital assets, net	<u>\$ 17,599,291</u>	<u>\$ 2,976,353</u>	<u>\$ -</u>	<u>\$ 20,575,644</u>

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

Governmental Activities:	
General government administration	\$ 45,472
Judicial administration	2,582
Public safety	278,763
Public works	160,239
Health and welfare	5,199
Education	554,996
Parks, recreation, and cultural	34,286
Community development	624
Total depreciation expense-governmental activities	<u>\$ 1,082,161</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit - School Board

Capital asset activity for the School Board for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 265,917	\$ -	\$ -	\$ 265,917
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,439,216	\$ 99,022	\$ -	\$ 6,538,238
Machinery and equipment	3,857,517	63,655	-	3,921,172
Total capital assets being depreciated	\$ 10,296,733	\$ 162,677	\$ -	\$ 10,459,410
Accumulated depreciation:				
Buildings and improvements	\$ (3,582,379)	\$ (146,447)	\$ -	\$ (3,728,826)
Machinery and equipment	(3,291,425)	(187,918)	-	(3,479,343)
Total accumulated depreciation	\$ (6,873,804)	\$ (334,365)	\$ -	\$ (7,208,169)
Total capital assets being depreciated, net	\$ 3,422,929	\$ (171,688)	\$ -	\$ 3,251,241
Governmental activities capital assets, net	\$ 3,688,846	\$ (171,688)	\$ -	\$ 3,517,158

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit - EDA

Capital asset activity for the Authority for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 430,419	\$ -	\$ -	\$ 430,419
Construction in progress	-	99,623	-	99,623
Total capital assets not being depreciated	\$ 430,419	\$ 99,623	\$ -	\$ 530,042
Capital assets, being depreciated:				
Buildings and improvements	\$ 2,311,828	\$ -	\$ -	\$ 2,311,828
Machinery and equipment	72,265	-	-	72,265
Total capital assets being depreciated	\$ 2,384,093	\$ -	\$ -	\$ 2,384,093
Accumulated depreciation:				
Buildings and improvements	\$ (260,082)	\$ (57,796)	\$ -	\$ (317,878)
Machinery and equipment	(67,623)	(1,856)	-	(69,479)
Total accumulated depreciation	\$ (327,705)	\$ (59,652)	\$ -	\$ (387,357)
Total capital assets being depreciated, net	\$ 2,056,388	\$ (59,652)	\$ -	\$ 1,996,736
Business-type activities capital assets, net	\$ 2,486,807	\$ 39,971	\$ -	\$ 2,526,778

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, 2020

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 Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 372,002
Tax assessments due after June 30	5,056,695	5,056,695
Unavailable EMS revenue representing uncollected EMS billings that are not available for funding of current expenditures.	-	219,480
Capital lease receivable	-	717,708
Prepaid taxes relating to taxes due in a future period.	139,631	139,631
Total deferred/unavailable revenue	\$ 5,196,326	\$ 6,505,516

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

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 \$1,372,346. 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 - Operating Lease

The County leases a manufacturing building to Legacy, Inc. The agreement was for a ten-year term that initially ended on January 31, 2010. However, the lease has been renewed annually for additional one year periods through January 31, 2021. The lease requires Legacy maintain a certain level of employment at the facility or the County can declare the company in default and take possession of the building. Legacy has an option to purchase the building at any time during the term of the lease at a then determined fair market appraised value of the property. The 2020 minimum monthly rental payment under this lease is \$4,500.

Note 19-Capital Lease Receivable

During the fiscal year ending June 30, 2014, the County purchased a building and related land with debt proceeds and subsequently transferred ownership to the Floyd County Economic Development Authority (EDA). During fiscal year 2015, the EDA leased the building to a local corporation and assigned all rental payments to the County. For financial reporting purposes, the lease is considered a capital lease. As such, the County has recorded a long-term receivable (\$717,708 as of June 30, 2020) for anticipated lease payments. Terms of the lease agreement require monthly payments of \$13,542 for a period of ten years beginning on December 1, 2014.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 20—Litigation:

As of June 30, 2020, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

As of June 30, 2020, the Floyd County School Board has a disputed claim with a prior third-party administrator in the amount of \$389,664. The School Board is confident that unpaid open claims are substantially lower than that amount and since a reasonable amount cannot be estimated no liability has been recorded for same.

Note 21-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 2020, a total of \$1,601,006 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$1,904,112. 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 \$657,324 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Changes in the claims liability for the current and two prior fiscal years are as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2019-20	\$ 354,218	\$ 1,904,112	\$ (1,601,006)	\$ 657,324
2018-19	142,945	1,551,099	(1,339,826)	354,218
2017-18	121,217	1,376,427	(1,354,699)	142,945

Note 22—Commitments:

At June 30, 2020, the County had the following outstanding construction commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Collaboration and Career Development Center	\$ 910,097	\$ 177,655	\$ 180,994	\$ -
Floyd County School HVAC Upgrades (Engineering)	476,911	36,948	2,217	-
Floyd County School HVAC Upgrades (Construction)	3,112,541	2,832,683	73,910	13,993
Floyd County EDA - Lot 4 (Engineering)	71,431	9,859	3,387	-
Floyd County EDA - Building Construction	184,000	171,532	2,232	-
Floyd County EDA - Phase II	121,235	121,235	-	-
Floyd County EDA - MUMI Study	60,000	53,671	5,750	-
Total	\$ 4,936,215	\$ 3,403,583	\$ 268,490	\$ 13,993

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

Note 23—Restatement:

Net position as previously reported 6/30/2019	\$	14,058,915
Correction of capital lease balance		34,286
Net position as restated 6/30/2019	\$	<u>14,093,201</u>

Note 24—Subsequent Events:

On October 19, 2020, the County received a grant to begin a housing rehabilitation project through Community Development Block Grant Program in the amount of \$1,080,000.

On October 20, 2020, the County issued a \$13,150,000 bond through VPSA with a varying interest rate of 2.03% to 5.05% and semiannual payments on January 15th and July 15th. The bond issuance included a net premium of \$1,873,114 and was used to obtain \$7,324,384 in new funding for the Collaboration and Career Development Center project while paying off an interim loan of \$7,540,631 (fiscal year 2020 issuance).

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Floyd, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Floyd, Virginia, received the second round of CRF funds in the amount of \$1,374,040 after year end.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 24—Subsequent Events: (Continued)

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

Note 25—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 25—Upcoming Pronouncements: (Continued)

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

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

Required Supplementary Information

County of Floyd, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 12,842,316	\$ 12,852,459	\$ 13,113,550	\$ 261,091
Other local taxes	1,926,000	1,926,000	2,025,828	99,828
Permits, privilege fees, and regulatory licenses	120,500	120,500	105,809	(14,691)
Fines and forfeitures	22,000	22,000	5,775	(16,225)
Revenue from the use of money and property	282,393	282,393	380,156	97,763
Charges for services	972,934	990,155	944,269	(45,886)
Miscellaneous	58,500	48,600	44,918	(3,682)
Recovered costs	60,000	104,159	110,013	5,854
Intergovernmental:				
Commonwealth	4,071,192	4,868,145	4,801,421	(66,724)
Federal	1,224,196	1,338,101	1,236,548	(101,553)
Total revenues	\$ 21,580,031	\$ 22,552,512	\$ 22,768,287	\$ 215,775
EXPENDITURES				
Current:				
General government administration	\$ 1,493,193	\$ 1,562,206	\$ 1,635,292	\$ (73,086)
Judicial administration	1,002,087	1,058,344	1,005,806	52,538
Public safety	4,108,613	4,469,023	4,211,778	257,245
Public works	1,710,291	2,020,381	1,982,252	38,129
Health and welfare	2,537,748	3,301,426	3,322,370	(20,944)
Education	7,252,670	7,276,155	7,119,187	156,968
Parks, recreation, and cultural	425,270	394,969	378,195	16,774
Community development	755,691	1,053,761	673,757	380,004
Nondepartmental	192,841	-	-	-
Capital projects	-	3,092,607	3,385,299	(292,692)
Debt service:				
Principal retirement	1,637,804	1,637,804	1,637,804	-
Bond issuance costs	97,813	97,813	97,813	-
Interest and other fiscal charges	564,468	564,468	558,424	6,044
Total expenditures	\$ 21,778,489	\$ 26,528,957	\$ 26,007,977	\$ 520,980
Excess (deficiency) of revenues over (under) expenditures	\$ (198,458)	\$ (3,976,445)	\$ (3,239,690)	\$ 736,755
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (225,804)	\$ (225,804)
Issuance of lease revenue bonds	-	3,229,130	7,580,935	4,351,805
Total other financing sources (uses)	\$ -	\$ 3,229,130	\$ 7,355,131	\$ 4,126,001
Net change in fund balances	\$ (198,458)	\$ (747,315)	\$ 4,115,441	\$ 4,862,756
Fund balances - beginning	198,458	747,315	16,235,274	15,487,959
Fund balances - ending	\$ -	\$ -	\$ 20,350,715	\$ 20,350,715

