

COUNTY OF FLOYD, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

COUNTY OF FLOYD, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2014

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COUNTY OF FLOYD, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

COUNTY OF FLOYD, VIRGINIA

BOARD OF SUPERVISORS

Virgel H. Allen, Vice Chair Joe D. Turman	Case C. Clinger, Chair	J. Fred Gerald Lauren D. Yoder
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COUNTY SCHOOL BOARD

Margaret Hubbard, Vice Chair James Ingram	Linda T. King, Chair	C. Gene Bishop Maria "Faye" C. Nichols
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COUNTY SOCIAL SERVICES BOARD

Judy Britt David Harmon	James Richards, Chair	Case C. Clinger Robert G. Stauffer
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OTHER OFFICIALS

Clerk of the Circuit Court	Wendell G. Peters
Commonwealth's Attorney	Stephanie M. Shortt
Commissioner of the Revenue	Lisa D. Baker
Treasurer	Melissa M. Keith
Sheriff	Shannon B. Zeman
Superintendent of Schools	Kevin W. Harris
Director of Social Services	Tracie Brewster
County Administrator	Daniel J. Campbell
Assistant County Administrator	Terri W. Morris
County Attorney	James Cornwell

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2014, 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, 2014, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2014, the County of Floyd, Virginia adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 budgetary comparison information and the schedule of pension funding progress on pages 51 and 52 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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 10, 2014, 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 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 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 control over financial reporting and compliance.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
November 10, 2014

Basic Financial Statements

County of Floyd, Virginia
Statement of Net Position
June 30, 2014

	<u>Primary Government</u> Governmental Activities	<u>Component</u> Unit School Board	<u>Component</u> Unit EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,823,079	\$ 301,647	\$ 111,777
Cash in custody of others	-	1,531,576	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,319,440	-	-
Accounts receivable	124,483	18,730	4,761
Loan receivable - current portion	-	-	7,607
Lease receivable	-	-	25,100
Intergovernmental receivable	547,294	552,295	173,246
Inventories	-	25,608	819,504
Prepaid items	111,601	237,850	-
Total current assets	<u>\$ 11,925,897</u>	<u>\$ 2,667,706</u>	<u>\$ 1,141,995</u>
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	\$ -	\$ -	\$ 40,653
Loan receivable - net of current portion	-	-	93,826
Capital assets not being depreciated:			
Land	714,094	265,917	202,197
Construction in progress	-	-	1,807,876
Capital assets, net of accumulated depreciation:			
Buildings and improvements	16,122,609	2,175,371	1,228,136
Machinery and equipment	1,211,350	890,745	29,635
Total noncurrent assets	<u>\$ 18,048,053</u>	<u>\$ 3,332,033</u>	<u>\$ 3,402,323</u>
Total assets	<u>\$ 29,973,950</u>	<u>\$ 5,999,739</u>	<u>\$ 4,544,318</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	\$ 91,445	\$ -	\$ -
LIABILITIES			
Accounts payable	\$ 234,958	\$ 14,521	\$ 149,171
Accrued liabilities	11,165	1,901,842	-
Health claim payable	-	120,320	-
Accrued interest payable	243,591	-	-
Unearned revenues	-	-	10,425
Noncurrent liabilities:			
Due within one year	1,655,339	515,630	66,335
Due in more than one year	13,372,611	271,854	-
Total Liabilities	<u>\$ 15,517,664</u>	<u>\$ 2,824,167</u>	<u>\$ 225,931</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 3,833,021	\$ -	\$ -
NET POSITION			
Net investment in capital assets	\$ 4,645,647	\$ 3,332,033	\$ 3,201,509
Restricted:			
Cafeteria	-	299,333	-
Unrestricted (deficit)	6,069,063	(455,794)	1,116,878
Total Net Position	<u>\$ 10,714,710</u>	<u>\$ 3,175,572</u>	<u>\$ 4,318,387</u>

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

County of Floyd, Virginia
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for	Capital	Primary Government	School Board	EDA
		Services	Grants and Contributions			
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,121,324	\$ 181,396	\$ 199,758	\$ (713,635)		
Judicial administration	901,284	2,170	364,593	(534,521)		
Public safety	3,383,379	518,148	910,029	(1,955,202)		
Public works	1,629,690	89,428	8,111	(1,532,151)		
Health and welfare	2,017,139	-	1,495,177	(521,962)		
Education	6,826,189	-	-	(6,826,189)		
Parks, recreation, and cultural	294,817	1,493	-	(293,324)		
Community development	1,794,392	-	175,000	(1,619,392)		
Interest on long-term debt	586,840	-	-	(586,840)		
Total primary government	\$ 18,555,054	\$ 792,635	\$ 3,152,668	\$ (14,583,276)		
COMPONENT UNITS:						
School Board	\$ 19,943,405	\$ 391,911	\$ 13,006,100	\$ (6,545,394)	\$ (6,545,394)	\$ (207,218)
EDA	438,000	15,782	215,000	-	-	(207,218)
Total component units	\$ 20,381,405	\$ 407,693	\$ 13,221,100	\$ (6,545,394)	\$ (6,545,394)	\$ (207,218)
General revenues:						
General property taxes				\$ 10,476,419	\$ -	\$ -
Other local taxes:						
Local sales and use taxes				784,067	-	-
Consumers' utility taxes				352,509	-	-
Consumption taxes				44,809	-	-
Motor vehicle licenses				389,451	-	-
Recordation tax				4,050	-	-
Hotel and motel room taxes				34,648	-	-
Other local taxes				23,433	-	-
Unrestricted revenues from use of money and property				263,667	-	114
Miscellaneous				5,219	42,724	-
Contributions from the County of Floyd				-	-	-
Grants and contributions not restricted to specific programs				-	6,819,730	-
Donation from the County of Floyd				1,620,369	-	1,827,767
Total general revenues				\$ 13,998,641	\$ 6,862,454	\$ 3,191,731
Change in net position				\$ (584,575)	\$ 317,060	\$ 2,984,513
Net position - beginning, as restated				11,299,285	2,858,512	1,333,874
Net position - ending				\$ 10,714,710	\$ 3,175,572	\$ 4,318,387

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

County of Floyd, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Fire and Rescue</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,892,317	\$ -	\$ 6,892,317
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,319,440	-	4,319,440
Accounts receivable	124,483	-	124,483
Due from other governmental units	547,294	-	547,294
Prepaid items	99,999	-	99,999
Total assets	<u>\$ 11,983,533</u>	<u>\$ -</u>	<u>\$ 11,983,533</u>
LIABILITIES			
Accounts payable	\$ 233,842	\$ 1,116	\$ 234,958
Accrued liabilities	11,165	-	11,165
Reconciled overdraft	-	69,238	69,238
Total liabilities	<u>\$ 245,007</u>	<u>70,354</u>	<u>315,361</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 4,222,010	\$ -	\$ 4,222,010
Unavailable revenue - EMS billings	76,318	-	76,318
Unavailable revenue - prepaid taxes	151,642	-	151,642
Total deferred inflows of resources	<u>\$ 4,449,970</u>	<u>\$ -</u>	<u>\$ 4,449,970</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 99,999	\$ -	\$ 99,999
Assigned:			-
Environmentalsolid waste	170,640	-	170,640
Law Library	30,645	-	30,645
Courts	56,687	-	56,687
E-911	770,663	-	770,663
Courthouse Maintenance	76,119	-	76,119
Unassigned	6,083,803	(70,354)	6,013,449
Total fund balances (deficit)	<u>\$ 7,288,556</u>	<u>(70,354)</u>	<u>7,218,202</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,983,533</u>	<u>\$ -</u>	<u>\$ 11,983,533</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 7,218,202

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

Land	\$ 714,094	
Buildings and improvements	16,122,609	
Machinery and equipment	1,211,350	18,048,053

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 (\$540,631) and EMS billings (\$76,318)	616,949
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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	\$ (12,556,948)	
Capital leases	(936,903)	
Compensated absences	(332,084)	
Accrued interest payable	(243,591)	
Deferred charges on refunding	91,445	
Prepaid bond insurance	11,602	
Landfill closure/post-closure liability	(1,202,015)	(15,168,494)

Net position of governmental activities	\$ 10,714,710
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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, 2014

	<u>General</u>	<u>Fire and Rescue</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 10,096,028	\$ 217,201	\$ 10,313,229
Other local taxes	1,632,967	-	1,632,967
Permits, privilege fees, and regulatory licenses	114,441	-	114,441
Fines and forfeitures	3,357	-	3,357
Revenue from the use of money and property	263,667	-	263,667
Charges for services	598,519	-	598,519
Miscellaneous	5,219	-	5,219
Recovered costs	35,490	-	35,490
Intergovernmental:			
Commonwealth	4,013,225	57,062	4,070,287
Federal	729,285	-	729,285
Total revenues	<u>\$ 17,492,198</u>	<u>\$ 274,263</u>	<u>\$ 17,766,461</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,146,905	\$ -	\$ 1,146,905
Judicial administration	896,080	-	896,080
Public safety	2,760,580	508,336	3,268,916
Public works	1,539,330	-	1,539,330
Health and welfare	2,045,758	-	2,045,758
Education	6,421,320	-	6,421,320
Parks, recreation, and cultural	263,000	-	263,000
Community development	1,791,284	-	1,791,284
Debt service:			
Principal retirement	1,197,577	77,087	1,274,664
Interest and other fiscal charges	595,858	8,250	604,108
Total expenditures	<u>\$ 18,657,692</u>	<u>\$ 593,673</u>	<u>\$ 19,251,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,165,494)</u>	<u>\$ (319,410)</u>	<u>\$ (1,484,904)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 134,124	\$ -	\$ 134,124
Transfers out	-	(134,124)	(134,124)
Issuance of capital lease	1,088,000	-	1,088,000
Total other financing sources (uses)	<u>\$ 1,222,124</u>	<u>\$ (134,124)</u>	<u>\$ 1,088,000</u>
Net change in fund balances	\$ 56,630	\$ (453,534)	\$ (396,904)
Fund balances - beginning, as restated	<u>7,231,926</u>	<u>383,180</u>	<u>7,615,106</u>
Fund balances (deficit) - ending	<u>\$ 7,288,556</u>	<u>\$ (70,354)</u>	<u>\$ 7,218,202</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, 2014