Statement of Net Position
Fire and Rescue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 271,002	\$ 271,309	\$ 271,789	\$ 480
Intergovernmental:				
Commonwealth	71,366	72,467	54,101	(18,366)
Total revenues	<u>\$ 342,368</u>	<u>\$ 343,776</u>	<u>\$ 325,890</u>	<u>\$ (17,886)</u>
EXPENDITURES				
Current:				
Public safety	\$ 302,021	\$ 303,429	\$ 274,917	\$ 28,512
Debt service:				
Principal retirement	39,822	39,822	39,822	-
Interest and other fiscal charges	525	525	524	1
Total expenditures	<u>\$ 342,368</u>	<u>\$ 343,776</u>	<u>\$ 315,263</u>	<u>\$ 28,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,627</u>	<u>\$ 10,627</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,627</u>	<u>\$ 10,627</u>
Fund balances - beginning	-	-	(1,235,006)	(1,235,006)
Fund balances (deficit) - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,224,379)</u></u>	<u><u>\$ (1,224,379)</u></u>

Statement of Net Position
Asset Forfeiture Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 35	\$ 35
Intergovernmental:				
Commonwealth	-	-	41,829	41,829
Total revenues	\$ -	\$ -	\$ 41,864	\$ 41,864
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 49,586	\$ (49,586)
Total expenditures	\$ -	\$ -	\$ 49,586	\$ (49,586)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (7,722)	\$ (7,722)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 12,831	\$ 12,831
Net change in fund balances	\$ -	\$ -	\$ 5,109	\$ 5,109
Fund balances - beginning	-	-	94,080	94,080
Fund balances (deficit) - ending	\$ -	\$ -	\$ 99,189	\$ 99,189

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, 2019

Measurement Date	Proportion of the Net Pension Liability (NPL)	Proportionate Share of the NPL	Covered Employee Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government - Floyd County Retirement Plan					
6/30/2019	95.6190%	\$ 3,311,408	\$ 4,414,382	75.01%	82.33%
6/30/2018	93.4793%	2,459,808	4,008,077	61.37%	85.30%
6/30/2017	93.5572%	2,166,478	3,699,615	58.56%	86.27%
6/30/2016	93.9623%	1,653,111	3,350,265	49.34%	88.35%
6/30/2015	93.9623%	1,710,798	3,243,562	52.74%	87.93%
6/30/2014	93.9623%	1,559,230	3,158,882	49.36%	88.43%
Component Unit - School Board (professional)					
6/30/2019	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, 2019

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

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

County of Floyd, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)* (1) - (2)	Employer's Covered Payroll	Contributions as a % of Covered Payroll (2)/(4)
	(1)	(2)	(3)	(4)	(5)
Primary Government - Floyd County Retirement Plan					
2020	\$ 469,155	\$ 469,155	\$ -	\$ 4,785,755	9.80%
2019	443,606	443,606	-	4,414,382	10.05%
2018	311,388	311,388	-	4,008,077	7.77%
2017	298,223	298,223	-	3,699,615	8.06%
2016	366,184	366,184	-	3,350,265	10.93%
2015	347,839	347,839	-	3,243,562	10.72%
2014	378,434	378,434	-	3,158,882	11.98%
2013	370,739	370,739	-	3,094,649	11.98%
2012	305,053	305,053	-	2,896,988	10.53%
2011	292,169	292,169	-	2,774,634	10.53%
Component Unit School Board (nonprofessional)					
2020	\$ 207,282	\$ 207,282	\$ -	\$ 1,661,301	12.48%
2019	202,604	202,604	-	1,589,082	12.75%
2018	169,734	169,734	-	1,590,936	10.67%
2017	161,903	161,903	-	1,505,465	10.75%
2016	191,774	150,059	41,715	1,480,882	10.13%
2015	184,301	146,934	37,367	1,423,176	10.32%
2014	172,641	120,805	51,836	1,449,434	8.33%
2013	160,342	112,199	48,143	1,337,294	8.39%
2012	95,527	95,527	-	1,296,159	7.37%
2011	98,938	98,938	-	1,342,443	7.37%
Component Unit School Board (professional) (1)					
2020	\$ 1,694,630	\$ 1,694,630	\$ -	\$ 11,213,939	15.11%
2019	1,691,707	1,691,707	-	11,146,168	15.18%
2018	1,713,031	1,713,031	-	10,651,747	16.08%
2017	1,486,250	1,486,250	-	10,175,499	14.61%
2016	1,411,023	1,411,023	-	10,166,273	13.88%
2015	1,415,570	1,415,570	-	9,762,551	14.50%
2014	1,159,427	1,159,427	-	9,943,630	11.66%

(1) Only 7 years of information are available.

County of Floyd, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Floyd, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government - Floyd County Retirement Plan					
2019	0.0229%	\$ 372,189	\$ 4,414,382	8.43%	52.00%
2018	0.0211%	319,699	4,008,077	7.98%	51.22%
2017	0.0201%	302,190	3,699,615	8.17%	48.86%
Component Unit - School Board (non-professional)					
2019	0.0081%	\$ 131,971	\$ 1,589,082	8.30%	52.00%
2018	0.0084%	128,000	1,590,936	8.05%	51.22%
2017	0.0082%	123,000	1,505,465	8.17%	48.86%
Component Unit - School Board (professional)					
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, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government - County					
2020	\$ 24,731	\$ 24,731	- \$	4,785,755	0.52%
2019	23,056	23,056	-	4,414,382	0.52%
2018	20,842	20,842	-	4,008,077	0.52%
2017	19,238	19,238	-	3,699,615	0.52%
2016	16,081	16,081	-	3,350,265	0.48%
2015	15,275	15,275	-	3,243,562	0.47%
2014	15,163	15,163	-	3,158,882	0.48%
2013	14,854	14,854	-	3,094,649	0.48%
2012	8,112	8,112	-	2,896,988	0.28%
2011	7,769	7,769	-	2,774,634	0.28%
Component Unit School Board (nonprofessional)					
2020	\$ 8,638	\$ 8,638	- \$	1,661,301	0.52%
2019	8,263	8,263	-	1,589,082	0.52%
2018	8,273	8,273	-	1,590,936	0.52%
2017	7,828	7,828	-	1,505,465	0.52%
2016	7,108	7,108	-	1,480,882	0.48%
2015	6,831	6,831	-	1,423,176	0.48%
2014	6,957	6,957	-	1,449,434	0.48%
2013	6,419	6,419	-	1,337,294	0.48%
2012	3,629	3,629	-	1,296,159	0.28%
2011	3,759	3,759	-	1,342,443	0.28%
Component Unit School Board (professional)					
2020	\$ 58,582	\$ 58,582	- \$	11,213,939	0.52%
2019	57,960	57,960	-	11,146,168	0.52%
2018	55,389	55,389	-	10,651,747	0.52%
2017	52,933	52,933	-	10,175,499	0.52%
2016	48,911	48,911	-	10,166,273	0.48%
2015	46,860	46,860	-	9,762,551	0.48%
2014	47,747	47,747	-	9,943,630	0.48%
2013	44,344	44,344	-	9,114,430	0.49%
2012	25,821	25,821	-	9,145,953	0.28%
2011	27,151	27,151	-	9,696,940	0.28%