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

Net change in fund balances - total governmental funds \$ (396,904)

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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 222,584	
Depreciation expense	<u>(844,160)</u>	(621,576)

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

Decrease (increase) in unavailable revenue	239,508
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Issuance of capital lease	\$ (1,088,000)	
Principal payments:		
Loans and bonds	1,154,207	
Capital leases	<u>120,457</u>	186,664

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	\$ 7,060	
(Increase) decrease in accrued interest payable	22,192	
Increase (decrease) in prepaid bond insurance	(511)	
(Increase) decrease in premium on revenue bond	1,198	
Increase (decrease) in deferred amount on refunding	(5,611)	
(Increase) decrease in landfill closure/post-closure liability	<u>(16,595)</u>	<u>7,733</u>

Change in net position of governmental activities	<u>\$ (584,575)</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, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>5,867</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>5,867</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, 2014

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, 2014.

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.

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

A. Financial Reporting Entity (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 County Public Service Authority

The Floyd County Public Service Authority 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.

Floyd-Floyd County Public Recreational Facilities Authority

The County, along with the Town of Floyd, provides support to the Floyd-Floyd County Public Recreational Facilities Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$55,000 to the Authority for the current year.

Montgomery-Floyd Regional Library

The County, in conjunction with Montgomery County, and the Towns of Christiansburg and Blacksburg, participates in the Montgomery-Floyd Regional Library. The governing board is composed of members from each of the participating localities. The county contributed \$208,000 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 \$32,324 to NRVCS for the current year.

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

A. Financial Reporting Entity (Continued)

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 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 \$473,655 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.

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.

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

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

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 GASB 34 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.

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.

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

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

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.

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

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

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

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. Fiduciary funds are not included in the government-wide financial statements.

The component unit 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.

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, 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. 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.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

D. Budgets and Budgetary Accounting (Continued)

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 not part of the County's accounting system.

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2014, the following departments/funds have expenditures that exceeded appropriations: General District Court, County Attorney, General Properties - Buildings and Grounds, Community Service Programs, and CSA Fund.

Deficit fund equity

At June 30, 2014, the Fire and Rescue Fund had deficit fund equity.

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

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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").

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

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

2. Receivables and Payables

Activity between funds that are 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) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. 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.

4. 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 \$165,423 for property taxes and \$84,759 for EMS billings at June 30, 2014.

5. 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.

6. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

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

7. 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 estimated fair market 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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:

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

8. 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 the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, 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.

9. 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.

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

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

9. Long-Term Obligations (Continued)

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.

10. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

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

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

10. Fund Equity (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.

11. 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 the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 two 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 uncollected EMS revenue and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

12. 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.

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

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

12. Net Position (Continued)

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.

13. 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.

14. Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Due to the implementation of this standard, beginning net position was restated to remove unamortized bond issuance costs as detailed in Note 19.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2—Deposits and Investments:

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

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States 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 and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk.

The County’s rated debt investments for LGIP and Government Obligations were rated by Standard and Poor’s and Moody’s, respectively, as of June 30, 2014 and the ratings are presented below using the respective rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 1
SNAP	8,492
Total	\$ 8,493

Interest Rate Risk

At June 30, 2014, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

External Investment Pool

The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 2—Deposits and Investments: (Continued)

External Investment Pool (Continued)

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission.

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>Component Unit EDA</u>
<u>Commonwealth of Virginia:</u>			
Local sales tax	\$ 148,068	\$ -	\$ -
State sales tax	-	396,270	-
Non-categorical aid	119,954	-	-
Categorical aid-shared expenses	104,530	-	-
Categorical aid-Welfare payments	26,258	-	-
Categorical aid-other	9,252	-	-
Comprehensive Services Act (CSA)	85,791	-	-
<u>Federal Government:</u>			
Categorical aid-Welfare payments	45,691	-	-
School federal programs	-	156,025	-
Categorical aid-other	7,750	-	173,246
Totals	<u>\$ 547,294</u>	<u>\$ 552,295</u>	<u>\$ 173,246</u>

Note 4-Interfund/Component-Unit Obligations:

At year end, there were no due to or due from obligations between the primary government and component units.

Primary government contributions to component units for the year ended June 30, 2014, consisted of the following:

<u>Component Unit:</u>	
School Board	\$ 6,414,861
Economic Development Authority	215,000
Economic Development Authority - Building Contribution	1,363,850
Total	<u>\$ 7,993,711</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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 transferred funds totaling \$134,124 from the Fire and Rescue Fund to the General Fund.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

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, 2014:

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
General obligation bonds	\$ 2,759,010	\$ -	\$ (290,926)	\$ 2,468,084
Lease revenue bonds	915,000	1,088,000	(39,805)	1,963,195
Deferred amounts:				
Bond premium	28,772	-	(1,198)	27,574
Literary funds loans	8,921,571	-	(823,476)	8,098,095
Capital leases	1,057,360	-	(120,457)	936,903
Landfill closure/post-closure liability	1,185,420	16,595	-	1,202,015
Compensated absences	339,144	247,298	(254,358)	332,084
Total	\$ 15,206,277	\$ 1,351,893	\$ (1,530,220)	\$ 15,027,950

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 296,243	\$ 50,089	\$ 60,826	\$ 76,783	837,280	384,332
2016	301,056	44,347	62,110	74,499	853,059	341,229
2017	310,981	37,650	63,434	72,175	681,722	302,092
2018	316,021	31,223	69,800	69,684	693,154	267,032
2019	321,178	24,679	71,209	67,025	705,187	231,375
2020-2024	922,605	39,144	393,772	292,523	3,146,965	644,284
2025-2029	-	-	481,262	209,408	1,180,728	55,272
2030-2034	-	-	530,782	108,799	-	-
2035-2038	-	-	230,000	23,500	-	-
Totals	\$ 2,468,084	\$ 227,132	\$ 1,963,195	\$ 994,396	\$ 8,098,095	\$ 2,225,616

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 5—Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>General obligation bonds:</u>						
Refunding bonds	2.32%	09/06/12	07/15/22	\$ 2,215,060	\$ 1,908,084	\$ 206,243
Public improvement	1.10-1.40%	02/04/10	02/01/20	920,000	560,000	90,000
Total obligation bonds					\$ 2,468,084	\$ 296,243
<u>Lease revenue bonds:</u>						
Revenue bond - Library	4.25-5.00%	08/08/07	08/01/37	\$ 1,000,000	\$ 895,000	\$ 20,000
Revenue bond - EDA Bldg	3.10%	12/23/13	01/23/34	1,088,000	1,068,195	40,826
Total lease revenue bonds					\$ 1,963,195	\$ 60,826
<u>Deferred amount:</u>						
Bond premium					\$ 27,574	\$ 1,199
<u>Literary funds loans:</u>						
School construction bonds	5.10-6.10%	12/21/95	07/15/16	\$ 2,835,979	\$ 358,954	176,750
School construction bonds	4.60-5.10%	11/10/05	07/15/25	10,259,045	6,512,504	494,799
School construction bonds	5.10-5.80%	11/16/00	07/15/20	3,110,483	1,226,637	165,731
Total literary funds loans					\$ 8,098,095	\$ 837,280
<u>Other long-term obligations:</u>						
Capital leases (Note 7)					\$ 936,903	\$ 210,728
Landfill closure/post-closure liability					1,202,015	-
Compensated absences					332,084	249,063
Total other long-term obligations					\$ 2,471,002	\$ 459,791
Total long-term obligations					\$ 15,027,950	\$ 1,655,339

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

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, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Compensated absences	\$ 687,990	\$ 515,510	\$ (515,993)	\$ 687,507
VRS net pension obligation	48,142	51,835	-	99,977
Total	\$ 736,132	\$ 567,345	\$ (515,993)	\$ 787,484

Details of long-term indebtedness:

	Amount	Within One Year
<u>Other Obligations:</u>		
Compensated absences	\$ 687,507	\$ 515,630
VRS net pension obligation	99,977	-
Total Long-Term Obligations	\$ 787,484	\$ 515,630

Discretely Presented Component Unit - EDA-Indebtedness:

The following is a summary of long-term obligation transactions of the Authority for the year ended June 30, 2014:

	Balance July 1, 2013	Increase	Decrease	Balance June 30, 2014
Line of credit	\$ 9,484	\$ 362,969	\$ (306,118)	\$ 66,335

Details of long-term indebtedness:

	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>						
Line of Credit	3.50%	08/30/12	08/30/15	\$ 250,000	\$ 66,335	\$ 66,335
Total Long-Term Obligations					\$ 66,335	\$ 66,335

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7—Capital Leases:

Primary Government

The County has entered into capital leases to finance the acquisition of a Pierce pumper truck, brush trucks and school building renovations. 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:

Pierce pumper truck - Public Safety	\$ 255,005
Brush trucks - Public Safety	225,000
Building renovations	1,131,088
Total capital assets	<u>\$ 1,611,093</u>
Accumulated depreciation	(1,137,515)
Net book value of capital assets	<u>\$ 473,578</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30,	Capital Leases
2015	\$ 139,934
2016	109,715
2017	109,715
2018	109,715
2019	109,715
2020-2024	<u>548,578</u>
Subtotal	\$ 1,127,372
Less, amount representing interest	<u>(190,469)</u>
Present Value of Lease Agreement	<u>\$ 936,903</u>

Note 8-Short-Term Debt:

The County issues tax anticipation notes in advance of property tax collections. These notes are used to fund operation until the collections of property taxes on June 5th and December 5th.