County of Floyd, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Floyd, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
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, 2011 through June 30, 2020

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)	
2020	\$ 134,567	\$ 134,567	\$ -	\$ 11,213,939	1.20%
2019	133,755	133,755	-	11,146,168	1.20%
2018	131,018	131,018	-	10,651,747	1.23%
2017	112,948	112,948	-	10,175,499	1.11%
2016	107,763	107,763	-	10,166,273	1.06%
2015	103,483	103,483	-	9,762,551	1.06%
2014	110,374	110,374	-	9,943,630	1.11%
2013	101,170	101,170	-	9,114,430	1.11%
2012	54,876	54,876	-	9,145,953	0.60%
2011	58,182	58,182	-	9,696,940	0.60%

County of Floyd, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Other local taxes	\$ 175,000	\$ 175,000	\$ 179,851	\$ 4,851
Total revenues	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 179,851</u>	<u>\$ 4,851</u>
EXPENDITURES				
Current:				
Education	\$ 258,001	\$ 258,001	\$ 258,001	\$ -
Total expenditures	<u>\$ 258,001</u>	<u>\$ 258,001</u>	<u>\$ 258,001</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (83,001)</u>	<u>\$ (83,001)</u>	<u>\$ (78,150)</u>	<u>\$ 4,851</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,973</u>	<u>\$ 212,973</u>
Net change in fund balances	<u>\$ (83,001)</u>	<u>\$ (83,001)</u>	<u>\$ 134,823</u>	<u>\$ 217,824</u>
Fund balances - beginning	<u>83,001</u>	<u>83,001</u>	<u>537,451</u>	<u>454,450</u>
Fund balances (deficit) - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 672,274</u></u>	<u><u>\$ 672,274</u></u>

FIDUCIARY FUNDS - AGENCY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

County of Floyd, Virginia
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets				
Current Assets				
Cash and cash equivalents				
Special Welfare Fund	\$ 12,986	\$ 62,048	\$ (55,578)	\$ 19,456
Total Assets	<u>\$ 12,986</u>	<u>\$ 62,048</u>	<u>\$ (55,578)</u>	<u>\$ 19,456</u>
Liabilities				
Amounts held for social services clients	\$ 12,986	\$ 62,048	\$ (55,578)	\$ 19,456
Total Liabilities	<u>\$ 12,986</u>	<u>\$ 62,048</u>	<u>\$ (55,578)</u>	<u>\$ 19,456</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

County of Floyd, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

		School Operating <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 1,217,568	
Due from primary government	1,928,274	
Due from other governmental units	450,559	
Inventories	43,834	
Prepaid items	371,259	
Total assets	<u>\$ 4,011,494</u>	
LIABILITIES		
Accounts payable	\$ 48,941	
Accrued payroll liabilities	1,904,789	
Health claim payable	657,324	
Total liabilities	<u>\$ 2,611,054</u>	
FUND BALANCES		
Nonspendable:		
Prepaid items and inventory	\$ 415,093	
Restricted:		
Cafeteria	92,346	
Self health insurance	467,898	
Unassigned	425,103	
Total fund balances	<u>\$ 1,400,440</u>	
Total liabilities and fund balances	<u>\$ 4,011,494</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$ 1,400,440	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 265,917	
Buildings and improvements	2,809,412	
Machinery and equipment	<u>441,829</u>	3,517,158
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 4,177,001	
OPEB related items	<u>438,210</u>	4,615,211
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	\$ (636,923)	
Net pension liability	(19,177,039)	
Net OPEB liabilities	<u>(2,796,895)</u>	(22,610,857)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (1,996,534)	
OPEB related items	<u>(141,978)</u>	(2,138,512)
Net position of governmental activities		<u>\$ (15,216,560)</u>

County of Floyd, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	School Operating Fund
REVENUES	
Charges for services	\$ 336,476
Miscellaneous	83,111
Recovered costs	171,777
Intergovernmental:	
Local government	7,369,638
Commonwealth	12,896,033
Federal	2,082,196
Total revenues	<u>\$ 22,939,231</u>
EXPENDITURES	
Current:	
Education	<u>\$ 23,327,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (387,968)</u>
Net change in fund balances	\$ (387,968)
Fund balances - beginning	<u>1,788,408</u>
Fund balances - ending	<u><u>\$ 1,400,440</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	\$ (387,968)
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 depreciation exceeded capital outlays in the current period.	
Capital asset additions	\$ 162,677
Depreciation expense	<u>(334,365)</u>
	(171,688)
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	\$ (75,017)
Change in net pension liability and related deferred items	(171,864)
Change in net OPEB liability and related deferred items	<u>36,359</u>
Change in net position of governmental activities	<u><u>\$ (770,178)</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, 2020

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 540,371	\$ 540,371	\$ 336,476	\$ (203,895)
Miscellaneous	66,000	66,000	83,111	17,111
Recovered costs	81,000	81,000	171,777	90,777
Intergovernmental:				
Local government	7,503,121	7,503,121	7,369,638	(133,483)
Commonwealth	12,937,523	12,937,523	12,896,033	(41,490)
Federal	1,994,071	1,994,071	2,082,196	88,125
Total revenues	\$ 23,122,086	\$ 23,122,086	\$ 22,939,231	\$ (182,855)
EXPENDITURES				
Current:				
Education	\$ 23,122,086	\$ 23,122,086	\$ 23,327,199	\$ (205,113)
Total expenditures	\$ 23,122,086	\$ 23,122,086	\$ 23,327,199	\$ (205,113)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (387,968)	\$ (387,968)
Net change in fund balances	\$ -	\$ -	\$ (387,968)	\$ (387,968)
Fund balances - beginning	-	-	1,788,408	1,788,408
Fund balances - ending	\$ -	\$ -	\$ 1,400,440	\$ 1,400,440

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

PROPRIETARY FUNDS

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

County of Floyd, Virginia
Discretely Presented Component Unit
Economic Development Authority
Statement of Net Position - Proprietary Fund
June 30, 2020

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 181,364
Accounts receivable	2,965
Loan receivable - current portion	16,171
Lease receivable	17,900
Inventory, held for resale	246,180
Prepaid items	339
Total current assets	<u>\$ 464,919</u>
Noncurrent assets:	
Other assets:	
Loan receivable - net of current portion	\$ 201,309
Restricted cash and cash equivalents	97,213
Capital assets:	
Land	430,419
Construction in progress	99,623
Machinery and equipment	72,265
Building	2,311,828
Accumulated depreciation	(387,357)
Total capital assets	<u>\$ 2,526,778</u>
Total noncurrent assets	<u>\$ 2,825,300</u>
Total assets	<u>\$ 3,290,219</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 8,246
Customers' deposits	12,896
Unearned revenue	2,167
Total liabilities	<u>\$ 23,309</u>
NET POSITION	
Investment in capital assets	\$ 2,526,778
Unrestricted	740,132
Total net position	<u><u>\$ 3,266,910</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, 2020

	Enterprise Fund
OPERATING REVENUES	
IRB Fees	\$ 2,965
Use of property	83,459
Miscellaneous revenue	615
Intergovernmental:	
Local government	33,833
Total operating revenues	<u>\$ 120,872</u>
OPERATING EXPENSES	
Operations	\$ 101,617
Depreciation	59,652
Total operating expenses	<u>\$ 161,269</u>
Operating income (loss)	<u>\$ (40,397)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental:	
State	\$ 7,286
Federal	60,000
Economic incentive payments	(7,286)
Interest income	5,186
Contributed capital from County of Floyd	99,623
Total nonoperating revenues (expenses)	<u>\$ 164,809</u>
Change in net position	\$ 124,412
Total net position - beginning	3,142,498
Total net position - ending	<u><u>\$ 3,266,910</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, 2020