Short-term debt activity was as follows:

	Balance July 1, 2013	Issuance	Retirement	Balance June 30, 2014
Tax anticipation notes	\$ -	\$ 1,200,000	\$ (1,200,000)	\$ -

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9-Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. Eligibility - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

1. Plan Overview - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is 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.

2. Eligible Members - Employees are in VRS Plan 2 if their membership date is 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.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (Continued)

- 3. Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan’s effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

- 4. Retirement Contributions** - Same as VRS Plan 1–Refer to Section 4.
- 5. Creditable Service** - Same as VRS Plan 1– Refer to Section 5.
- 6. Vesting** - Same as VRS Plan 1–Refer to Section 6.
- 7. Calculating the Benefit** - Same as VRS Plan 1–Refer to Section 7.
- 8. Average Final Compensation** - A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- 9. Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
- 10. Normal Retirement Age** - Normal Social Security retirement age.
- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (Continued)

13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. **Eligibility** - Same as VRS Plan 1–Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1–Refer to Section 15.
16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
17. **Purchase of Prior Service** - Same as VRS Plan 1–Refer to Section 17.

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers' Retirement System (SPORS)
 - Members of the Virginia Law Officers' Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1-Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. Average Final Compensation - Same as VRS Plan 2-Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2-Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 9-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2-Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-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, 2014

Note 9-Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board contribution rates for the fiscal year ended 2014 were 11.98% and 8.39% of annual covered payroll, respectively.

The School Board's contribution for professional employees was \$1,159,268 to the teacher cost-sharing pool for the fiscal year ended June 30, 2014 and these contributions represent 11.66% of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the County's annual pension cost of \$402,751 was equal to the County's required and actual contributions for the County. For fiscal year 2014, the School Board's annual pension cost of \$172,641 was not equal to the School Board's required and actual contributions of \$120,805 for the School Board nonprofessionals.

	Three-Year Trend Information			
	Fiscal Year Ending	Annual Pension Cost (APC) ⁽¹⁾	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2014	\$ 402,751	100.00%	\$ -
	6/30/2013	559,237	100.00%	-
	6/30/2012	478,811	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2014	\$ 172,641	69.97%	\$ 99,977
	6/30/2013	160,341	69.98%	48,142
	6/30/2012	159,110	100.00%	-

⁽¹⁾ Employer portion only

Note 9-Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 76.55% funded. The actuarial accrued liability for benefits was \$13,530,703, and the actuarial value of assets was \$10,357,567, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,173,136. The covered payroll (annual payroll of active employees covered by the plan) was \$3,340,310 and ratio of the UAAL to the covered payroll was 95.00%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 72.20% funded. The actuarial accrued liability for benefits was \$7,110,478, and the actuarial value of assets was \$5,133,615, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,976,863. The covered payroll (annual payroll of active employees covered by the plan) was \$1,340,476 and ratio of the UAAL to the covered payroll was 147.47%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2014 was as follows:

	<i>As Restated,</i> Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 714,094	\$ -	\$ -	\$ 714,094
Total capital assets not being depreciated	<u>\$ 714,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 714,094</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 22,112,785	\$ -	\$ -	\$ 22,112,785
Machinery and equipment	6,202,950	222,584	(72,166)	6,353,368
Total capital assets being depreciated	<u>\$ 28,315,735</u>	<u>\$ 222,584</u>	<u>\$ (72,166)</u>	<u>\$ 28,466,153</u>
Accumulated depreciation:				
Buildings and improvements	\$ (5,452,541)	\$ (537,635)	\$ -	\$ (5,990,176)
Machinery and equipment	(4,907,659)	(306,525)	72,166	(5,142,018)
Total accumulated depreciation	<u>\$ (10,360,200)</u>	<u>\$ (844,160)</u>	<u>\$ 72,166</u>	<u>\$ (11,132,194)</u>
Total capital assets being depreciated, net	<u>\$ 17,955,535</u>	<u>\$ (621,576)</u>	<u>\$ -</u>	<u>\$ 17,333,959</u>
Governmental activities capital assets, net	<u>\$ 18,669,629</u>	<u>\$ (621,576)</u>	<u>\$ -</u>	<u>\$ 18,048,053</u>

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

Governmental activities:	
General government administration	\$ 2,744
Judicial administration	5,204
Public safety	206,041
Public works	189,326
Health and welfare	4,159
Education	404,869
Parks, recreation, and culture	<u>31,817</u>
Total depreciation expense-governmental activities	<u>\$ 844,160</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10—Capital Assets: (Continued)

Discretely Presented Component Unit - School Board

Capital asset activity for the School Board for the year ended June 30, 2014 was as follows:

	<i>As restated,</i> Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 265,917	\$ -	\$ -	\$ 265,917
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,860,182	\$ 102,913	\$ -	\$ 4,963,095
Machinery and equipment	3,294,594	156,428	-	3,451,022
Total capital assets being depreciated	<u>\$ 8,154,776</u>	<u>\$ 259,341</u>	<u>\$ -</u>	<u>\$ 8,414,117</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,700,224)	\$ (87,500)	\$ -	\$ (2,787,724)
Machinery and equipment	(2,404,790)	(155,487)	-	(2,560,277)
Total accumulated depreciation	<u>\$ (5,105,014)</u>	<u>\$ (242,987)</u>	<u>\$ -</u>	<u>\$ (5,348,001)</u>
Total capital assets being depreciated, net	<u>\$ 3,049,762</u>	<u>\$ 16,354</u>	<u>\$ -</u>	<u>\$ 3,066,116</u>
Governmental activities capital assets, net	<u>\$ 3,315,679</u>	<u>\$ 16,354</u>	<u>\$ -</u>	<u>\$ 3,332,033</u>

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10—Capital Assets: (Continued)

Discretely Presented Component Unit - EDA

Capital asset activity for the Authority for the year ended June 30, 2014 was as follows:

	<i>As restated,</i>			
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 82,029	\$ 120,168	\$ -	\$ 202,197
Construction in progress	191,250	1,616,626	-	1,807,876
Total capital assets not being depreciated	<u>\$ 273,279</u>	<u>\$ 1,736,794</u>	<u>\$ -</u>	<u>\$ 2,010,073</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ -	\$ 1,243,682	\$ -	\$ 1,243,682
Machinery and equipment	59,270	-	-	59,270
Total capital assets being depreciated	<u>\$ 59,270</u>	<u>\$ 1,243,682</u>	<u>\$ -</u>	<u>\$ 1,302,952</u>
Accumulated depreciation:				
Buildings and improvements	\$ -	\$ (15,546)	\$ -	\$ (15,546)
Machinery and equipment	(14,817)	(14,818)	-	(29,635)
Total accumulated depreciation	<u>\$ (14,817)</u>	<u>\$ (30,364)</u>	<u>\$ -</u>	<u>\$ (45,181)</u>
Total capital assets being depreciated, net	<u>\$ 44,453</u>	<u>\$ 1,213,318</u>	<u>\$ -</u>	<u>\$ 1,257,771</u>
Governmental activities capital assets, net	<u>\$ 317,732</u>	<u>\$ 2,950,112</u>	<u>\$ -</u>	<u>\$ 3,267,844</u>

Note 11—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, 2014

Note 12—Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular 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 13—Deferred/Unavailable Revenue:

Unearned/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. Unearned/unavailable revenue is comprised of the following:

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ 3,681,379	\$ 4,222,010
Unavailable EMS revenue representing uncollected EMS billings that are not available for funding of current expenditures.	-	76,318
Prepaid taxes relating to taxes due in a future period.	<u>151,642</u>	<u>151,642</u>
Total deferred/unavailable revenue	<u>\$ 3,833,021</u>	<u>\$ 4,449,970</u>

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Note 14-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 \$1,202,015. 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 15 - 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 four additional one year periods through January 31, 2015. 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 2015 minimum monthly rental payment under this lease is \$3,600.

Note 16-Operating Lease - Component Unit - Economic Development Authority

The Authority leases a commercial building to Arrow Truck Sales, Inc. The agreement was entered into on August 15, 2006, with an initial five year term and three (3) optional extensions. The agreement is currently in the second extension through June of 2017. During the current extension, monthly rental payments are due to the Authority in the amount of \$27,065.25. The Authority has assigned its collection rights under the lease agreement to the County of Floyd, Virginia and payments received from Arrow Truck Sales are reported as revenue in the County's general fund.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 17—Commitments and Contingencies:

	Original Contract	Amount Paid As of 6/30/2014	Remaining Contract Amount	Accounts Payable	Retainage Payable
Economic Development Authority					
G&H Contracting - Innovation Center	\$ 1,947,035	\$ 1,375,068	\$ 571,967	\$ 144,111	\$ 79,957

Substantially all costs, associated with the Innovation Center construction, will be funded by grants from the Federal Economic Development Authority and the State of Virginia Tobacco Commission.