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 121,037
Payments to suppliers	(95,824)
Net cash provided by (used for) operating activities	<u>\$ 25,213</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grants to local companies	\$ (65,612)
Contributions in aid of construction	67,286
Net cash provided by (used for) capital and related financing activities	<u>\$ 1,674</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 5,186
Loans/notes issued to customers	(93,978)
Payments received on notes/loans receivable	29,150
Net cash provided by (used for) investing activities	<u>\$ (59,642)</u>
Net increase (decrease) in cash and cash equivalents	\$ (32,755)
Cash and cash equivalents - beginning (including restricted cash of \$97,791)	311,332
Cash and cash equivalents - ending (including restricted cash of \$97,213)	<u><u>\$ 278,577</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (40,397)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 59,652
(Increase) decrease in accounts receivable	853
(Increase) decrease in lease receivable	1,200
(Increase) decrease in prepaid items	(339)
Increase (decrease) in accounts payables	6,132
Increase (decrease) in unearned revenue	(1,888)
Total adjustments	<u>\$ 65,610</u>
Net cash provided by (used for) operating activities	<u><u>\$ 25,213</u></u>
Noncash financing, investing, and capital activities:	
Contributed capital assets from Floyd County, Virginia	\$ 99,623

Supporting Schedules

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,590,314	\$ 9,590,314	\$ 9,635,929	\$ 45,615
Real and personal public service corporation taxes	384,506	384,506	379,859	(4,647)
Personal property taxes	2,358,312	2,358,312	2,526,338	168,026
Mobile home taxes	58,684	58,377	53,907	(4,470)
Machinery and tools taxes	253,000	253,000	267,270	14,270
Merchant's capital	65,500	65,500	74,501	9,001
DMV Stops and administration fees	7,000	17,450	22,817	5,367
Penalties	75,000	75,000	101,242	26,242
Interest	50,000	50,000	51,687	1,687
Total general property taxes	\$ 12,842,316	\$ 12,852,459	\$ 13,113,550	\$ 261,091
Other local taxes:				
Local sales and use taxes	\$ 995,000	\$ 995,000	\$ 1,107,536	\$ 112,536
Consumers' utility taxes	395,000	395,000	369,071	(25,929)
Consumption taxes	-	-	45,073	45,073
Motor vehicle licenses	425,000	425,000	407,957	(17,043)
Recordation tax	6,000	6,000	4,168	(1,832)
Hotel and motel room taxes	75,000	75,000	59,470	(15,530)
Other local taxes	30,000	30,000	32,553	2,553
Total other local taxes	\$ 1,926,000	\$ 1,926,000	\$ 2,025,828	\$ 99,828
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 7,472	\$ (528)
Transfer fees	1,000	1,000	644	(356)
Building permits	90,000	90,000	87,033	(2,967)
Land use application fees	15,000	15,000	5,040	(9,960)
Other permits and licenses	6,500	6,500	5,620	(880)
Total permits, privilege fees, and regulatory licenses	\$ 120,500	\$ 120,500	\$ 105,809	\$ (14,691)
Fines and forfeitures:				
Court fines and forfeitures	\$ 22,000	\$ 22,000	\$ 5,775	\$ (16,225)
Revenue from use of money and property:				
Revenue from use of money	\$ 62,293	\$ 62,293	\$ 163,456	\$ 101,163
Revenue from use of property	220,100	220,100	216,700	(3,400)
Total revenue from use of money and property	\$ 282,393	\$ 282,393	\$ 380,156	\$ 97,763
Charges for services:				
Charges for law enforcement and traffic control	\$ 207,934	\$ 225,155	\$ 224,063	\$ (1,092)
Charges for courthouse maintenance	3,500	3,500	2,349	(1,151)
Charges for courthouse security	10,000	10,000	8,317	(1,683)
Charges for recordation	95,000	95,000	110,773	15,773
Charges for recreation	40,000	40,000	29,994	(10,006)
Charges for Commonwealth's Attorney	2,000	2,000	1,134	(866)
Charges for sanitation and waste removal	213,000	213,000	164,097	(48,903)
Charges for emergency medical services	400,000	400,000	402,069	2,069
Charges for library	1,500	1,500	1,473	(27)
Total charges for services	\$ 972,934	\$ 990,155	\$ 944,269	\$ (45,886)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 58,500	\$ 48,600	\$ 44,918	\$ (3,682)
Recovered costs:				
Welfare recoveries	\$ 20,000	\$ 20,000	\$ 72,856	\$ 52,856
Insurance recoveries	20,000	38,066	20,963	(17,103)
Other recovered costs	20,000	46,093	16,194	(29,899)
Total recovered costs	\$ 60,000	\$ 104,159	\$ 110,013	\$ 5,854
Total revenue from local sources	\$ 16,284,643	\$ 16,346,266	\$ 16,730,318	\$ 384,052
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 30,000	\$ 30,000	\$ 39,816	\$ 9,816
Motor vehicle carriers tax	100	100	91	(9)
Motor vehicle rental tax	2,000	2,000	3,880	1,880
State recordation tax	30,000	30,000	22,024	(7,976)
Communication tax	596,000	596,000	514,169	(81,831)
Personal property tax relief funds	925,603	925,603	925,741	138
Total noncategorical aid	\$ 1,583,703	\$ 1,583,703	\$ 1,505,721	\$ (77,982)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 255,208	\$ 255,208	\$ 248,561	\$ (6,647)
Sheriff	790,654	790,654	767,327	(23,327)
Commissioner of revenue	100,125	100,125	98,355	(1,770)
Treasurer	90,422	90,422	88,417	(2,005)
Medical examiner	300	300	-	(300)
Registrar/electoral board	41,147	41,147	51,256	10,109
Clerk of the Circuit Court	201,908	218,716	216,917	(1,799)
Total shared expenses	\$ 1,479,764	\$ 1,496,572	\$ 1,470,833	\$ (25,739)
Other categorical aid:				
Welfare payments	\$ 434,010	\$ 597,010	\$ 634,312	\$ 37,302
CSA payments	508,052	968,612	940,280	(28,332)
Arts grant	4,500	4,500	-	(4,500)
Litter control grant	7,000	7,000	5,489	(1,511)
E911 PSAP grants	40,000	40,000	42,997	2,997
School resource officer grant	-	-	45,204	45,204
Four-for-life	5,610	5,610	-	(5,610)
VJCCA grant	-	6,585	6,585	-
VITA mapping grants	-	150,000	150,000	-
Clerk of the court technology grant	8,553	8,553	-	(8,553)
Total other categorical aid	\$ 1,007,725	\$ 1,787,870	\$ 1,824,867	\$ 36,997
Total categorical aid	\$ 2,487,489	\$ 3,284,442	\$ 3,295,700	\$ 11,258
Total revenue from the Commonwealth	\$ 4,071,192	\$ 4,868,145	\$ 4,801,421	\$ (66,724)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 13,390	\$ 13,390	\$ 11,626	\$ (1,764)
Categorical aid:				
Welfare payments	\$ 905,368	\$ 905,368	\$ 961,937	\$ 56,569
Children's Services Act funds	86,948	86,948	84,404	(2,544)
COVID-19 Coronavirus Relief Fund	-	83,905	83,905	-
Economic development grants	170,000	170,000	17,424	(152,576)
Community development block grant	-	30,000	30,000	-
DMV grants	8,907	8,907	7,249	(1,658)
Law enforcement block grant	1,083	1,083	1,083	-
Emergency management performance grant	7,500	7,500	7,500	-
Violence against women grants	31,000	31,000	31,000	-
Bulletproof vest partnership grants	-	-	420	420
Total categorical aid	\$ 1,210,806	\$ 1,324,711	\$ 1,224,922	\$ (99,789)
Total revenue from the federal government	\$ 1,224,196	\$ 1,338,101	\$ 1,236,548	\$ (101,553)
Total General Fund	\$ 21,580,031	\$ 22,552,512	\$ 22,768,287	\$ 215,775
Special Revenue Funds:				
Fire and Rescue Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 191,255	\$ 191,255	\$ 191,255	\$ -
Real and personal public service corporation taxes	7,431	7,431	7,431	-
Personal property taxes	71,950	71,950	71,950	-
Mobile home taxes	366	673	1,153	480
Total general property taxes	\$ 271,002	\$ 271,309	\$ 271,789	\$ 480
Total revenue from local sources	\$ 271,002	\$ 271,309	\$ 271,789	\$ 480
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program funds	\$ 54,000	\$ 55,101	\$ 54,101	\$ (1,000)
Four-for-life	17,366	17,366	-	(17,366)
Total categorical aid	\$ 71,366	\$ 72,467	\$ 54,101	\$ (18,366)
Total revenue from the Commonwealth	\$ 71,366	\$ 72,467	\$ 54,101	\$ (18,366)
Total Fire and Rescue Fund	\$ 342,368	\$ 343,776	\$ 325,890	\$ (17,886)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Asset Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 35	\$ 35
Total revenue from local sources	\$ -	\$ -	\$ 35	\$ 35
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 41,829	\$ 41,829
Total revenue from the Commonwealth	\$ -	\$ -	\$ 41,829	\$ 41,829
Total Asset Forfeiture Fund	\$ -	\$ -	\$ 41,864	\$ 41,864
Capital Projects Fund:				
Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals taxes	\$ 175,000	\$ 175,000	\$ 179,851	\$ 4,851
Total Capital Improvements Fund	\$ 175,000	\$ 175,000	\$ 179,851	\$ 4,851
Total Primary Government	\$ 22,097,399	\$ 23,071,288	\$ 23,315,892	\$ 244,604
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition and payments from other divisions	\$ -	\$ -	\$ 4,931	\$ 4,931
Cafeteria	529,871	529,871	325,497	(204,374)
Other charges for services	10,500	10,500	6,048	(4,452)
Total charges for services	\$ 540,371	\$ 540,371	\$ 336,476	\$ (203,895)
Miscellaneous:				
Sale of supplies and equipment	\$ 500	\$ 500	\$ -	\$ (500)
Other miscellaneous	65,500	65,500	83,111	17,611
Total miscellaneous	\$ 66,000	\$ 66,000	\$ 83,111	\$ 17,111
Recovered costs:				
Rebates and refunds	\$ 6,000	\$ 6,000	\$ 14,695	\$ 8,695
Insurance recoveries	-	-	1,329	1,329
Medicaid payments	75,000	75,000	155,753	80,753
Total recovered costs	\$ 81,000	\$ 81,000	\$ 171,777	\$ 90,777
Total revenue from local sources	\$ 687,371	\$ 687,371	\$ 591,364	\$ (96,007)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Floyd, Virginia	\$ 7,503,121	\$ 7,503,121	\$ 7,369,638	\$ (133,483)
Total revenues from local governments	\$ 7,503,121	\$ 7,503,121	\$ 7,369,638	\$ (133,483)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,610,722	\$ 2,610,722	\$ 2,670,331	\$ 59,609
Basic school aid	5,745,685	5,745,685	5,641,177	(104,508)
Remedial summer education	62,552	62,552	56,399	(6,153)
Foster care	-	-	10,376	10,376
Gifted and talented	61,566	61,566	61,036	(530)
Remedial education	190,855	190,855	189,213	(1,642)
Special education	773,270	773,270	766,617	(6,653)
Textbook payment	123,982	123,982	122,915	(1,067)
Vocational standards of quality payments	162,535	162,535	161,136	(1,399)
Vocational adult education	-	-	496	496
School food	30,266	30,266	28,782	(1,484)
Social security fringe benefits	364,471	364,471	361,336	(3,135)
Retirement fringe benefits	804,054	804,054	797,136	(6,918)
Group life insurance benefits	24,626	24,626	24,415	(211)
State lottery payments	454,469	454,469	446,799	(7,670)
Early reading intervention	44,543	44,543	44,543	-
Homebound education	3,770	3,770	1,529	(2,241)
ISAEP	8,355	8,355	8,387	32
Vocational education - equipment	4,400	4,400	4,420	20
Vocational occupational preparedness	36,182	36,182	5,470	(30,712)
Compensation supplement	368,347	368,347	369,996	1,649
Special education - foster care	21,503	21,503	30,047	8,544
At risk payments	216,639	216,639	218,234	1,595
Primary class size	231,644	231,644	220,978	(10,666)
Technology	180,000	180,000	180,000	-
Standards of Learning algebra readiness	24,917	24,917	27,518	2,601
At risk four-year olds	151,740	151,740	151,741	1
Mentor teach program	1,857	1,857	843	(1,014)
English as a second language	27,344	27,344	29,137	1,793
Other state funds	207,229	207,229	265,026	57,797
Total categorical aid	\$ 12,937,523	\$ 12,937,523	\$ 12,896,033	\$ (41,490)
Total revenue from the Commonwealth	\$ 12,937,523	\$ 12,937,523	\$ 12,896,033	\$ (41,490)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 433,146	\$ 433,146	\$ 468,837	\$ 35,691
Title VI-B, special education flow-through	504,957	504,957	501,135	(3,822)
Title VI-B, special education pre-school	22,732	22,732	23,013	281
Vocational education	38,506	38,506	43,256	4,750
Improving teacher quality	71,419	71,419	66,538	(4,881)
English language acquisition skills	6,264	6,264	-	(6,264)
School food	887,047	887,047	957,610	70,563
Student support	30,000	30,000	21,807	(8,193)
Total categorical aid	<u>\$ 1,994,071</u>	<u>\$ 1,994,071</u>	<u>\$ 2,082,196</u>	<u>\$ 88,125</u>
 Total revenue from the federal government	 \$ 1,994,071	 \$ 1,994,071	 \$ 2,082,196	 \$ 88,125
 Total School Operating Fund	 <u>\$ 23,122,086</u>	 <u>\$ 23,122,086</u>	 <u>\$ 22,939,231</u>	 <u>\$ (182,855)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 23,122,086</u>	 <u>\$ 23,122,086</u>	 <u>\$ 22,939,231</u>	 <u>\$ (182,855)</u>

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 102,506	\$ 104,715	\$ 103,735	\$ 980
General and financial administration:				
County administrator	\$ 357,573	\$ 344,593	\$ 329,929	\$ 14,664
Legal services	50,000	67,178	67,173	5
Commissioner of revenue	300,435	277,017	265,170	11,847
Reassessment	189,000	269,515	269,488	27
Audit	60,000	60,000	59,570	430
Treasurer	240,667	251,117	237,544	13,573
COVID-19 Information technology	-	782	782	-
Information technology	-	-	120,803	(120,803)
Total general and financial administration	\$ 1,197,675	\$ 1,270,202	\$ 1,350,459	\$ (80,257)
Board of elections:				
Electoral board and officials	\$ 57,847	\$ 52,174	\$ 50,466	\$ 1,708
Registrar	135,165	135,115	130,632	4,483
Total board of elections	\$ 193,012	\$ 187,289	\$ 181,098	\$ 6,191
Total general government administration	\$ 1,493,193	\$ 1,562,206	\$ 1,635,292	\$ (73,086)
Judicial administration:				
Courts:				
Circuit court	\$ 13,910	\$ 14,090	\$ 11,691	\$ 2,399
General district court	3,000	5,500	4,976	524
Magistrates office	800	800	409	391
Clerk of the circuit court	319,300	354,886	335,265	19,621
Sheriff (court)	341,823	359,814	331,623	28,191
Total courts	\$ 678,833	\$ 735,090	\$ 683,964	\$ 51,126
Commonwealth's attorney:				
Commonwealth's attorney	\$ 323,254	\$ 323,254	\$ 321,842	\$ 1,412
Total judicial administration	\$ 1,002,087	\$ 1,058,344	\$ 1,005,806	\$ 52,538
Public safety:				
Law enforcement and traffic control:				
New River Criminal Justice Academy	\$ 19,000	\$ 19,400	\$ 19,400	\$ -
Sheriff	1,765,481	1,866,475	1,796,127	70,348
Total law enforcement and traffic control	\$ 1,784,481	\$ 1,885,875	\$ 1,815,527	\$ 70,348
Fire and rescue services:				
Public safety	\$ 57,767	\$ 63,867	\$ 49,333	\$ 14,534
COVID-19 Public safety and EMS services	-	26,088	26,088	-
E-911	364,416	546,464	383,054	163,410
Emergency medical services	1,060,425	1,061,275	1,061,236	39
Total fire and rescue services	\$ 1,482,608	\$ 1,697,694	\$ 1,519,711	\$ 177,983