Note 18—Litigation:

As of June 30, 2014, 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.

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COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 19—Restatement:

Beginning fund balance and net position has been restated for the current fiscal year as detailed below:

	General Fund	Capital Projects Fund	Component-unit School Board	School Capital Projects Fund
Ending fund balance, as previously reported June 30, 2013	\$ 7,562,691	\$ (242,579)	\$ 622,055	\$ 2,314
Add (Remove): Over (under) reported cash to (from) component unit	203,332	-	(203,332)	-
Add: Under reported cash accounts	49,106	-	-	-
Add: Under reported accounts receivable	23,258	-	-	-
Remove: Over reported accounts payables	47,079	-	-	-
Remove: Over reported due from EDA	(410,961)	-	-	-
Merge: Capital project fund balance	(242,579)	242,579	-	-
Remove: Over reported prepaids	-	-	(142,072)	-
Merge: School construction fund balance	-	-	2,314	(2,314)
Ending fund balance, as restated June 30, 2013	<u>\$ 7,231,926</u>	<u>\$ -</u>	<u>\$ 278,965</u>	<u>\$ -</u>

	Governmental Activities	Component-unit School Board	Component-unit EDA
Ending net position, as previously reported June 30, 2013	\$ 11,620,836	\$ 2,997,419	\$ 1,025,330
Applicable modified accrual entries above	(90,500)	(343,090)	-
Transfer debt financed school assets to the County	741,582	(741,582)	1,443
Transfer debt from the School Board to the County	(981,512)	981,512	-
Add: VRS net pension obligation for under funding VRS	-	(48,142)	-
Add: Over reported accumulated depreciation	51,989	-	-
Add: Under reported grants and related payables (net)	-	-	(13,350)
Remove: Over reported interest payable	28,362	16,931	-
Remove: Bond issuance costs	(71,472)	(4,536)	-
Remove: Amount due to the County	-	-	410,961
Add: Underreported deferred revenue	-	-	(90,510)
Ending net position, as restated June 30, 2013	<u>\$ 11,299,285</u>	<u>\$ 2,858,512</u>	<u>\$ 1,333,874</u>

Bond issuance costs were removed (as an asset) due to the implementation of GASB 65, as discussed in Note 1 to the financial statements.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 20-Self Health Insurance:

The Floyd County School Board established a limited risk management program for health insurance. Premiums are paid into the Anthem health plan account from the School Board and are available to pay claims, reinsurance, and administrative costs of the program. During the fiscal year 2014, a total of \$1,122,125 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$779,780. 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 \$1,016,677 in the aggregate. Incurred but not reported claims of \$120,320 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Changes in the claims liability for the current and two prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2013-14	\$ 78,407	\$ 821,693	\$ (779,780)	120,320
2012-13	107,833	897,537	(926,963)	78,407
2011-12	129,000	1,023,880	(1,045,047)	107,833

As of June 30, 2014, funds totaling \$1,531,576 were held in trust by Anthem for the payment of claims and costs associated with the self health insurance program. These funds are reported as cash in the custody of others in the accompanying financial statements.

Note 21—Upcoming Pronouncements

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County believes the implementation of Statement No. 68 will significantly impact the County's and Component Unity - School Board's net position; however no formal study or estimate of the impact of this standard has been performed.

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 9,241,443	\$ 9,241,443	\$ 10,096,028	\$ 854,585
Other local taxes	1,574,123	1,574,123	1,632,967	58,844
Permits, privilege fees, and regulatory licenses	111,400	111,676	114,441	2,765
Fines and forfeitures	18,000	18,000	3,357	(14,643)
Revenue from the use of money and property	93,200	93,200	263,667	170,467
Charges for services	691,915	742,786	598,519	(144,267)
Miscellaneous	16,150	30,167	5,219	(24,948)
Recovered costs	46,500	65,871	35,490	(30,381)
Intergovernmental:				
Commonwealth	3,922,479	4,240,548	4,013,225	(227,323)
Federal	696,665	696,665	729,285	32,620
Total revenues	<u>\$ 16,411,875</u>	<u>\$ 16,814,479</u>	<u>\$ 17,492,198</u>	<u>\$ 677,719</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,456,293	\$ 1,465,826	\$ 1,146,905	\$ 318,921
Judicial administration	893,708	968,913	896,080	72,833
Public safety	2,698,343	2,941,242	2,760,580	180,662
Public works	1,470,485	1,550,865	1,539,330	11,535
Health and welfare	2,100,425	2,251,961	2,045,758	206,203
Education	5,626,953	5,626,953	6,421,320	(794,367)
Parks, recreation, and cultural	263,000	263,000	263,000	-
Community development	212,887	454,388	1,791,284	(1,336,896)
Debt service:				
Principal retirement	1,169,781	1,200,347	1,197,577	2,770
Interest and other fiscal charges	600,000	600,000	595,858	4,142
Total expenditures	<u>\$ 16,491,875</u>	<u>\$ 17,323,495</u>	<u>\$ 18,657,692</u>	<u>\$ (1,334,197)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (80,000)</u>	<u>\$ (509,016)</u>	<u>\$ (1,165,494)</u>	<u>\$ (656,478)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 134,124	\$ 134,124
Issuance of capital lease	80,000	80,000	1,088,000	1,008,000
Total other financing sources (uses)	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 1,222,124</u>	<u>\$ 1,142,124</u>
Net change in fund balances	\$ -	\$ (429,016)	\$ 56,630	\$ 485,646
Fund balances - beginning, as restated	-	429,016	7,231,926	6,802,910
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,288,556</u>	<u>\$ 7,288,556</u>

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 532,240	\$ 532,240	\$ 217,201	\$ (315,039)
Intergovernmental:				
Commonwealth	56,279	60,735	57,062	(3,673)
Total revenues	\$ 588,519	\$ 592,975	\$ 274,263	\$ (318,712)
EXPENDITURES				
Current:				
Public safety	\$ 494,778	\$ 514,552	\$ 508,336	\$ 6,216
Debt service:				
Principal retirement	85,491	85,491	77,087	8,404
Interest and other fiscal charges	8,250	8,250	8,250	-
Total expenditures	\$ 588,519	\$ 608,293	\$ 593,673	\$ 14,620
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (15,318)	\$ (319,410)	\$ (304,092)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (134,124)	\$ (134,124)
Net change in fund balances	\$ -	\$ (15,318)	\$ (453,534)	\$ (438,216)
Fund balances - beginning	-	15,318	383,180	367,862
Fund balances (deficit) - ending	\$ -	\$ -	\$ (70,354)	\$ (70,354)

County of Floyd, Virginia
 Schedule of Pension Funding Progress
 For the Year Ended June 30, 2014

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio of AAL (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 10,357,567	\$ 13,530,703	\$ 3,173,136	76.55%	\$ 3,340,310	95.00%
6/30/2012	9,794,633	13,415,113	3,620,480	73.01%	3,074,821	117.75%
6/30/2011	9,626,819	12,485,722	2,858,903	77.10%	2,936,549	97.36%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 5,133,615	\$ 7,110,478	\$ 1,976,863	72.20%	\$ 1,340,476	147.47%
6/30/2012	5,100,060	7,010,416	1,910,356	72.75%	1,288,018	148.32%
6/30/2011	5,244,333	6,797,739	1,553,406	77.15%	1,329,443	116.85%

Other Supplementary Information

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, 2014

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 301,647
Cash in custody of others	1,531,576
Accounts receivable	18,730
Due from other governmental units	552,295
Inventories	25,608
Prepaid items	237,850
Total assets	<u>\$ 2,667,706</u>
LIABILITIES	
Accounts payable	\$ 14,521
Accrued payroll liabilities	1,901,842
Health claim payable	120,320
Total liabilities	<u>\$ 2,036,683</u>
FUND BALANCES	
Nonspendable:	
Prepaid items and inventory	\$ 263,458
Restricted:	
Cafeteria	299,333
Unassigned	68,232
Total fund balances	<u>\$ 631,023</u>
Total liabilities and fund balances	<u>\$ 2,667,706</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 631,023
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 265,917
Buildings and improvements	2,175,371
Machinery and equipment	<u>890,745</u>
	3,332,033
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	\$ (687,507)
VRS net pension obligation	<u>(99,977)</u>
	(787,484)
Net position of governmental activities	<u>\$ 3,175,572</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, 2014

		School Operating <u>Fund</u>
REVENUES		
Charges for services	\$	391,911
Miscellaneous		42,724
Recovered costs		73,097
Intergovernmental:		
Local government		6,414,861
Commonwealth		11,365,564
Federal		1,640,536
Total revenues	\$	<u>19,928,693</u>
EXPENDITURES		
Current:		
Education	\$	<u>19,576,635</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>352,058</u>
Net change in fund balances	\$	352,058
Fund balances - beginning, as restated		<u>278,965</u>
Fund balances - ending	\$	<u><u>631,023</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	\$	352,058
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		
Capital asset additions	\$	259,341
Depreciation expense		<u>(242,987)</u>
		16,354
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	\$	483
(Increase) decrease in VRS net pension obligation		<u>(51,835)</u>
Change in net position of governmental activities	\$	<u><u>317,060</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, 2014