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Payments to New River Juvenile Detention	\$ 20,550	\$ 26,760	\$ 26,759	\$ 1
Payments to New River Regional Jail	480,000	515,000	514,789	211
Total correction and detention	<u>\$ 500,550</u>	<u>\$ 541,760</u>	<u>\$ 541,548</u>	<u>\$ 212</u>
Inspections:				
Building	\$ 142,113	\$ 142,113	\$ 141,959	\$ 154
Other protection:				
Forest service	\$ 11,106	\$ 11,106	\$ 11,106	\$ -
Animal control	187,555	190,155	181,587	8,568
Medical examiner	200	320	340	(20)
Total other protection	<u>\$ 198,861</u>	<u>\$ 201,581</u>	<u>\$ 193,033</u>	<u>\$ 8,548</u>
Total public safety	<u>\$ 4,108,613</u>	<u>\$ 4,469,023</u>	<u>\$ 4,211,778</u>	<u>\$ 257,245</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,219,313	\$ 1,467,353	\$ 1,465,885	\$ 1,468
COVID-19 refuse costs	-	33,550	33,550	-
Recycling program	173,419	201,919	202,541	(622)
Total sanitation and waste removal	<u>\$ 1,392,732</u>	<u>\$ 1,702,822</u>	<u>\$ 1,701,976</u>	<u>\$ 846</u>
Maintenance of general buildings and grounds:				
Maintenance of properties	\$ 317,559	\$ 317,559	\$ 280,276	\$ 37,283
Total public works	<u>\$ 1,710,291</u>	<u>\$ 2,020,381</u>	<u>\$ 1,982,252</u>	<u>\$ 38,129</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 102,189	\$ 102,267	\$ 102,189	\$ 78
Behavioral Health and Development Services:				
Contribution to New River Valley Community Services Board	\$ 34,294	\$ 34,294	\$ 34,294	\$ -
Welfare:				
Public assistance	\$ 1,594,920	\$ 1,791,473	\$ 1,787,887	\$ 3,586
Children's Services Act	800,000	1,367,047	1,391,655	(24,608)
New River Valley Area on Aging	6,345	6,345	6,345	-
Total welfare	<u>\$ 2,401,265</u>	<u>\$ 3,164,865</u>	<u>\$ 3,185,887</u>	<u>\$ (21,022)</u>
Total health and welfare	<u>\$ 2,537,748</u>	<u>\$ 3,301,426</u>	<u>\$ 3,322,370</u>	<u>\$ (20,944)</u>

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to Community College	\$ 7,550	\$ 7,550	\$ 7,550	\$ -
COVID-19 Contribution to County School Board	-	23,485	23,485	-
Contribution to County School Board	7,245,120	7,245,120	7,088,152	156,968
Total education	\$ 7,252,670	\$ 7,276,155	\$ 7,119,187	\$ 156,968
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 155,000	\$ 139,149	\$ 123,141	\$ 16,008
Library:				
County library	\$ 270,270	\$ 255,820	\$ 255,054	\$ 766
Total parks, recreation, and cultural	\$ 425,270	\$ 394,969	\$ 378,195	\$ 16,774
Community development:				
Planning and community development:				
Community services programs	\$ 155,663	\$ 514,267	\$ 164,250	\$ 350,017
Community development	226,105	256,105	253,957	2,148
Planning	4,000	4,000	1,179	2,821
New River Valley Planning District Commission	19,622	19,622	19,622	-
Economic development	235,500	163,400	141,050	22,350
Total planning and community development	\$ 640,890	\$ 957,394	\$ 580,058	\$ 377,336
Environmental management:				
Soil conservation	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Cooperative extension program:				
Extension office	\$ 101,801	\$ 83,367	\$ 80,699	\$ 2,668
Total community development	\$ 755,691	\$ 1,053,761	\$ 673,757	\$ 380,004
Nondepartmental:				
Contingencies	\$ 192,841	\$ -	\$ -	\$ -
Capital projects:				
Library improvements	\$ -	\$ 24,115	\$ 24,115	\$ -
School improvements	-	3,068,492	3,361,184	(292,692)
Total capital projects	\$ -	\$ 3,092,607	\$ 3,385,299	\$ (292,692)
Debt service:				
Principal retirement	\$ 1,637,804	\$ 1,637,804	\$ 1,637,804	\$ -
Bond issuance costs	97,813	97,813	97,813	-
Interest and other fiscal charges	564,468	564,468	558,424	6,044
Total debt service	\$ 2,300,085	\$ 2,300,085	\$ 2,294,041	\$ 6,044
Total General Fund	\$ 21,778,489	\$ 26,528,957	\$ 26,007,977	\$ 520,980

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Fire and Rescue Fund:				
Public safety:				
Fire and rescue services	\$ 302,021	\$ 303,429	\$ 274,917	\$ 28,512
Debt service:				
Principal retirement	\$ 39,822	\$ 39,822	\$ 39,822	\$ -
Interest and other fiscal charges	525	525	524	1
Total debt service	\$ 40,347	\$ 40,347	\$ 40,346	\$ 1
Total Fire and Rescue Fund	\$ 342,368	\$ 343,776	\$ 315,263	\$ 28,513
Asset Forfeiture Fund:				
Public Safety				
Asset forfeiture	\$ -	\$ -	\$ 49,586	\$ (49,586)
Total public safety	\$ -	\$ -	\$ 49,586	\$ (49,586)
Total Asset Forfeiture Fund	\$ -	\$ -	\$ 49,586	\$ (49,586)
Capital Projects Fund:				
Capital Improvements Fund:				
Education:				
Contribution to County School Board	\$ 258,001	\$ 258,001	\$ 258,001	\$ -
Total education	\$ 258,001	\$ 258,001	\$ 258,001	\$ -
Total Capital Projects Fund	\$ 258,001	\$ 258,001	\$ 258,001	\$ -
Total Primary Government	\$ 22,378,858	\$ 27,130,734	\$ 26,630,827	\$ 499,907
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 955,105	\$ 955,105	\$ 975,925	\$ (20,820)
Instructional costs:				
Instructional costs	\$ 14,988,681	\$ 14,988,681	\$ 15,377,550	\$ (388,869)
Operating costs:				
Pupil transportation	\$ 1,691,401	\$ 1,691,401	\$ 1,676,937	\$ 14,464
Operation and maintenance services	2,762,550	2,762,550	2,713,966	48,584
School food service	1,447,186	1,447,186	1,358,901	88,285
Technology	1,277,163	1,277,163	1,223,920	53,243
Total operating costs	\$ 7,178,300	\$ 7,178,300	\$ 6,973,724	\$ 204,576
Total Discretely Presented Component Unit - School Board	\$ 23,122,086	\$ 23,122,086	\$ 23,327,199	\$ (205,113)

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration (1)	Judicial Administration (2)	Public Safety	Public Works (1)	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development (3)	Interest on Long-Term Debt	Total
2019-20	\$ 1,716,080	\$ 1,084,697	\$ 4,959,184	\$ 2,023,420	\$ 3,334,788	\$ 7,925,654	\$ 440,308	\$ 688,725	\$ 727,851	\$ 22,900,707
2018-19	1,378,421	938,783	4,669,593	2,066,819	2,508,243	7,821,380	337,520	864,007	848,498	21,433,264
2017-18	1,176,107	938,308	4,262,695	1,870,437	2,223,129	8,406,969	335,237	364,338	413,480	19,990,700
2016-17	1,026,702	861,947	3,714,857	1,907,134	1,767,024	7,023,158	343,105	291,251	516,439	17,451,617
2015-16	985,309	866,991	3,612,094	1,959,374	1,489,708	6,415,200	328,238	250,068	509,781	16,416,763
2014-15	1,166,572	870,484	3,344,721	1,732,404	1,576,986	6,107,460	314,111	261,084	544,738	15,918,560
2013-14	1,121,324	901,284	3,383,379	1,629,690	2,017,139	6,826,189	294,817	1,794,392	586,840	18,555,054
2012-13	1,441,385	653,873	3,378,798	1,337,042	1,724,585	5,363,536	299,345	426,620	626,805	15,251,989
2011-12	1,370,445	662,893	3,369,356	1,344,955	1,708,336	4,907,803	284,145	387,713	677,762	14,713,408
2010-11	1,234,218	580,392	3,094,884	1,155,191	1,580,615	5,737,881	264,853	416,021	723,796	14,787,851