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 41,700	\$ 41,700	\$ 391,911	\$ 350,211
Miscellaneous	55,600	55,600	42,724	(12,876)
Recovered costs	68,200	68,200	73,097	4,897
Intergovernmental:				
Local government	5,805,494	6,546,919	6,414,861	(132,058)
Commonwealth	11,420,785	11,420,785	11,365,564	(55,221)
Federal	1,443,034	1,443,034	1,640,536	197,502
Total revenues	<u>\$ 18,834,813</u>	<u>\$ 19,576,238</u>	<u>\$ 19,928,693</u>	<u>\$ 352,455</u>
EXPENDITURES				
Current:				
Education	\$ 18,834,813	\$ 19,576,238	\$ 19,576,635	\$ (397)
Total expenditures	<u>\$ 18,834,813</u>	<u>\$ 19,576,238</u>	<u>\$ 19,576,635</u>	<u>\$ (397)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 352,058	\$ 352,058
Net change in fund balances	\$ -	\$ -	\$ 352,058	\$ 352,058
Fund balances - beginning, as restated	-	-	278,965	278,965
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 631,023</u>	<u>\$ 631,023</u>

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
County of Floyd, Virginia - Economic Development Authority
Statement of Net Position - Proprietary Fund
June 30, 2014

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 111,777
Accounts receivable	4,761
Loan receivable - current portion	7,607
Lease receivable	25,100
Due from other governmental units	173,246
Inventory, held for resale	819,504
Total current assets	\$ 1,141,995
Noncurrent assets:	
Loan receivable - net of current portion	\$ 93,826
Restricted cash and cash equivalents	40,653
Capital assets:	
Land	202,197
Machinery and equipment	59,270
Building	1,243,682
Construction in progress	1,807,876
Less accumulated depreciation	(45,181)
Total capital assets	\$ 3,267,844
Total noncurrent assets	\$ 3,402,323
Total assets	\$ 4,544,318
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 149,171
Unearned revenue	10,425
Line of credit - current portion	66,335
Total liabilities	\$ 225,931
NET POSITION	
Net investment in capital assets	\$ 3,201,509
Unrestricted	1,116,878
Total net position	\$ 4,318,387

County of Floyd, Virginia
Discretely Presented Component Unit
County of Floyd, Virginia - Economic Development Authority
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Year Ended June 30, 2014

	Enterprise Fund
OPERATING REVENUES	
Charges for services	\$ 5,669
IRB Fees	10,113
Intergovernmental:	
Local government	215,000
Total operating revenues	\$ 230,782
OPERATING EXPENSES	
Operations	\$ 78,864
Economic incentive payments	327,326
Depreciation	30,364
Total operating expenses	\$ 436,554
Operating income (loss)	\$ (205,772)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental:	
State	\$ 943,557
Federal	884,210
Interest income	114
Interest expense	(1,446)
Donation from County of Floyd	1,363,850
Total nonoperating revenues (expenses)	\$ 3,190,285
Change in net position	\$ 2,984,513
Total net position - beginning, as restated	1,333,874
Total net position - ending	\$ 4,318,387

County of Floyd, Virginia
Discretely Presented Component Unit
County of Floyd, Virginia - Economic Development Authority
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2014

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 238,028
Payments to suppliers	(486,619)
Net cash provided by (used for) operating activities	\$ (248,591)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Issuance (draws) on line of credit	\$ 362,968
Principal payments on line of credit	(306,117)
Interest payments on line of credit	(1,446)
Net cash provided by (used for) noncapital financing activities	\$ 55,405
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (1,616,627)
Contributions in aid of construction	1,767,358
Net cash provided by (used for) capital and related financing activities	\$ 150,731
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 114
Loans/notes issued to customers	(65,276)
Payments received on notes/loans receivable	49,872
Net cash provided by (used for) investing activities	\$ (15,290)
Net increase (decrease) in cash and cash equivalents	\$ (57,745)
Cash and cash equivalents - beginning (including restricted cash of \$33,890)	210,175
Cash and cash equivalents - ending (including restricted cash of \$40,653)	\$ 152,430
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (205,772)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 30,364
(Increase) decrease in accounts receivable	6,046
(Increase) decrease in lease receivable	1,200
Increase (decrease) in operating payables	(80,429)
Total adjustments	\$ (42,819)
Net cash provided by (used for) operating activities	\$ (248,591)

Note: During the fiscal year, the County purchased a building and land for \$1,363,850 and titled same in the name of the Economic Development Authority.

Supporting Schedules

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,044,311	\$ 7,044,311	\$ 7,496,760	\$ 452,449
Real and personal public service corporation taxes	188,290	188,290	261,125	72,835
Personal property taxes	1,621,900	1,621,900	1,897,897	275,997
Mobile home taxes	52,442	52,442	44,382	(8,060)
Machinery and tools taxes	146,500	146,500	145,303	(1,197)
Merchant's capital	58,000	58,000	70,816	12,816
DMV Stops and administration fees	5,000	5,000	18,350	13,350
Penalties	80,000	80,000	101,584	21,584
Interest	45,000	45,000	59,811	14,811
Total general property taxes	<u>\$ 9,241,443</u>	<u>\$ 9,241,443</u>	<u>\$ 10,096,028</u>	<u>\$ 854,585</u>
Other local taxes:				
Local sales and use taxes	\$ 783,623	\$ 783,623	\$ 784,067	\$ 444
Consumers' utility taxes	370,000	370,000	352,509	(17,491)
Consumption taxes	-	-	44,809	44,809
Motor vehicle licenses	350,000	350,000	389,451	39,451
Recordation tax	5,500	5,500	4,050	(1,450)
Hotel and motel room taxes	45,000	45,000	34,648	(10,352)
Other local taxes	20,000	20,000	23,433	3,433
Total other local taxes	<u>\$ 1,574,123</u>	<u>\$ 1,574,123</u>	<u>\$ 1,632,967</u>	<u>\$ 58,844</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 12,198	\$ 2,198
Transfer fees	1,000	1,000	601	(399)
Building permits	71,000	71,000	81,826	10,826
Land use application fees	12,000	12,000	3,820	(8,180)
Other permits and licenses	17,400	17,676	15,996	(1,680)
Total permits, privilege fees, and regulatory licenses	<u>\$ 111,400</u>	<u>\$ 111,676</u>	<u>\$ 114,441</u>	<u>\$ 2,765</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 18,000	\$ 18,000	\$ 3,357	\$ (14,643)
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 45,592	\$ (4,408)
Revenue from use of property	43,200	43,200	218,075	174,875
Total revenue from use of money and property	<u>\$ 93,200</u>	<u>\$ 93,200</u>	<u>\$ 263,667</u>	<u>\$ 170,467</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 100,015	\$ 127,549	\$ 116,228	\$ (11,321)
Charges for courthouse maintenance	3,200	3,200	3,727	527
Charges for courthouse security	10,000	33,337	15,972	(17,365)
Recordation fees	67,500	67,500	77,384	9,884
Charges for Commonwealth's Attorney	1,000	1,000	2,170	1,170
Charges for sanitation and waste removal	84,000	84,000	85,701	1,701
Charges for emergency medical services	350,000	350,000	210,310	(139,690)
Charges for library	1,200	1,200	1,493	293
Collection fees	75,000	75,000	83,595	8,595
Jail admission fees	-	-	1,939	1,939
Total charges for services	<u>\$ 691,915</u>	<u>\$ 742,786</u>	<u>\$ 598,519</u>	<u>\$ (144,267)</u>

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 16,150	\$ 26,417	\$ 1,469	\$ (24,948)
Local grants	-	3,750	3,750	-
Total miscellaneous revenue	<u>\$ 16,150</u>	<u>\$ 30,167</u>	<u>\$ 5,219</u>	<u>\$ (24,948)</u>
Recovered costs:				
Welfare recoveries	\$ 6,000	\$ 6,000	\$ 8,190	\$ 2,190
Insurance recoveries	20,000	24,008	9,650	(14,358)
Health department	500	500	-	(500)
Other recovered costs	20,000	35,363	17,650	(17,713)
Total recovered costs	<u>\$ 46,500</u>	<u>\$ 65,871</u>	<u>\$ 35,490</u>	<u>\$ (30,381)</u>
Total revenue from local sources	<u>\$ 11,792,731</u>	<u>\$ 11,877,266</u>	<u>\$ 12,749,688</u>	<u>\$ 872,422</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 20,000	\$ 20,000	\$ 21,500	\$ 1,500
Motor vehicle carriers tax	100	100	87	(13)
Motor vehicle rental tax	750	750	4,148	3,398
State recordation tax	30,358	30,358	30,062	(296)
Communication tax	680,000	680,000	622,985	(57,015)
Personal property tax relief funds	925,741	925,741	925,741	-
Total noncategorical aid	<u>\$ 1,656,949</u>	<u>\$ 1,656,949</u>	<u>\$ 1,604,523</u>	<u>\$ (52,426)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 178,426	\$ 178,426	\$ 178,602	\$ 176
Sheriff	691,935	691,935	704,268	12,333
Commissioner of revenue	80,119	80,119	80,951	832
Treasurer	81,946	81,946	82,167	221
Medical examiner	300	300	-	(300)
Registrar/electoral board	37,819	37,819	36,640	(1,179)
Clerk of the Circuit Court	184,208	211,332	185,991	(25,341)
Total shared expenses	<u>\$ 1,254,753</u>	<u>\$ 1,281,877</u>	<u>\$ 1,268,619</u>	<u>\$ (13,258)</u>
Other categorical aid:				
Welfare payments	\$ 355,026	\$ 355,026	\$ 312,679	\$ (42,347)
CSA payments	508,535	580,070	540,858	(39,212)
State and local foster care	5,000	5,000	5,000	-
Litter control grant	7,000	14,051	8,111	(5,940)
IT equipment	-	-	26,535	26,535
State E-911 program	45,000	45,000	55,446	10,446
Department of environmental quality grant	90,216	122,537	-	(122,537)
VDOT funds	-	-	11,897	11,897
Government Opportunity grant	-	100,000	100,000	-
Tobacco Commission grant	-	65,000	65,000	-
State seizures	-	15,038	14,557	(481)
Total other categorical aid	<u>\$ 1,010,777</u>	<u>\$ 1,301,722</u>	<u>\$ 1,140,083</u>	<u>\$ (161,639)</u>
Total categorical aid	<u>\$ 2,265,530</u>	<u>\$ 2,583,599</u>	<u>\$ 2,408,702</u>	<u>\$ (174,897)</u>
Total revenue from the Commonwealth	<u>\$ 3,922,479</u>	<u>\$ 4,240,548</u>	<u>\$ 4,013,225</u>	<u>\$ (227,323)</u>

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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	\$ 17,500	\$ 17,500	\$ 15,846	\$ (1,654)
Categorical aid:				
Welfare payments	\$ 679,165	\$ 679,165	\$ 598,154	\$ (81,011)
Comprehensive service act	-	-	38,486	38,486
Asset forfeiture funds	-	-	2,706	2,706
Agricultural grant	-	-	10,000	10,000
Public safety grant	-	-	64,093	64,093
Total categorical aid	\$ 679,165	\$ 679,165	\$ 713,439	\$ 34,274
Total revenue from the federal government	\$ 696,665	\$ 696,665	\$ 729,285	\$ 32,620
Total General Fund	\$ 16,411,875	\$ 16,814,479	\$ 17,492,198	\$ 677,719
Special Revenue Fund:				
Fire and Rescue Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 373,672	\$ 373,672	\$ 152,491	\$ (221,181)
Real and personal public service corporation taxes	13,010	13,010	5,309	(7,701)
Personal property taxes	143,200	143,200	58,439	(84,761)
Mobile home taxes	2,358	2,358	962	(1,396)
Total general property taxes	\$ 532,240	\$ 532,240	\$ 217,201	\$ (315,039)
Total revenue from local sources	\$ 532,240	\$ 532,240	\$ 217,201	\$ (315,039)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program funds	\$ 41,000	\$ 44,185	\$ 37,558	\$ (6,627)
Four-for-life	15,279	16,550	16,550	-
RSAF grant	-	-	2,954	2,954
Total categorical aid	\$ 56,279	\$ 60,735	\$ 57,062	\$ (3,673)
Total revenue from the Commonwealth	\$ 56,279	\$ 60,735	\$ 57,062	\$ (3,673)
Total Fire and Rescue Fund	\$ 588,519	\$ 592,975	\$ 274,263	\$ (318,712)
Total Primary Government	\$ 17,000,394	\$ 17,407,454	\$ 17,766,461	\$ 359,007
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Charges for services:				
Tuition and payments from other divisions	\$ 18,700	\$ 18,700	\$ 28,049	\$ 9,349
Cafeteria	-	-	341,661	341,661
Other charges for services	23,000	23,000	22,201	(799)
Total charges for services	\$ 41,700	\$ 41,700	\$ 391,911	\$ 350,211
Miscellaneous revenue:				
Donations	\$ -	\$ -	\$ 1,675	\$ 1,675
Sale of supplies and equipment	4,000	4,000	1,495	(2,505)
Other miscellaneous	51,600	51,600	39,554	(12,046)
Total miscellaneous revenue	\$ 55,600	\$ 55,600	\$ 42,724	\$ (12,876)

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Recovered costs:				
Rebates and refunds	\$ 6,500	\$ 6,500	\$ 10,320	\$ 3,820
Insurance recoveries	16,700	16,700	16,636	(64)
Medicaid payments	45,000	45,000	46,141	1,141
Total recovered costs	<u>\$ 68,200</u>	<u>\$ 68,200</u>	<u>\$ 73,097</u>	<u>\$ 4,897</u>
Total revenue from local sources	<u>\$ 165,500</u>	<u>\$ 165,500</u>	<u>\$ 507,732</u>	<u>\$ 342,232</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Floyd, Virginia	\$ 5,805,494	\$ 6,546,919	\$ 6,414,861	\$ (132,058)
Total revenues from local governments	<u>\$ 5,805,494</u>	<u>\$ 6,546,919</u>	<u>\$ 6,414,861</u>	<u>\$ (132,058)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,345,083	\$ 2,345,083	\$ 2,263,904	\$ (81,179)
Basic school aid	5,715,815	5,715,815	5,756,565	40,750
Remedial summer education	77,882	77,882	51,508	(26,374)
Foster care	-	-	12,077	12,077
Adult education	1,728	1,728	-	(1,728)
Gifted and talented	60,572	60,572	60,526	(46)
Remedial education	144,847	144,847	144,737	(110)
Special education	780,856	780,856	780,264	(592)
Textbook payment	118,155	118,155	108,309	(9,846)
Vocational standards of quality payments	105,343	105,343	105,263	(80)
Vocational adult education	990	990	307	(683)
School food	21,938	21,938	18,636	(3,302)
Social security fringe benefits	358,167	358,167	357,895	(272)
Retirement fringe benefits	718,665	718,665	718,212	(453)
Group life insurance benefits	22,385	22,385	22,368	(17)
State lottery payments	-	-	9,757	9,757
Early reading intervention	14,337	14,337	18,433	4,096
Homebound education	3,547	3,547	5,095	1,548
ISAEP	7,859	7,859	7,859	-
Vocational education - equipment	4,000	4,000	4,462	462
Vocational occupational preparedness	30,799	30,799	23,770	(7,029)
Salary supplement	140,742	140,742	140,629	(113)
Special education - foster care	37,664	37,664	41,675	4,011
At risk payments	154,781	154,781	154,781	-
Primary class size	160,963	160,963	157,017	(3,946)
Technology	180,000	180,000	180,000	-
Standards of Learning algebra readiness	25,162	25,162	25,162	-
At risk four-year olds	145,632	145,632	145,632	-
Mentor teach program	2,453	2,453	1,363	(1,090)
English as a second language	34,420	34,420	34,029	(391)
Other state funds	6,000	6,000	15,329	9,329
Total categorical aid	<u>\$ 11,420,785</u>	<u>\$ 11,420,785</u>	<u>\$ 11,365,564</u>	<u>\$ (55,221)</u>
Total revenue from the Commonwealth	<u>\$ 11,420,785</u>	<u>\$ 11,420,785</u>	<u>\$ 11,365,564</u>	<u>\$ (55,221)</u>

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 418,576	\$ 418,576	\$ 444,378	\$ 25,802
Title VI-B, special education flow-through	420,341	420,341	484,951	64,610
Title VI-B, special education pre-school	20,736	20,736	21,725	989
Vocational education	34,337	34,337	37,141	2,804
Improving teacher quality	75,218	75,218	74,057	(1,161)
Educational technology	2,990	2,990	-	(2,990)
English language acquisition skills	2,782	2,782	-	(2,782)
Grants for state assessments/related activities	55,680	55,680	452	(55,228)
School food	412,374	412,374	577,832	165,458
Total categorical aid	<u>\$ 1,443,034</u>	<u>\$ 1,443,034</u>	<u>\$ 1,640,536</u>	<u>\$ 197,502</u>
Total revenue from the federal government	<u>\$ 1,443,034</u>	<u>\$ 1,443,034</u>	<u>\$ 1,640,536</u>	<u>\$ 197,502</u>
Total School Operating Fund	<u>\$ 18,834,813</u>	<u>\$ 19,576,238</u>	<u>\$ 19,928,693</u>	<u>\$ 352,455</u>