Notes:

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

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total	
2019-20	\$ 1,241,149	\$ 4,616,552	\$ 356,775	\$ 13,297,197	\$ 2,205,679	\$ 217,693	\$ 44,918	\$ 1,517,347	\$ 23,497,310	
2018-19	835,754	3,729,780	9,572	12,922,871	2,083,309	203,394	102,511	1,522,993	21,410,184	
2017-18	969,098	3,457,698	25,000	12,360,981	1,789,751	75,193	26,636	1,564,750	20,269,107	
2016-17	934,788	3,042,936	36,300	11,722,686	1,786,832	72,008	45,178	1,611,233	19,251,961	
2015-16	740,546	2,695,822	12,750	11,357,048	1,682,658	70,273	57,260	1,614,105	18,230,462	
2014-15	964,336	2,717,408	90,729	10,884,157	1,684,197	90,873	52,641	1,600,210	18,084,551	
2013-14	792,635	3,152,668	26,535	10,476,419	1,632,967	263,667	5,219	1,620,369	17,970,479	
2012-13	828,529	2,703,733	18,655	10,026,812	2,332,055	36,829	7,133	947,258	16,901,004	
2011-12	867,964	3,227,246	17,420	9,978,277	2,279,216	37,118	6,228	950,845	17,364,314	
2010-11	669,200	2,448,965	15,469	9,430,383	2,396,573	59,097	7,891	942,652	15,970,230	

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

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

Fiscal Year	General Government Administration (3)	Judicial Administration(4)	Public Safety (4)	Public Works (3)	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development (5)	Debt Service (6,7)	Total
2019-20	\$ 1,635,292	\$ 1,005,806	\$ 4,536,281	\$ 1,982,252	\$ 3,322,370	\$ 23,358,234	\$ 378,195	\$ 673,757	\$ 2,334,387	\$ 39,226,574
2018-19	1,358,867	949,510	4,601,844	1,852,654	2,535,673	22,403,601	302,567	856,024	2,427,208	37,287,948
2017-18	1,299,716	931,290	4,501,608	1,816,996	2,255,019	23,444,988	307,996	357,137	2,092,534	37,007,284
2016-17	1,224,288	892,993	4,242,824	1,702,009	1,831,878	20,970,693	312,960	322,782	1,852,491	33,352,918
2015-16	1,073,384	900,242	3,462,062	1,780,079	1,583,268	20,726,647	296,560	248,572	1,992,722	32,063,536
2014-15	1,233,287	891,424	3,264,554	1,512,674	1,646,621	20,049,552	273,475	259,004	1,817,237	30,947,828
2013-14	1,146,905	896,080	3,268,916	1,539,330	2,045,758	19,583,094	263,000	1,791,284	1,878,772	32,413,139
2012-13	1,399,783	643,972	3,179,691	1,169,183	1,716,104	18,550,878	267,787	427,993	1,887,332	29,242,723
2011-12	1,344,702	652,992	3,152,116	1,156,775	1,703,558	17,860,304	252,587	383,339	1,880,725	28,387,098
2010-11	1,189,294	570,491	3,133,541	1,482,318	1,577,706	19,021,947	242,195	414,213	1,731,103	29,362,808

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

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board and capital projects.

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

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

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

(6) Excludes current refunding principal payment of \$1,696,626 during the fiscal year 2017.

(7) Excludes current refunding principal payment of \$865,000 during the fiscal year 2019.

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
2019-20	\$ 13,385,339	\$ 2,205,679	\$ 105,809	\$ 5,775	\$ 380,191	\$ 1,280,745	\$ 128,029	\$ 281,790	\$ 21,393,614	\$ 39,166,971
2018-19	12,878,143	2,083,309	115,111	24,614	365,894	1,212,747	140,210	285,767	19,820,127	36,925,922
2017-18	12,395,535	1,789,751	105,525	25,451	237,693	1,171,362	115,045	292,880	19,260,457	35,393,699
2016-17	11,714,536	1,786,832	125,121	1,343	234,508	1,194,198	79,925	244,918	18,576,997	33,958,378
2015-16	11,351,835	1,682,658	122,396	1,319	232,773	1,182,199	86,890	331,429	17,981,381	32,972,880
2014-15	10,988,181	1,684,197	126,682	2,737	185,667	1,103,298	132,876	177,845	17,914,903	32,316,386
2013-14	10,313,229	1,632,967	114,441	3,357	263,667	990,430	47,943	108,587	17,805,672	31,280,293
2012-13	9,999,012	2,293,901	118,534	1,296	76,380	1,129,802	38,987	279,633	16,665,184	30,602,729
2011-12	10,023,595	2,249,172	113,667	2,019	80,318	1,232,726	17,790	340,457	16,756,774	30,816,518
2010-11	9,352,323	2,284,927	103,143	369	98,406	1,211,318	27,580	219,914	16,377,285	29,675,265

(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
2019-20	\$ 13,696,223	\$ 12,895,241	94.15%	\$ 314,352	\$ 13,209,593	96.45%
2018-19	12,780,768	12,526,551	98.01%	189,690	12,716,241	99.50%
2017-18	12,133,218	11,921,139	98.25%	242,154	12,163,293	100.25%
2016-17	11,525,353	11,321,050	98.23%	196,835	11,517,885	99.94%
2015-16	11,145,856	10,715,502	96.14%	428,572	11,144,074	99.98%
2014-15	10,667,263	10,382,783	97.33%	395,208	10,777,991	101.04%
2013-14	10,567,840	10,225,051	96.76%	310,415	10,535,466	99.69%
2012-13	11,638,602	11,320,876	97.27%	127,339	11,448,215	98.36%
2011-12	11,503,857	11,199,325	97.35%	136,163	11,335,488	98.54%
2010-11	11,198,967	10,865,523	97.02%	242,866	11,108,389	99.19%

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

Table 6

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Public Service Corporation	Mobile Homes	Total
2019-20	\$ 1,840,185,250	\$ 121,949,141	\$ 17,162,535	\$ 2,152,888	\$ 60,073,354	\$ 9,612,230	\$ 2,051,135,398
2018-19	1,784,109,250	116,778,191	14,850,736	1,622,331	62,753,816	9,294,008	1,989,408,332
2017-18	1,769,881,050	113,534,666	11,834,401	1,836,526	60,397,417	8,960,280	1,966,444,340
2016-17	1,754,973,700	108,545,983	12,221,078	1,835,453	58,852,393	8,827,356	1,945,255,963
2015-16	1,741,451,550	101,444,306	8,498,992	1,798,177	58,207,051	8,610,200	1,920,010,276
2014-15	1,729,802,350	100,337,126	9,001,502	2,166,141	56,699,842	9,805,608	1,907,812,569
2013-14	1,718,580,400	99,049,234	9,547,310	1,978,236	52,179,669	9,624,608	1,890,959,457
2012-13	1,713,460,100	96,726,393	9,576,889	1,668,252	51,951,775	9,642,650	1,883,026,059
2011-12	1,698,467,400	94,384,042	10,213,298	1,540,093	56,284,341	9,685,700	1,870,574,874
2010-11	1,685,064,100	93,824,459	7,233,844	1,668,037	50,096,979	9,685,500	1,847,572,919