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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	\$ 63,202	\$ 64,979	\$ 60,002	\$ 4,977
General and financial administration:				
County administrator	\$ 298,104	\$ 298,104	\$ 276,720	\$ 21,384
Contingency	212,390	212,390	-	212,390
Legal services	40,000	40,481	47,398	(6,917)
Commissioner of revenue	254,433	254,433	236,133	18,300
Reassessment	175,000	175,000	140,022	34,978
Audit	65,000	65,000	45,415	19,585
Treasurer	218,796	224,715	221,083	3,632
Total general and financial administration	\$ 1,263,723	\$ 1,270,123	\$ 966,771	\$ 303,352
Board of elections:				
Electoral board and officials	\$ 27,864	\$ 29,244	\$ 22,496	\$ 6,748
Registrar	101,504	101,480	97,636	3,844
Total board of elections	\$ 129,368	\$ 130,724	\$ 120,132	\$ 10,592
Total general government administration	\$ 1,456,293	\$ 1,465,826	\$ 1,146,905	\$ 318,921
Judicial administration:				
Courts:				
Circuit court	\$ 16,970	\$ 22,047	\$ 15,041	\$ 7,006
General district court	2,900	2,913	2,972	(59)
Magistrates office	900	900	498	402
Juvenile and domestic court	40,867	40,867	27,436	13,431
Clerk of the circuit court	295,833	336,726	302,581	34,145
Sheriff (court)	299,613	302,768	283,179	19,589
Total courts	\$ 657,083	\$ 706,221	\$ 631,707	\$ 74,514
Commonwealth's attorney:				
Commonwealth's attorney	\$ 236,625	\$ 262,692	\$ 264,373	\$ (1,681)
Total judicial administration	\$ 893,708	\$ 968,913	\$ 896,080	\$ 72,833
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 13,175	\$ 13,175	\$ 13,175	-
Sheriff	1,244,421	1,470,066	1,295,044	175,022
Total law enforcement and traffic control	\$ 1,257,596	\$ 1,483,241	\$ 1,308,219	\$ 175,022
Fire and rescue services:				
Public safety	\$ 34,380	\$ 34,380	\$ 25,535	\$ 8,845
E-911	195,569	195,569	202,209	(6,640)
Emergency medical services	477,841	480,341	451,134	29,207
Total fire and rescue services	\$ 707,790	\$ 710,290	\$ 678,878	\$ 31,412
Correction and detention:				
Contribution to Regional Jail	\$ 425,000	\$ 429,974	\$ 473,655	\$ (43,681)

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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)				
Inspections:				
Building	\$ 201,370	\$ 201,370	\$ 190,845	\$ 10,525
Other protection:				
Forest service	\$ 13,069	\$ 13,069	\$ 11,011	\$ 2,058
Animal control	93,118	102,898	97,752	5,146
Medical examiner	400	400	220	180
Total other protection	\$ 106,587	\$ 116,367	\$ 108,983	\$ 7,384
Total public safety	\$ 2,698,343	\$ 2,941,242	\$ 2,760,580	\$ 180,662
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,147,409	\$ 1,152,998	\$ 1,131,122	\$ 21,876
Recycling program	94,766	94,766	97,261	(2,495)
Total sanitation and waste removal	\$ 1,242,175	\$ 1,247,764	\$ 1,228,383	\$ 19,381
Maintenance of general buildings and grounds:				
Maintenance of properties	\$ 228,310	\$ 303,101	\$ 310,947	\$ (7,846)
Total public works	\$ 1,470,485	\$ 1,550,865	\$ 1,539,330	\$ 11,535
Health and welfare:				
Health:				
Supplement of local health department	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Mental health and mental retardation:				
Contribution to New River Valley Community Services Board	\$ 32,324	\$ 32,324	\$ 32,324	\$ -
Welfare:				
Public assistance	\$ 1,362,881	\$ 1,382,381	\$ 1,167,124	\$ 215,257
Comprehensive services act	600,000	732,036	741,090	(9,054)
New River Valley Area on Aging	5,220	5,220	5,220	-
Total welfare	\$ 1,968,101	\$ 2,119,637	\$ 1,913,434	\$ 206,203
Total health and welfare	\$ 2,100,425	\$ 2,251,961	\$ 2,045,758	\$ 206,203
Education:				
Other instructional costs:				
Contribution to Community College	\$ 6,459	\$ 6,459	\$ 6,459	\$ -
Contribution to County School Board	5,620,494	5,620,494	6,414,861	(794,367)
Total education	\$ 5,626,953	\$ 5,626,953	\$ 6,421,320	\$ (794,367)
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Library:				
County library	\$ 208,000	\$ 208,000	\$ 208,000	\$ -
Total parks, recreation, and cultural	\$ 263,000	\$ 263,000	\$ 263,000	\$ -

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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)				
Community development:				
Planning and community development:				
Community development	\$ 94,725	\$ 310,195	\$ 302,971	\$ 7,224
Planning	4,000	4,000	2,815	1,185
New River Valley Planning District Commission	18,568	28,568	18,568	10,000
Contribution to the County Economic Development Authority	-	-	1,363,850	(1,363,850)
Total planning and community development	<u>\$ 117,293</u>	<u>\$ 342,763</u>	<u>\$ 1,688,204</u>	<u>\$ (1,345,441)</u>
Environmental management:				
Soil conservation	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Cooperative extension program:				
Extension office	\$ 84,094	\$ 100,125	\$ 91,580	\$ 8,545
Total community development	<u>\$ 212,887</u>	<u>\$ 454,388</u>	<u>\$ 1,791,284</u>	<u>\$ (1,336,896)</u>
Debt service:				
Principal retirement	\$ 1,169,781	\$ 1,200,347	\$ 1,197,577	\$ 2,770
Interest and other fiscal charges	600,000	600,000	595,858	4,142
Total debt service	<u>\$ 1,769,781</u>	<u>\$ 1,800,347</u>	<u>\$ 1,793,435</u>	<u>\$ 6,912</u>
Total General Fund	<u>\$ 16,491,875</u>	<u>\$ 17,323,495</u>	<u>\$ 18,657,692</u>	<u>\$ (1,334,197)</u>
Special Revenue Fund:				
Fire and Rescue Fund:				
Public safety:				
Fire and rescue services	\$ 494,778	\$ 514,552	\$ 508,336	\$ 6,216
Debt service:				
Principal retirement	\$ 85,491	\$ 85,491	\$ 77,087	\$ 8,404
Interest and other fiscal charges	8,250	8,250	8,250	-
Total debt service	<u>\$ 93,741</u>	<u>\$ 93,741</u>	<u>\$ 85,337</u>	<u>\$ 8,404</u>
Total Fire and Rescue Fund	<u>\$ 588,519</u>	<u>\$ 608,293</u>	<u>\$ 593,673</u>	<u>\$ 14,620</u>
Total Primary Government	<u>\$ 17,080,394</u>	<u>\$ 17,931,788</u>	<u>\$ 19,251,365</u>	<u>\$ (1,319,577)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 728,538	\$ 728,538	\$ 724,689	\$ 3,849
Instructional costs:				
Instructional costs	<u>\$ 12,174,551</u>	<u>\$ 12,915,976</u>	<u>\$ 12,666,376</u>	<u>\$ 249,600</u>
Operating costs:				
Pupil transportation	\$ 1,779,026	\$ 1,779,026	\$ 1,711,164	\$ 67,862
Operation and maintenance services	2,349,533	2,349,533	2,238,486	111,047
School food service	535,401	535,401	1,047,549	(512,148)

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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>
Discretely Presented Component Unit - School Board (Continued)				
School Operating Fund: (Continued)				
Education: (Continued)				
Facilities	\$ 85,000	\$ 85,000	\$ 85,000	\$ -
Technology	1,182,764	1,182,764	1,103,371	79,393
Total operating costs	<u>\$ 5,931,724</u>	<u>\$ 5,931,724</u>	<u>\$ 6,185,570</u>	<u>\$ (253,846)</u>
 Total School Operating Fund	 <u>\$ 18,834,813</u>	 <u>\$ 19,576,238</u>	 <u>\$ 19,576,635</u>	 <u>\$ (397)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 18,834,813</u>	 <u>\$ 19,576,238</u>	 <u>\$ 19,576,635</u>	 <u>\$ (397)</u>

Note: Decentralized school cafeteria expenditures included above are not subject to appropriation.

Other Statistical Information

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 Development (3)	Community Development (3)	Interest on Long-Term Debt	Total
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
2009-10	1,670,581	582,654	3,104,849	1,139,165	1,756,824	5,591,957	300,663	339,872	792,376	15,278,941
2008-09	1,329,648	589,541	3,002,667	1,201,286	1,839,317	5,353,202	357,695	319,489	878,274	14,871,119
2007-08	1,238,309	614,973	2,963,673	1,142,179	1,716,772	5,656,376	198,542	377,031	989,579	14,897,434
2006-07	1,135,868	573,381	2,759,112	1,276,181	1,921,832	5,301,824	255,565	746,916	1,190,113	15,160,792
2005-06	927,876	567,858	2,994,236	1,836,566	1,863,696	5,460,860	344,679	211,288	723,327	14,930,386
2004-05	1,202,957	371,331	2,749,986	1,490,025	1,855,361	3,696,758	249,907	228,699	727,024	12,572,048

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.

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	
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		
2009-10	903,722	2,544,873	72,088	9,690,586	2,169,806	112,664	50,799	905,044	16,449,582		
2008-09	717,873	2,771,379	353,520	9,382,280	2,170,720	163,721	8,202	1,032,674	16,600,369		
2007-08	682,316	2,779,406	269,252	9,289,566	2,361,844	167,601	1,257	966,850	16,518,092		
2006-07	833,089	2,899,183	62,659	8,402,215	2,259,570	115,657	13,351	1,017,261	15,602,985		
2005-06	349,762	4,694,250	-	7,865,835	2,029,472	157,624	140,402	1,132,051	16,369,396		
2004-05	361,167	3,074,607	-	7,136,163	1,907,484	86,298	153,280	1,040,850	13,759,849		

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 (4)	Judicial Administration(5)	Public Safety (5)	Public Works (2,4)	Health and Welfare	Education (3)	Parks, Recreation, and Cultural	Community Development (6)	Debt Service	Total
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
2009-10	1,628,664	572,753	2,898,201	1,177,625	1,751,651	20,204,293	269,105	338,392	2,068,342	30,909,026
2008-09	1,266,567	579,640	3,677,344	1,163,279	1,841,316	21,141,687	326,136	327,908	2,078,232	32,402,109
2007-08	1,183,135	605,257	2,992,839	1,146,413	1,715,900	19,417,079	1,316,756	377,031	2,126,635	30,881,045
2006-07	1,128,863	563,480	2,877,355	1,207,529	1,919,653	19,049,744	287,108	706,916	2,166,978	29,907,626
2005-06	920,395	559,783	2,968,520	1,841,280	1,861,215	17,964,584	344,679	186,217	921,892	27,568,565
2004-05	1,141,681	365,295	2,823,688	242,501	1,850,806	15,924,702	249,907	218,699	1,146,650	23,963,929

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

(2) The Environmental fund was merged with the General fund in 2006. Prior year expenditures related to this fund are excluded.

(3) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

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

(5) 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.

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

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
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
2009-10	9,622,323	2,156,204	105,299	21,515	155,864	1,134,792	48,767	267,145	17,755,770	31,267,679
2008-09	9,282,097	2,142,339	129,507	10,598	204,580	1,147,435	15,140	230,221	18,441,780	31,603,697
2007-08	9,250,277	2,327,988	160,041	18,329	201,309	960,068	1,135	314,590	17,337,978	30,571,715
2006-07	8,445,898	2,235,986	175,963	14,983	114,846	1,045,632	19,309	224,419	17,486,068	29,763,104
2005-06	7,939,696	2,029,472	164,375	18,935	79,359	586,462	309,675	30,148	16,115,388	27,273,510
2004-05	7,279,817	1,907,484	165,965	15,966	75,617	425,054	227,078	48,578	15,750,468	25,896,027

(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
2013-14	\$ 10,567,840	\$ 10,225,051	96.76%	\$	10,225,051	96.76%
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%
2009-10	10,651,549	10,327,803	96.96%	265,046	10,592,849	99.45%
2008-09	10,169,940	9,156,946	90.04%	993,052	10,149,998	99.80%
2007-08	10,000,477	9,324,256	93.24%	665,967	9,990,223	99.90%
2006-07	9,393,042	9,268,424	98.67%	121,659	9,390,083	99.97%
2005-06	8,900,635	8,665,202	97.35%	233,743	8,898,945	99.98%
2004-05	8,099,888	7,780,381	96.06%	318,973	8,099,354	99.99%

(1) Exclusive of penalties and interest. For years prior to 2013-14, the levy and collections

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Service Corporation	Mobile Homes	Total
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
2009-10	1,677,140,200	89,705,582	10,266,338	1,593,199	34,930,266	10,741,328	1,824,376,913
2008-09	1,336,291,100	97,479,299	10,550,891	938,652	36,023,932	10,139,861	1,491,423,735
2007-08	1,319,658,700	89,274,994	10,814,820	1,276,053	40,887,653	9,825,560	1,471,737,780
2006-07	1,303,732,200	85,566,684	10,058,232	1,302,163	44,475,792	9,558,570	1,454,693,641
2005-06	1,275,050,150	78,220,972	11,069,200	1,236,871	34,562,975	10,806,010	1,410,946,178
2004-05	858,206,303	79,235,147	11,308,357	1,227,486	38,973,214	10,412,764	999,363,271

(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
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
2009-10	0.47	2.70	1.55	3.50	0.47
2008-09	0.60	2.70	1.55	3.50	0.60
2007-08	0.60	2.70	1.55	3.50	0.60
2006-07	0.60	2.70	1.55	3.50	0.60
2005-06	0.52	2.70	1.55	3.50	0.52
2004-05	0.64	2.70	1.55	3.50	0.64

(1) Per \$100 of assessed value.

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
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
2009-10	15,013	1,827,376,913	14,912,453	14,912,453	0.82%	993
2008-09	14,821	1,491,423,735	15,094,766	15,094,766	1.01%	1,018
2007-08	14,789	1,471,737,780	16,124,932	16,124,932	1.10%	1,090
2006-07	14,789	1,454,693,641	17,077,882	17,077,882	1.17%	1,155
2005-06	13,874	1,410,946,178	18,381,003	18,381,003	1.30%	1,325
2004-05	13,874	999,363,271	19,677,633	19,677,633	1.97%	1,418

(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.

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

Fiscal Year	Principal	Interest (2)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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%
2009-10	1,102,313	671,165	1,773,478	30,909,026	5.74%
2008-09	1,030,166	711,756	1,741,922	32,402,109	5.38%
2007-08	952,950	808,323	1,761,273	30,881,045	5.70%
2006-07	948,031	916,003	1,864,034	29,907,626	6.23%
2005-06	450,664	391,228	841,892	27,568,565	3.05%
2004-05	436,016	743,354	1,179,370	23,963,929	4.92%

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

(2) Excludes bond issuance and other costs.

COMPLIANCE SECTION

Compliance

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2014, 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 10, 2014.

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) to determine the 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2014-001 and 2014-002)

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 determination of financial statement amounts. 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.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
November 10, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
November 10, 2014

County of Floyd, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950112, 0950113	\$ 8,591
Temporary Assistance for Needy Families	93.558	0400112, 0400113	108,475
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112, 0500113	790
Low-Income Home Energy Assistance	93.568	0600412, 0600413	10,804
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112, 0760113	18,285
Chafee Education and Training Vouchers Program	93.599	9160112	2,637
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112, 0900113	757
Foster Care - Title IV-E	93.658	1100112, 1100113	87,575
Adoption Assistance	93.659	1120112, 1120113	27,975
Social Services Block Grant	93.667	1000112, 1000113	113,978
Chafee Foster Care Independence Program	93.674	9150112, 9150113	2,544
Children's Health Insurance Program	93.767	0540112, 0540113	3,719
Medical Assistance Program	93.778	1200112, 1200113	<u>115,631</u>
Total Department of Health and Human Services			<u>\$ 501,761</u>
Department of Agriculture:			
Direct Payments:			
Agricultural and Rural Economic Research (SERCAP)	10.250	Not applicable	\$ 10,000
Rural Business Enterprise Grants	10.769	Not applicable	63,366
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Service Program for Children (Note 2)	10.559	Not available	476
Food Distribution (Note 3)	10.555	Not available	68,105
Department of Education:			
National School Lunch Program	10.555	40623	<u>391,380</u>
National School Lunch Program Subtotal	10.555		459,485
School Breakfast Program	10.553	40591	117,871
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010112, 0010113 0040112, 0040113	<u>134,879</u>
Total Department of Agriculture			<u>\$ 786,077</u>
Department of Commerce			
Direct payments:			
Investments in Public Works and Economic Development Facilities	11.300	Not applicable	<u>\$ 820,844</u>
Department of Justice:			
Direct payments:			
Equitable Sharing Program	16.922	Not applicable	\$ 2,706
Bulletproof Vest Partnership Program	16.607	Not applicable	4,974

County of Floyd, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice: (continued)			
Pass Through Payments:			
Department of Criminal Justice Services:			
Compensation Board:			
Violence Against Women Formula Grants	16.588	66500	\$ 31,000
Total Department of Justice			<u>\$ 38,680</u>
Department of Treasury			
Direct payments:			
Treasury Forfeiture Fund	21.000	Not applicable	\$ 16,000
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2013-53296-5011	\$ 12,119
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 444,378
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	484,951
Special Education - Preschool Grants	84.173	62521	21,725
Career and Technical Education: Basic Grants to States	84.048	61095	37,141
Improving Teacher Quality State Grants	84.367	61480	74,057
Grants for State Assessments and Related Activities	84.369	86698	452
Total Department of Education			<u>\$ 1,062,704</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,238,185</u></u>
<u>Notes to Schedule of Expenditures of Federal Awards</u>			
Note 1 -- Basis of Presentation			
<p>The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Floyd County, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, <i>Audits of States, Local Governments, and Non-profit Organizations</i>. Because the Schedule presents only a selected portion of the operations of Floyd County, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of Floyd County, Virginia.</p>			
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 OMB Circular A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i> , wherein certain types of expenditures are not allowable or are limited as to reimbursement.			
(2) Pass-through entity identifying numbers are presented where available.			
Note 3 -- Food Distribution			
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.			
Note 4 -- Relationship to the Financial Statements:			
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary government:			
General Fund			\$ 713,439
Component Unit School Board:			
School Operating Fund			\$ 1,640,536
Component Unit EDA:			
			\$ 884,210
Total federal expenditures per the Schedule of Expenditures of Federal Awards			<u><u>\$ 3,238,185</u></u>

County of Floyd, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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 Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
84.010	Title I, Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
11.300	Investments for Public Works and Economic Development Facilities

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	No
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County of Floyd, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section II - Financial Statement Findings

2014-001

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 the following functions: Collections in the Treasurer's office, billings and collections on EMS accounts, accounts payable and payroll.

Cause of Condition: The County lacks the funding to fully support a completely segregated finance department.

Effect of Condition: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected 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.

2014-002

Criteria: Per Statement on Auditing Standards 115 (SAS 115), identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness exist.

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

Cause of Condition: The County does not have staff fully trained in the preparation of financial statements in accordance with generally accepted accounting standards.

Effect of Condition: There is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal controls over financial reporting.

County of Floyd, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section II - Financial Statement Findings (Continued)

2014-002 (Continued)

Recommendation: The County should review the auditors' proposed audit adjustments for 2014 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Management's Response: The County will review the auditors' proposed audit adjustments for 2014 and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

Financial Statement finding 07-1 and 10-1 are recurring this year as 2014-001 and 2014-002, respectively. Federal Award finding 10-2 was corrected during this year.