(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
2019-20	\$ 0.60	\$ 2.95	\$ 1.55	\$ 3.50	\$ 0.60
2018-19	0.60	2.95	1.55	3.50	0.60
2017-18	0.55/0.60	2.95	1.55	3.50	0.55
2016-17	0.55	2.95	1.55	3.50	0.55
2015-16	0.55	2.95	1.55	3.50	0.55
2014-15	0.50	2.95	1.55	3.50	0.50
2013-14	0.50	2.95	1.55	3.50	0.50
2012-13	0.50	2.95	1.55	3.50	0.50
2011-12	0.50	2.95	1.55	3.50	0.50
2010-11	0.47	2.70	1.55	3.50	0.47

(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
2019-20	15,279	\$ 2,051,135,398	\$ 3,609,843	\$ 3,609,843	0.18%	\$ 236
2018-19	15,279	1,989,408,332	4,327,693	4,327,693	0.22%	\$ 283
2017-18	15,279	1,966,444,340	6,083,166	6,083,166	0.31%	398
2016-17	15,279	1,945,255,963	6,996,782	6,996,782	0.36%	458
2015-16	15,279	1,920,010,276	7,893,718	7,893,718	0.41%	517
2014-15	15,279	1,907,812,569	8,963,331	8,963,331	0.47%	587
2013-14	15,279	1,890,959,457	10,566,179	10,566,179	0.56%	692
2012-13	15,279	1,883,026,059	11,680,581	11,680,581	0.62%	764
2011-12	15,279	1,870,574,874	12,875,145	12,875,145	0.69%	843
2010-11	15,279	1,847,572,919	13,991,379	13,991,379	0.76%	916

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal (3,4)	Interest (2,3,4)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2019-20	\$ 1,677,626	\$ 558,948	\$ 2,236,574	\$ 39,226,574	5.70%
2018-19	1,717,789	709,419	2,427,208	37,287,948	6.51%
2017-18	1,686,473	406,061	2,092,534	37,007,284	5.65%
2016-17	1,284,947	484,344	1,769,291	33,352,918	5.30%
2015-16	1,466,817	525,905	1,992,722	32,063,536	6.21%
2014-15	1,262,310	554,927	1,817,237	30,947,828	5.87%
2013-14	1,274,664	604,108	1,878,772	32,413,139	5.80%
2012-13	1,194,564	559,182	1,753,746	29,242,723	6.00%
2011-12	1,116,234	623,310	1,739,544	28,387,098	6.13%
2010-11	921,074	673,887	1,594,961	29,362,808	5.43%

(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.

(3) Excludes current refunding principal payment of \$1,696,626 during the fiscal year 2017.

(4) Excludes current refunding principal payment of \$865,000 during the fiscal year 2019.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Floyd, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Floyd, Virginia's basic financial statements and have issued our report thereon dated November 25, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2020-001 and 2020-002, that we consider to be material weaknesses.

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 Findings

The County of Floyd, Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Floyd, Virginia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

A handwritten signature in black ink that reads "Robinson, James, Cox Associates". The script is cursive and fluid.

Blacksburg, Virginia
November 25, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Floyd, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Floyd, Virginia's major federal programs for the year ended June 30, 2020. The County of Floyd, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Floyd, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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



Blacksburg, Virginia
November 25, 2020

County of Floyd, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
<i>Department of Social Services:</i>				
Promoting Safe and Stable Families	93.556	0950118, 0950119	\$	841
Temporary Assistance for Needy Families	93.558	0400119, 0400120		99,664
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120		170
Low-Income Home Energy Assistance	93.568	0600419, 0600420		19,368
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119, 0760120		18,554
Adoption and Legal Guardianship Incentive Payments	93.603	1130117		4,581
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118, 0900119		225
Foster Care - Title IV-E	93.658	1100119, 1100120		292,855
Adoption Assistance	93.659	1120119, 1120120		135,532
Social Services Block Grant	93.667	1000119, 1000120		156,955
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119, 9150120		893
Children's Health Insurance Program	93.767	0540119, 0540120		2,495
Medicaid Cluster:				
Medical Assistance Program	93.778	1200119, 1200120		159,199
Total Department of Health and Human Services			\$	891,332
Department of Agriculture:				
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	\$	30,000
Department of Agriculture:				
Direct Payments:				
Rural Business Development Grants	10.351	Not applicable	\$	60,000
Pass Through Payments:				
Child Nutrition Cluster:				
<i>Department of Agriculture and Consumer Services:</i>				
COVID-19 Summer Food Service Program for Children	10.559	Not available	\$ 428,565	
Summer Food Service Program for Children	10.559	Not available	1,658	\$ 430,223
Food Distribution (Note 3)	10.555	Not available	63,073	
<i>Department of Education:</i>				
COVID-19 National School Lunch Program	10.555	APE40254	23,566	
National School Lunch Program	10.555	APE40254	300,553	387,192
COVID-19 School Breakfast Program	10.553	APE40253	10,248	
School Breakfast Program	10.553	APE40253	129,947	140,195
Total Child Nutrition Cluster				957,610
<i>Department of Social Services:</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119, 0010120 0040119, 0040120		155,009
Total Department of Agriculture			\$	1,172,619
Department of Justice:				
Pass Through Payments:				
<i>Department of Criminal Justice Services:</i>				
Violence Against Women Formula Grants	16.588	18WFA0056	\$	31,000
Bulletproof Vest Partnership Program	16.607	Not available		420
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available		1,083
Total Department of Justice			\$	32,503

County of Floyd, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FSC-2019-59037-9037 FSC-2020-50053-20053	\$ 7,249	
Virginia Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	ARC0-31-647	17,424	
Total Department of Transportation			\$ 24,673	
Department of Treasury:				
Pass Through Payments:				
Virginia Department of Accounts:				
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 83,905	\$ 1,410
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2019-EP-00007	\$ 7,500	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	APE42901	\$ 468,837	
Special Education Cluster:				
Special Education - Grants to States	84.027	APE43071	\$ 501,135	
Special Education - Preschool Grants	84.173	APE62521	23,013	
Total Special Education Cluster			524,148	
Career and Technical Education: Basic Grants to States	84.048	APE61095	43,256	
Supporting Effective Instruction State Grant	84.367	APE61480	66,538	
Student Support and Academic Enrichment Program	84.424	APE60019	21,807	
Total Department of Education			\$ 1,124,586	
Total Expenditures of Federal Awards			\$ 3,367,118	\$ 1,410

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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2 -- Summary of Significant Accounting Policies

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

Note 3 -- Food Distribution

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

Note 4 -- Subrecipients

The County passed \$1,410 of Coronavirus Relief Funds through to the Town of Floyd, Virginia during fiscal year 2020.

County of Floyd, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Note 5 -- Relationship to the Financial Statements				
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:				
Intergovernmental federal revenues per the basic financial statements:				
Primary government:				
General Fund			\$ 1,236,548	
Less: Payment in lieu of taxes			<u>(11,626)</u>	
Total primary government			<u>\$ 1,224,922</u>	
Component Unit School Board:				
School Operating Fund			<u>\$ 2,082,196</u>	
Component Unit EDA:			<u>\$ 60,000</u>	
Total federal expenditures per the Schedule of Expenditures of Federal Awards			<u>\$ 3,367,118</u>	

County of Floyd, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

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:	

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559 84.027/84.173	Child Nutrition Cluster Special Education Cluster

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, 2020

Section II - Financial Statement Findings

2020-001

Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The County lacks proper segregation of duties over collections in the Treasurer's office.
Cause of Condition:	The County lacks the funding to fully support a completely segregated Treasurer's office.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	Management should further try to segregate duties among current staff to help alleviate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal controls over the functions listed above lack proper segregation of duties; however, to alleviate same would require additional staff. Due to cost constraints, the County has decided not to address the aforementioned internal control deficiency; however, the County will consider implementing compensating controls to improve internal controls.

2020-002

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

**County of Floyd, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section II - Financial Statement Findings (Continued)**2020-002 (Continued)**

Recommendation:	The County should review the auditors' proposed audit adjustments for 2020 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
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Management's Response:	The County will review the auditors' proposed audit adjustments for 2020 and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.
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Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

Findings 2019-001 and 2019-002 repeated in the current year as 2020-001 and 2020-002, respectively.